

Joint Budget Committee Hearing: Executive Director's Office

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John Bartholomew, Finance Office Director;
Josh Block, Budget Director;
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December 17, 2018

<https://www.colorado.gov/hcpf/legislator-resource-center>



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Department of Health Care
Policy & Financing

Our Mission

Improving health care access and outcomes for the **people** we serve while demonstrating sound stewardship of financial **resources**



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Presentation Agenda

- Who We Are. Who We Serve.
- Trends in Health Care
- Overview of Committee Questions 1 - 47
 - Health Care Landscape & Cost Containment
 - Budget Agenda
 - Customer Experience & Eligibility
 - Hospitals
 - Rates
 - Miscellaneous
- Closing



Department Administered Programs

Health First
Colorado
(Colorado's
Medicaid Program)

Child Health Plan
Plus (CHP+)

Old Age Pension
(OAP) Medical
Programs

Colorado Indigent
Care Program
(CICP)

Colorado Dental
Health Care
Program for Low-
Income Seniors



Health First Colorado Members



40%

Age 20 & younger and qualifying former foster care youth



50%

Adults ages 21-64



7%

People with Disabilities all age groups



3%

Individuals 65 and older

2018 Federal Poverty Levels by Family Size*

FAMILY OF 1	FAMILY OF 4
\$16,152	\$33,384

*Some earning more may still qualify

- Nearly 1.3 Million Coloradans
- 33% of State Total Funds Budget (25% of General Fund)
- \$9.6 Billion in Total Funds (\$2.8 Billion in General Fund) in FY 2017-18

Source: FY 2017-18 data via HCPF Annual Report.



What are Long Term Services and Supports?



At Home (e.g. personal or family home; group homes; assisted living facilities)



In Community (e.g. day programs; supported employment)



Within Facilities (e.g. nursing homes; intermediate care facilities)

Who Receives Long Term Services and Supports?

7%



Children & Adolescents
ages 20 & younger
& qualifying former
foster care youth

44%



Adults
ages 21-64

49%



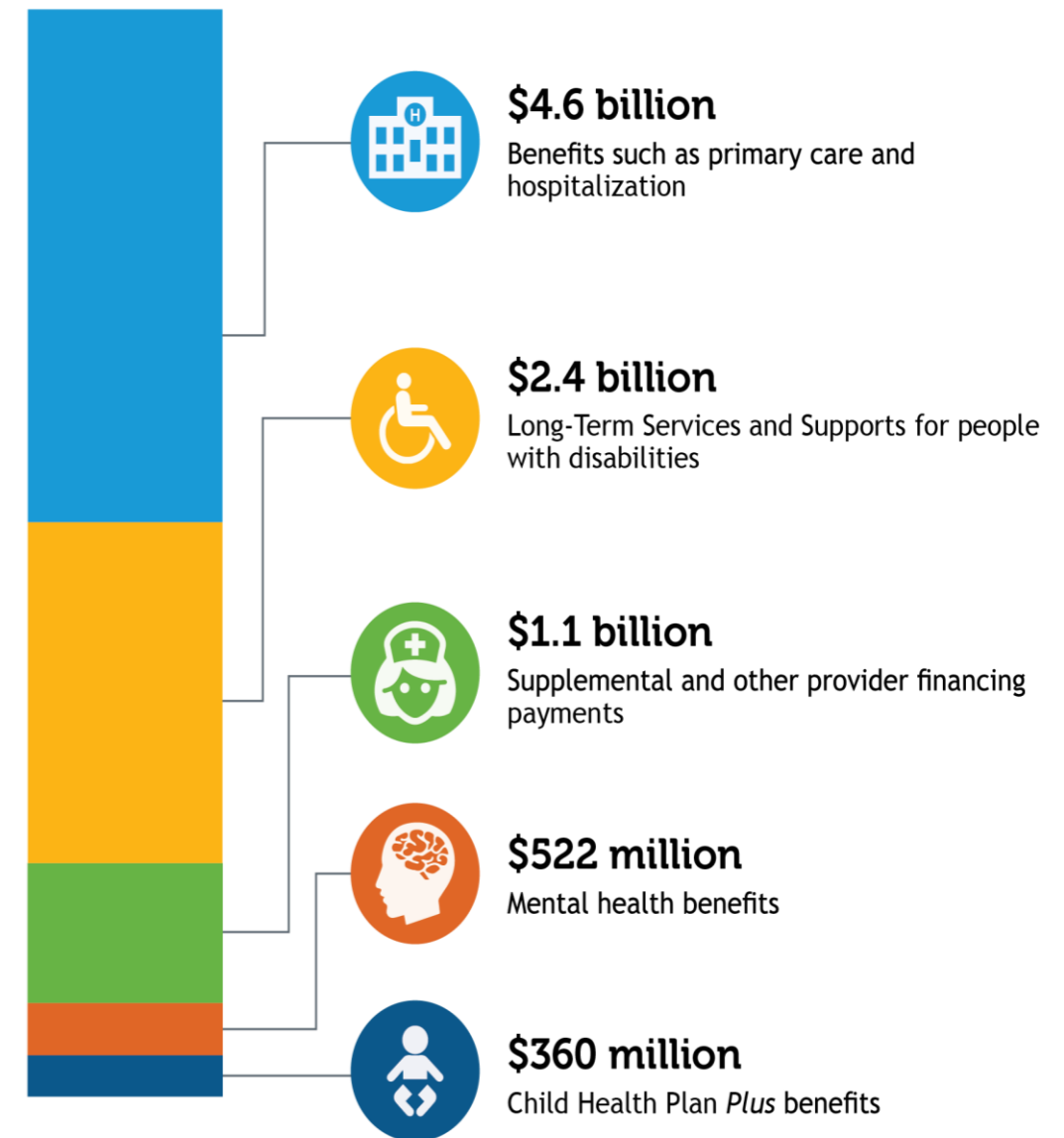
Older Adults
ages 65 or older

Source: FY17-18 data; Data represent percentage of people receiving Medicaid LTSS in various age groups.



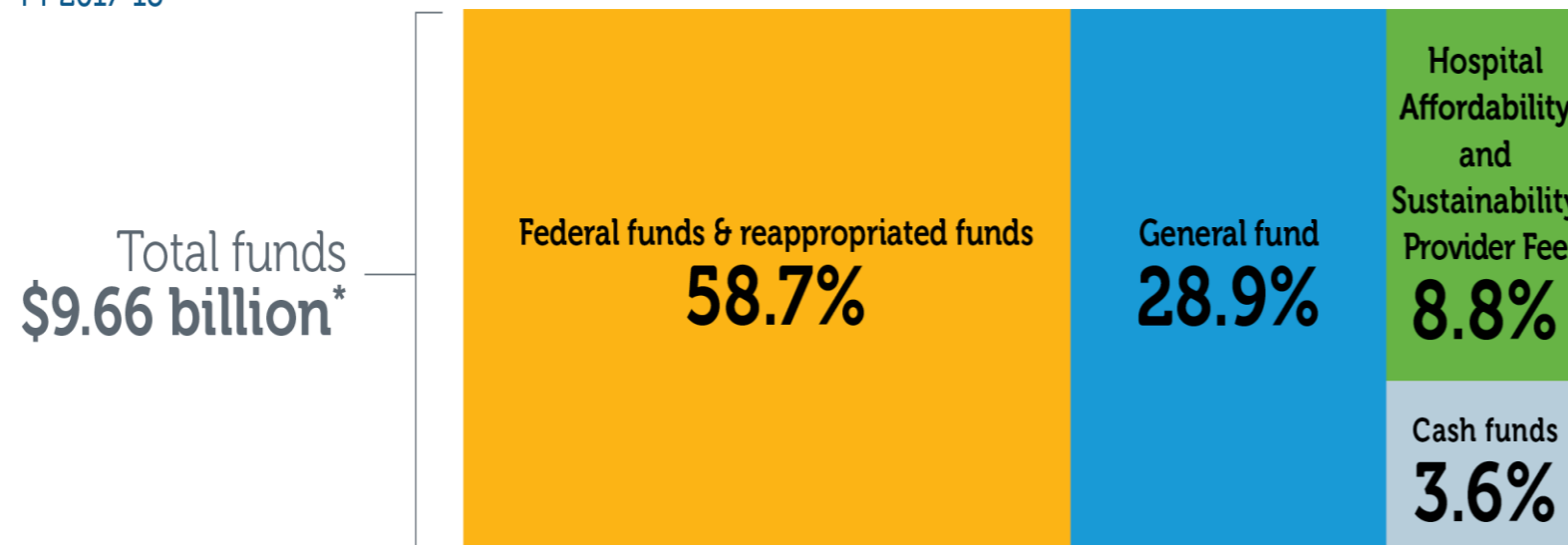
Department Funding and Allocation

Breakdown of Department Costs by Benefit



Department Expenditures by Fund

FY 2017-18



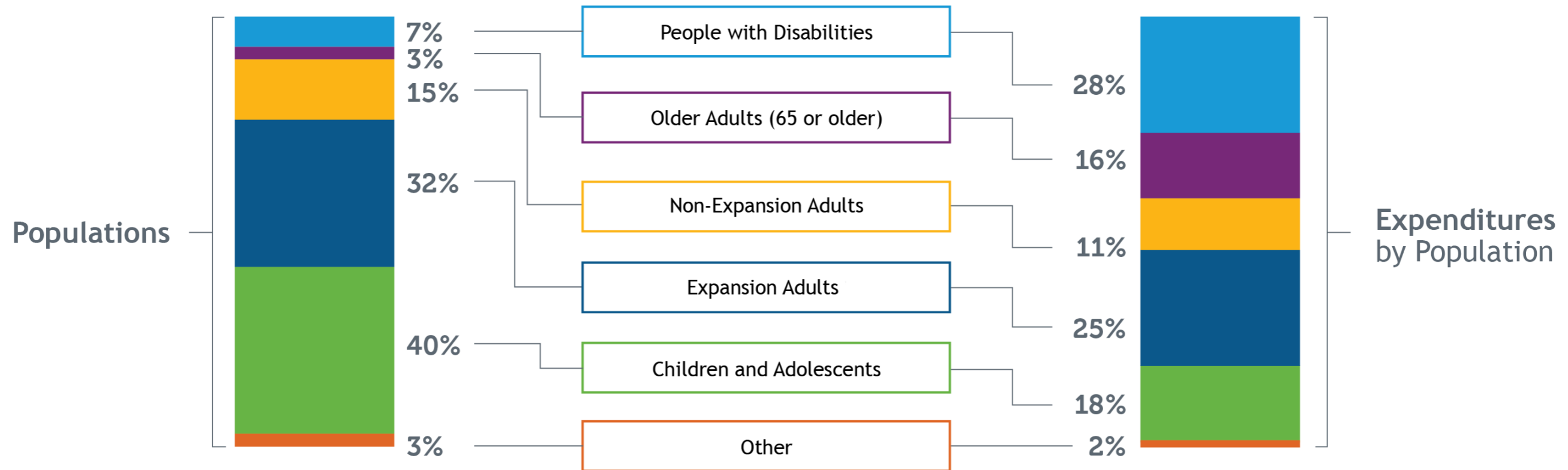
***FY 2017-18 Total Services Expenditure: \$9.0 billion**

*\$9.66 billion refers to all expenditures, including administrative costs, safety net payments, and other non-Medicaid financing arrangements - These are not included in the \$9.0 billion. The \$9.0 billion includes medical services costs for Health First Colorado and CHP+, including behavioral health and Long-Term Services & Supports.

Sources:
 FY 2019-20 Budget Request, HCPF.
 Services Expenditure History by Service Category, HCPF.



Health First Colorado Expenditures by Population

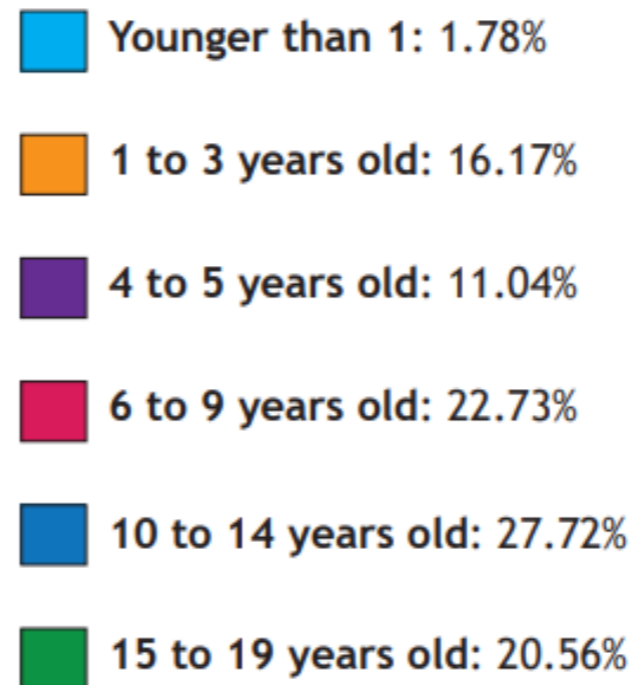
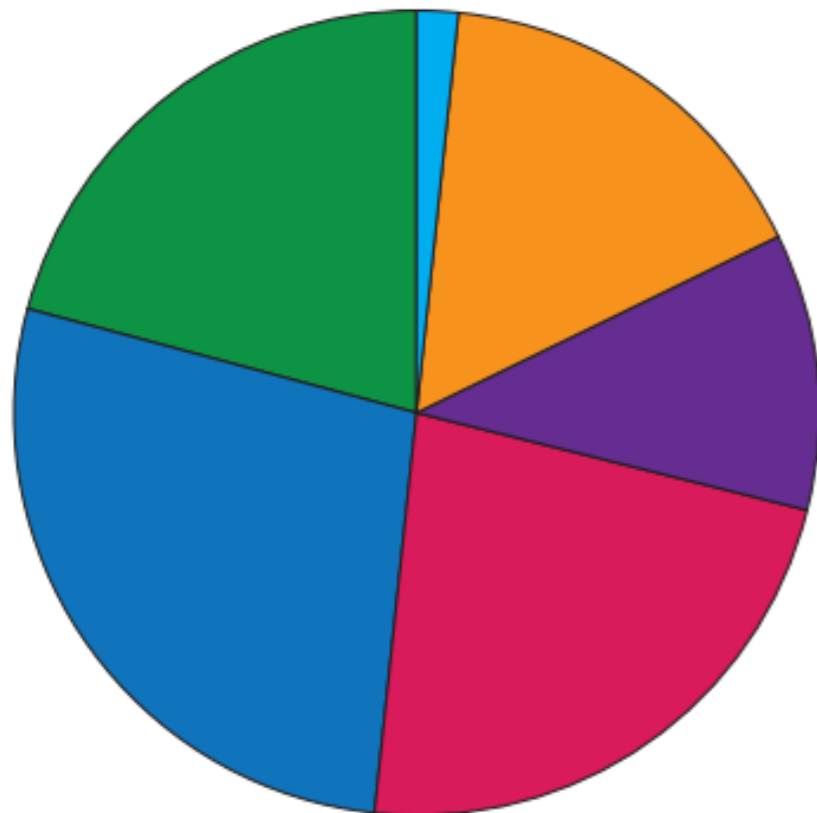


Source: FY 2017-18 data via HCPF Annual Report.



Child Health Plan *Plus*

CHP+ Kids by Age



CHP+ members
in 2018



81,775

Children ages 19
or younger



813

Prenatal women

CHP+ Health Maintenance Organizations (HMO):

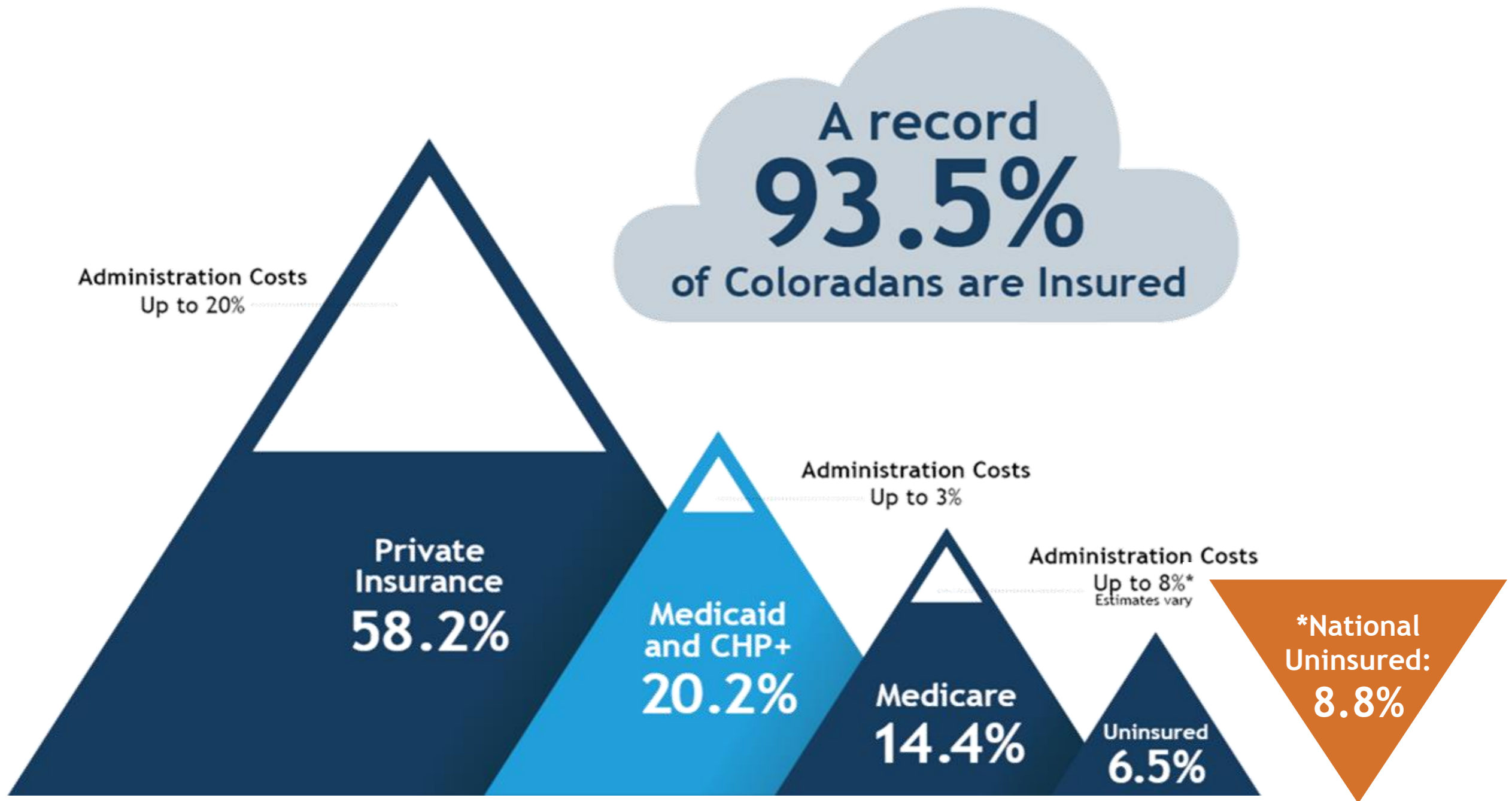
- Colorado Access
- Colorado Choice Health Plans
- Denver Health Medical Plan
- Kaiser Permanente
- Rocky Mountain HMO
- State Managed Care Network



Trends in Health Care



Getting Colorado Covered



Sources:

Colorado insurance coverage percentages are from the Colorado Health Access Survey, September 2017.

*National insurance coverage percentages are from U.S. Census Bureau Current Population Report, Health Insurance Coverage in the United States: 2017, issued September 2018.



Colorado's Uninsured

Seniors: Colorado Seniors grew by 43% between 2010-17 while the rest of the Colorado population grew by 11.5%. Senior population is expected to grow by 57.7% between 2017-30.*

Colorado Uninsured: 6.5%***

- 32% insured part of year
- Ages 19-29 highest uninsured rate at 12.3%
- 8.1% income at or near poverty line
- 9% of employed people are uninsured
- Uninsured small business employees accounted for 40% of all uninsured workers in the U.S.

Sources:

**State Demographer's Office.*

***Centers for Disease Control and Prevention.*

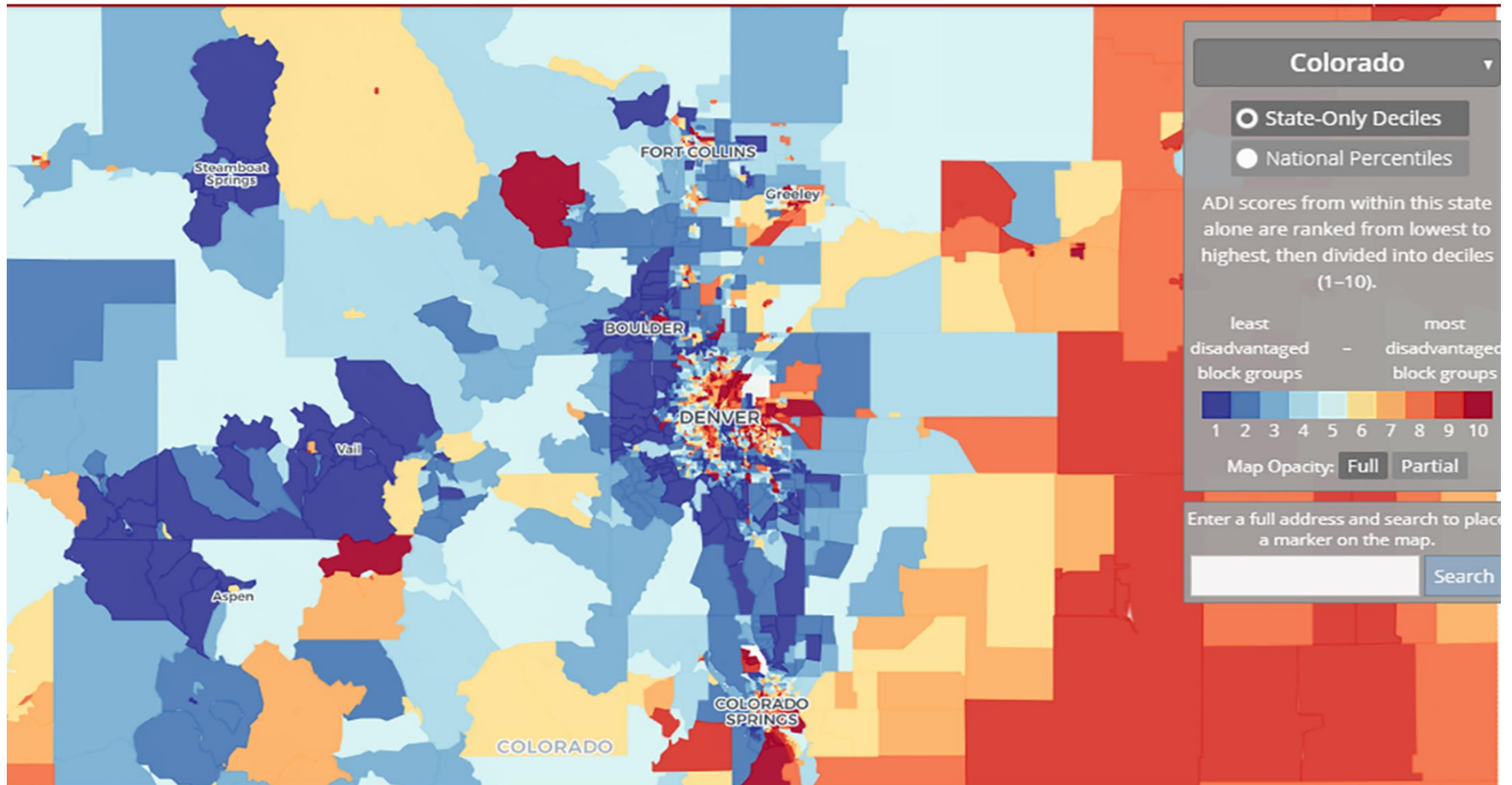
****Colorado Health Institute, Colorado Health Access Survey, September 2017.*



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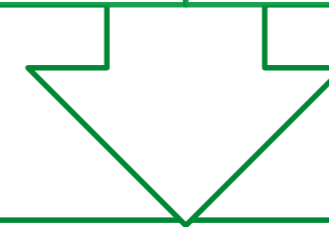
Income Variations Across Colorado



Health Care Affordability Challenge



Colorado Private Sector (Consumers and Employers)	
\$65,718 2016 median income	\$20,940 2016 average cost of private insurance



Medicaid expenditures are **33%** Of the State's Total Budget (25% of General Fund)

Health Care is

32%

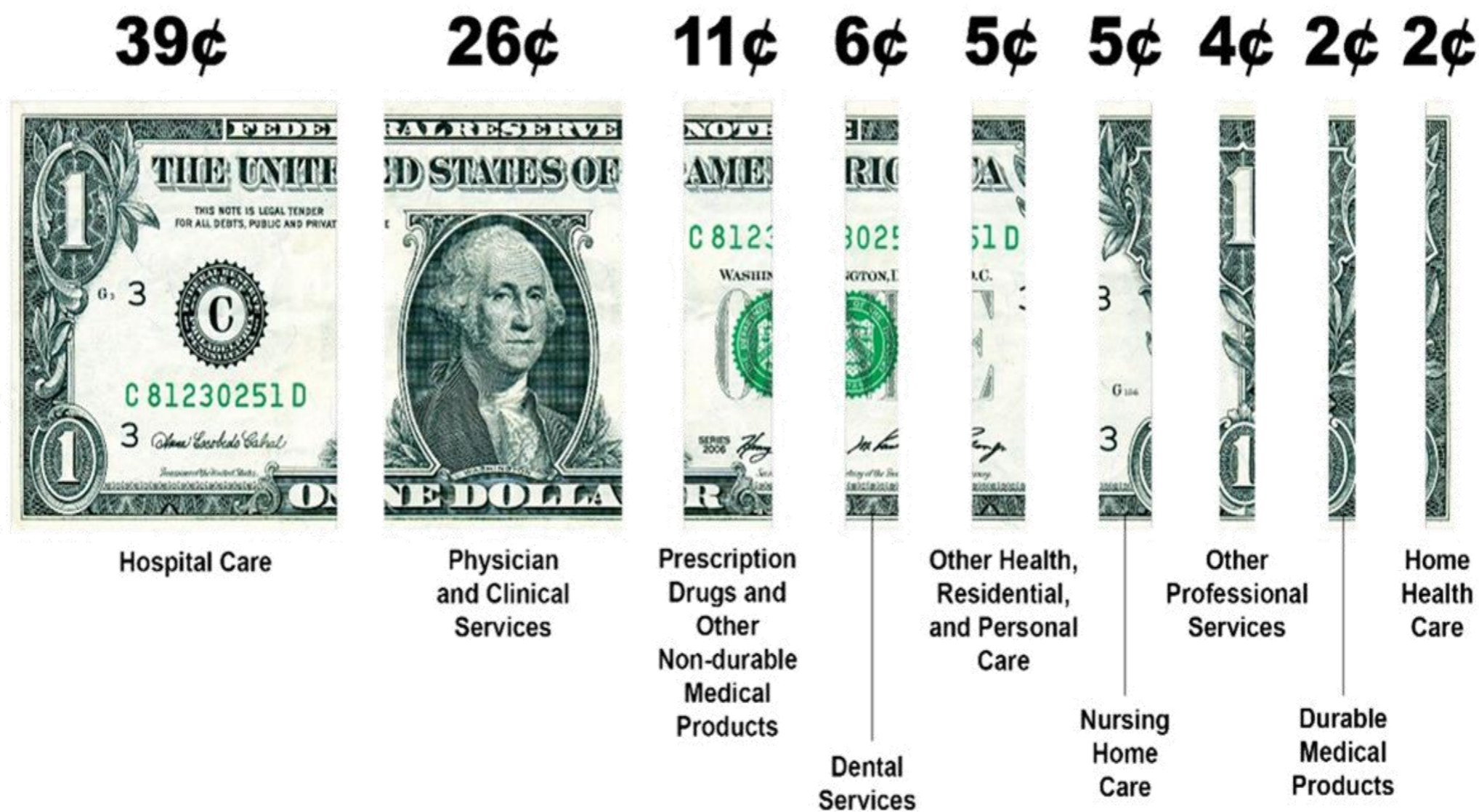
of median household income

Sources:

Income data from Colorado DOLA LMI Gateway, US Census Median Household Income. Colorado Department of Health Care Policy & Financing.



Health Care Spending



Source: National Health Expenditure Accounts, CMS, Office of the Actuary, 2011 and 2014; Colorado Commission on Affordable Health Care.



5+ Year Health Care Affordability Roadmap

Framework to Control Employer, Consumer, Medicaid Costs

- Health care may be the most complex industry in the U.S.
- Roadmap empowers the voices of consumers and employers
- Experts to frame options; stakeholders tailor and add options for each community
- Maximizes work to date: Cost Commission, State Innovation Model, Hospital Transformation Program, and others
- Inclusive, collaborative, evolving, impactful

*The Roadmap Informs Medicaid &
Medicaid Informs the Roadmap*



Stakeholder Collaboration

Employers & Associations
Unions & Advocates
Governor's Health Cabinet
Carriers / Payers
Regional Accountable
Entities
Providers & Associations
Elected Officials
CIVHC, QHN, COHRIO,
CHI, OeHI



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Roadmap Focus Areas

Constrain prices,
especially
hospital and
prescription drugs

Champion
alternative
payment models

Align and
strengthen data
infrastructure

Improve our
population and
behavioral health

Maximize
innovation

Examples of Roadmap Initiatives

Pharmacy Solutions

- Physician Prescribing Shared Tool
- Manufacturer-Carrier Compensation

Hospital Solutions

- Hospital Transformation Program (HTP)
- Community influence on decision
- Financial Transparency
- Centers of Excellence

Alternate Payment Methodologies

- Out Of Network Reimbursements
- Value Based Rewards

Innovations

- Prometheus
- Telehealth and E-Consults

Shared Systems Priorities

- CIVHC All Payer Claims Database employer data
- Public Program Improved Care Coordination

Population & Behavioral Health

- Teen vaping, adult tobacco use
- Addiction
- Suicide and Prevention
- Shared Quality Standards



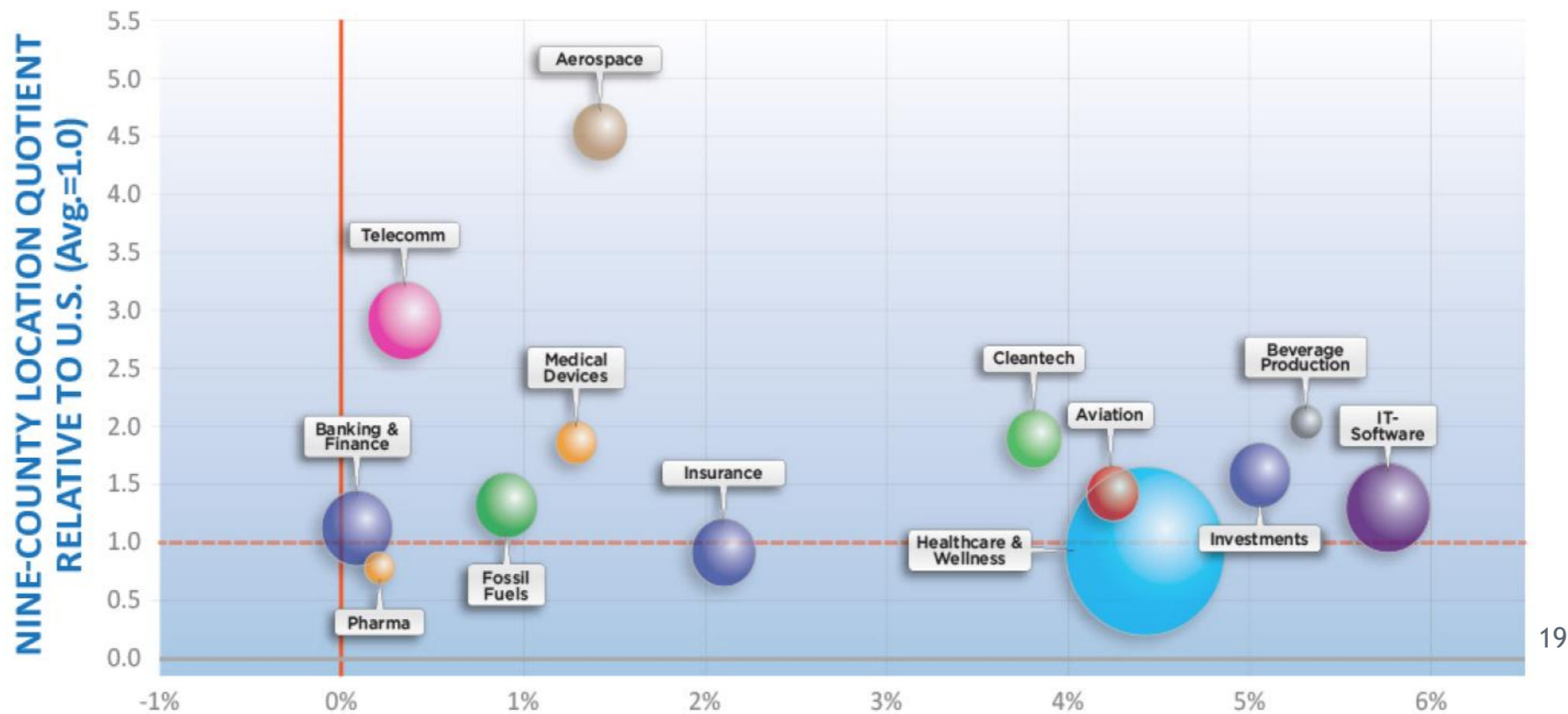
Health Care Impact on Our Economy

Metro Denver and Northern Colorado Industries Economic Performance Snapshot

Bubble charts are popular tools used to illustrate industry clusters. These charts allow multiple variables to be plotted within the same graph, making it easy to assess relative economic performance. Bubble charts are often used for pinpointing priority industries since they allow visual comparisons of economic measures.

This chart illustrates industry cluster relationships for the 13 industry clusters and subclusters. The following three variables are plotted:

- Average annual employment growth, 2012 to 2017; on the *x-axis (horizontal)*;
- The industry's location quotient, 2017; on the *y-axis (vertical)*; and
- Employment size of the industry, 2017; indicated by the size of the bubble.



Source: Denver Chamber

Health Care Trends & Cost Containment Questions 1 - 10



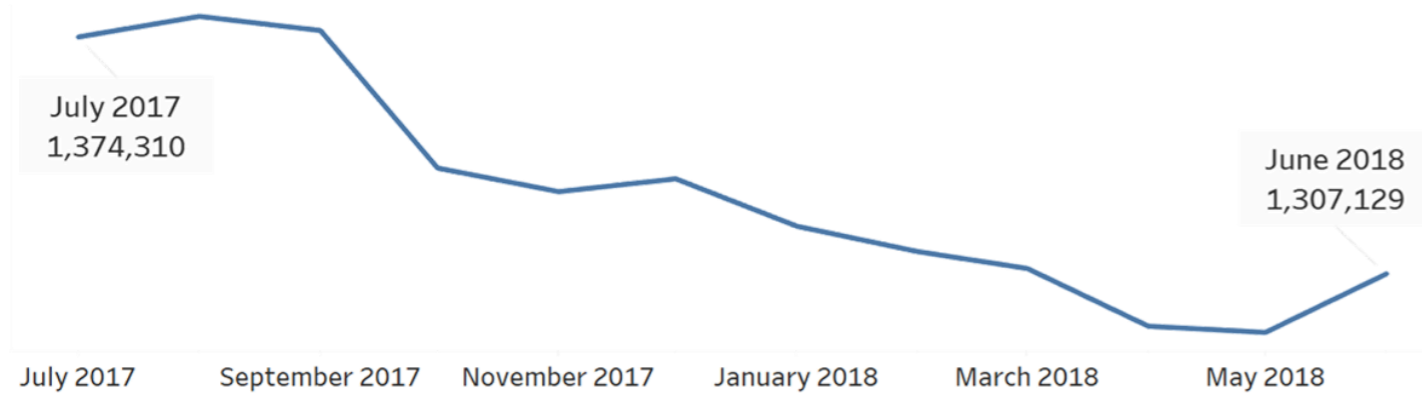
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Health First Colorado Trends

Medicaid Eligible Members

4.9% Decrease



Enrollment Trends

Adults down 6.6%

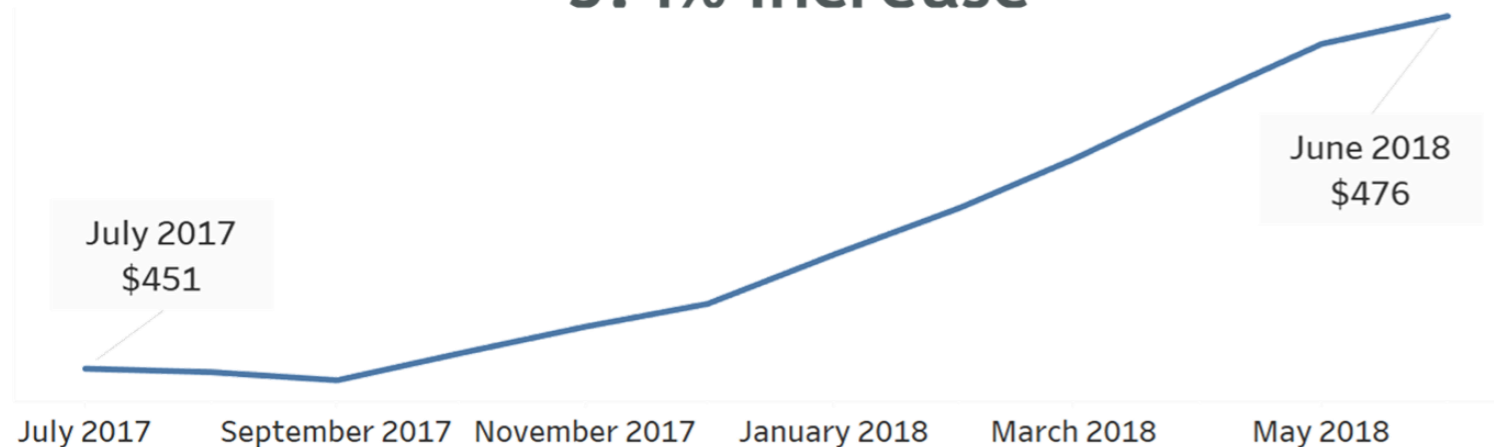
Children down 8.9%

Members with Disabilities up 5.3%

Adults 65+ up 3.7%

12 Month Average PMPM

5.4% Increase



Cost Trend Drivers

+20% Specialty Pharmacy

+15.3% Home Health Care

+11.5% Home and Community Based Services



Hospitals

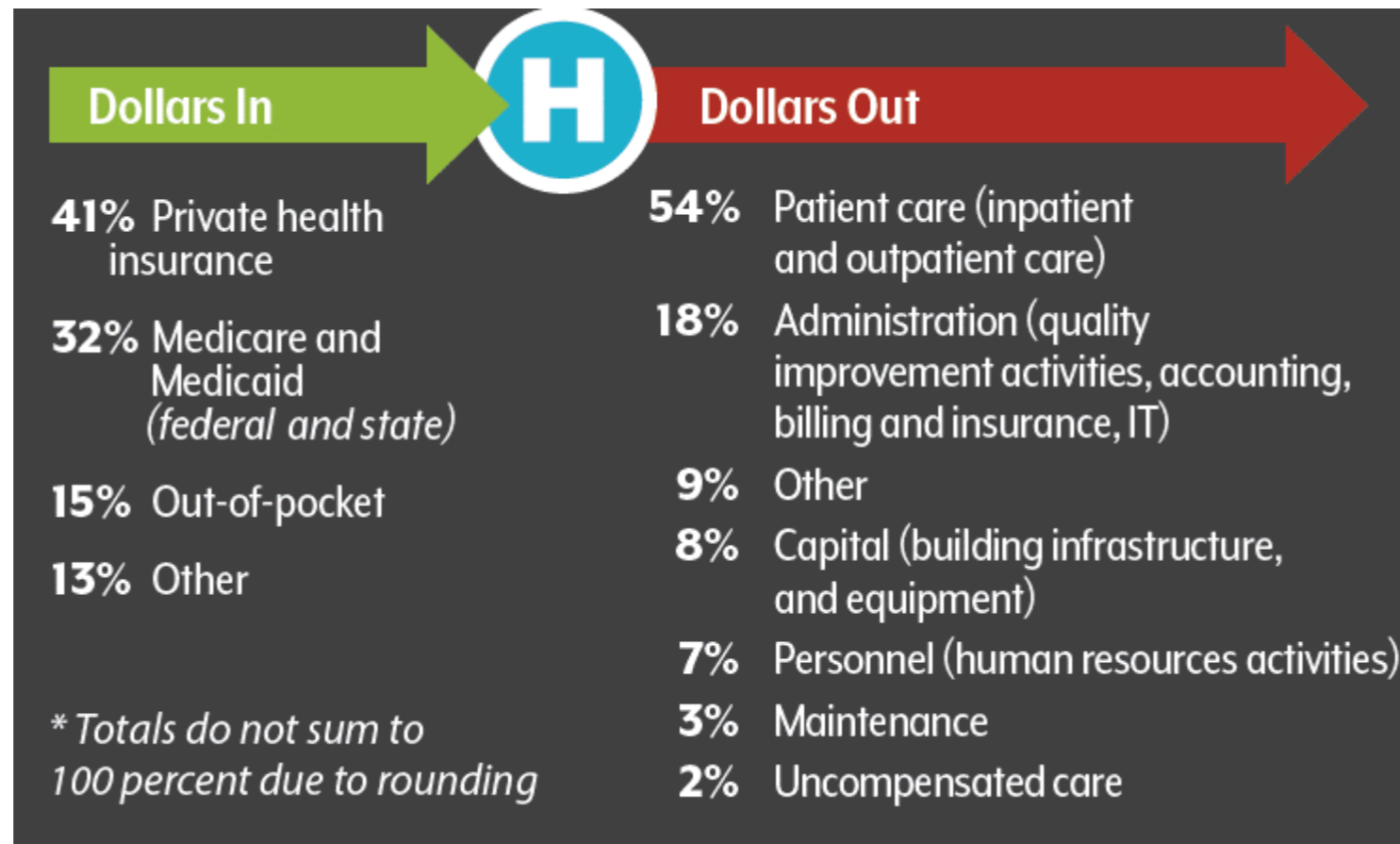
Questions 11 - 15



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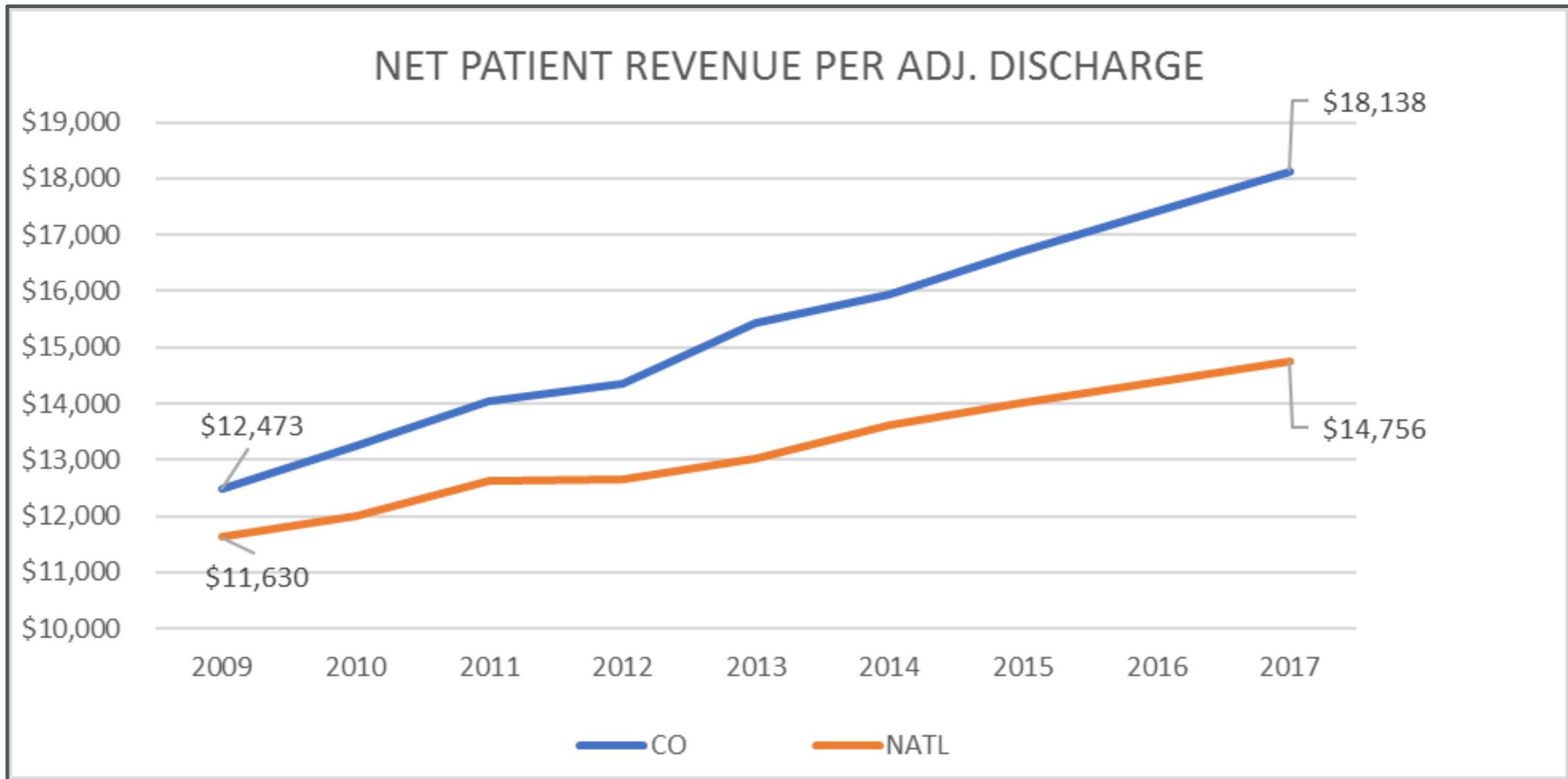
Hospital Cost Allocations and Contributors



Source: *Affordability in Colorado, Answers about Health Care Costs*, Colorado Health Institute, page 4 published December 11, 2018 available at www.coloradohealthinstitute.org/research/affordability-colorado

Source: *The Financial Health of Colorado Hospitals, Trends 2011-2015*, page 10, Colorado Hospital Association October 2017.

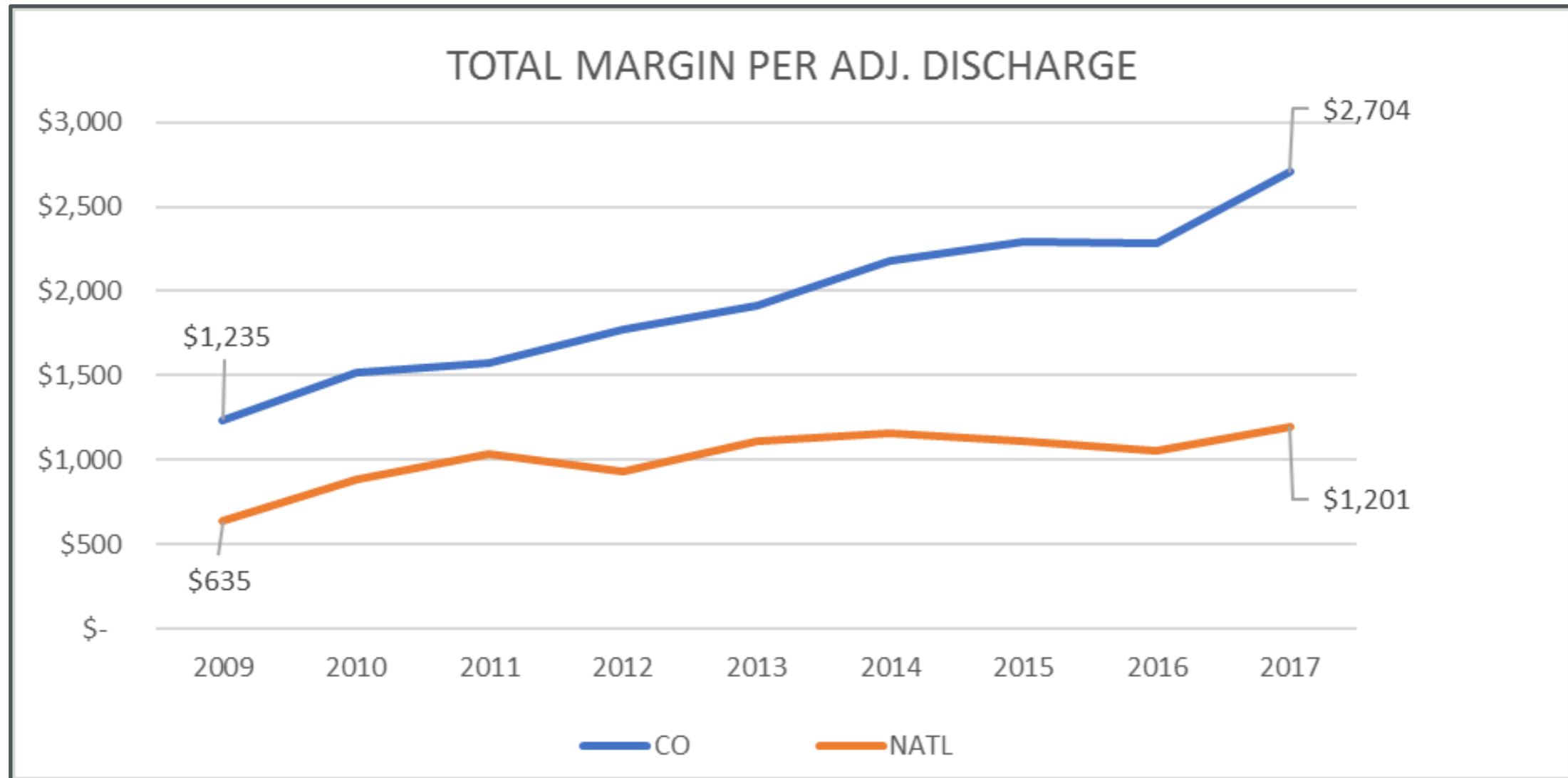
Net Patient Revenue



Source: Preliminary Department analysis of Healthcare Cost Report Information System (HCRIS) and other sources, conducted in 2018. This Growth in Overhead Costs per Adjusted Discharge chart includes the hospital provider fee.



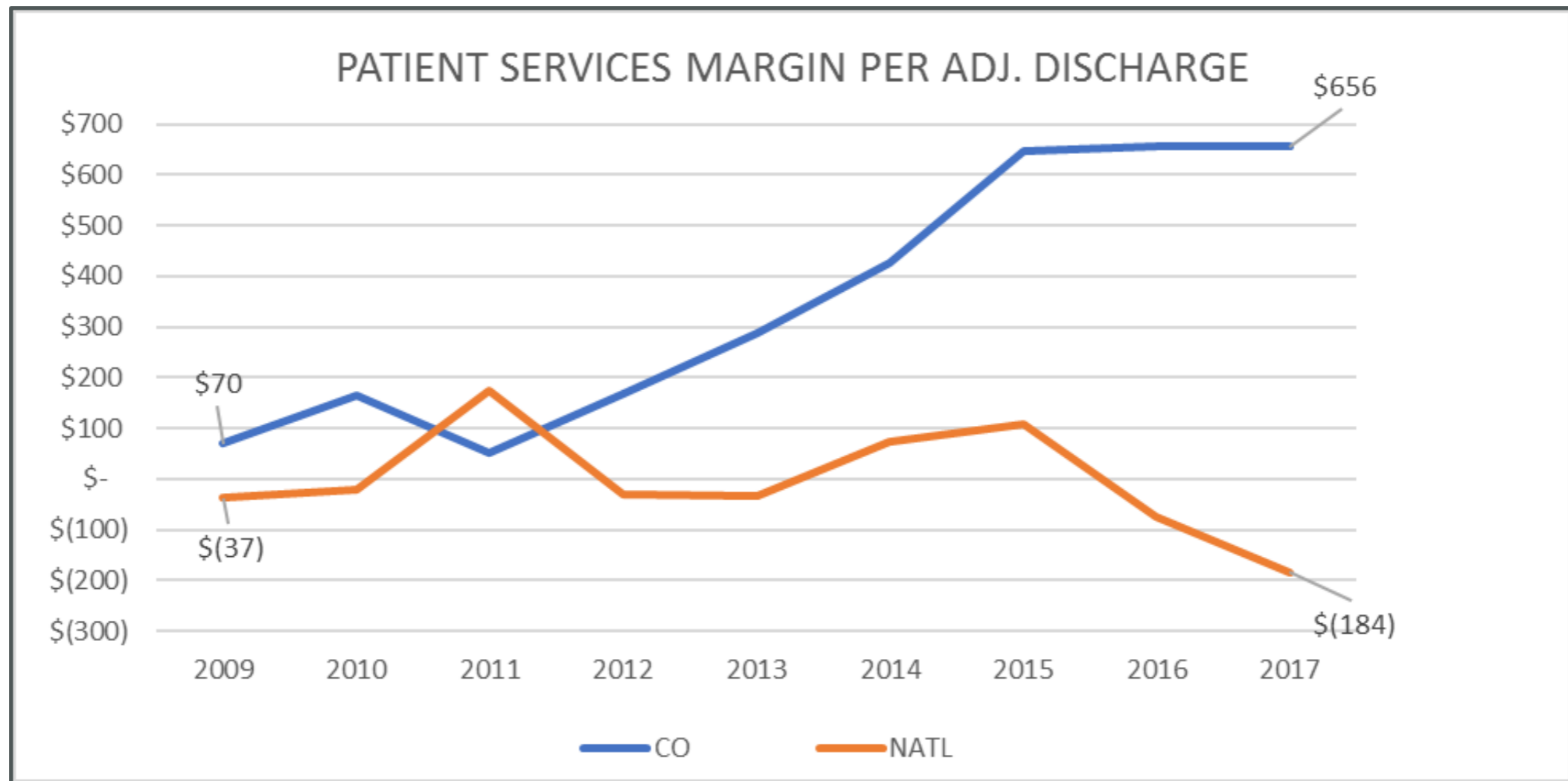
Total Margin



Source: Preliminary Department analysis of Healthcare Cost Report Information System (HCRIS) and other sources, conducted in 2018. This Growth in Overhead Costs per Adjusted Discharge chart includes the hospital provider fee.



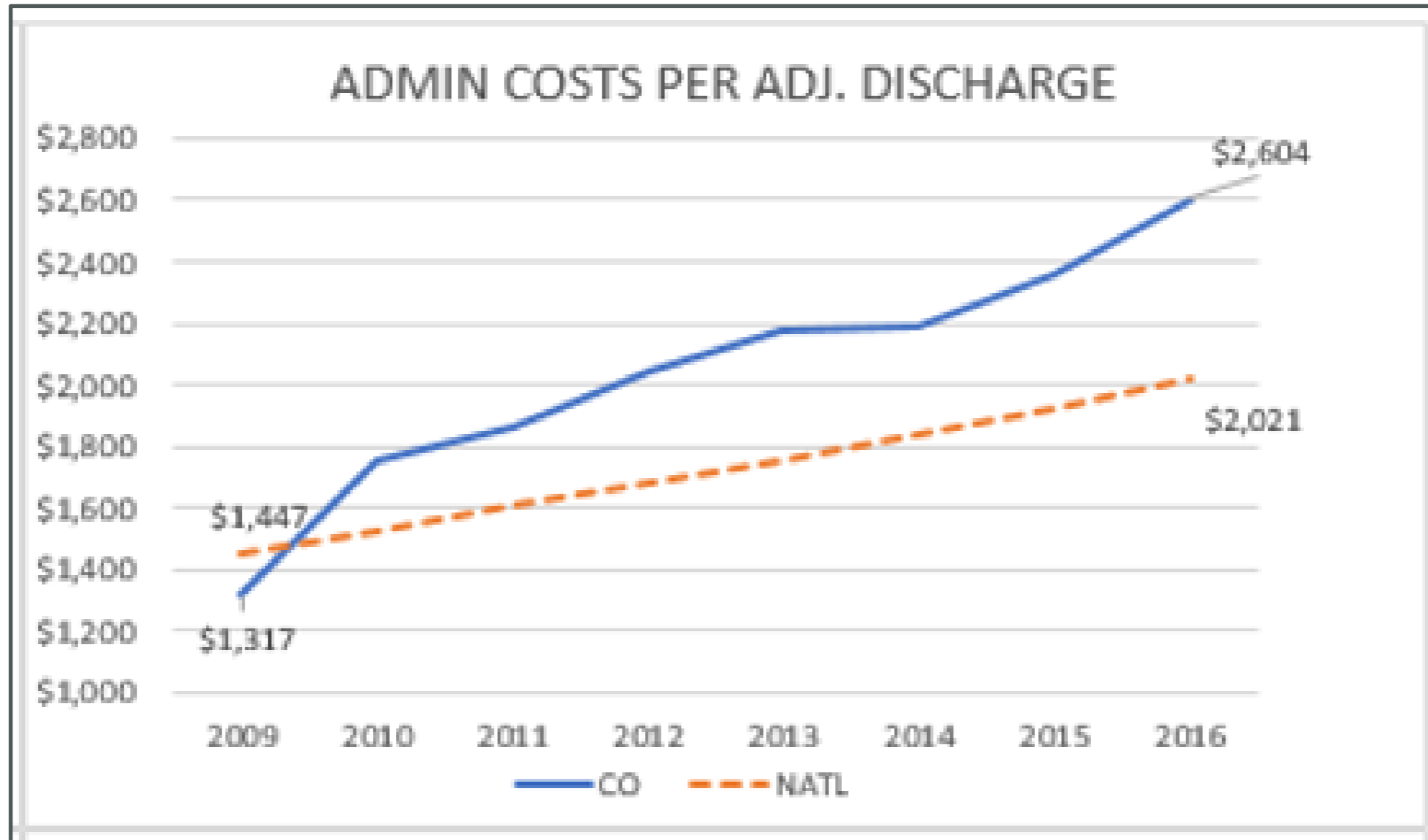
Patient Services Margin



Source: Preliminary Department analysis of Healthcare Cost Report Information System (HCRIS) and other sources, conducted in 2018. This Growth in Overhead Costs per Adjusted Discharge chart includes the hospital provider fee.



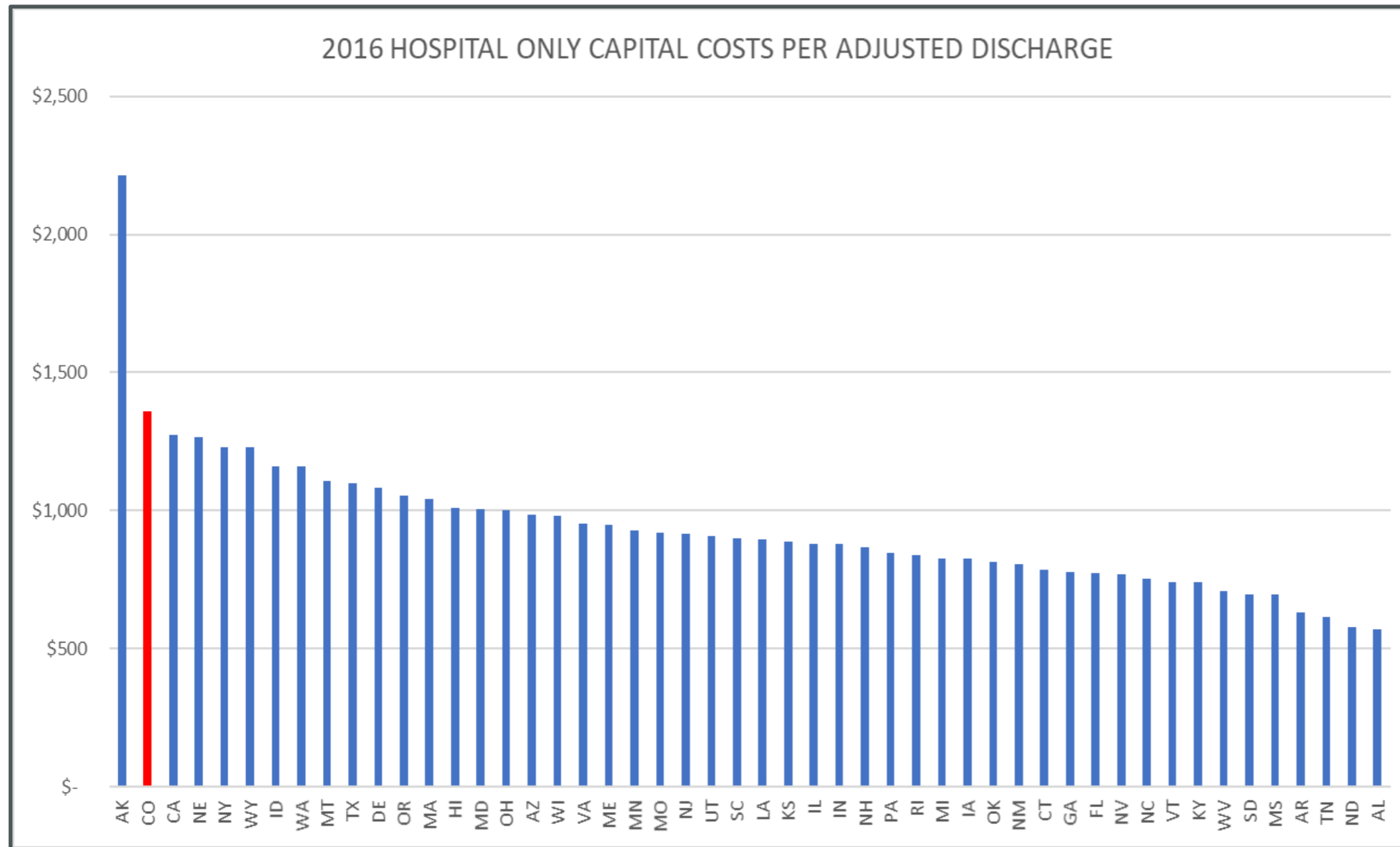
Administrative Costs



Source: Preliminary Department analysis of Healthcare Cost Report Information System (HCRIS) and other sources, conducted in 2018. This Growth in Overhead Costs per Adjusted Discharge chart includes the hospital provider fee.



Understanding Hospital Costs: Capital Costs

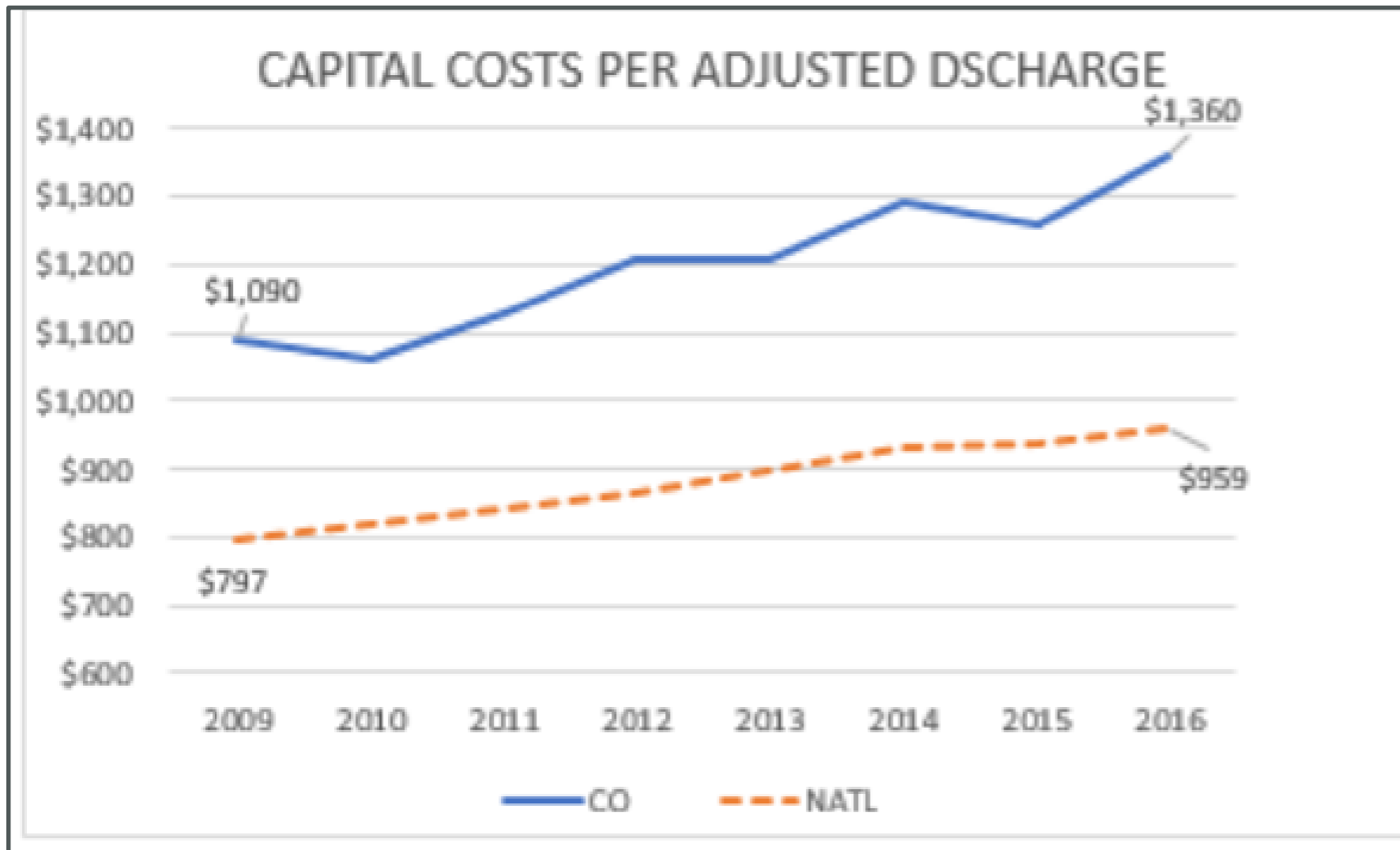


Colorado is 2nd to Alaska in Costs per Adjusted Discharge

Source: Preliminary Department analysis of Healthcare Cost Report Information System (HCRIS) and other sources, conducted in 2018. This Growth in Overhead Costs per Adjusted Discharge chart includes the hospital provider fee.



Ongoing Analysis



Colorado more than doubles the national average.

Source: Preliminary Department analysis of Healthcare Cost Report Information System (HCRIS) and other sources, conducted in 2018. This Growth in Overhead Costs per Adjusted Discharge chart includes the hospital provider fee.



Better Data Can Inform Controlling Costs & Improving Health Outcomes

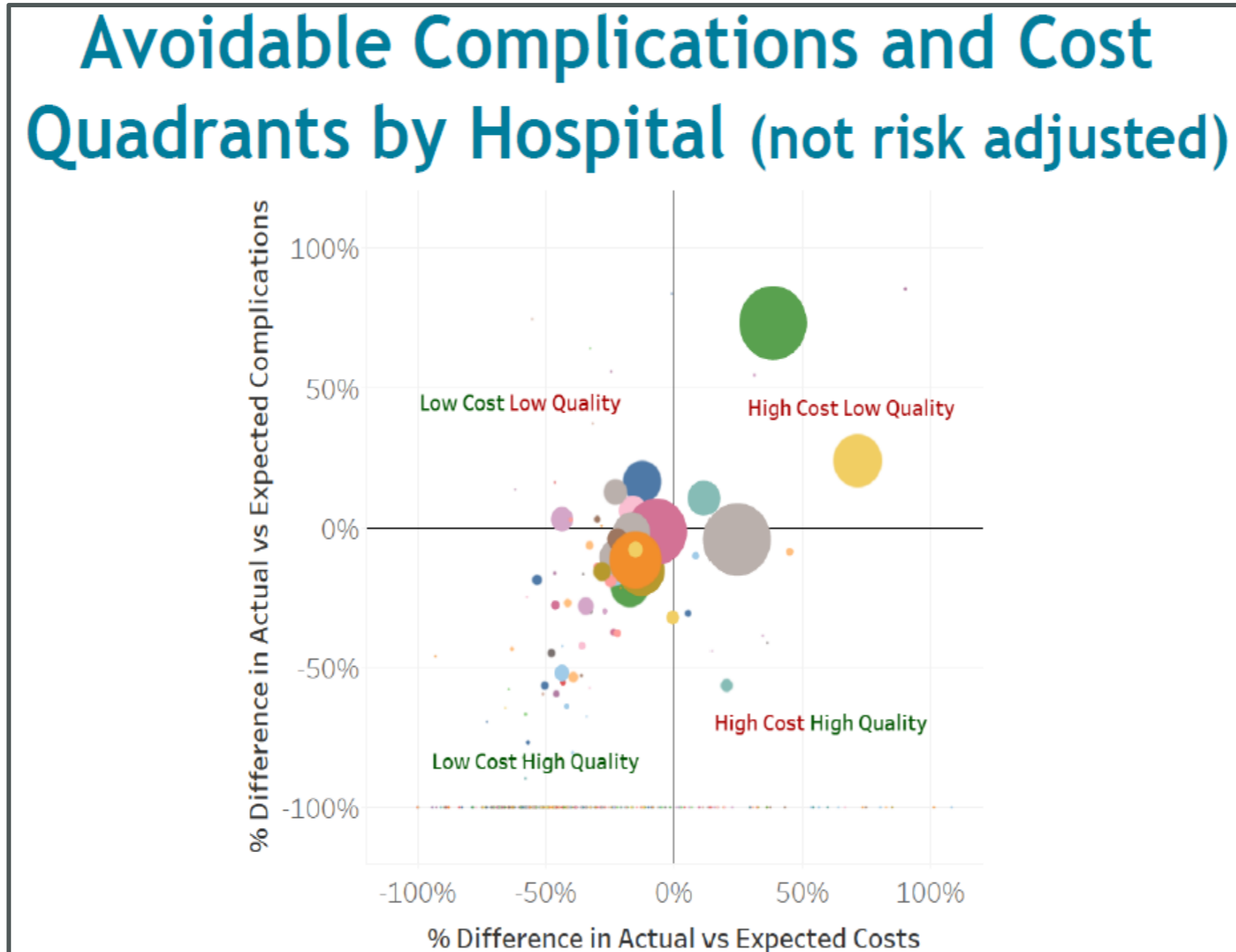


Chart Note: Example of Cost & Quality Quadrants

Budget Agenda Questions 16 - 24



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2019 HCPF Budget Requests

- R6 | Local Administration Transformation
- R7 | Primary Care Alternative Payment Models
- R8 | Benefits and Technology Advisory Committee
- R9 | Long Term Home Health and Private Duty Nursing Acuity Tool
- R10 | Transform Customer Experience
- R11 | All-Payer Claims Database Financing
- R12 | Medicaid Enterprise Operations
- R13 | Provider Rate Adjustments
- R14 | Office of Community Living Governance
- R15 | Operational Compliance and Program Oversight
- R16 | Employment First Initiatives and State Programs for People with Intellectual and Developmental Disabilities



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Customer Experience & Eligibility Questions 25 - 28



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Rates

Questions 29 - 37



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Miscellaneous Questions 38 - 47



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Thank You!



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