

Schedule 13 Funding Request for the 2014-15 Budget Cycle

Department: Health Care Policy and Financing
Request Title: Long-Term Services and Supports for Individuals with Complex Medical Conditions
Priority Number: R-15

Dept. Approval by: Josh Block *[Signature]* 11/1/13
Date

OSPB Approval by: [Signature] 10/29/13
Date

- | |
|---|
| <input checked="" type="checkbox"/> Decision Item FY 2014-15 |
| <input type="checkbox"/> Base Reduction Item FY 2014-15 |
| <input type="checkbox"/> Supplemental FY 2013-14 |
| <input type="checkbox"/> Budget Amendment FY 2014-15 |

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
	Fund	Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
Total of All Line Items	Total	8,492,552	-	6,660,552	125,000	-
	FTE	-	-	-	-	-
	GF	2,507,418	-	1,547,418	62,500	-
	GFE	-	-	-	-	-
	CF	568,500	-	562,500	-	-
	RF	-	-	-	-	-
	FF	5,416,634	-	4,550,634	62,500	-
(1) Executive Director's Office	Total	8,492,552	-	6,660,552	125,000	-
	FTE	-	-	-	-	-
(A) General Administration	GF	2,507,418	-	1,547,418	62,500	-
	GFE	-	-	-	-	-
General Professional Services and Special Projects	CF	568,500	-	562,500	-	-
	RF	-	-	-	-	-
	FF	5,416,634	-	4,550,634	62,500	-

Letternote Text Revision Required? Yes: No: **If yes, describe the Letternote Text Revision:**

Cash or Federal Fund Name and COFRS Fund Number: FF: Title XIX

Reappropriated Funds Source, by Department and Line Item Name: N/A

Approval by OIT? Yes: No: **Not Required:**

Schedule 13s from Affected Departments: N/A

Other Information: N/A



COLORADO

Department of Health Care Policy
and Financing

Priority: R-15
Long-Term Services and Supports for
Individuals with Complex Medical Conditions
FY 2014-15 Change Request

Cost and FTE

- The Department requests \$125,000 total funds, \$62,500 General Fund in FY 2014-15.

Link to Operations

- The Department's Hospital Back-Up program serves as placement for medically-complex clients who can be discharged from a hospital but require high level skilled nursing facility care.
- The program fails to incorporate modern medical and technological advances to their best use to allow clients with more severe conditions to receive care in alternative settings.
- The Hospital Back-Up program is currently the only option for providing this level of care, creating a gap in the continuum of care as there may be more appropriate alternatives available.

Problem or Opportunity

- The Hospital Back-Up program provides treatment designed for the highest-acuity patients but lacks incentives for providers to do more than maintain patients' health.
- Although ventilator weaning success rates can range from 38% to 67%, the Hospital Back-Up program does not actively incentivize ventilator weaning.
- The Department has pediatric clients who require these services but currently may not access them.
- The current design of the program does not include mechanisms for incentivizing providers to contain costs or induce optimal patient outcomes.
- The Department does not have clinical staff, so a program addressing the gaps in the continuum of care is more complex than the Department can undertake without third-party study and outreach.

Consequences of Problem

- The Department pays approximately \$250,000 per client per year to Hospital Back-Up program providers, who are required to provide the highest level of service despite some patients having a lower level of need (as required by rule).
- Because there are no intermediate options, clients may become long-term ventilator-dependent when their ventilator use might otherwise be reduced and perhaps ultimately eliminated.

Proposed Solution

- The Department requests \$125,000 in one-time funding to hire a contractor to analyze the current Hospital Back-Up program and address gaps in coverage offered by current programs.
- The contractor would examine performance-based reimbursement mechanisms predicated on client outcomes and explore "mobile health homes" that follows clients to more appropriate placement.
- An infrastructure that supports inter-facility communication and cooperation would reduce the number of hospital readmissions and improve overall health outcomes.



COLORADO

Department of Health Care Policy and Financing

FY 2014-15 Funding Request | November 1, 2013

John W. Hickenlooper
Governor

Susan E. Birch
Executive Director

Department Priority: R-15

Request Detail: Long-Term Services and Supports for Individuals with Complex Medical Conditions

Summary of Incremental Funding Change for FY 2014-15	Total Funds	General Fund
Long-Term Services and Supports for Individuals with Complex Medical Conditions	\$125,000	\$62,500

Problem or Opportunity:

The Department's Hospital Back-Up (HBU) program provides treatment designed for the highest-acuity patients but lacks incentives for providers to do more than maintain clients' health. Therefore, in order to pursue optimal health goals for its clients, the Department recommends reforming the HBU program to provide a continuum of options for every level of health need that a client might possess, while also constantly striving for the health improvement of clients with a focus on quality of life enhancement.

Originally proposed to reduce medical costs, the HBU program serves as a placement for ventilator-dependent and medically-complex clients who need to be discharged from a hospital but require a higher level of skilled nursing care than is currently available in any other clinically appropriate setting. The HBU program provides treatment to only the highest acuity patients, often focusing on life support systems such as mechanical ventilators rather than life-improving programs such as ventilator weaning. The program is currently the only option for this level of care but, designed over twenty years ago with no incentives to move patients to lower-acuity settings, does not always incorporate modern medical and technological advances to their best use to allow individuals with severe conditions to receive care in alternative settings, or to improve medical conditions to the point that such intensive care is no longer necessary to sustain their lives.

Numerous areas within the program would benefit from redesign so that patients can enjoy optimal health outcomes and the Department can reduce avoidable costs. The ideal system supports an infrastructure that facilitates communication and cooperation among acute care hospitals, the HBU program providers, skilled nursing facilities, home and community based long-term care, and other alternatives in levels of care, which would reduce the number of hospital readmissions after discharge through a more cohesive continuum of care that ensures patients receive appropriate care at all times. Such communication between different levels of health care providers along the continuum of care would also ensure that clients attain the optimal level of health care for their needs quickly, reducing risks involved with placement in settings that are higher-acuity than necessary. For example, communication between skilled nursing facilities, HBU

program providers, and acute care hospitals could lessen incidences such as clients receiving early tracheotomies in acute care and hospital settings that might have been avoided by waiting as little as ten days to give patients the opportunity to self-wean from ventilators, avoiding complications involved with the procedure as well as the need for extra medical care and stress to the client.

The HBU program's client population is small and complex, making it very difficult to evaluate. True evaluation would require expertise in the medical conditions that are most common in the population, as well as the full scope of care options available and how best to incentivize facilities to achieve optimal health outcomes. Because the Department does not have clinical staff and the design of the program requires clinical-based outcomes and benchmarks, addressing the programmatic design and deficiencies of the HBU program is a more complex venture than the Department is able to efficiently accomplish without third-party expertise and outreach.

Proposed Solution:

The Department requests \$125,000 total funds, \$62,500 General Fund, in one-time funding in FY 2014-15 to hire a contractor to analyze the current design of the HBU program and address issues associated with potential gaps in coverage offered by the Department's existing programs. Because the population served by the HBU program is so complex, program redesign requires outside expertise. The contractor would examine performance-based reimbursement mechanisms predicated on client outcomes and would explore the implementation of a "mobile health home" model that follows ventilator-dependent and medically-complex clients from a hospital or HBU program provider to more appropriate placement. Additionally, the contractor would assist the Department with extensive stakeholder outreach to ensure this vulnerable population's needs are fully addressed.

An incentive program that focuses on patient outcomes would foster strict standards of quality and ensure that every effort would be made at the provider level to connect patients with the appropriate level of care for their needs. For example, although ventilator weaning success rates can range from 38% to 67%, the HBU program does not actively incentivize ventilator weaning. When appropriate, however, ventilator weaning can greatly improve patient quality of life while at the same time reducing such risks as long-term ventilator dependence and ventilator-related pneumonia, and is therefore a goal worth pursuing in the interest of client health and well-being. A program that rewards providers for accomplishing ventilator weaning for their clients, while following safe practice procedures and standards of quality, would hold all providers to the same expectations of excellence in achieving optimal health outcomes and quality of life for each patient.

Further, gaps exist in the current continuum of medical care that a well-designed HBU program could potentially address. Some patients, such as pediatric clients, who require a level of care appropriate for the HBU program are not currently able to access services outside of the hospital setting. Likewise, a comprehensive training program for client family members would enable clients to enjoy more success in home-based care and reduced likelihood of hospital readmission, resulting in drastic improvements in quality of life and health. Evaluation and redesign of the HBU program would fulfill such goals as more efficient guidelines for cost negotiation or standardized costs, incorporation of the most modern technologies available for complex wound care, and standards of care to ensure that patients achieve the

best health outcomes possible. A full analysis would identify all areas where improvement could reduce health care costs, support better health outcomes, and ensure more efficient delivery of long-term care service.

Anticipated Outcomes:

The contractor would provide the information necessary to reach the ultimate goal of a redesigned HBU program that focuses on cost containment and patient outcomes by connecting each client with the right level of care for that client's needs, rather than the client remaining in a high-acuity setting indefinitely. This course of action furthers the Department's Performance Plan objectives of containing health care costs, improving health outcomes, and improving the long-term care service delivery system by resolving inefficiencies inherent in the current HBU program.

Medicaid patients would achieve optimal patient outcomes and quality of life through treatment that focuses on improving health conditions to the point that clients could transition to lower acuity settings, simultaneously allowing the Department to significantly reduce the current cost of approximately \$250,000 per client per year for each patient that successfully transitions to a lower acuity setting. Further health benefits and cost reduction would stem from fewer incidences of hospital readmission after discharge as well as intermediate health options that focus on the gradual reduction and possible elimination of ventilator use, lowering the risk of ventilator related pneumonia and long-term ventilator dependence. Once a new system is in place, the Department would account for any savings achieved using the regular budget process. However, because it may take several years to implement, the Department has not included any estimate of savings in this request.

Assumptions and Calculations:

Based on past contracting experience, the Department assumes a contract rate of \$125 per hour and approximately 1,000 hours for a total request of \$125,000 to develop a robust proposal for redesign of the HBU program and assisting the Department with stakeholder engagement activities.