Grand Junction Chamber of Commerce Annual Health Care Summit

Working together to help Grand Junction Employers better control healthcare costs

October 23, 2019

Agenda

7:30 Welcome
7:45 The Affordability Roadmap Overview
8:15 Tips to Better Control Rx Costs
8:45 BREAK
9:00 Hospitals Costs and Strategies to Control Them
10:15 CIVHC - Innovation That Drives Better Utilization
10:45 BREAK
11:00 Legislative Successes and Remedies
11:45 Wrap Up and Next Steps
12:00 Special Session on the Public Plan, HB 1004

Introduction to the Affordability Roadmap

Kim Bimestefer, Executive Director

Health Care Policy and Financing (HCPF)

The Affordability Roadmap:

- Tailored by market
- Partnership with market leaders
- Grand Junction is the pilot
- Mesa County Health Leaders Consortium on point
- Drives market affordability to the benefit of consumers, employers
- Thank You for your leadership!

Healthcare Affordability

Medicaid consumes

33%

State's Total Budget[1]
(26% of General Fund)

Colorado Private Sector
(Consumers and Employers)

$69,117 2017 median income[2]	$19,339 2017 average family cost of private insurance[3]

Health Care is

28%

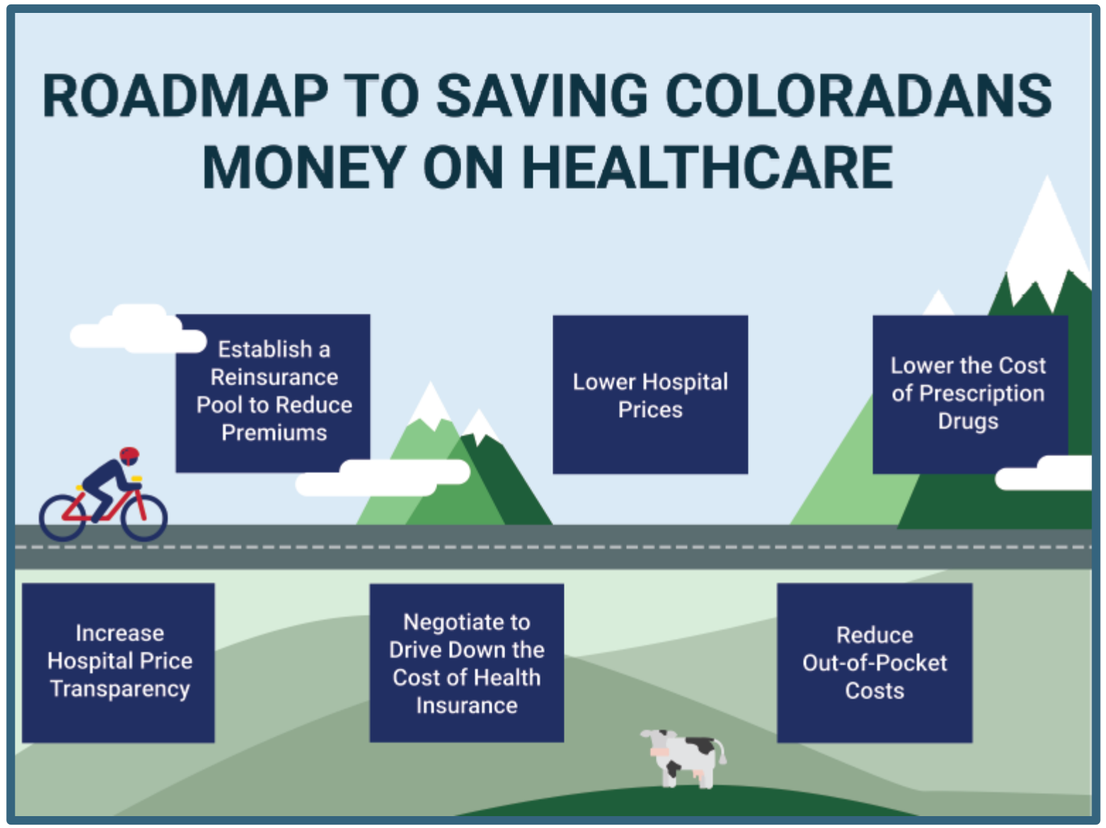
of median household income

1. Colorado Department of Health Care Policy and Financing
2. Income data from Colorado DOLA LMI Gateway, US Census Median Household Income
3. 2017 Medical Panel Expenditure Survey for Colorado

Polis-Primavera Administration Goal:

Lower Healthcare costs to save people money on Healthcare

In the Short Term



In the Mid and Long Term

- Launch a state-backed health insurance option
- Reward primary and preventive care
- Expand the health care workforce
- Increase access to healthy food
- Improve vaccination rates
- Reform the behavioral health system
- Support innovative health care delivery and reform models

Source: Polis-Primavera Roadmap to Saving Coloradans Money on Health Care, pages 2-3, April 2019. Full roadmap available at colorado.gov/governor/sites/default/files/roadmapdoc.pdf

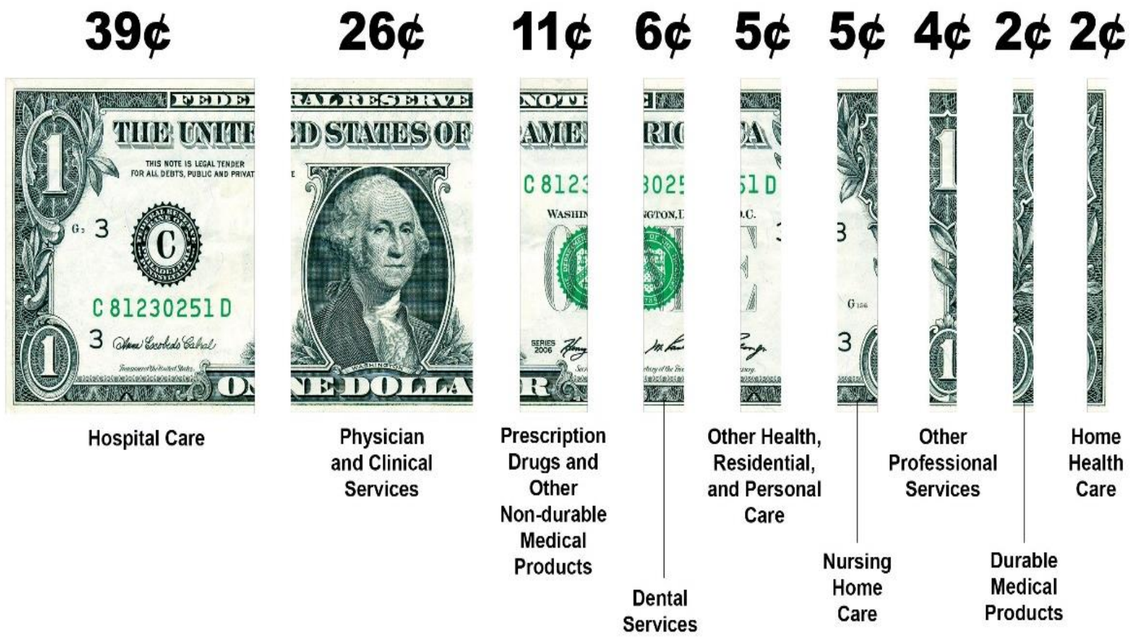
Pathway to Affordability

1. Constrain prices, especially for hospitals and prescription drugs
2. Champion alternative payment models
3. Align and strengthen data infrastructure
4. Maximize innovation
5. Improve our population health

Colorado's Health Care Dollar

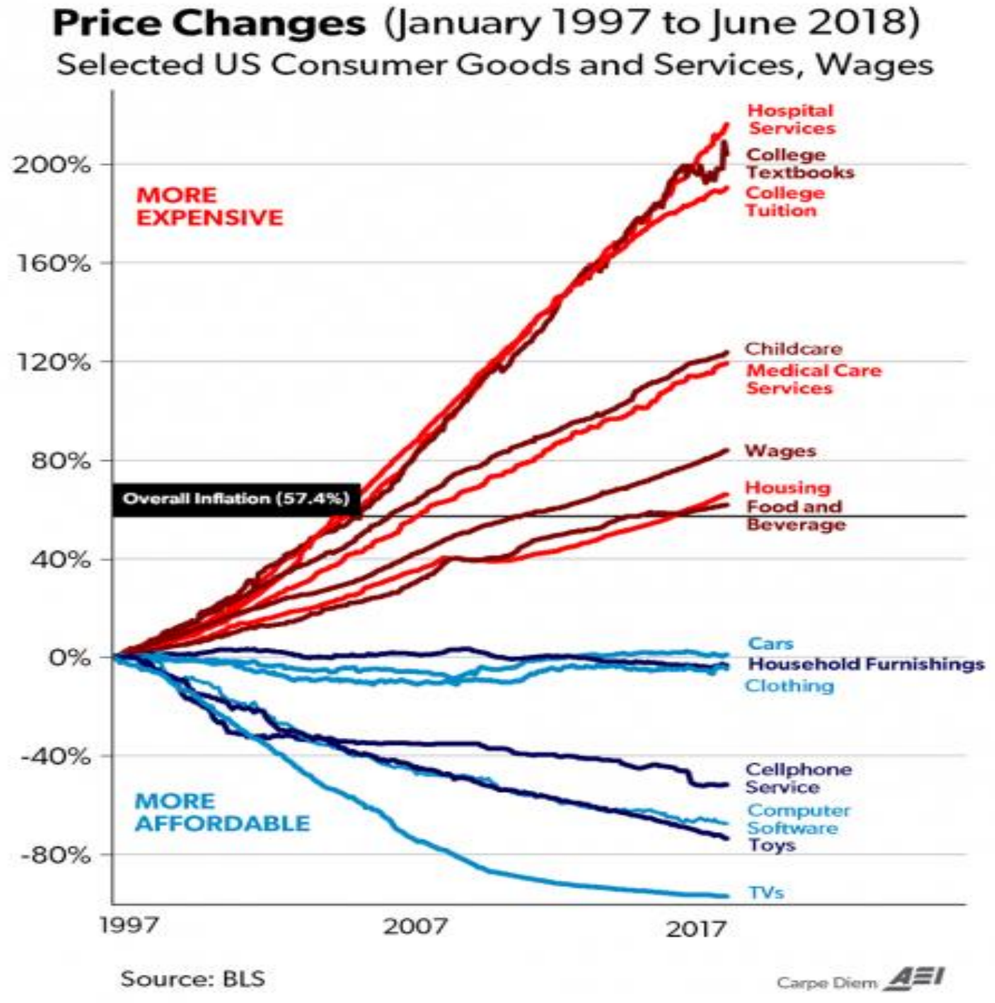
Why focus on Hospitals?
Hospitals consume ~ 40%+ of employer spend, influence Physician, Rx and other spend.

Spending by Service Type, 2016

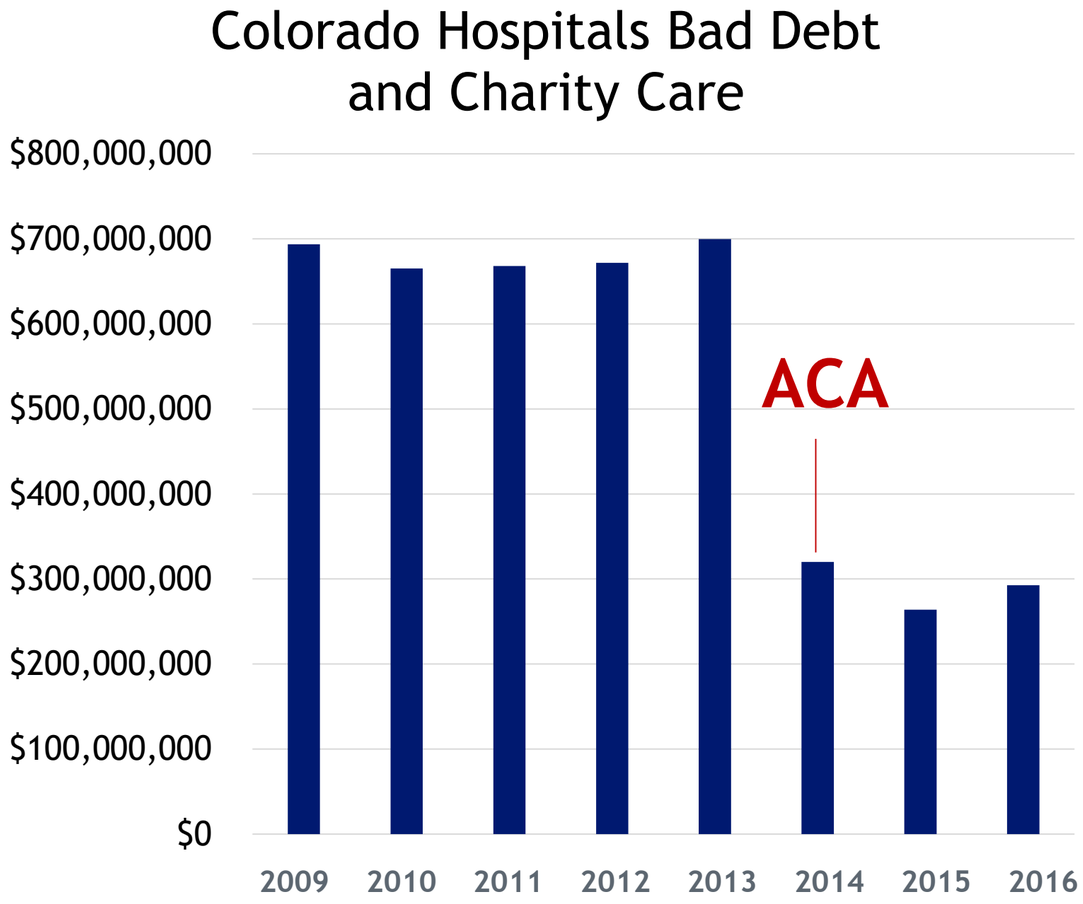


Note: Prescription drugs category shows retail spending. Rx drug spending is also part of the Hospital and Physician Services categories.

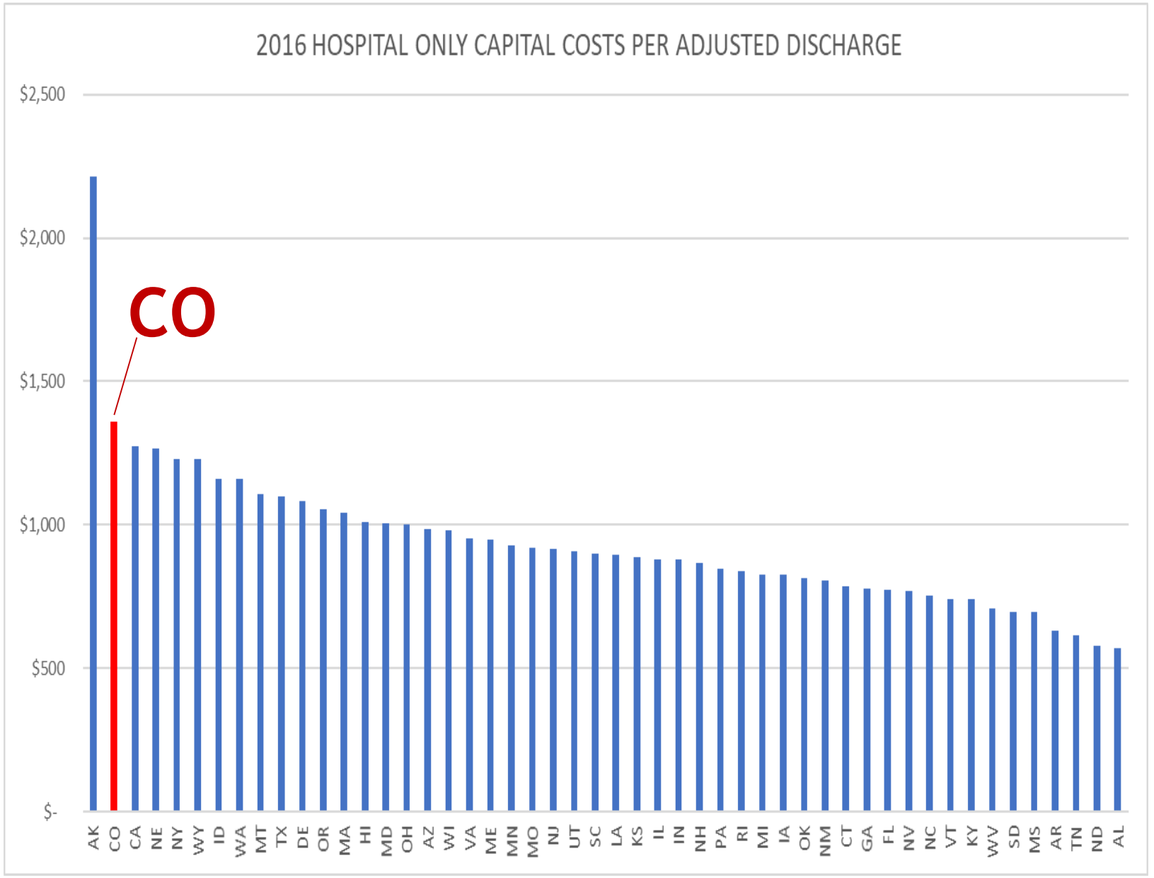
Source: National Health Expenditure Accounts, CMS, Office of the Actuary, 2011 and 2014; Colorado Commission on Affordable Health Care



Good news: the ACA reduced bad debt and charity care



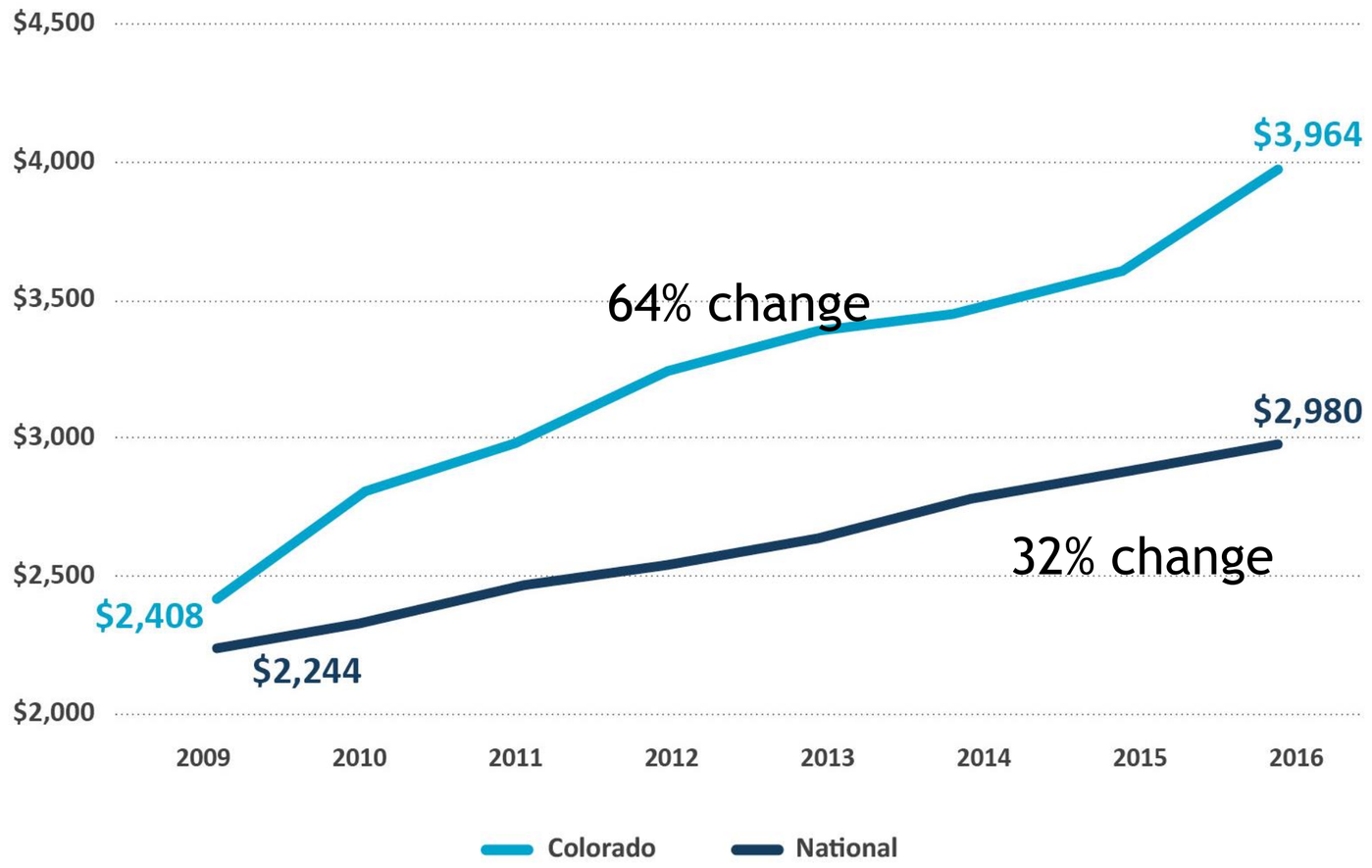
Hospital Construction – 2nd highest in the nation



Source: CHASE 2017 Report, CHA DATABANK

Colorado's overhead costs are increasing at double the national rate

Growth in Overhead Costs per Adjusted Discharge, 2009-16



2009: Six entities owned or were affiliated with **23 hospitals.**

2018: Seven entities owned or were affiliated with **41 hospitals.**

- **UCHealth** grew from 1 to 10
- **Centura** grew from 10 to 17
- **Banner** grew from 2 to 3

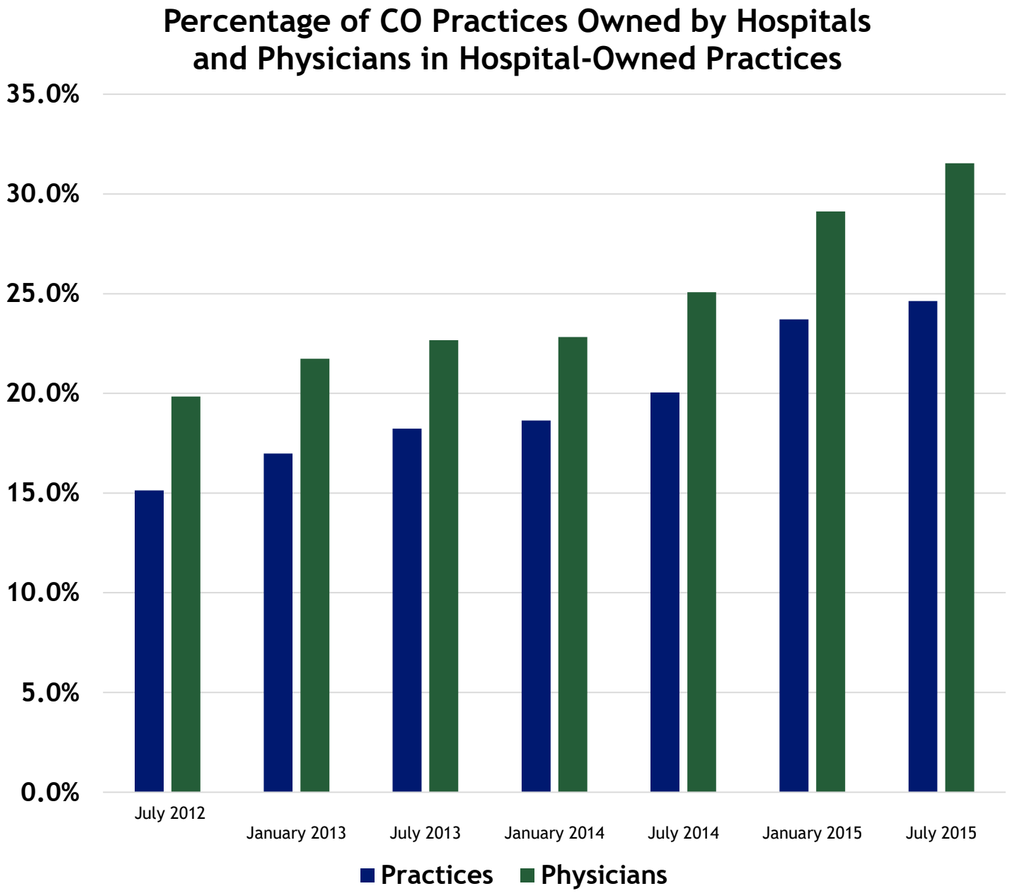
Overhead Cost per Adjusted Discharge:

CO: 9.2% per year over 7 years

National: 4.7% per year over 7 years

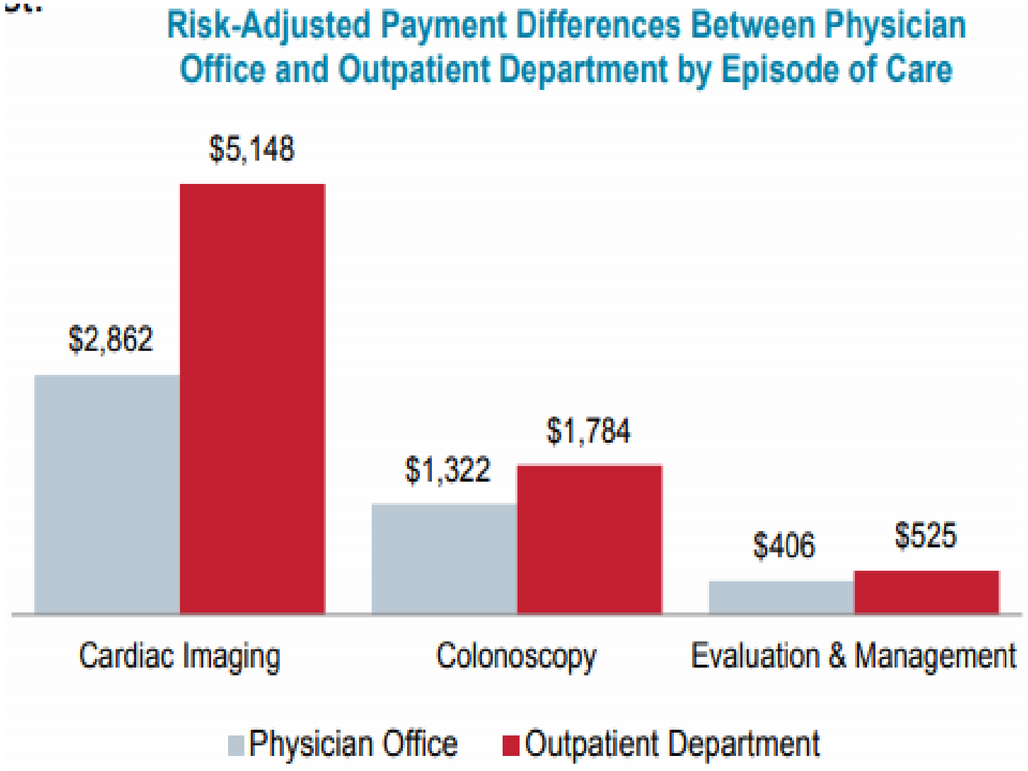
Data Source: Centers for Medicare & Medicaid Services Healthcare Cost Report Information System

CO hospitals are purchasing physician groups to control admissions



Source: Physicians Advocacy Institute

Consequences: care is more expensive in hospital-owned facilities/practices



Source: Avalere study for Physicians Advocacy Institute
http://www.physiciansadvocacyinstitute.org/Portals/0/assets/docs/2016-PAI-Physician-Employment-Study-Final.pdf

Hospital Cost Shift Report

Healthcare is incredibly complex. The State's research helps simplify cost drivers and potential solutions.

Between 2009 to 2017

- Hospital Revenues are up 76%
- Hospital margins increased 250%+
- CO Hospitals Admin costs are increasing at twice the national rate
- We are ranked in the top three nationally in hospital construction

We built the system we have together.

We have to transform it together.

Colorado Healthcare Affordability and Sustainability Enterprise Annual Report, January 15, 2019. https://www.colorado.gov/pacific/sites/default/files/CHASE-December%202018-Annual%20Report%202019%20v2.pdf

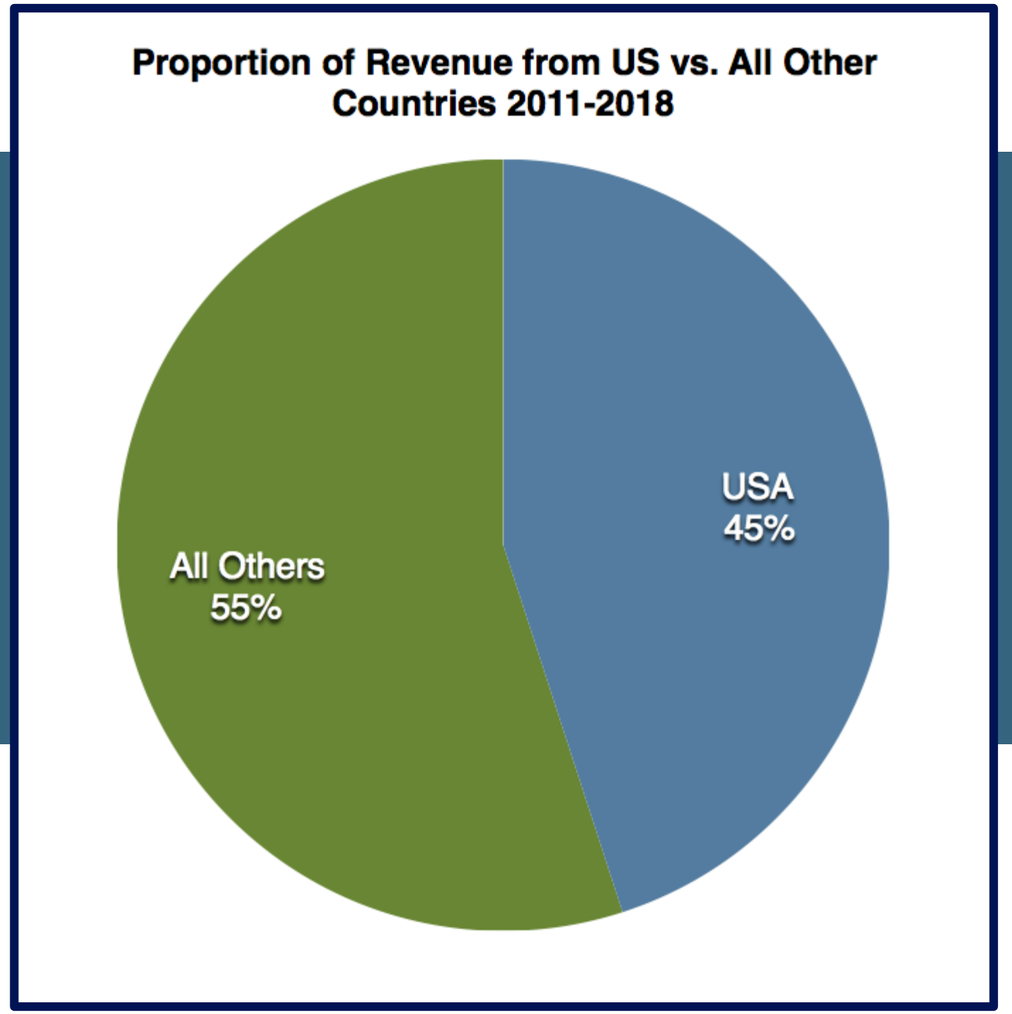
Affordability Partnerships are Key

The good news – your hospitals are stepping up to be part of the solution!

Outlook. Intention. That's half the battle.

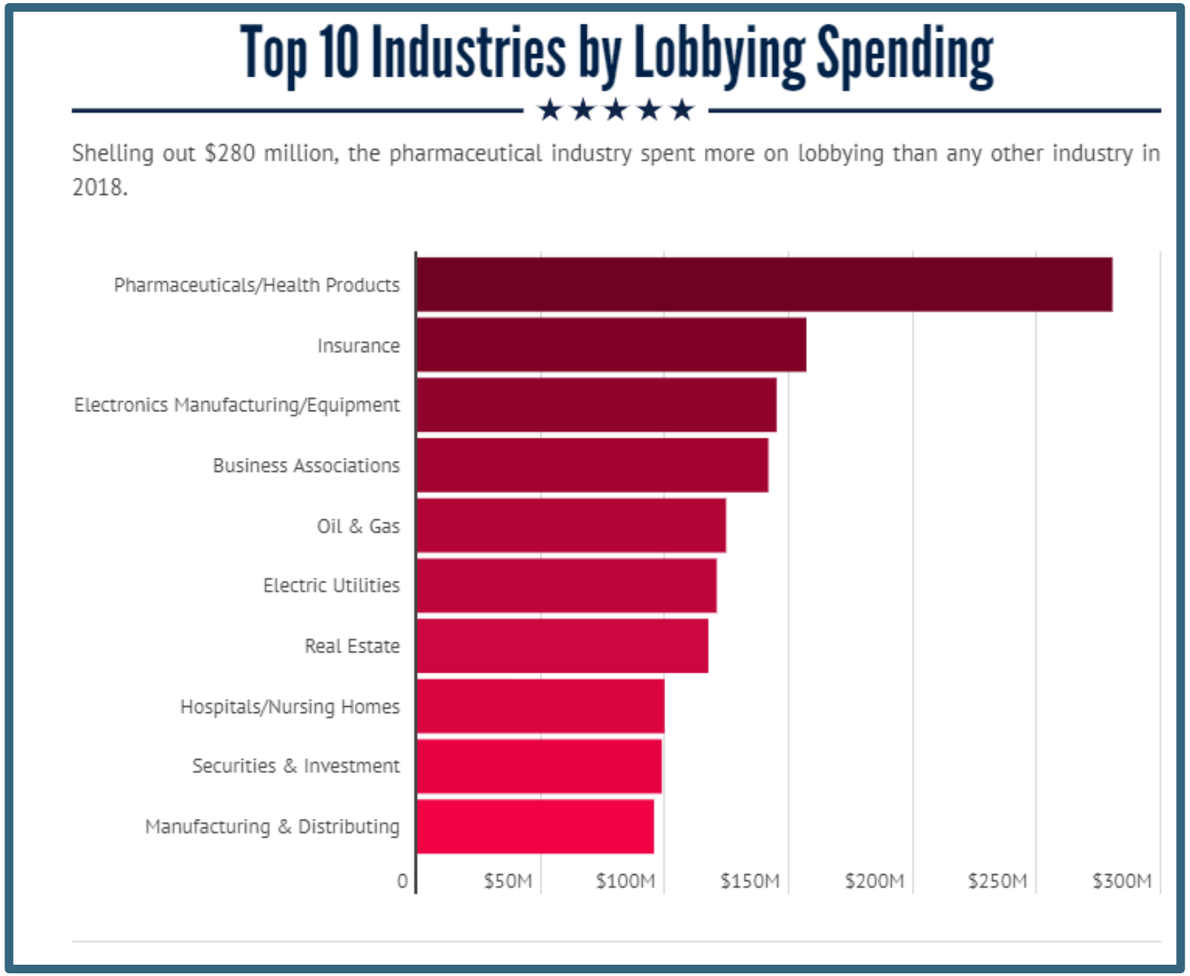
Rx Affordability Problem: The US represents ~ 5% of the world's population, and 45% of the world's pharmaceutical revenue

- Proportion of total pharmaceutical revenue for the 13 largest pharmaceutical companies from sales in the U.S. vs. sales in all other countries from 2011-2018.



Belk, David, and Paul Belk. "The Pharmaceutical Industry." *True Cost of Heathcare*, truecostofhealthcare.org/the_pharmaceutical_industry/.

Top 10 Industries by Lobbying Spending



#1 Pharmaceuticals/Health Products: **$280,305,523**

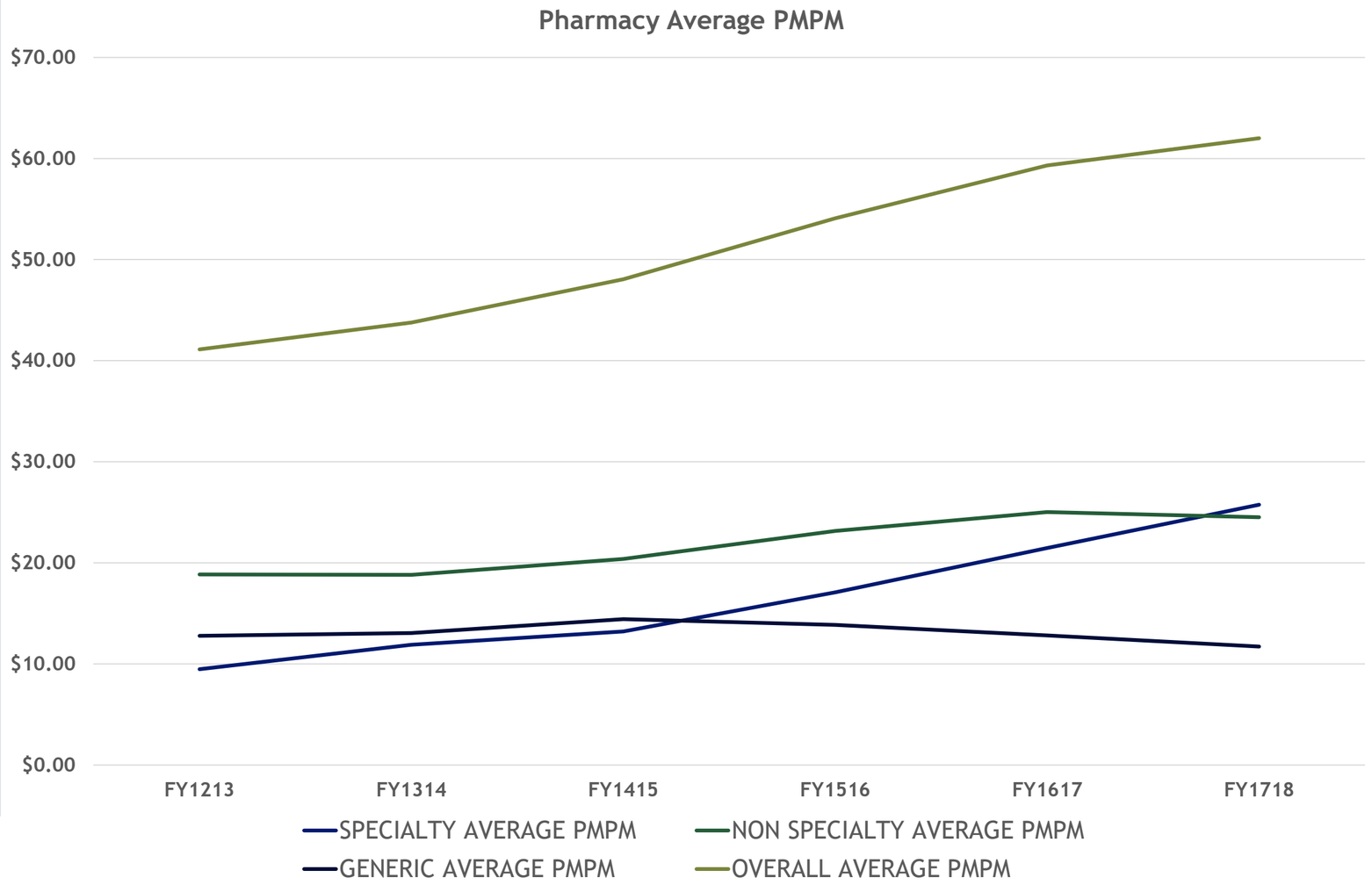
Rx Rising Costs (Trends) Medicaid

Medicaid generates about $1B in Rx claim costs (before rebates)

Over the last six fiscal years, 2012 through 2018:

Generic Rx costs **down** 8% or 1.3% a year
Brand name Rx **up** 30%, or 5% a year
SRx up 171%, or 28.5% a year
Total Rx spend is **up** 51%, or 8.5% a year

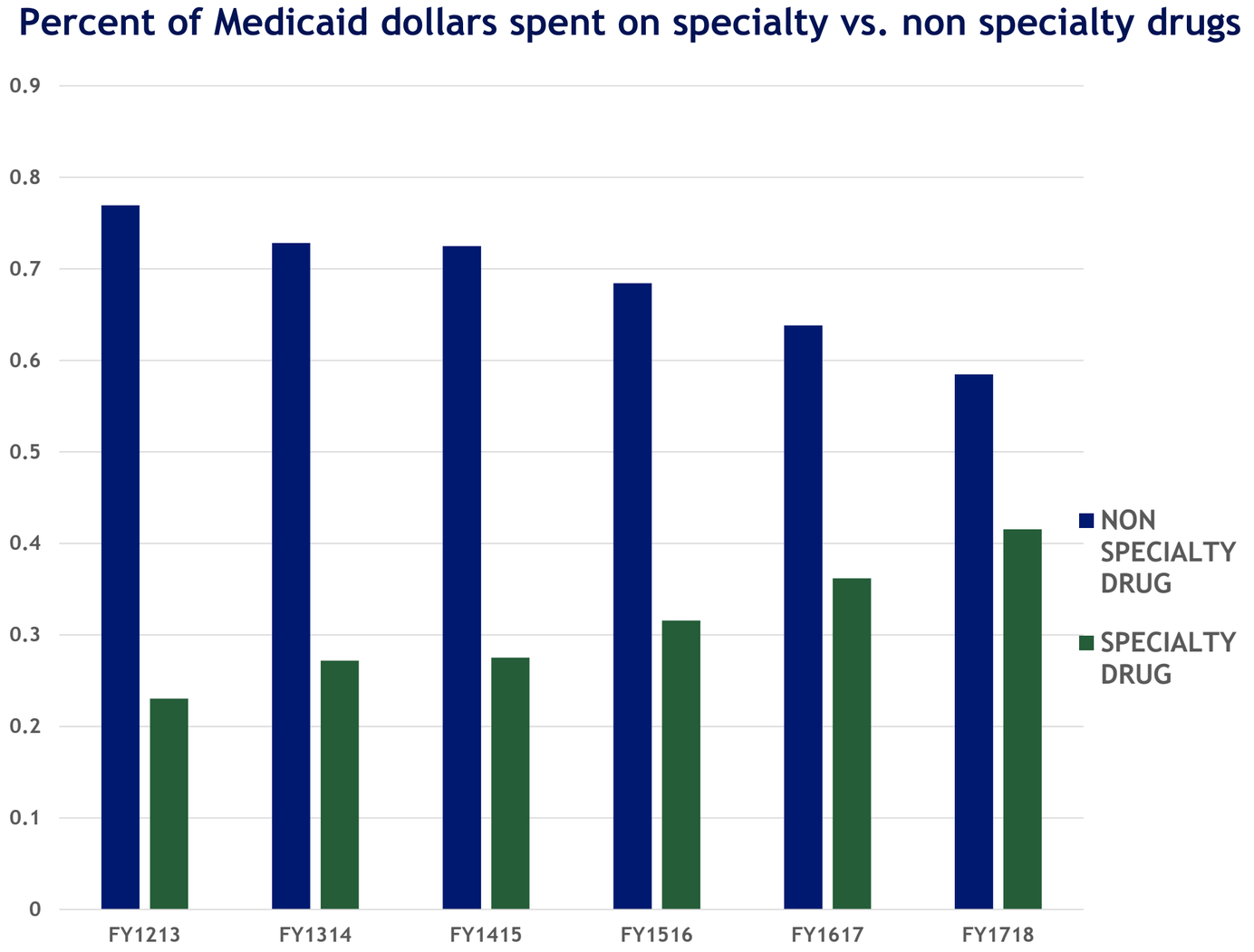
Of this total 51% Rx trend, *more than 75% is due to Specialty Drugs*.



Escalating Impact of Specialty Rx on Overall Rx Medicaid Costs

While specialty drugs only comprise 1.25% of Colorado Medicaid prescriptions, they represent over 40% of Medicaid's Rx resources.

This is in line with national and commercial carrier trends.



Specialty Drugs: we're at the beginning

42 new drugs launched in 2017.

75% were specialty drugs

$12 billion spent on new drugs in 2017.

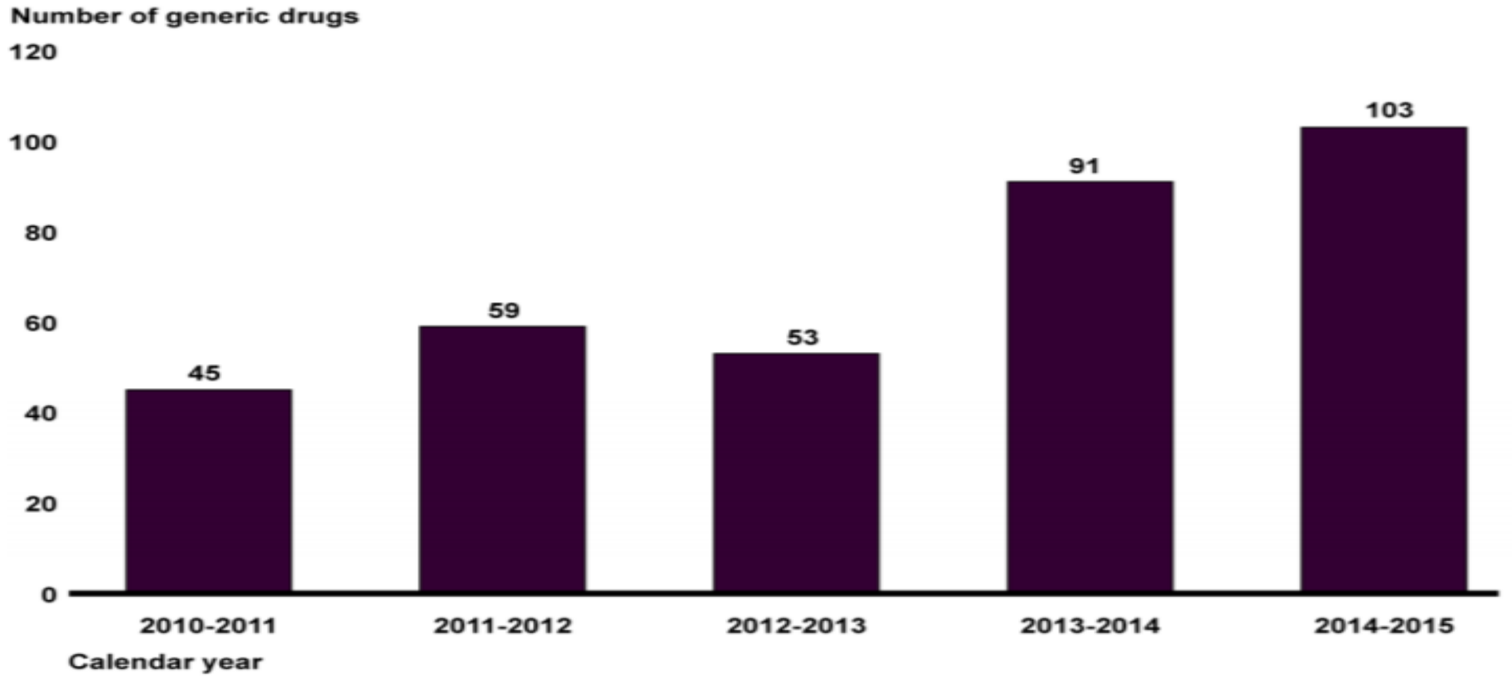
80% was spent on specialty drugs

Specialty drugs are taking over the pipeline of drugs being tested and prepared for market release

Drug Price Increases are a Problem

The US General Accounting Office found that 315 different drugs experienced 351 “extraordinary price increases” at least a doubling in price year-to-year.

Figure 3: The Number of Established Drugs under Medicare Part D That Experienced an Extraordinary Price Increase, First Quarter 2010 to First Quarter 2015



Source: GAO analysis of Medicare Part D prescription drug event data. | GAO-16-706

Note: A price increase of at least 100 percent from the first quarter of one year to the first quarter of the next is considered an extraordinary price increase. To be considered an established drug, a drug had to be in the Medicare Part D claims data for each quarter from the first quarter of 2009 through the second quarter of 2015 and meet certain other data reliability standards. A total of 1,441 drugs met these criteria.

Across our study period, the 315 established drugs experienced 351 extraordinary price increases.[21]

No, The High Cost is NOT Due to Research

Drug companies spend **about $40B a year MORE on marketing and administrative expenses** than on research and the development of new drugs

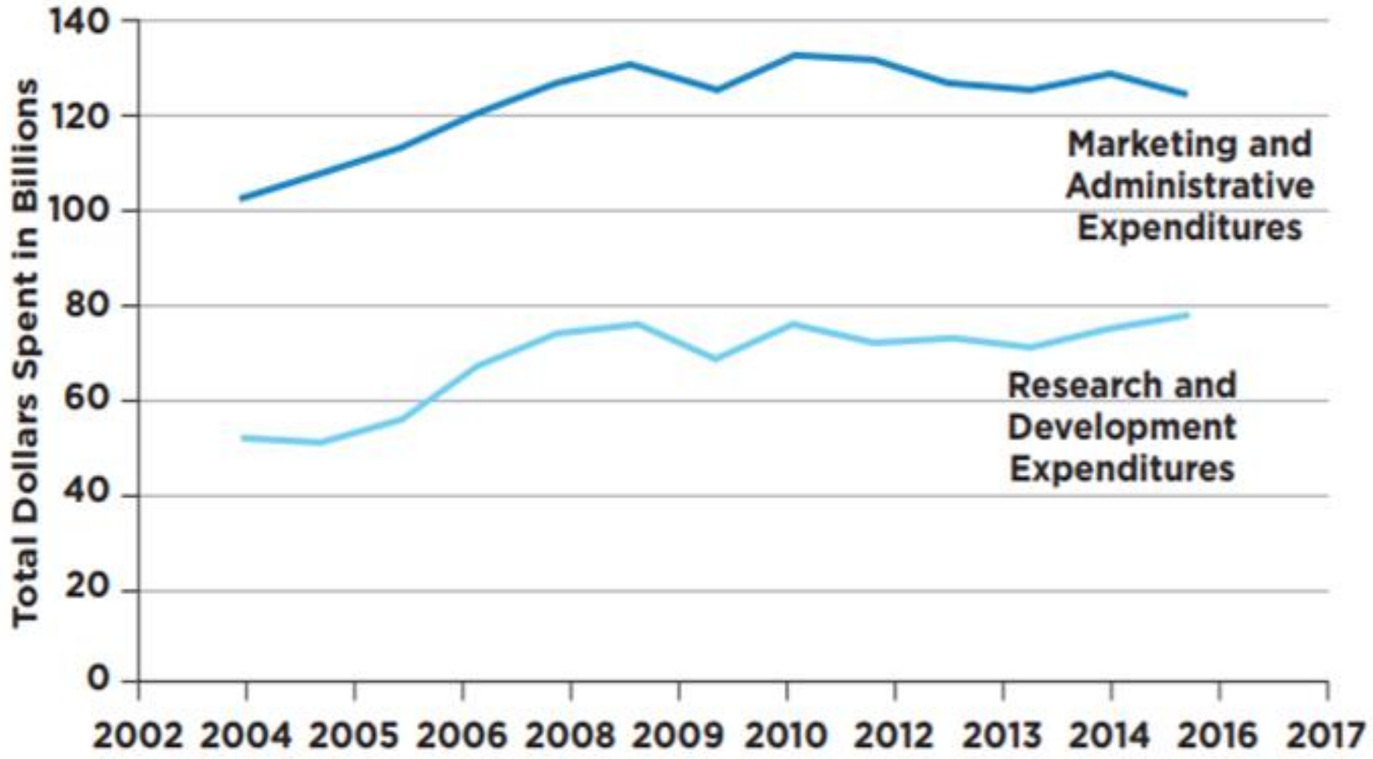


FIGURE 3-3 Comparison of total aggregate research and development and marketing-plus-administrative (including executive compensation) expenditures by 12 large pharmaceutical companies from 2003 to 2015.
SOURCE: Data retrieved from Belk, 2017. See http://truecostofhealthcare.org/pharmaceutical_financial_index (accessed November 15, 2017).

Shared Systems and Innovations: TeleHealth / TeleMedicine and Broadband

- **TeleHealth/TeleMedicine -** access opportunities
  - Specialty Care
  - Behavioral Care (battles stigma)
  - Rural Access
  - Access for Individuals with Disabilities & Seniors

- Office of **Broadband** focused on advancing communities needs. Seeking $$ from FCC to help our rural communities with Broadband investments.

- OeHI, Prime Health, and Colorado Rural Health Center out reach to several rural communities on this topic in August 2019.

Innovation Opportunities

Addressing Cost with Technology:

- **Prometheus -** Hospital/Doc
- **Rx Prescriber Tool** – Rx
- **TeleHealth -** next gen!

Improving Population Health - Customized Plans By Area

- Obesity
- Teen Vaping and Adult Tobacco Use
- Opioids
- Marijuana & Alcohol
- Suicide Prevention
- Maternal Health

Quick View of Roadmap Initiatives - *Engage*

- **Pharmacy solutions**
  - Physician Prescribing Shared Tool
  - Manufacturer-Carrier Compensation (incl. Rebates)
  - Pharmacy Pricing Transparency
  - Joining Lawsuits – Manufacturer Price Fixing, Opioids
  - HCPF Dept. Rx Cost Driver & Solutions Report

- **Hospital solutions**
  - Hospital Transformation Program (HTP)
  - Financial Transparency
  - Centers of Excellence
  - Alliance Model, Driving Community Reimbursements
  - Analytics by Hospital, for Communities

- **Alternate Payment Methodologies**
  - Hospital Transformation Program (HTP)
  - Out Of Network Reimbursements
  - Rx Value Based Contracting
  - Value Based Rewards
  - Procedural Bundles
  - Total Cost of Care Incentives, to Include Rx

- **Shared Systems Priorities and Innovations**
  - CIVHC APCD Affordability Supports, incl. Employer Data
  - TeleHealth / TeleMedicine and eConsults, Broadband
  - End of Life Planning
  - Prometheus
  - Universal Coverage

- **Population Health**
  - Behavioral Health Task Force
  - Teen vaping, adult tobacco use
  - Obesity
  - Maternal Health
  - Addiction, incl. Opioids prescribing guidelines
  - Suicide
  - Immunizations
  - Hosp. Transparency – Community Health Needs Assessment

Pharmacy Costs

Kim Bimestefer, Executive Director

Health Care Policy and Financing (HCPF)

Specialty Drug Solutions: Transparency

We need clarity on manufacturer price drivers:

- Rx Manufacturer payments to middlemen PBMs/carriers
- Rx manufacturer payments to providers
- Direct to consumer advertising
- Profit margins
- Research expenses and offsetting research grants (federal or charity $$)

We need insight on hospital drug pricing

- Medications in hospitals can cost significantly more than in a physician's office or clinic setting
    - Avg. cost per unit of Remicade, (treats rheumatoid arthritis) in a physician's office is $90, and $277 in the hospital outpatient setting

Specialty Drugs: Programs to Address

Prior Authorization (PA's).

- The prescriber must obtain approval for a medication before it is prescribed.
- Prior authorizations are a safety and potentially cost-saving measure.
- Some PBMs do not charge for PA's, while others charge $$ for each PA. Given the emergence of high cost SRx, PA's are critical, as is their fee.

Step Therapy. Step therapy helps to lower costs by promoting the use of safer and/or less expensive medications *first*, then allowing the patient to "step up" to a different drug if that is necessary to achieve desired results.

Pharmacy Financials: The Value of Rebates

YEAR	TOTAL DRUG REBATE AMOUNT	REBATE PERCENTAGE OF TOTAL PAID AMOUNT
2014	$3,887,231	9.93%
2015	$5,381,390	12.91%
2016	$5,727,789	13.09%
2017	$8,467,045	20.73%
2018	$10,243,478	24.39%

Source: A national benefit trust with members in Colorado.

What rebates are you getting to offset your Pharmacy costs?
Has your agreement increased to reflect rising rebates?
Should you negotiate together to increase the $$ you receive?

The Power of Rebates to Medicaid

- Medicaid Rebates ≠ Commercial Rebates
- Medicaid rebates directly offset the cost of medications, saving taxpayer $

Calendar Year	Total Pharmacy Expenditure Amount	Adjusted Actual Net Spend	Total Prescription Drug Rebate Amount	Rebate Percentage of Total Paid Amount
2014	$573,305,555	$349,676,759	$223,628,796	39.01%
2015	$752,880,375	$432,094,344	$320,786,031	42.61%
2016	$906,762,480	$418,836,790	$487,925,690	53.81%
2017	$981,469,207	$445,706,439	$535,762,768	54.59%
2018	$993,671,586	$436,269,588	$557,401,998	56.10%

When we designed the Public Option, *we required rebates to pass through to offset the cost of prescription drugs!*

Rx Solutions: Pushing Rebate+ Other Compensation Through to Employers to Offset Rx Costs

Manufacturer Rebates and Other Compensation

- **CIVHC new data requirement:**
  - All carriers to provide Rx manufacturer compensation received to the APCD
  - By the end of the year, we should have some averages to carriers, and what was passed along

- **Goal:**
  - Let’s push this $$ through to employers
  - Help employers negotiate to get these $$

Other Prescription Drug Financials

Members	Retail Brand	Retail Generic	Mail Order Brand	Mail Order Generic
<10K	AWP-16 to 19%	AWP-72 to 76%	AWP-20 to 25%	AWP-76 to 87%
10K to 100K	AWP-18 to 21%	AWP-74 to 84%	AWP-24 to 26%	AWP-78 to 89%
>100K	AWP-18 to 22%	AWP-83 to 85%	AWP-24 to 27%	AWP-85 to 89%

What prices are you paying for your Prescription Drugs?
How do you compare to the above?
Should you negotiate together?

Other Drug Utilization Review (DUR) Cost Controls

- DUR protects against: overutilization, underutilization, drug-disease contraindications, drug-drug interactions, incorrect medication dosages or durations for treatment regimens, drug-allergy interactions and clinical abuse/misuse.
- DUR can:
    - support alternative cost-effective therapies (i.e. step-therapy)
    - support a cost effective setting (i.e.: home infusion, doc office vs hospital)
    - look at individual instances to protect patients
    - help understand trends over time to improve the system

Other Drug Utilization Review (DUR) Cost Controls

Automatic Refill Policy

- Automatic refills can be wasteful and increase pharmacy spending.
- Examine current process for refills, ensuring consumer consent
- Massachusetts Medicaid filed lawsuits against several pharmacies to resolve allegations that it improperly billed the state's Medicaid program by $5.86M through automatic refilling of Rx not requested by patients/caregivers

Lock in Programs for Opioids Over-Utilization Concern

- PBMs can restrict a consumer's access to one physician and one pharmacy.
- Concurrent to this program, employers should provide access to Employee Assistant Programs (EAP) and other supports that ensure individuals can access appropriate treatment.

Rx Solutions: Prescriber Tool

- Targeting 2020 Implementation, across the state
- Drives a doc's prescribing based on Rx cost & quality
- Shows prescribers the payer's cost and the member's copay cost
- Will include an opioid addiction risk module, alerting docs before they prescribe
- Enables Value Based Payments to docs to reward efficiency
- Phase II: Shows carrier programs so prescribers can suggest health improvement programs, *not just pills*
- **WE NEED YOUR SUPPORT – ask docs/hospitals to use this tool**

Rx Solutions:
Limit Pharmacy Drug Sales Person Influence?

Many docs are educated on drug therapies by Manufacturer Drug Salespeople

- Should Grand Junction employers ask docs to receive their info from an unbias source?
- Should Grand Junction employers ask docs not to accept manufacturer compensation?
- The Mesa County Health Leaders Consortium may suggest this? Do employers agree?
- Should we create an unbias means of physician education on Rx alternatives and best practices?

Hospital Costs and Drivers

John Bartholomew,
Chief Financial Officer

Health Care Policy and Financing

What we will cover on Hospitals

- **Challenges:**
  - Looking at local hospital financial data: revenue, cost, and margins
  - Benchmark review by region and price variation

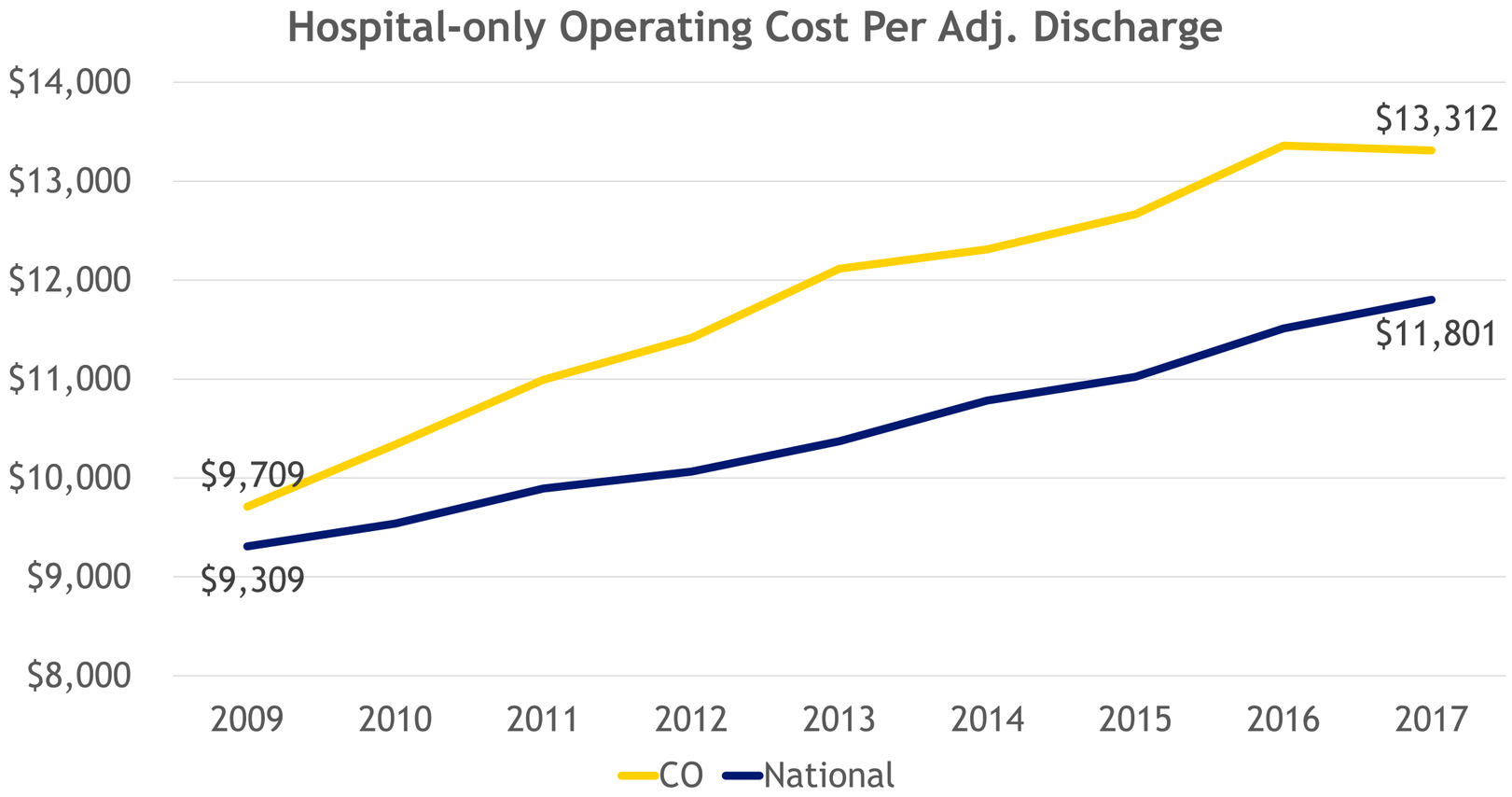
- **Solutions**
  - Hospital Transformation Program (HTP)
  - Centers of Excellence (CoE)
  - Alliance Model

Department Financial Analysis

From the Medicare Cost Report, DATABANK, and RAND

https://www.civhc.org/shop-for-care/

From the Medicare Cost Report
Colorado & Nation - Cost

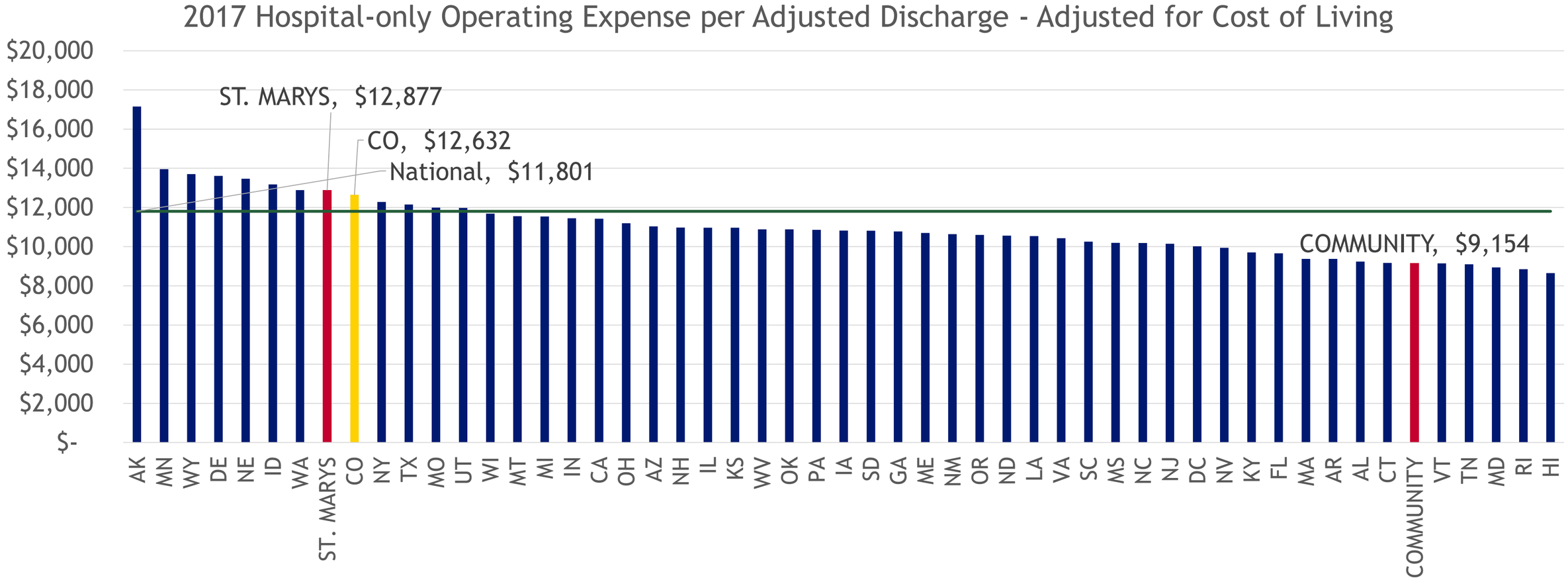


Growth between 2009 and 2017

Region Level	$ Growth	% Growth	Average Annual % Growth
CO	$ 3,603	37.1%	4.6%
National	$ 2,492	26.8%	3.3%

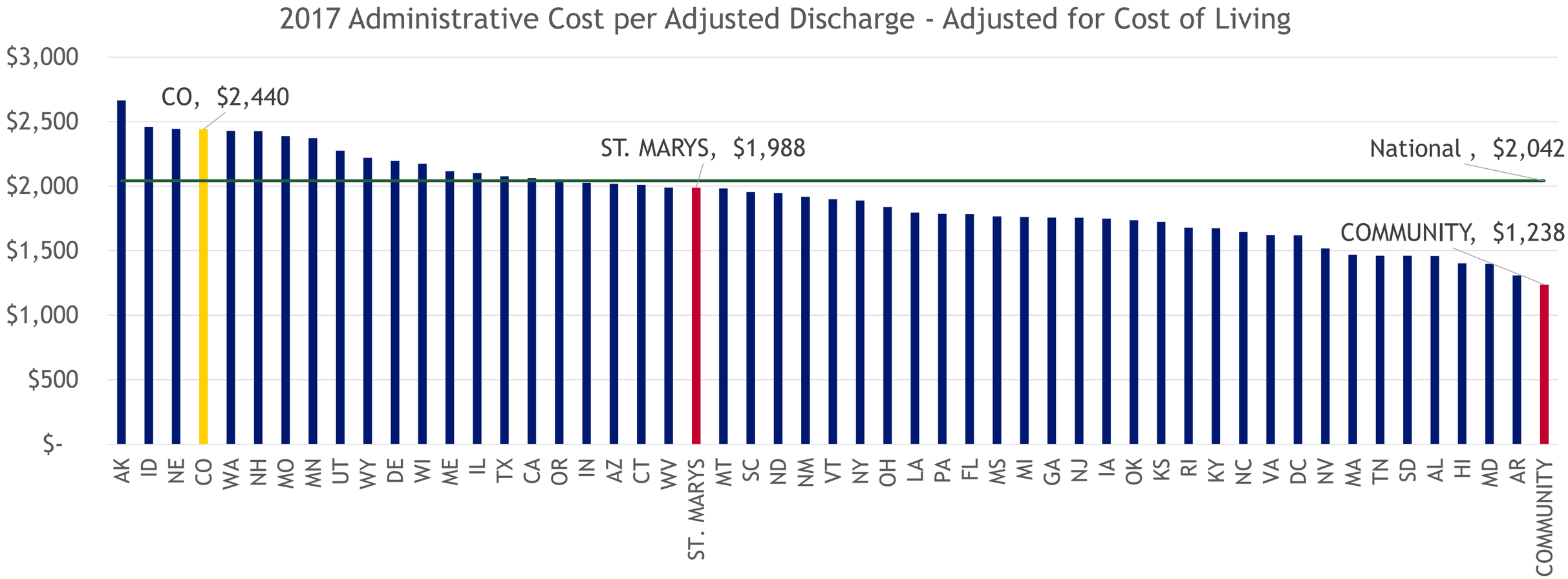
Data extracted fall 2019

From the Medicare Cost Report
Colorado & Nation – Hospital-only Cost



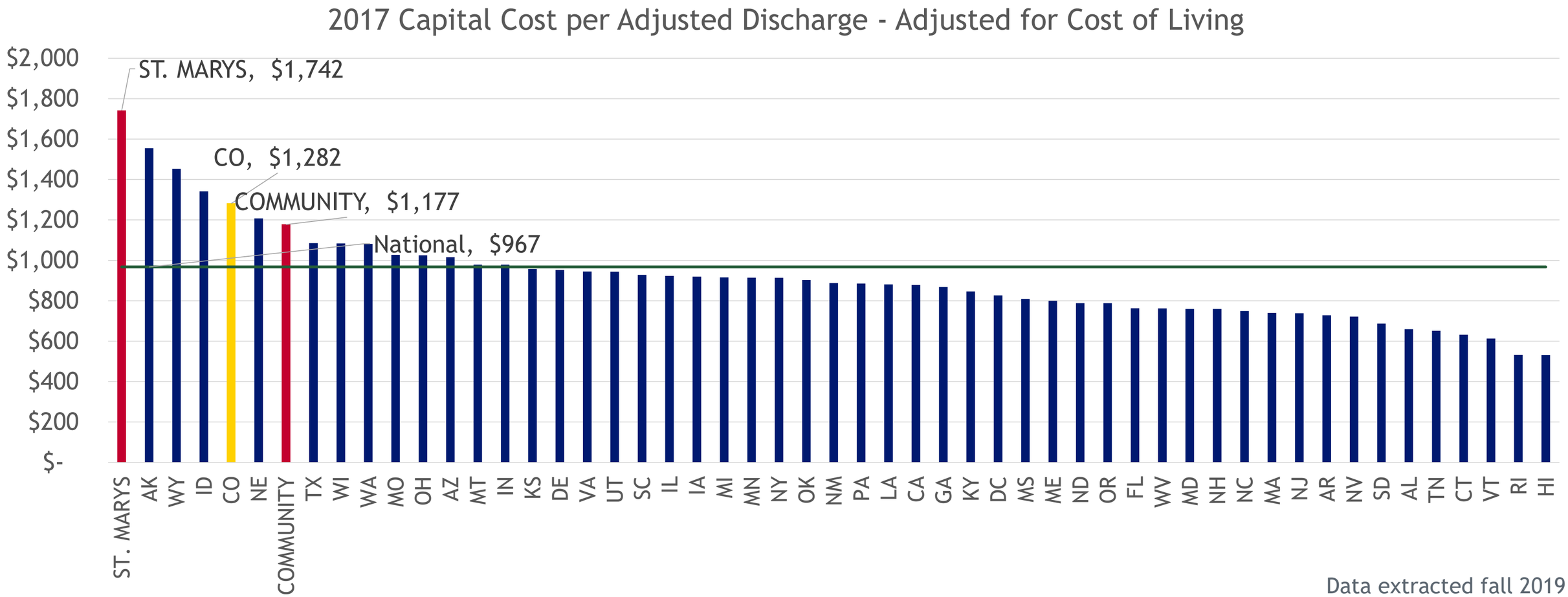
Data extracted fall 2019

From the Medicare Cost Report
Colorado & Nation - Administrative Cost



Data extracted fall 2019

From the Medicare Cost Report Colorado & Nation - Capital Cost



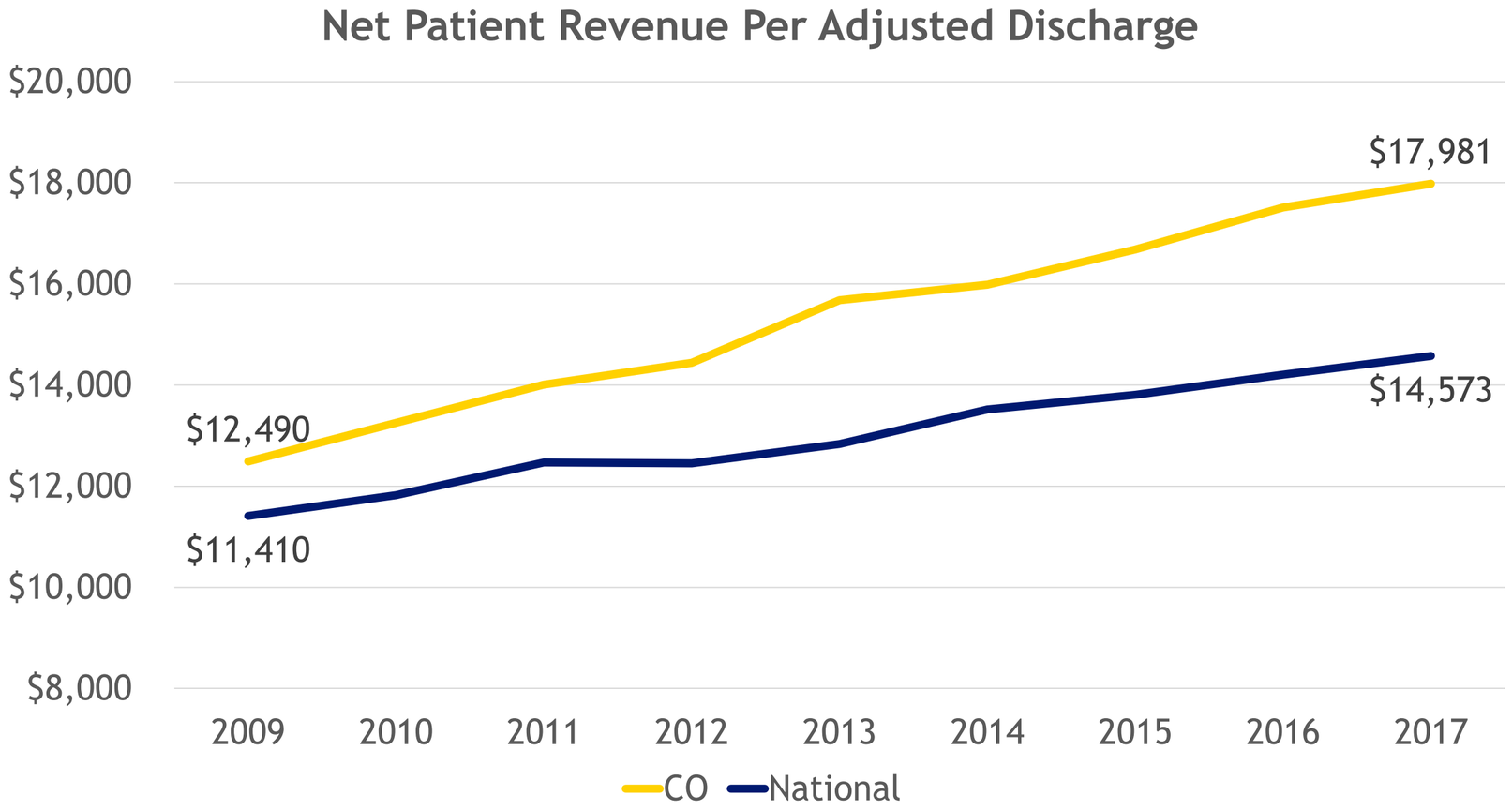
Data extracted fall 2019

From the Medicare Cost Report
Colorado & Nation – Cost Per Adjusted Discharge
(*that means both inpatient & outpatient hospital care*)

	Cost Type	2017 National	2017 Colorado	2017 Colorado Rank	2017 Colorado *adjusted for cost of living*	2017 Colorado Rank
	Medical cost	$8,792	$9,390	10	$8,910	10
+	Administrative cost	$2,042	$2,572	9	$2,440	4
+	Capital Cost	$967	$1,351	2	$1,282	4
=	Hospital-only operating cost	$11,801	$13,312	10	$12,632	8
+	Non-hospital cost					
	Total operating cost	$14,704	$17,086	10	$16,213	8

Data extracted fall 2019

From the Medicare Cost Report
Colorado & Nation
Price Proxy (Net Patient Revenue)



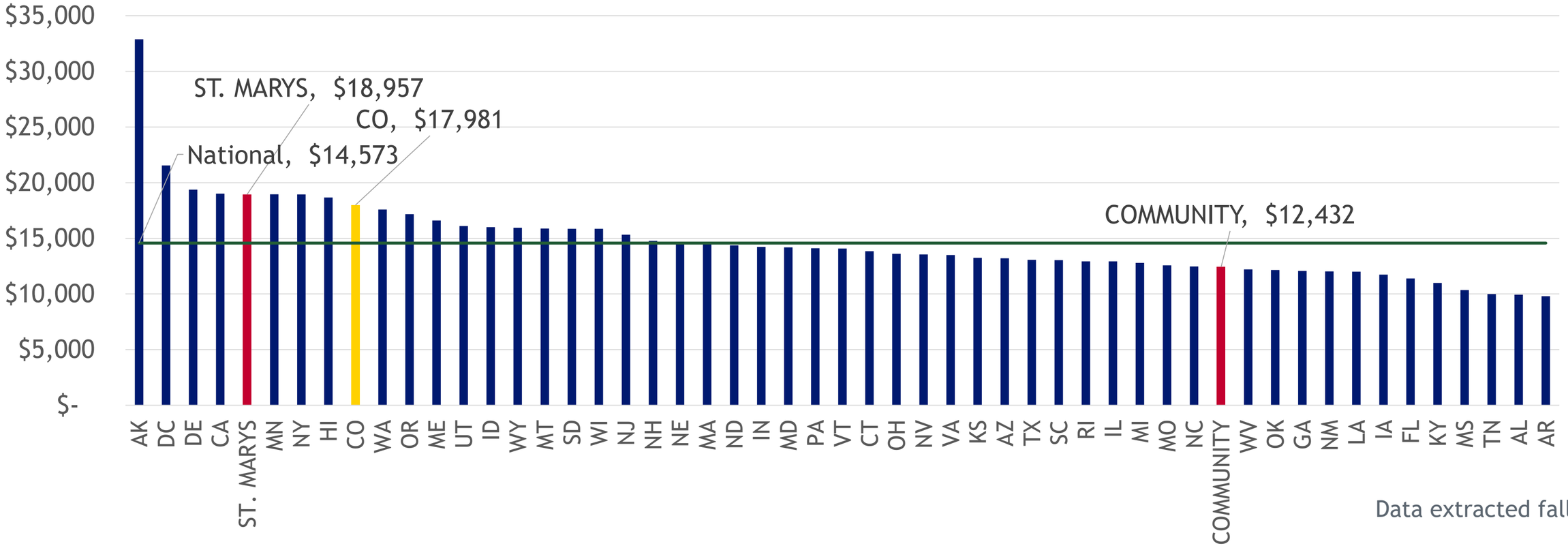
Growth between 2009 and 2017

Region Level	$ Growth	% Growth	Average Annual % Growth
CO	$ 5,491	44.0%	5.5%
National	$ 3,164	27.7%	3.5%

Data extracted fall 2019

From the Medicare Cost Report
Colorado & Nation
Price Proxy (Net Patient Revenue)

2017 Net Patient Revenue per Adjusted Discharge



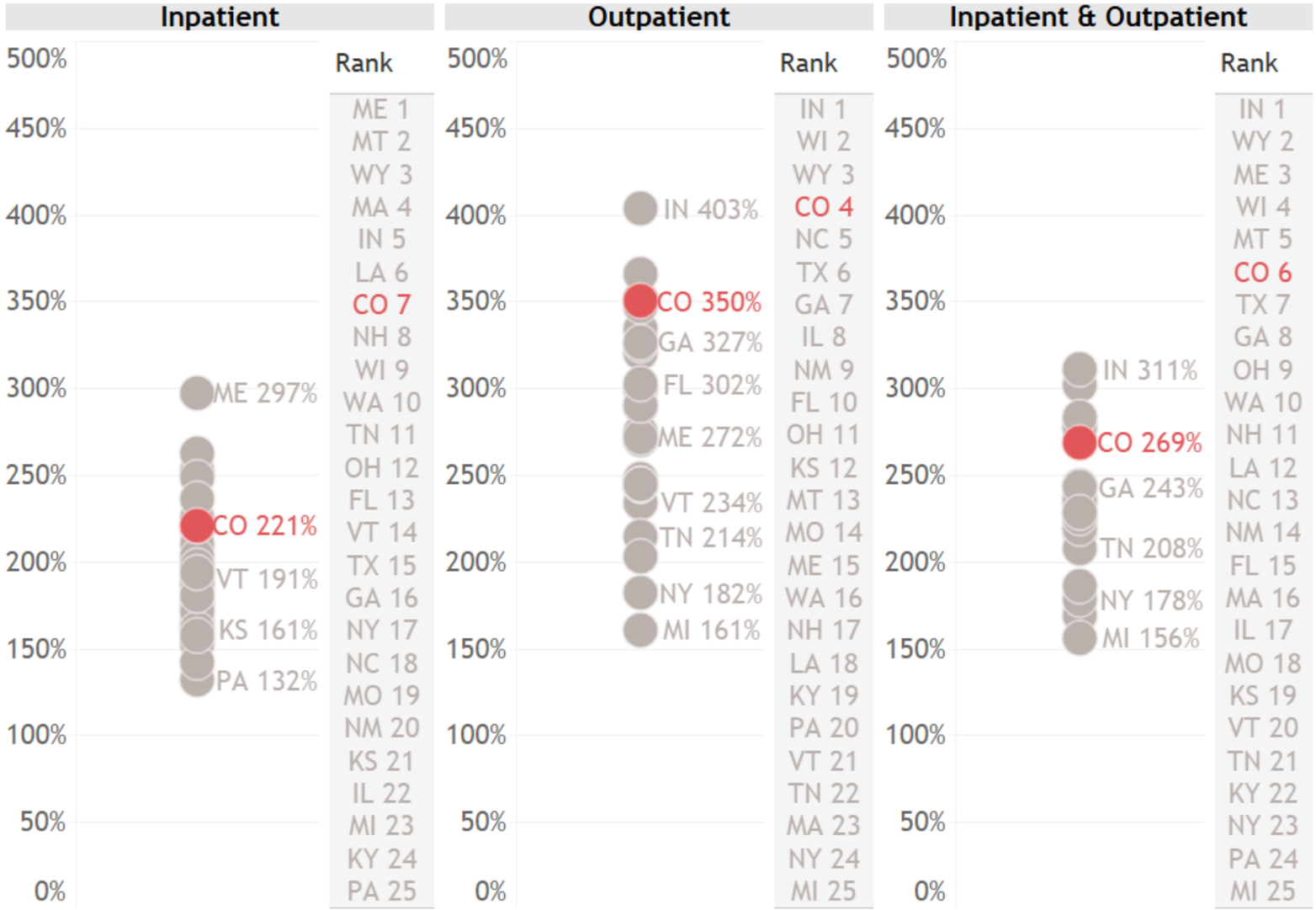
Data extracted fall 2019

Other Publications RAND Medicare Relative Price

How much would commercial insurance have paid for the same claim had it been a Medicare claim?

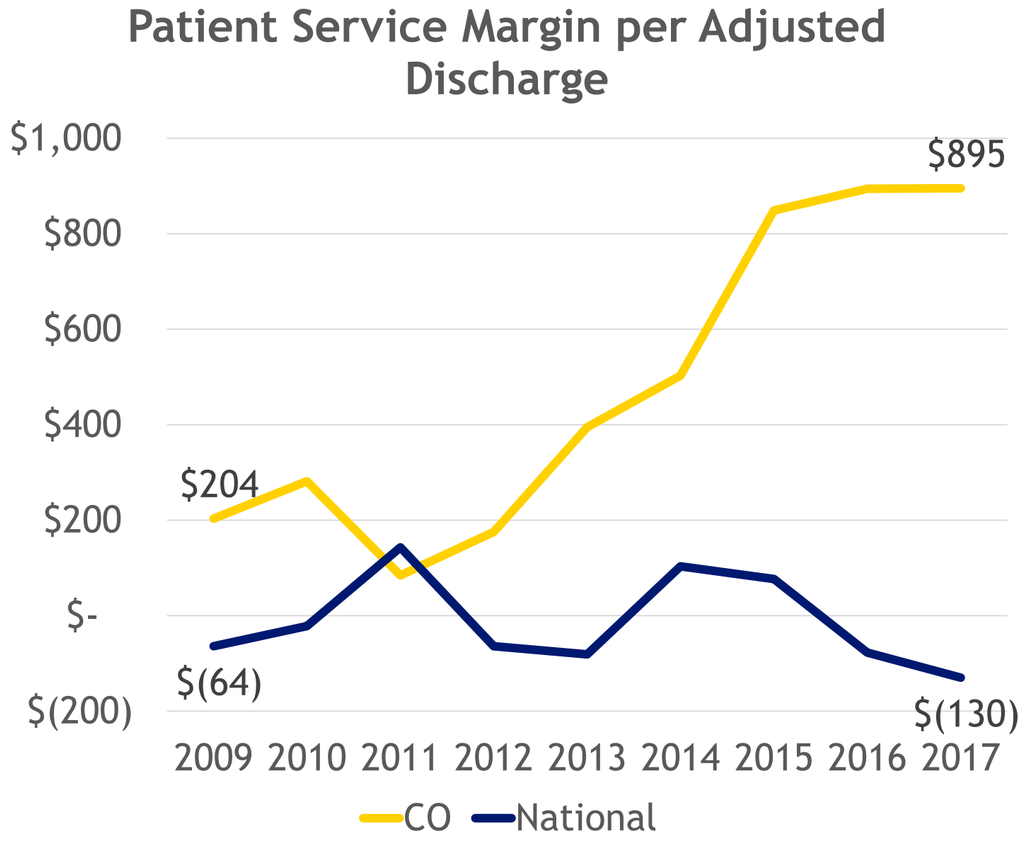
Colorado Review

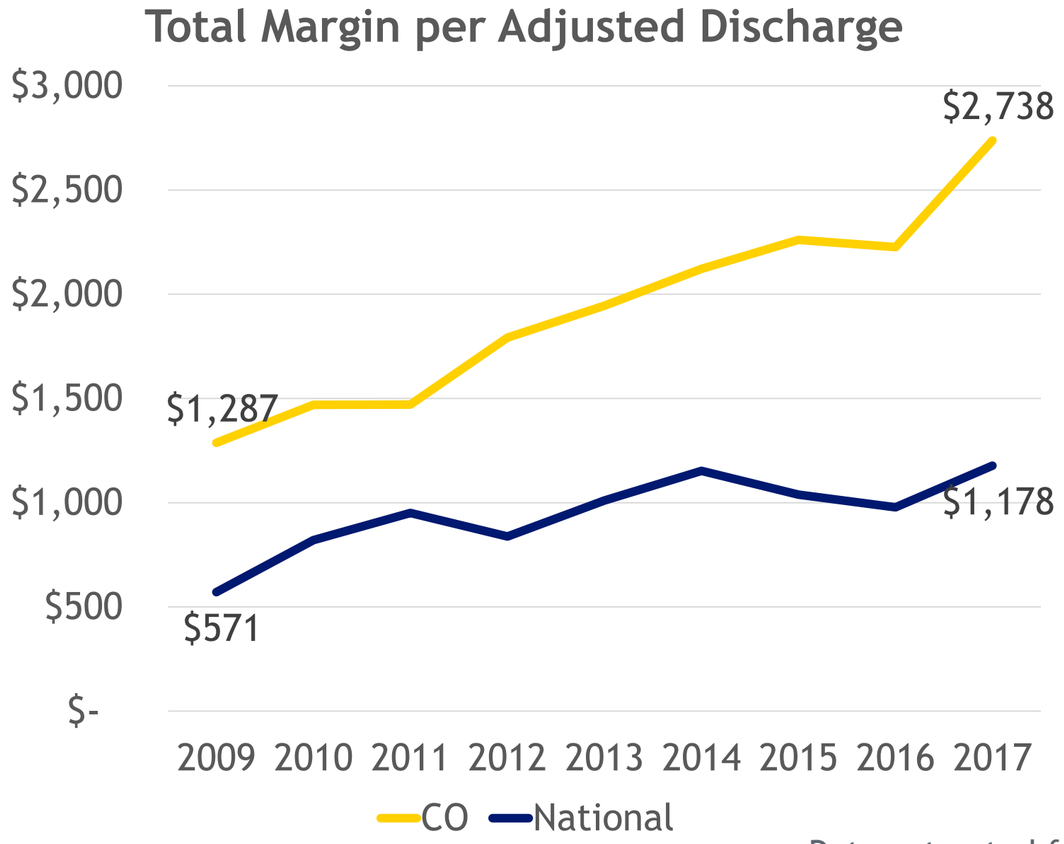
- Above most states examined
- Risen since 2015



https://www.rand.org/health-care/projects/price-transparency/hospital-pricing.html

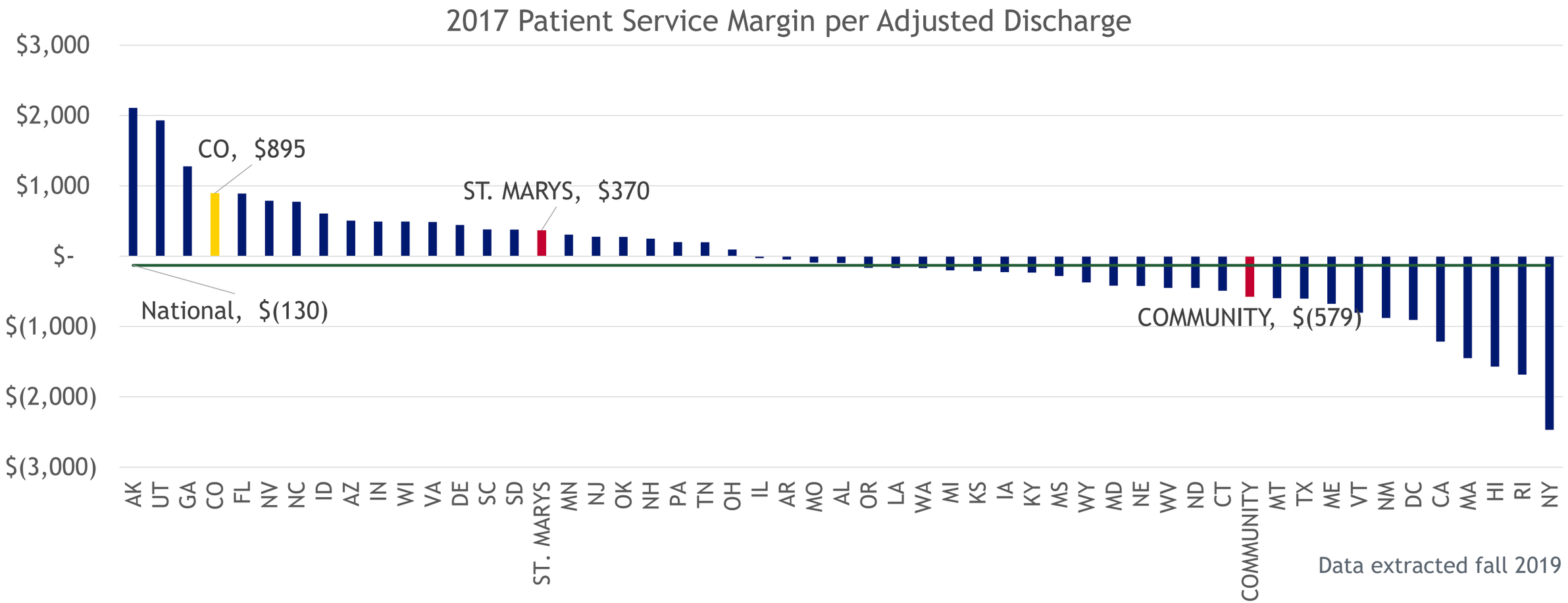
From the Medicare Cost Report
Colorado & Nation - Margins



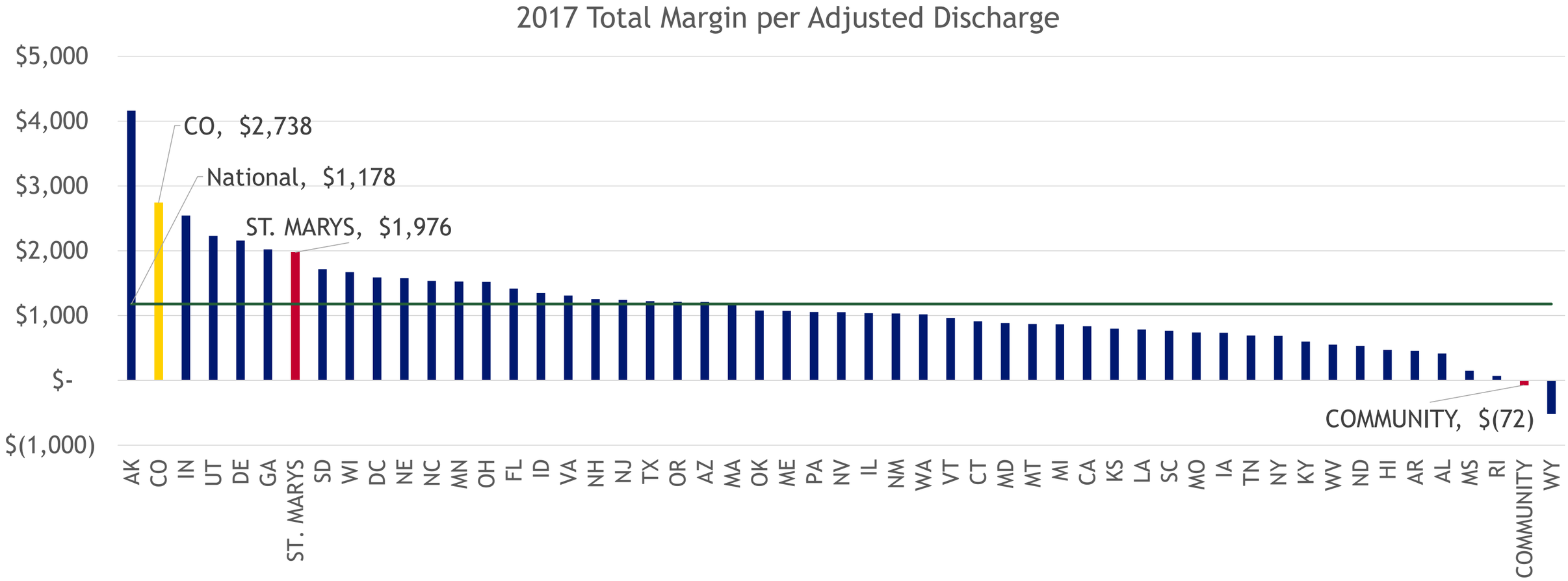


Data extracted fall 2019

From the Medicare Cost Report
Colorado & Nation – Patient Service Margins



From the Medicare Cost Report
Colorado & Nation - Total Margins



Data extracted fall 2019

From the Medicare Cost Report
Colorado & Nation – Income Statement Per Adjusted Discharge

A triple whammy

high price
high cost
high margin

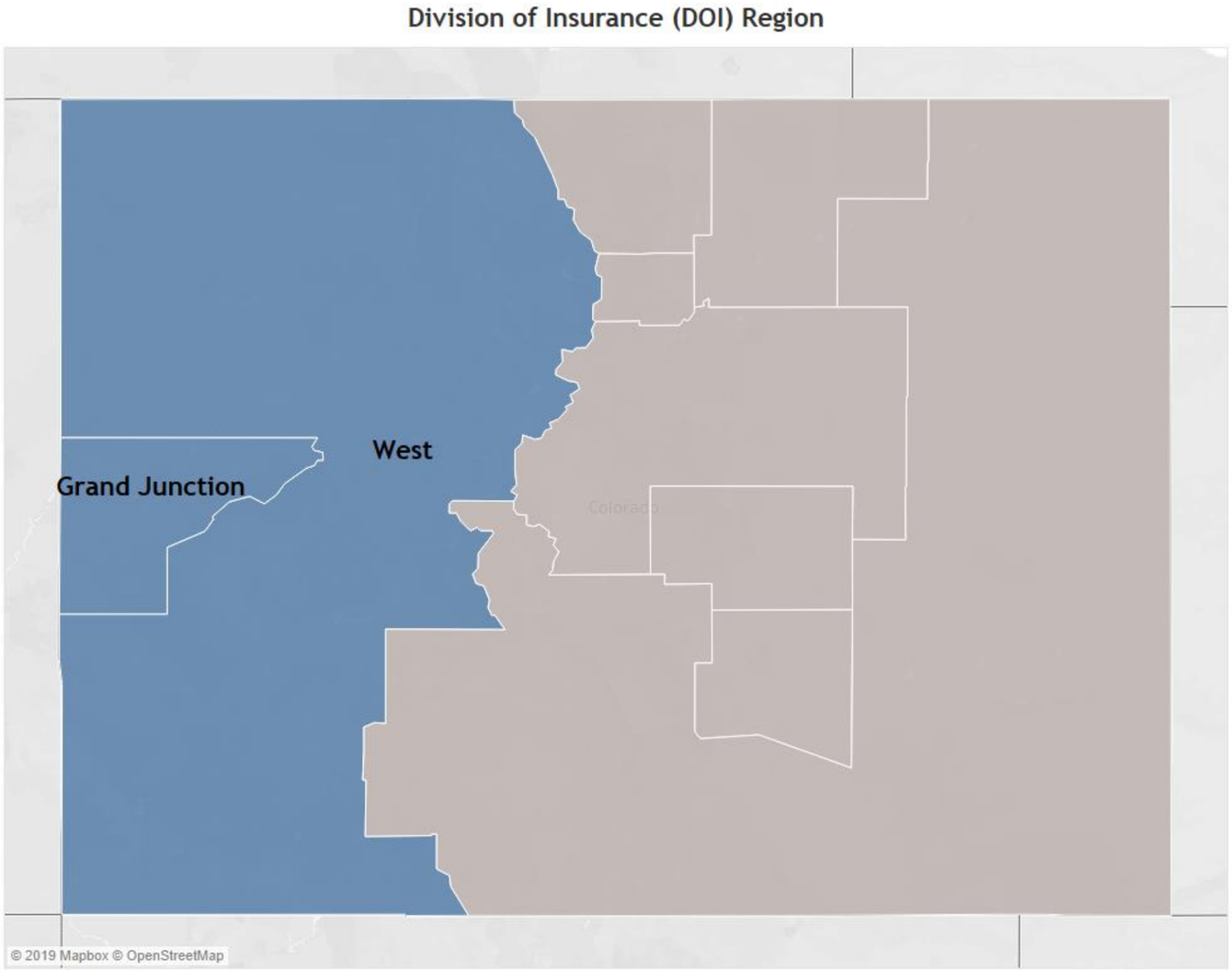
	Income Statement Line Type	2017 National	2017 Colorado	2017 Colorado Rank	2017 Colorado *adjusted for cost of living*	2017 Colorado Rank
	Net patient revenue	$14,573	$17,981	8	$17,062	5
-	Total operating cost	$14,704	$17,086	10	$16,213	8
=	Patient service margin	-$130	$895	4		
	Total margin	$1,178	$2,738	2		

Multi-year approach & partnership

high price	→	lower price	→	even lower price
high cost	→	lower cost	→	lower cost
high margin	→	same margin	→	lower margin

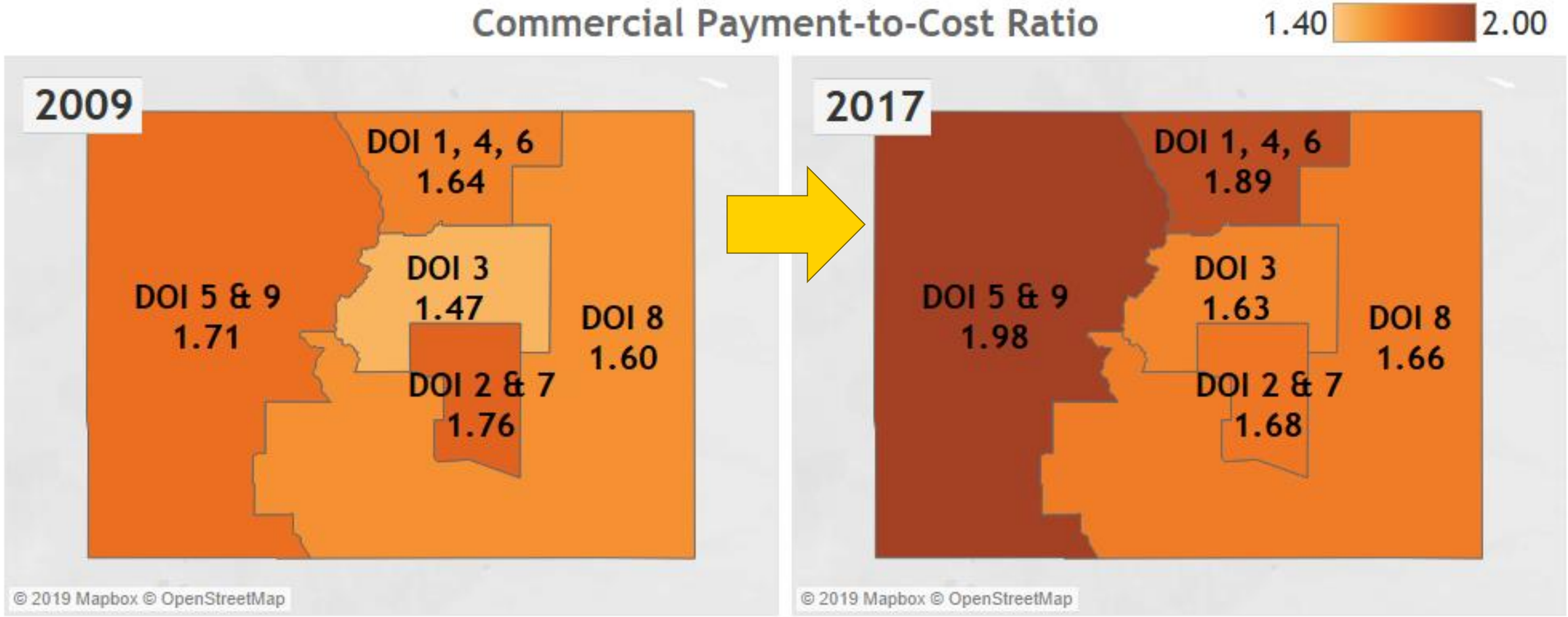
Regional Review

- Region
  - DOI
- Peer group
  - Available beds
- System
  - Sisters of Charity (SCL)



From the Cost Shift Analysis Report

Colorado DOI Region Review



Data source: CHA DATABANK Program

Lots of regional variation

Can’t tie driver to a specific region or peer group

Wide range when region sliced up further

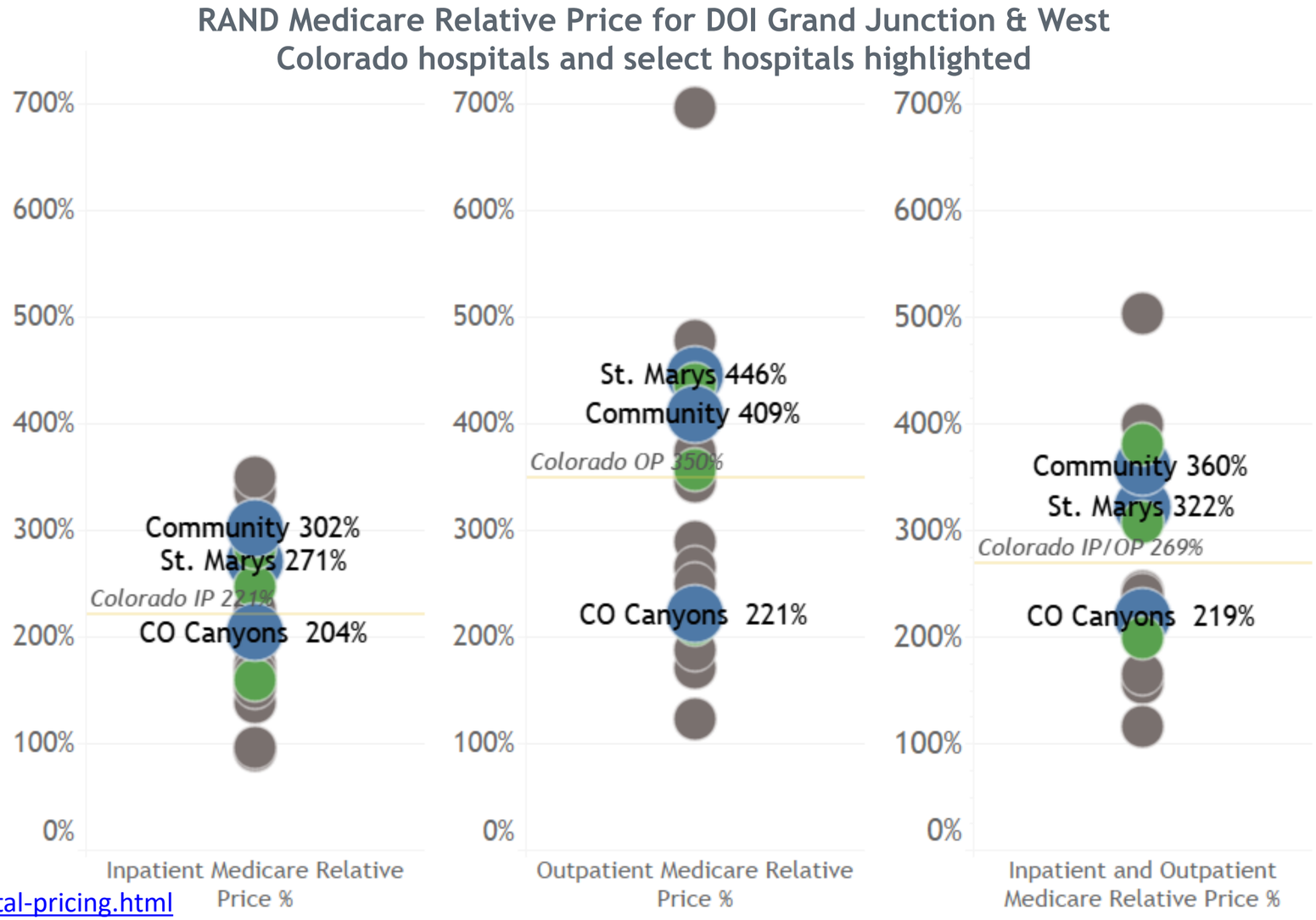
- Smaller regions
- Peer groups

Other Publications RAND Medicare Relative Price

How much would commercial insurance have paid for the same claim had it been a Medicare claim?

Regional Review

- Community Hospital & St Mary's Hospital & Medical Center relative price above Colorado



https://www.rand.org/health-care/projects/price-transparency/hospital-pricing.html

Peer Group Review

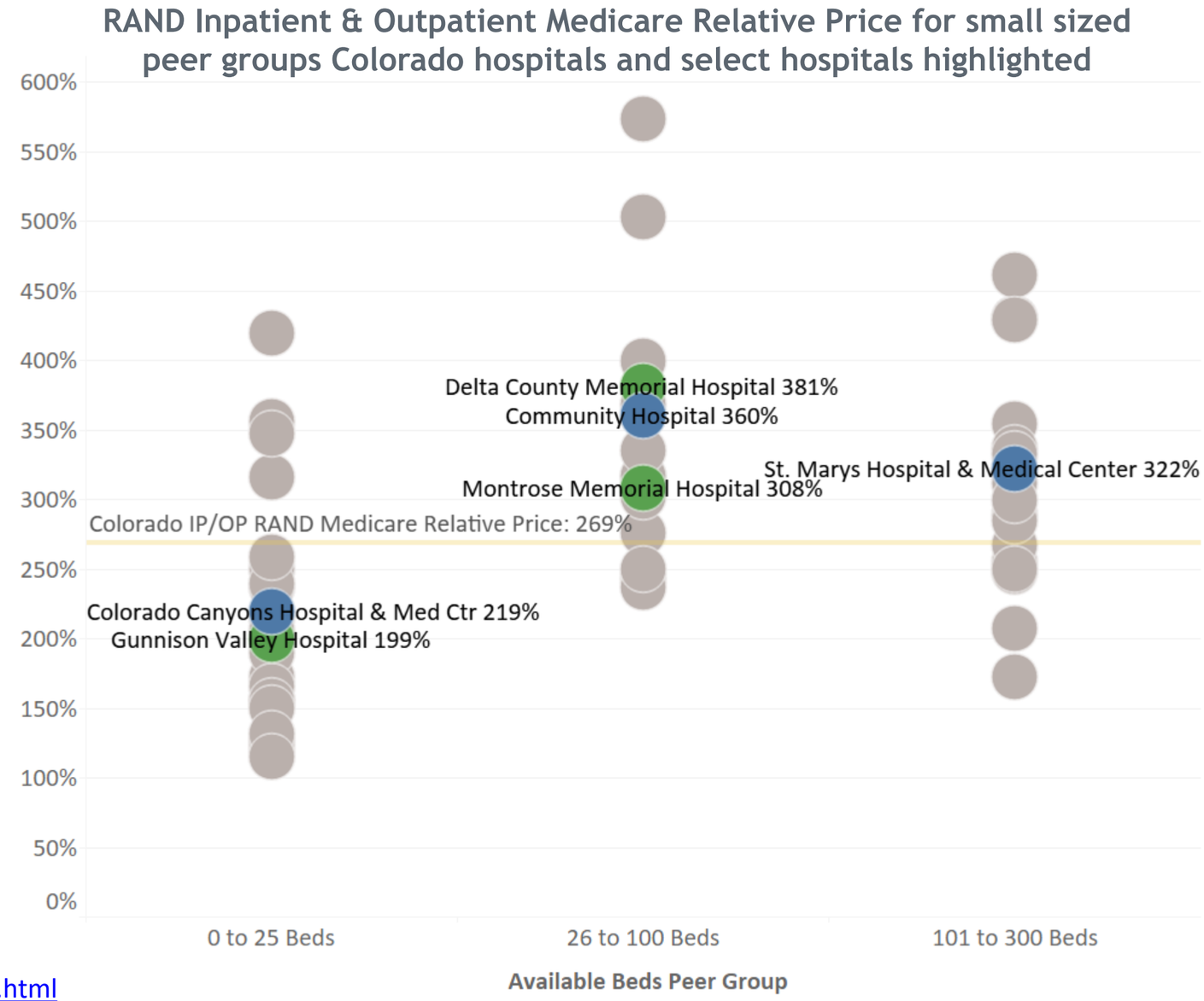
Available Beds & Selected Comparators

Other Publications RAND Medicare Relative Price

How much would commercial insurance have paid for the same claim had it been a Medicare claim?

Regional Review

- All Mesa county hospitals relative price above average and median of their peer group
- Community Hospital & St Mary's Hospital & Medical Center relative price above Colorado



https://www.rand.org/health-care/projects/price-transparency/hospital-pricing.html

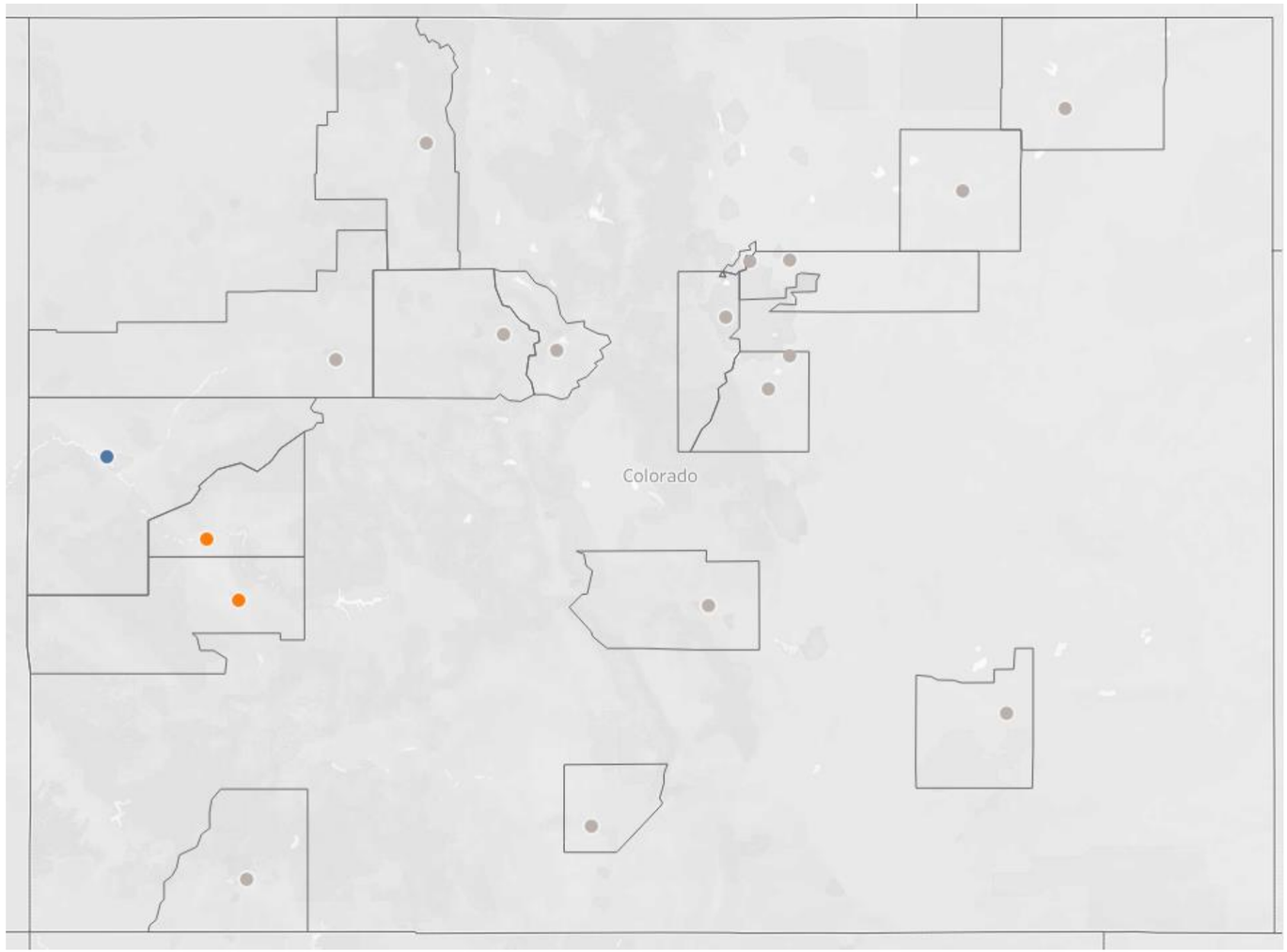
Community

Available beds

- 26-100

Other hospitals include

Comparator hospital	Delta County Memorial Hospital
	Montrose Memorial Hospital
Other peer group hospital	Arkansas Valley Regl Med Ctr
	Castle Rock Adventist Hospital
	Colorado Plains Medical Center
	Mercy Regional Medical Center
	Orthocolorado Hospital
	Parker Adventist Hospital
	Platte Valley Medical Center
	San Luis Valley Reg Med Center
	St Anthony North Health Campus
	St Anthony Summit Medical Cen..
	St Thomas More Hospital
	Sterling Regional Medcenter
	Vail Valley Medical Center
	Valley View Hospital
	Yampa Valley Medical Center



Other Publications

RAND Medicare Relative Price

How much would commercial insurance have paid for the same claim had it been a Medicare claim?

Peer Group Review

- Community Hospital on higher end for IP

RAND Medicare Relative Price for Community Hospital Peer Group with select hospitals highlighted

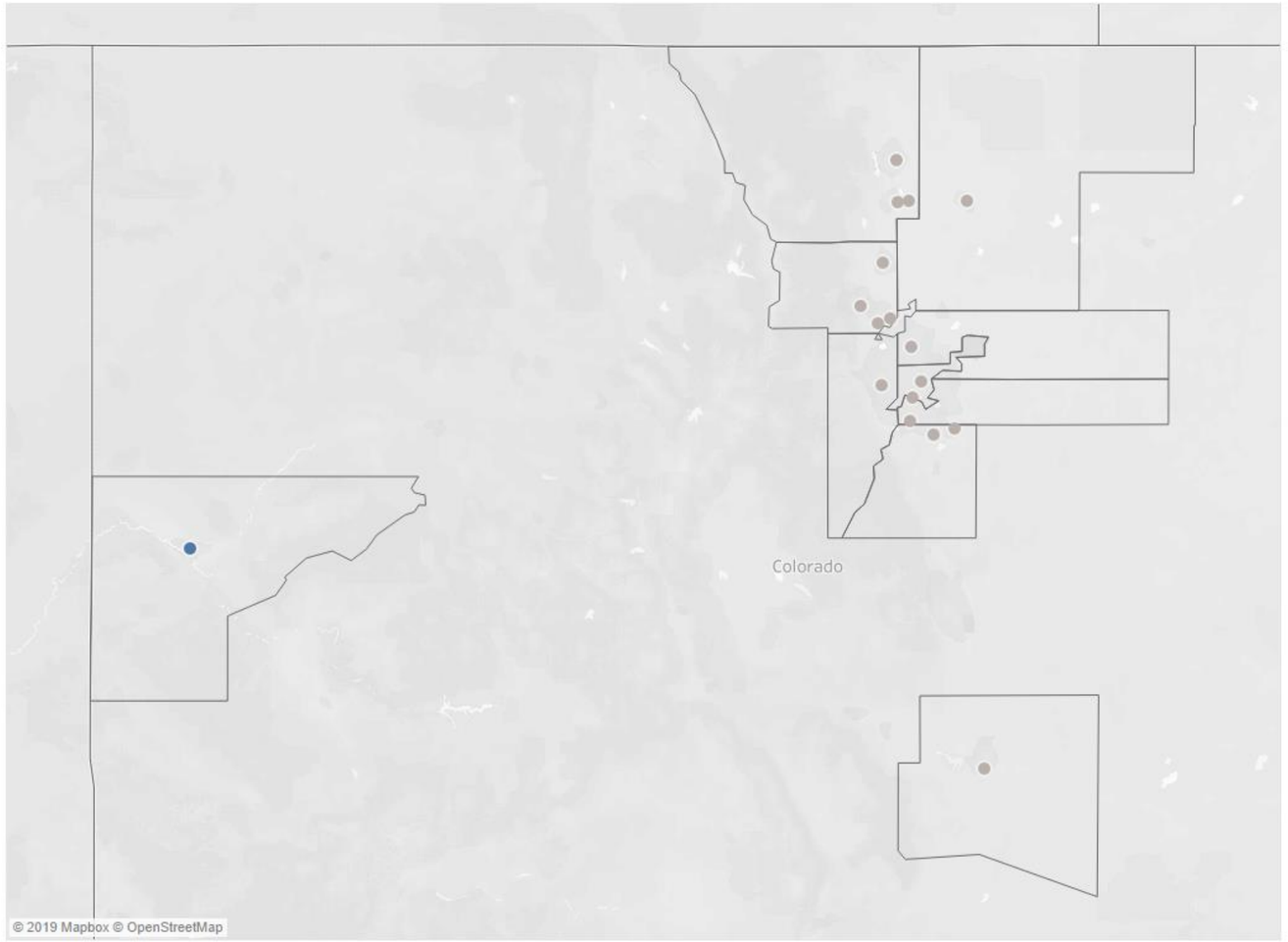
St. Mary's

Available beds

- **101-300**

Other hospitals include

Avista Adventist Hospital
Boulder Community Hospital
Childrens Hospital Colorado
Good Samaritan Medical Ctr
Littleton Adventist Hospital
Longmont United Hospital
Mckee Medical Center
Medical Center Of The Rockies
North Colorado Medical Center
North Suburban Medical Center
Parker Adventist Hospital
Parkview Medical Center
Porter Adventist Hospital
Poudre Valley Hospital
Rose Medical Center
Saint Joseph Hospital
Sky Ridge Medical Center
St Anthony Hospital
St Anthony North Health Campus
St Mary Corwin Medical Center
The Medical Center Of Aurora



Other Publications

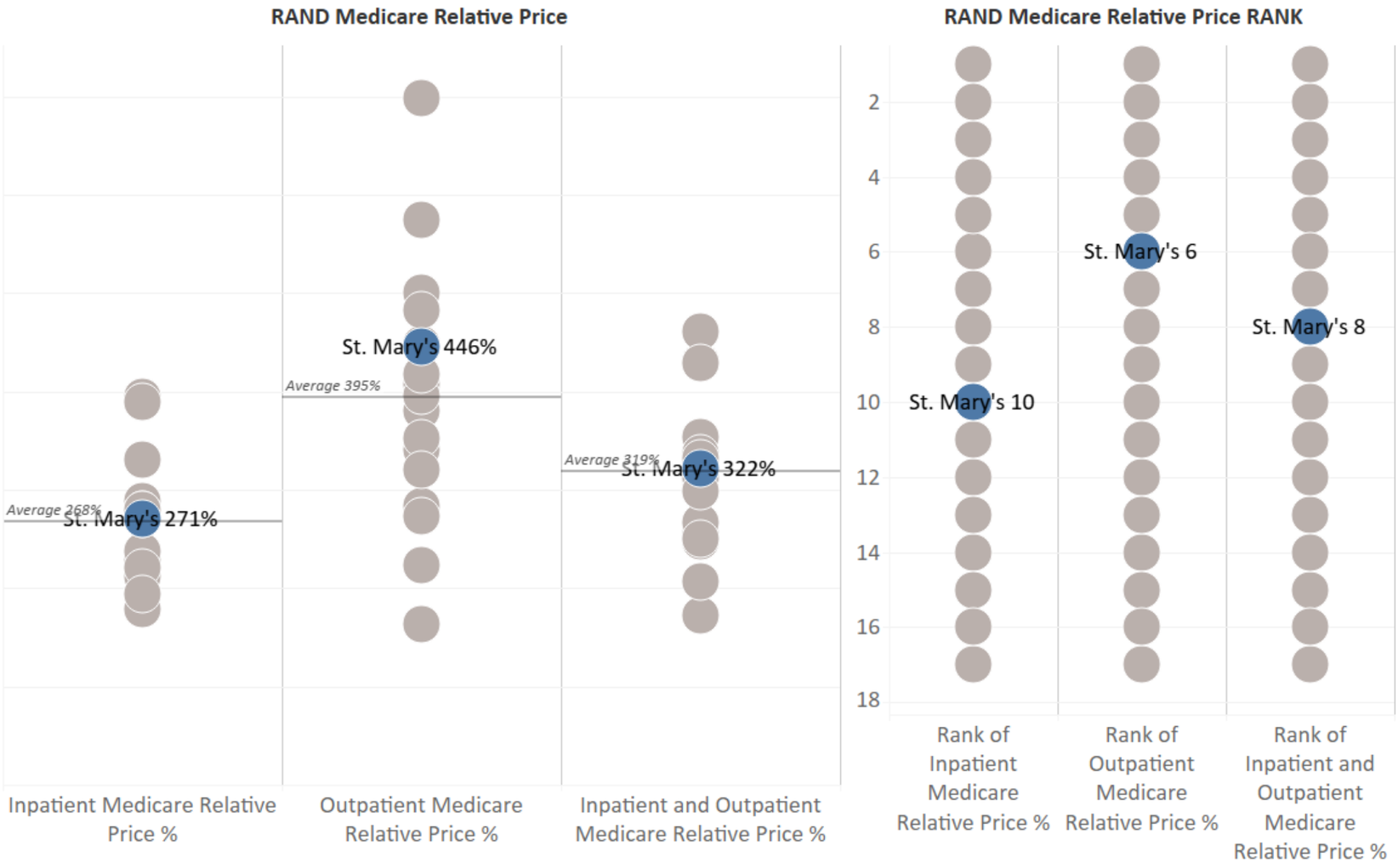
RAND Medicare Relative Price

How much would commercial insurance paid for the same claim had it been a Medicare claim?

Peer Group Review

- St Mary's Hospital & Medical Center is near average

RAND Medicare Relative Price for St. Mary's Peer Group with select hospitals highlighted



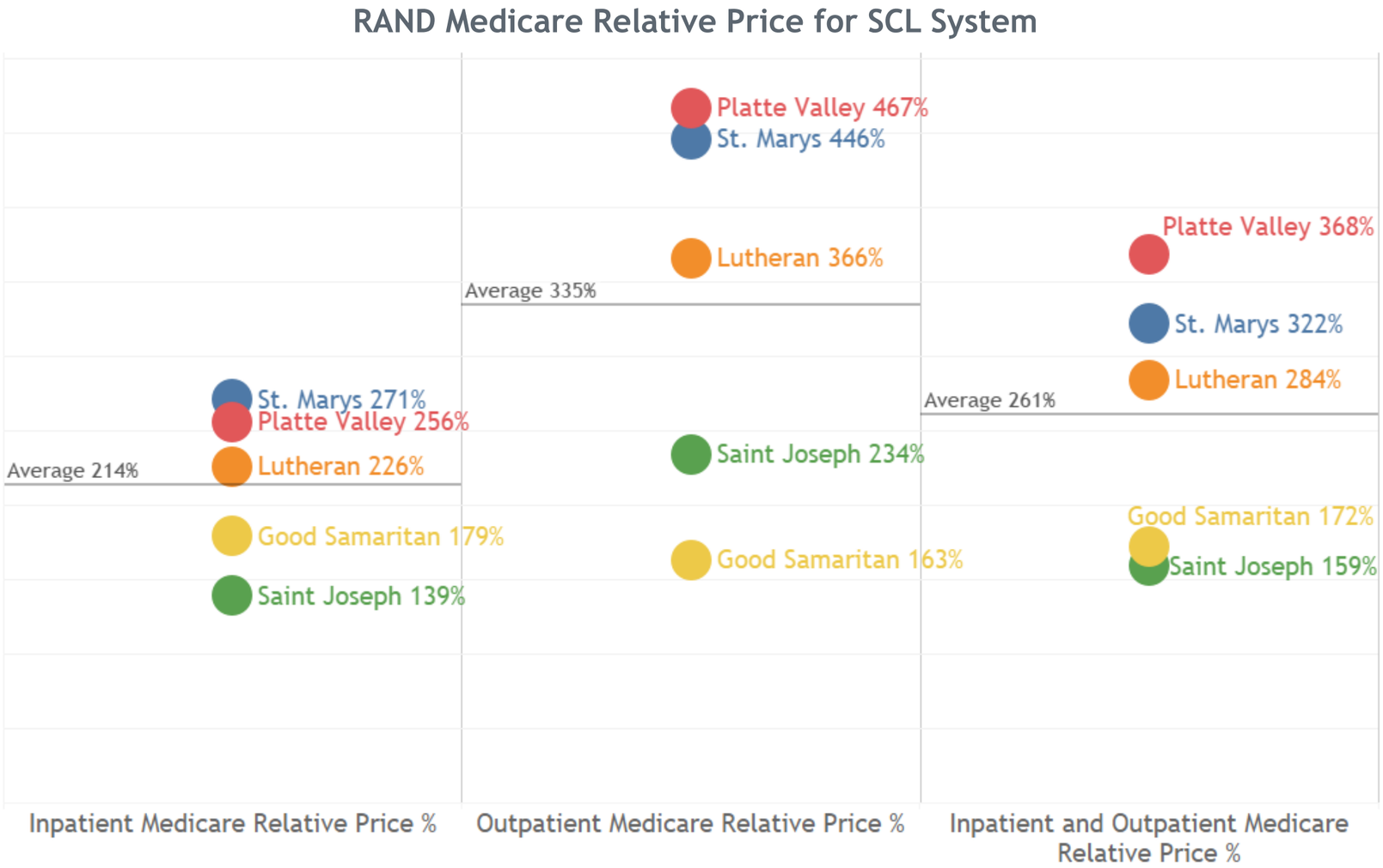
Other Publications

RAND Medicare Relative Price

How much would commercial insurance paid for the same claim had it been a Medicare claim?

System Review

- St Mary's higher than most SCL hospitals



https://www.rand.org/health-care/projects/price-transparency/hospital-pricing.html

More Department financial and utilization review within handout

Now let’s talk about hospital solutions

Solutions: Hospital Transformation Program (HTP)
$1.2 billion in value based payments

CHASE

Supplemental Payments

Pay for Volume

CHASE

Supplemental Payments

Pay for Quality and Performance

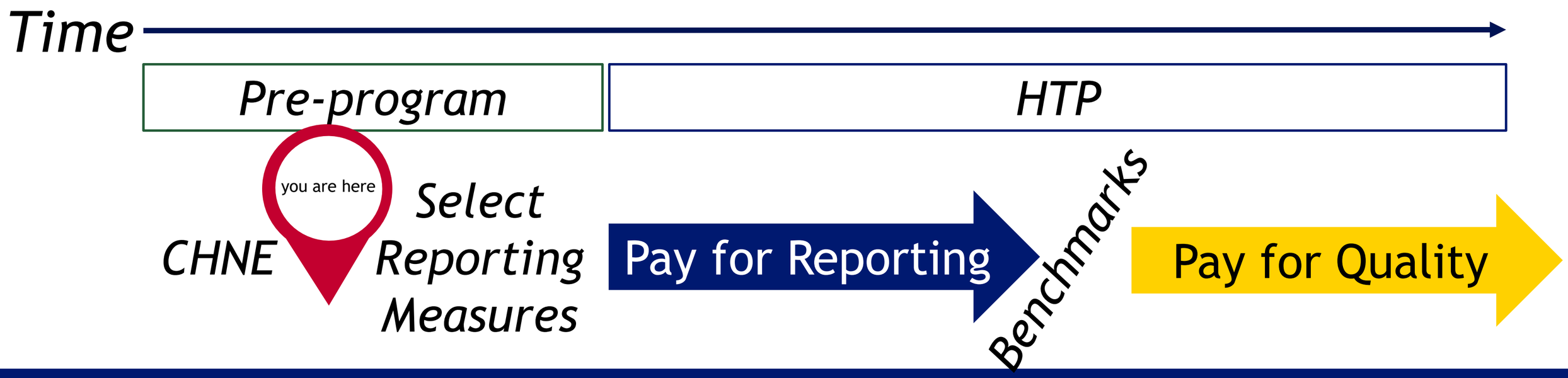
- Stakeholder feedback to date to drive HTP 5-year design approach
- Participating hospitals conducted **community and health neighborhood engagement** (CHNE) process to inform their plans for the HTP

5 Focus Areas & Examples

5 Focus Areas	Some examples
Reducing avoidable inpatient and outpatient hospital utilization	• Increased collaboration with community partners • Readmission rates
Vulnerable populations	• Social determinants of health screening and notification • Reducing childbirth complications • Screening and referral for maternal depression and anxiety
Behavioral health and substance-use disorder	• Screening for depression and suicide risk in emergency department • Alternatives to opioids
Clinical and operational efficiencies	• Hospital index – potentially avoidable costs (PAC) rates - Prometheus • Implementation/expansion of telemedicine and e-consults • Rewards hospitals for engaging in Centers of Excellence through an All Provider Collaborative
Population health and total cost of care	• Creation of dual track emergency department • Use the Prescriber Tool

Where are Mesa county hospitals?

Hospital Deliverable	Deadline	Status	Department Reviewed
Midpoint Reports	April 2019	Completed	Yes
Final Reports	September 2019	Completed	In Process
Select Reporting Measures	April 2020		



Community Health Neighborhood Engagement

Areas of Need

- Suicide prevention, smoking cessation, obesity, diabetes, persons living with disabilities, SUD especially alcohol, behavioral health, homelessness and affordable housing, transitioning from corrections, seniors.

Community Hospital – Well Done!

Engagement - Various

- Including: RMHP, Public Health, Mind Springs, St. Mary's, RETAC, Hilltop Patient/Community Advocacy, SNF and Rehab, School District 51, Opioid Workgroup

Opportunities

- High-utilizer and behavioral health case management, IP and surgical readmissions and ED utilization, mom-baby initiatives, behavioral health for skilled nursing patients, Type I diabetes management, technology infrastructure upgrades

CHNE has enabled them to build relationships and a culture of engagement that they want to sustain particularly with the RAE

St. Mary – Well done!

Engagement - Various

- Including: RMHP, Community Hospital, Colorado Canyons, Memorial, Delta, Mind Springs, Hilltop, Human Services, Public Health, SNF and LTC, Homeward Bound, School District 51, QHN, Western Health Alliance

Opportunities

- Discharge navigation (length of stay) - especially for complex social cases, opioid reduction, leveraging telehealth for various populations/programs such as high-risk pregnant women and substance abuse treatment in underserved/remote areas, alternative resources (to the hospital ED) for behavioral health patients due to RAE closure of crisis center, and emergency dialysis frequent-flyers

HTP References

- https://www.colorado.gov/pacific/hcpf/colorado-hospital-transformation-program
- https://www.colorado.gov/pacific/hcpf/htp-newsletter-archive

Sign up for the newsletter on the HTP site

Hospital Solution: Centers of Excellence Intentions

The CoE approach encourages hospitals to recognize where their performance may not be meeting community expectations, and where patient referrals to a traditional competitor may be in the best interest of the patient (quality outcomes) and community affordability.

The CoE approach sets cost and quality standards by procedure and major line, i.e.: orthopedics, cardiac care, maternity, etc. If multiple providers meet those standards, then a community may have multiple CoE alternatives for various types of care.

Centers of Excellence Economic Perspective

- The approach enables hospitals in a community to gather together to review cost and quality data by procedure and major line.

- The approach rewards hospitals who recognize and act on the fact that the community might be better off if they exited certain lines where they are underperforming and invested in their higher performing lines (*their* Centers of Excellence).

- Ultimately, the CoE approach encourages and rewards hospitals for behaving in the best interest of the community from a quality and cost perspective.

- Patient volume increases by major line in hospitals where quality is higher and costs are lower; patient volume decreases in settings where performance is not as favorable

- The result is savings to consumers, employers and the state, and higher quality for patients.

Why Consider a Centers of Excellence Approach?

The Centers of Excellence (CoE) Solution is an innovative win-win-win-win alternative that address a number of market pains, and generates the below advantages:

- rewards higher quality, lower cost hospitals (CoE) with more patient volume
- improves patient outcomes by procedure
- reduces costs for employers and other payers like Medicaid (lowering taxpayer burden)
- reduces costs for consumers by lowering insurance premiums
- incentivizes and rewards hospitals that struggle to meet cost and quality targets for specific procedures to refer patients needing that care to local Centers of Excellence

Centers of Excellence - Rural Communities

Colorado's Rural Hospitals and Critical Access Hospitals (CAH) have very unique needs:

- With few exceptions, rural and CAH hospital margins (profits) are most always lower than front range hospitals.
- They have more limited resources to invest in order to meet community needs
- They have lower patient volume and a lower revenue stream
- Rural hospitals across the country are closing at increasing rates.

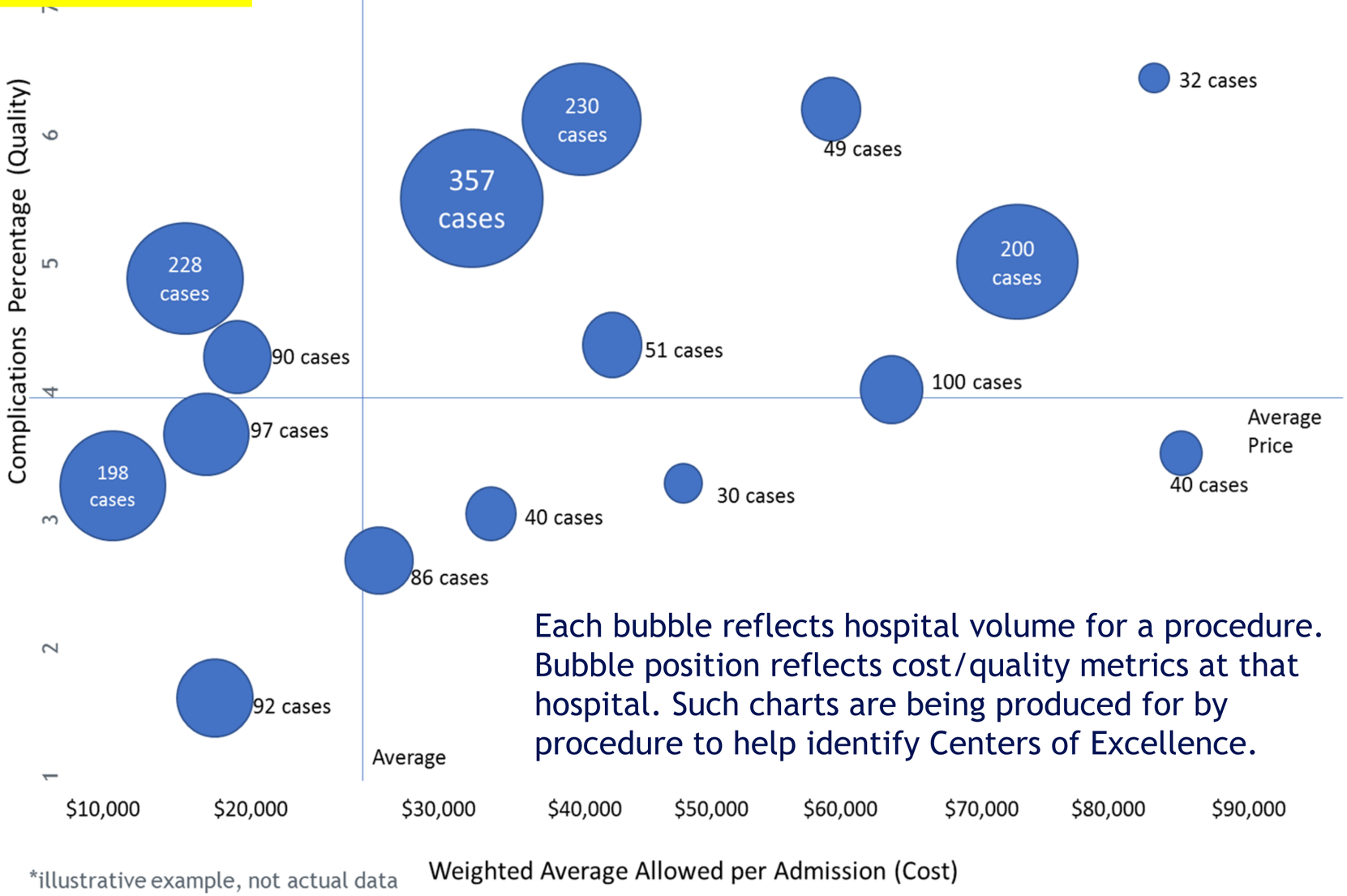
Employing the CoE strategy can stabilize and strengthen our Rural and Critical Access Hospitals, to the betterment of our rural communities and in support of hospital leadership

CoE can also enable shared investments into new capabilities to enable local expanded care access, thereby keeping patients and revenues local.

Hospital Solutions: Centers of Excellence

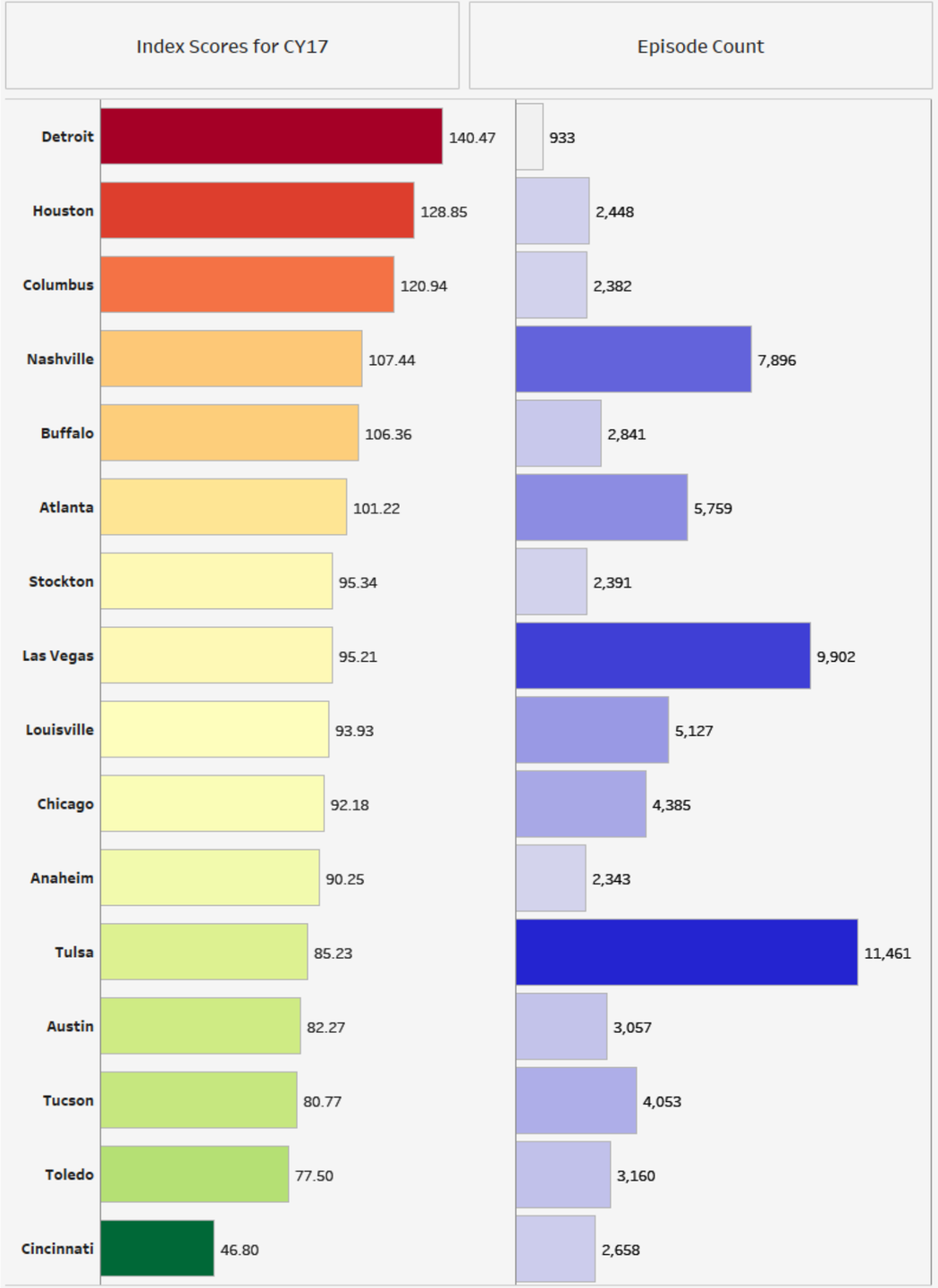
Solution: Drive more Consistency in Hospital Price and Quality

Drive the community to the higher quality, lower cost locations
(sometimes called Centers of Excellence)



Each bubble reflects hospital volume for a procedure. Bubble position reflects cost/quality metrics at that hospital. Such charts are being produced for by procedure to help identify Centers of Excellence.

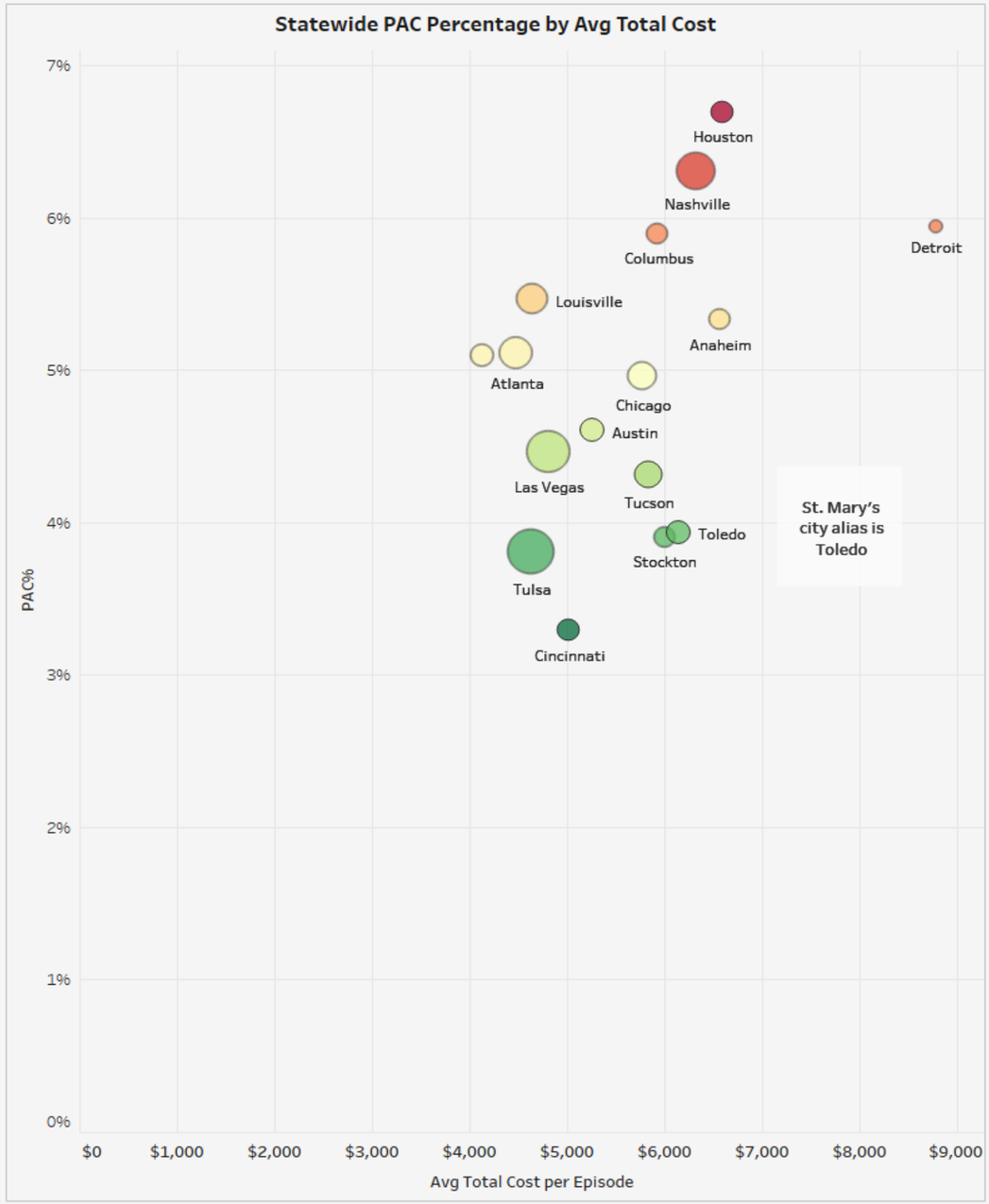
*illustrative example, not actual data

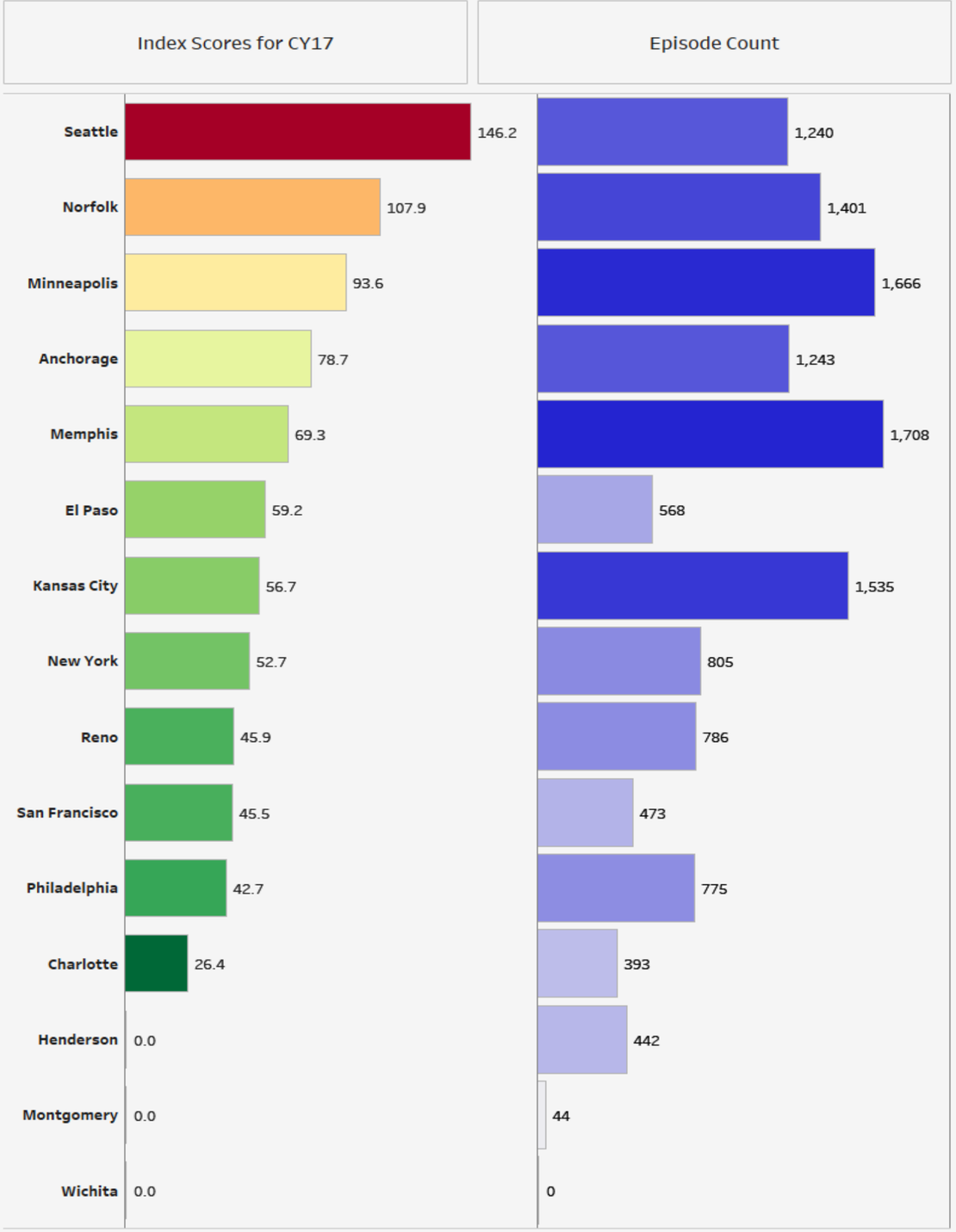


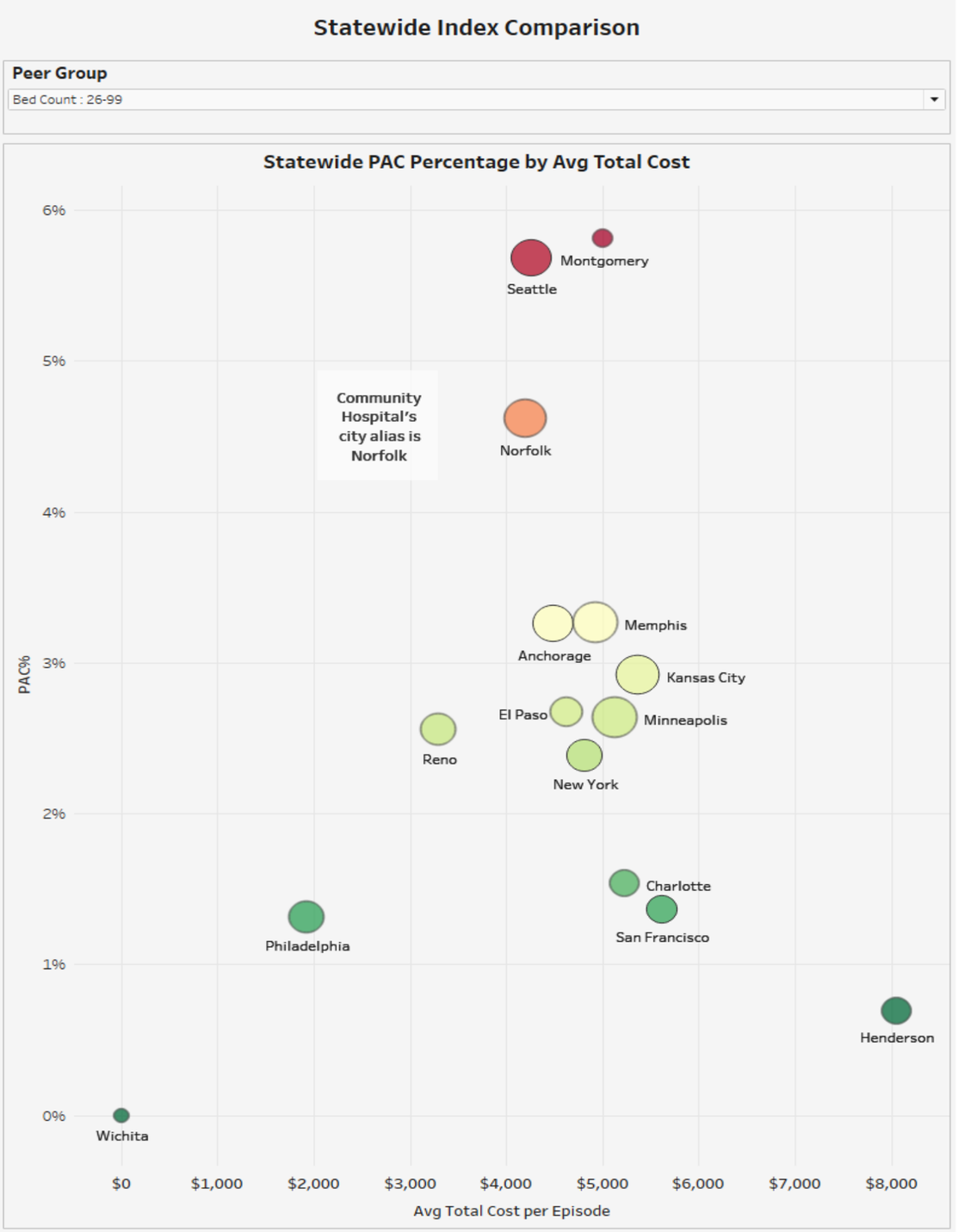
Statewide Index Comparison

Peer Group

Bed Count : >299




Index Scores for CY17
Episode Count
Seattle 146.2 1,240
Norfolk 107.9 1,401
Minneapolis 93.6 1,666
Anchorage 78.7 1,243
Memphis 69.3 1,708
El Paso 59.2 568
Kansas City 56.7 1,535
New York 52.7 805
Reno 45.9 786
San Francisco 45.5 473
Philadelphia 42.7 775
Charlotte 26.4 393
Henderson 0.0 442
Montgomery 0.0 44
Wichita 0.0 0


Statewide Index Comparison
Peer Group
Bed Count : 26-99
Statewide PAC Percentage by Avg Total Cost
6%
5%
4%
3%
2%
1%
0%
PAC%
Montgomery
Seattle
Community Hospital's city alias is Norfolk
Norfolk
Memphis
Anchorage
Kansas City
El Paso
Minneapolis
Reno
New York
Charlotte
San Francisco
Philadelphia
Henderson
Wichita
$0
$1,000
$2,000
$3,000
$4,000
$5,000
$6,000
$7,000
$8,000
Avg Total Cost per Episode

Colorado Division of Insurance

Insurance Commissioner Michael Conway

Solution: Health Purchasing Alliances

The Consumer Purchasing Model

Grand Junction Chamber of Commerce – Healthcare Summit

"Hospital Costs & Unique Strategies to Control Them"

Oct. 23, 2019

COLORADO
Department of Regulatory Agencies
Division of Insurance

Rising Health Insurance Premiums

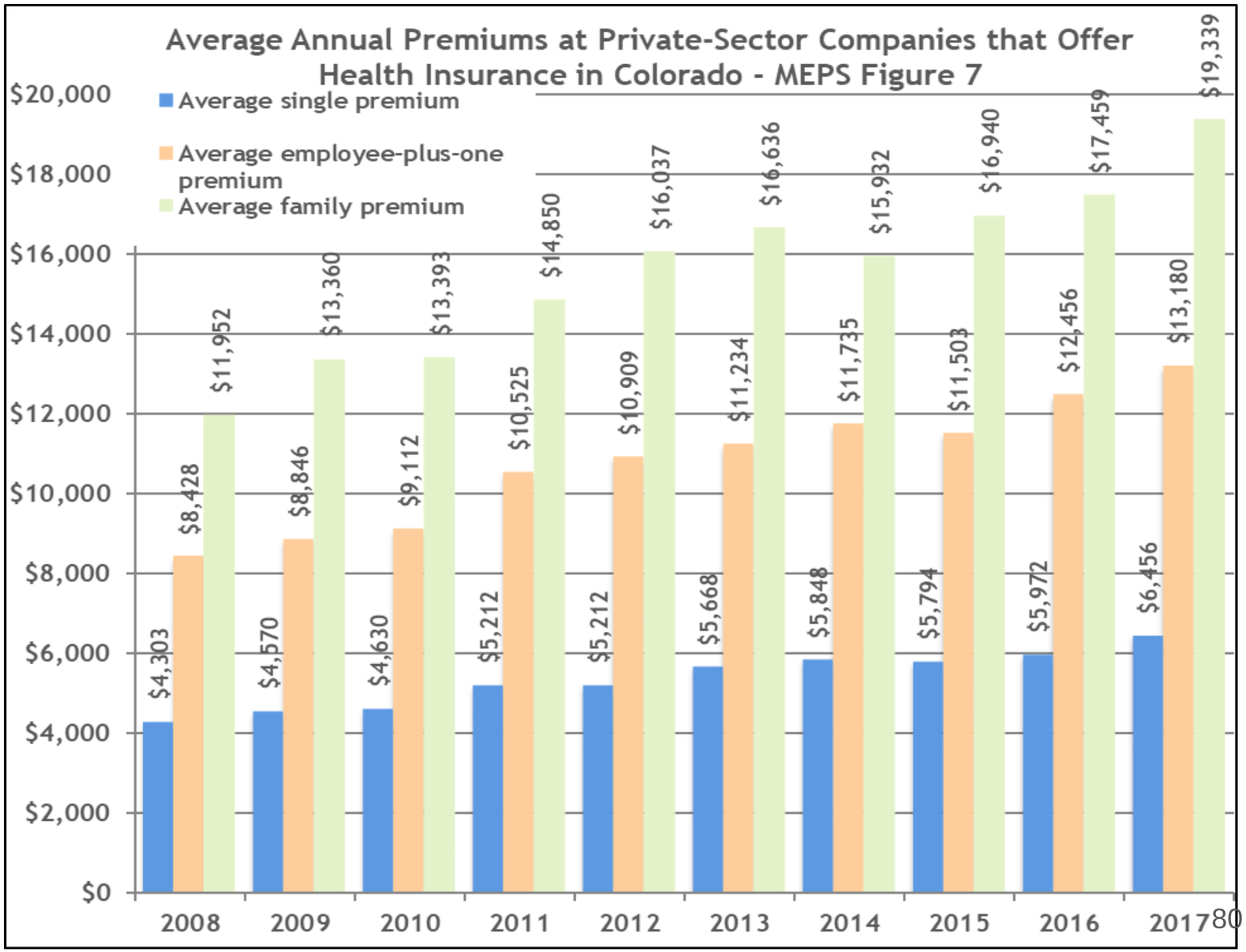
For Colorado employers

Family premiums

- 2009: $11,952
- 2017: $19,339

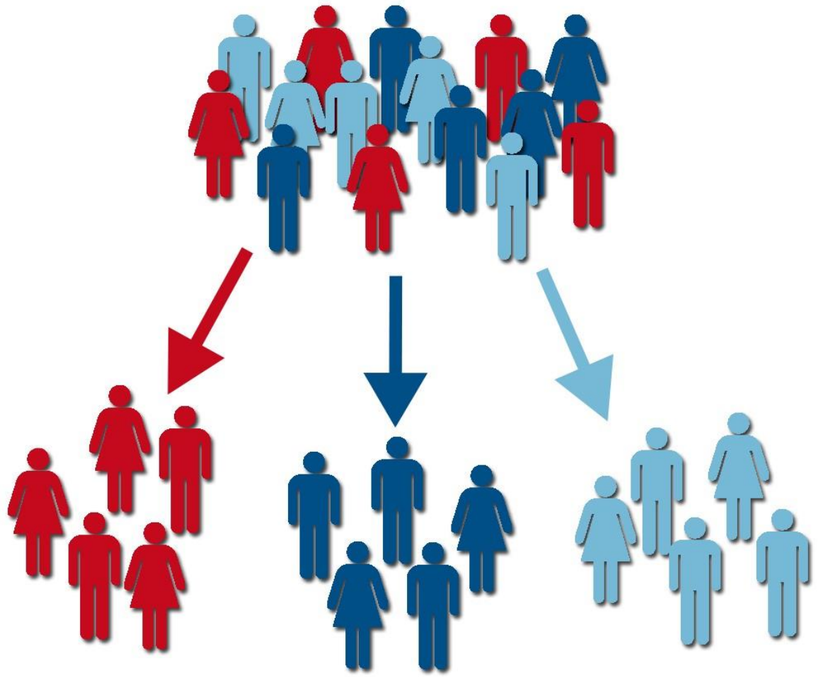
Individual market

- Over last 4 years, average cumulative premium increase: **82%**



Segmented Health Insurance Market

- Individual / Small Group / Large Group
- Further divisions within segments
- Segments work against each other



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Why is it imporatant?

People choosing between health insurance and:

- Mortgage / Rent
- Education costs (school supplies, sports, saving for college)
- Saving for retirement
- Paying off debts (college loans, credit cards)
- Food

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It’s unsustainable

Employers will stop offering health insurance

People will choose to go uninsured

People will opt for junk insurance

Insurance companies will leave

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Proof of Concept: Peak Health Alliance (PHA) in Summit County

Why Summit County?

- Mountain / rural areas: higher premiums than statewide average.
- History of voicing concerns.
- They got the data.

Proof of Concept: Peak Health Alliance (PHA) in Summit County

Summit County health care costs

- Inpatient – nearly 250% of Medicare
- Outpatient – over 500% of Medicare
- Emergency – nearly 850% of Medicare

The Community Purchasing Alliance Structure

Come together to form a non-profit health insurance purchasing collaborative

Local community governance

Enabled by CRS 10-16-1000 → 1015

Community Purchasing Alliance Mechanics

- Utilizes strong actuarial data analysis to determine true cost of care
- Uses community purchasing power to negotiate directly with providers - hospitals, other area providers and needed specialists) and insurance carriers.
- Invited insurance companies to bid on their business
- Offers plans for individuals, small group, and self-insured businesses
- Products are more comprehensive, yet are the same kind of insurance people are used to buying

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Peak's Success So Far

Centura has offered Peak the lowest rates of any carrier or TPA in Colorado

No discounts off billed charges—everything has a set price

Independent analysis shows Peak's negotiated rates are between 250-300% of Medicare

Health insurance carriers have dropped their rates due to these negotiated rates.

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Final Peak Premiums for 2020 (Individual Plans)

Plan Name	Total 2020 Premium Change vs. 2019
Gold	
Peak Gold Rx Copay	**-46.5%**
Silver	
Peak Silver 1 Rx Copay	**-47.0%**
Peak Silver 2	**N/A**
Peak Silver 3 Direct Rx Copay	**-40.8%**
Peak Silver 4 Direct	**N/A**
Bronze	
Peak Bronze Rx Copay	**N/A**
Peak Bronze Plus	**-41.1%**
Peak Bronze HSA	**-38.9%**
Catastrophic	
Peak Catastrophic	**-45.4%**
TOTAL AVG. DECREASE	**-41.5%**

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Taking the Consumer Purchasing Model Across the State

- Rising costs impacts entire state, not just Summit.
- Need to bring unified voice to negotiate with the health care providers.
- CBGH and others aiming for 2021 plan year.

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Bringing down health insurance premiums for…

- Local governments
- School districts
- Small and large businesses

What could be done with the money saved on health insurance?

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More info

Michael Conway – Colorado Commissioner of Insurance

- **Michael.Conway@state.co.us**

Kyle Brown – DOI Chief Affordability Director

- **Kyle.m.brown@state.co.us**

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Tools to Inform Cost Savings Opportunities for Employers and Employees

CIVHC

CENTER FOR IMPROVING VALUE IN HEALTH CARE

Grand Junction Chamber
Health Care Summit

October 23, 2019

Who We Serve

Change Agents

Individuals, communities, or organizations working to lower costs, improve care, and make Colorado healthier.

We are:

- Non-profit
- Independent
- Objective

What’s in the CO APCD

Health Insurance Payers

We receive claims from **Medicaid, Medicare**, Medicare Advantage, and over **40 commercial payers**

Claims

The Colorado APCD has over **875+ million claims** (Medical, Pharmacy, and Dental)

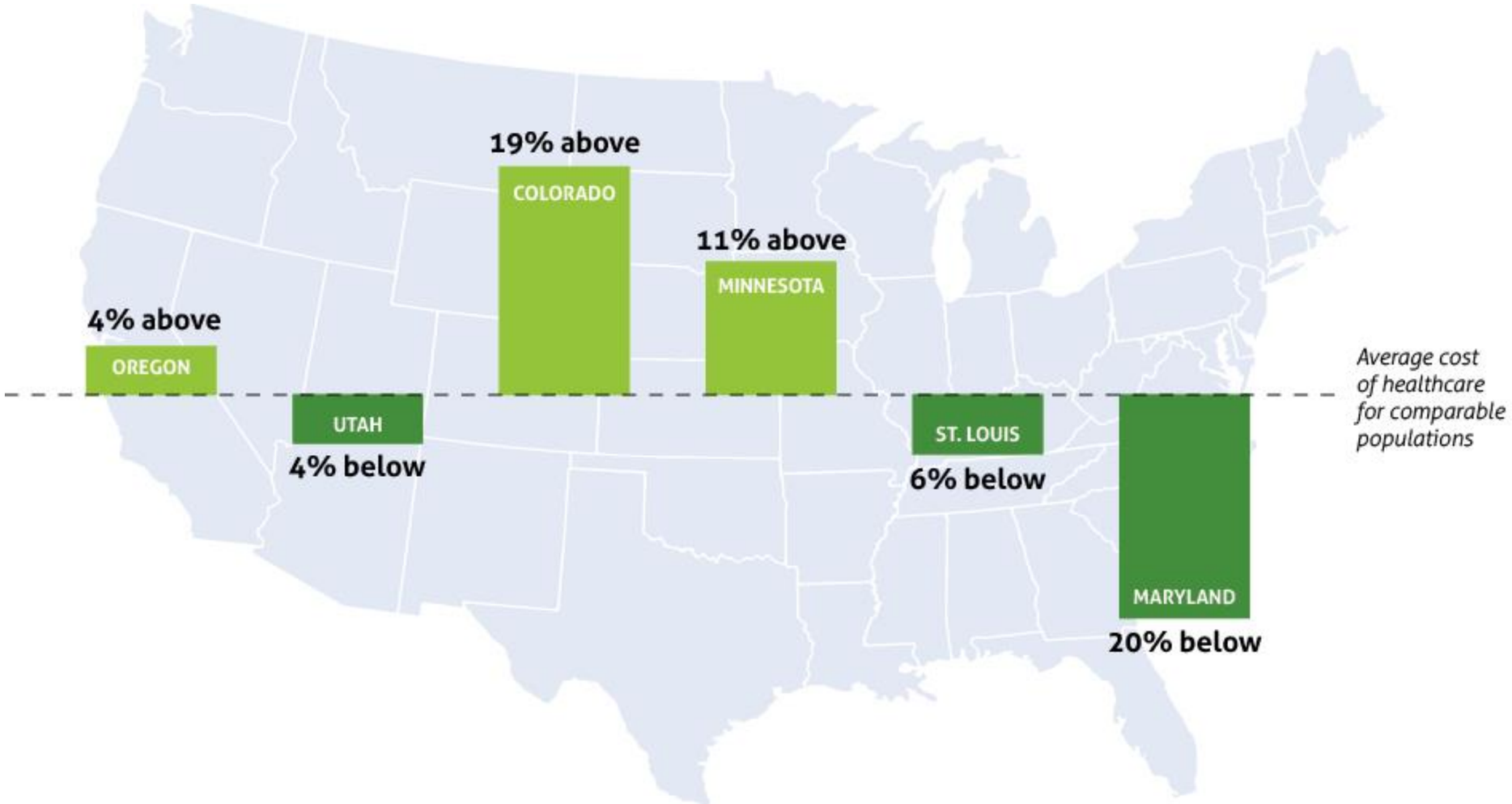
Unique Lives

The Colorado APCD represents **over 4.3 million** unique lives, and over **80% of insured Coloradans**

What We've Learned about Costs

- It's complicated!
- It's different from state to state
- It's different between urban and rural areas and between rural communities in our state
- It's not just price
- It's not just utilization
- It's not just care patterns and delivery systems

How CO Compares on Total Cost (Price & Utilization)



Why is Colorado Higher in Total?

- **We have higher utilization AND prices**
  - **5% higher Utilization**
  - **13% higher Prices**
- **Only state with higher than average total cost and prices across all service categories:**
  - **Inpatient – 21%**
  - **Outpatient – 34%**
  - **Professional – 2%**
  - **Pharmacy – 28%**

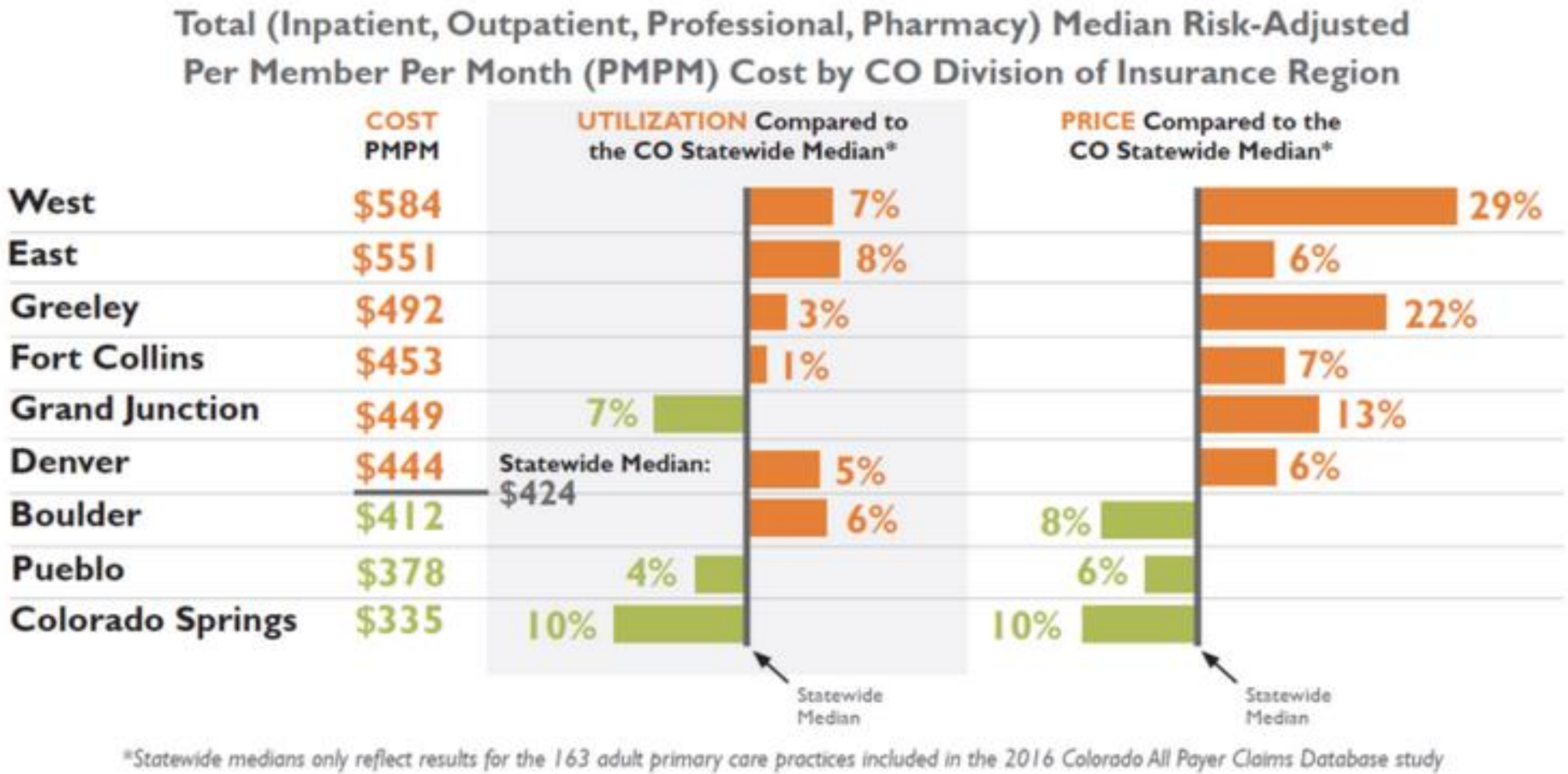
And Prices are Getting Worse in CO…

Utilization is going across all categories

Prices are going across all categories

Category	2015	2016	Percentage Point Change
Total Cost			
Overall	17%	19%	+2%
Inpatient	16%	21%	+5%
Outpatient	30%	34%	+4%
Professional	5%	2%	-3%
Pharmacy	24%	28%	+4%
Resource Use (Utilization)			
Overall	11%	5%	-6%
Inpatient	0%	-8%	-8%
Outpatient	25%	17%	-8%
Professional	3%	-4%	-7%
Pharmacy	23%	22%	-1%
Price			
Overall	6%	13%	+7%
Inpatient	16%	31%	+15%
Outpatient	4%	15%	+11%
Professional	2%	7%	+5%
Pharmacy	0%	5%	+5%

Regions Across CO Also Vary



And it's NOT just a Resort Rural or Volume Thing!

County	County Designation	Inpatient/ Outpatient Combined % Medicare	Outpatient % Medicare	Outpatient Volume	Inpatient % Medicare	Inpatient Volume
Morgan	Rural – non-resort	↑ 576%	763%	↓ 4,770	267%	↓ 285
Summit	Rural – resort	↑ 504%	694%	↓ 9,776	340%	↓ 650
El Paso	Urban	251%	306%	120,290	217%	11,242
Denver	Urban	200%	282%	240,220	173%	36,606
Lincoln	Rural – non-resort	↓ 125%	127%	↓ 1,934	100%	↓ 14
Pitkin	Rural – resort	↓ 115%	123%	↓ 20,079	96%	↓ 621

RAND Corp. CO APCD Analysis for CO; Commercial Payments as a % of Medicare, 2017, Interactive data available at www.civhc.org

Medicare Reference-Based Commercial Price Variation By County for Inpatient/Outpatient Combined Hospital Services, 2015-2017

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This information is based on data from the RAND Corporation analysis (https://www.rand.org/pubs/research_reports/RR3033.html) of commercial health insurance payments in the Colorado All Payer Claims Database (CO APCD) from 2015-2017. Percentage of Medicare represents the total commercial payment divided by the Medicare payment for those services where Medicare is the baseline at 100%. Visit www.civhc.org for the interactive and downloadable dataset. Not all counties are available due to low volume.

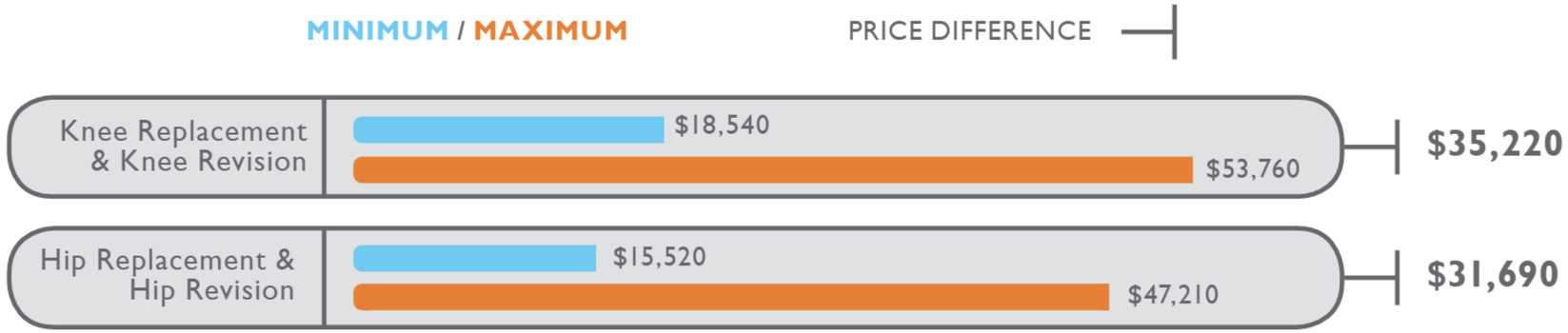
Public Data for Employers/Consumers

Shop for Care
www.civhc.org/Shop-for-Care/

CIVHC
CENTER FOR IMPROVING VALUE IN HEALTH CARE

Solutions: Shop for Care

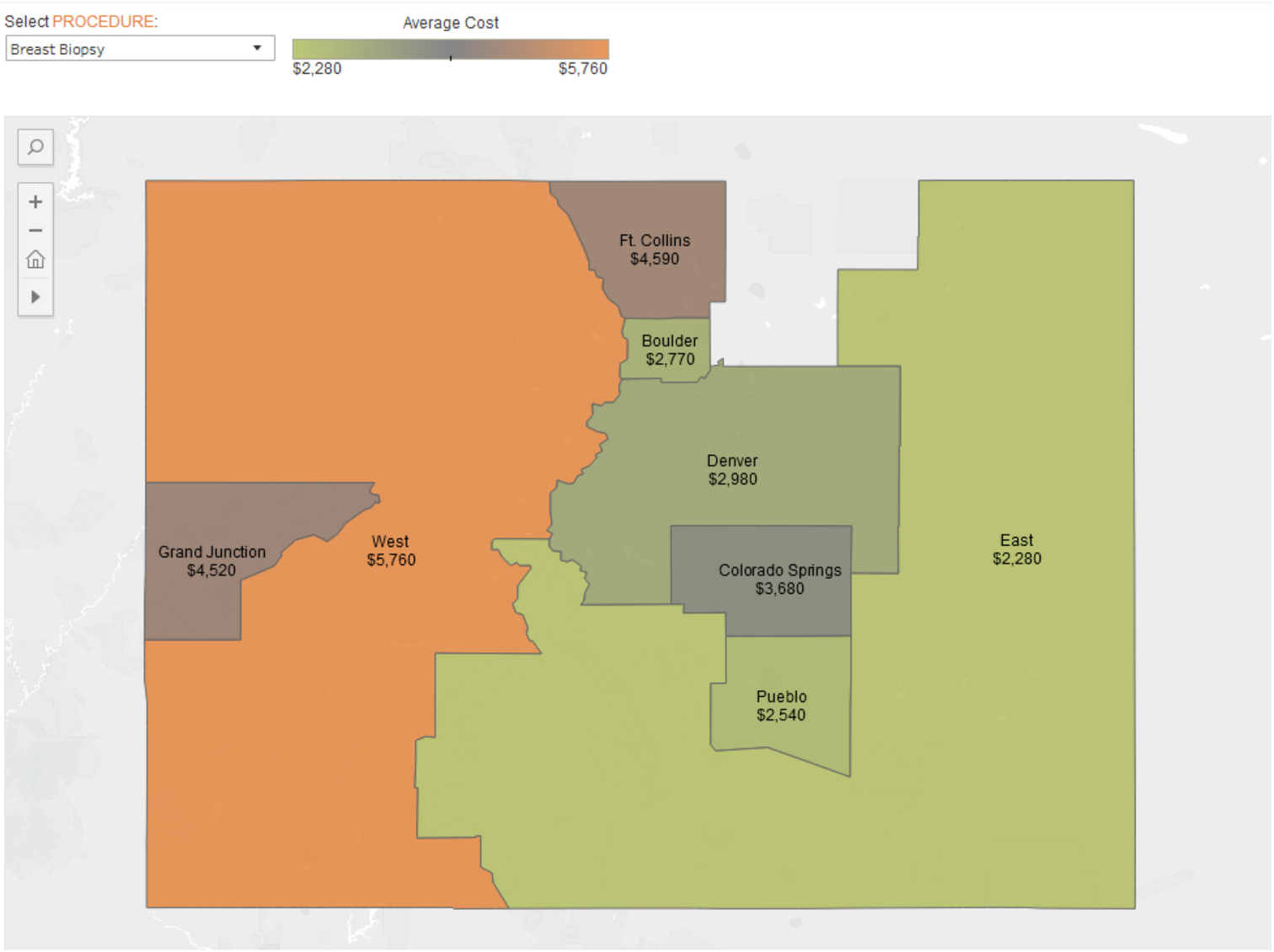
Compare prices across Colorado providers for expensive procedures such as births, hip & knee replacements, and MRIs can help employers/employees realize significant cost savings.



Use this tool to shop for **prices and quality** by **named providers and save THOUSANDS**

Search by Zip, Facility, Quality, Procedure

Procedure Prices Also Available by Region

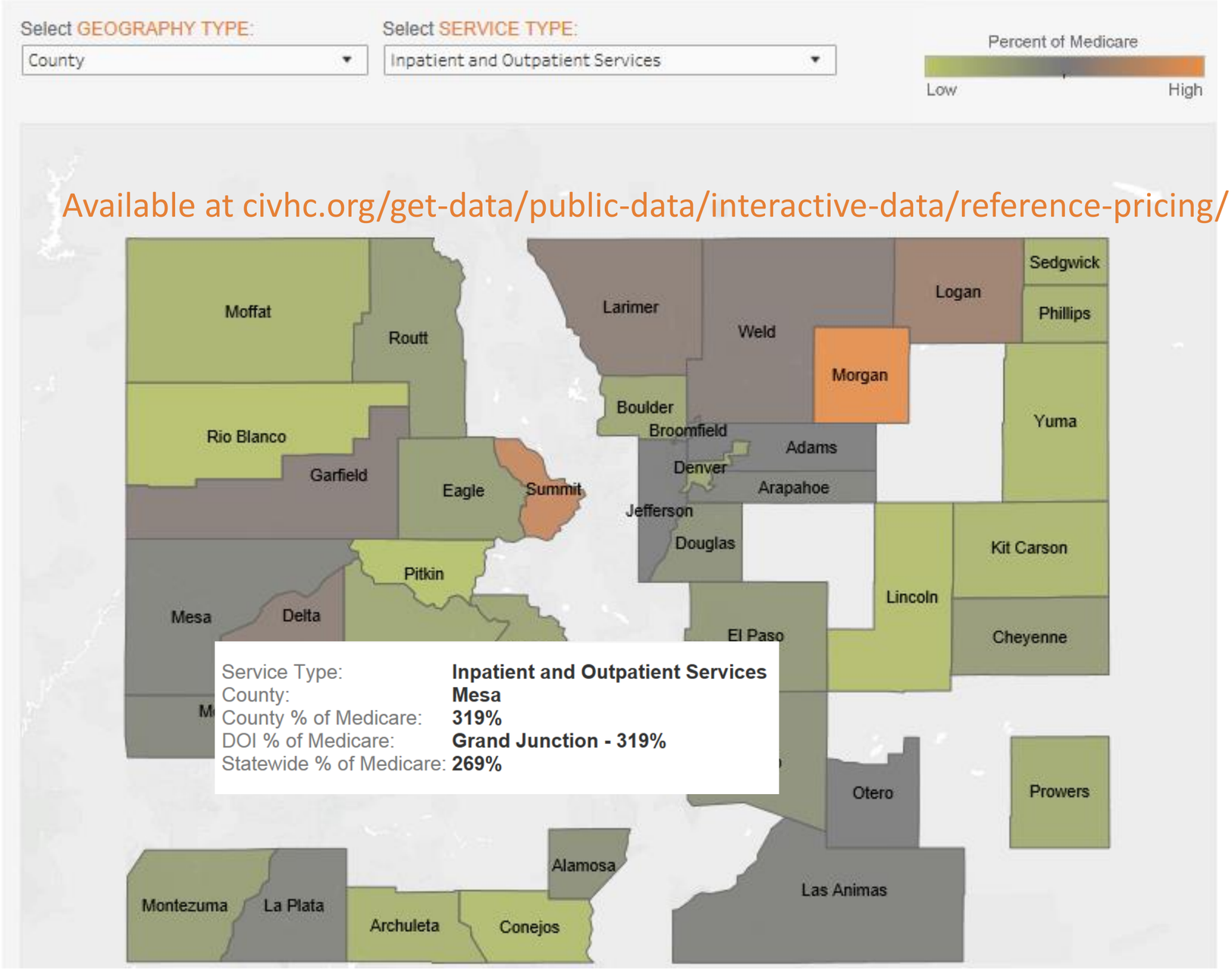


How Can Employers Use this Info?

- Encourage employees to use the site to shop for care
- Consider changing benefit design
- Partner with Centers of Excellence
- If a bill seems high, compare with statewide data

"Good news. The hospital settled at the reasonable level of $2,226. Using data from Colorado All Payer Claims Database, **I was able to make a case for a $14,000 reduction in the $16,385 bill.** Thank you CIVHC, the information was invaluable in enabling me to achieve a fair outcome."
- Colorado Patient

Medicare Reference-Based Price Report



Individual Hospital Price and Quality (Mesa County Hospitals)

Available at civhc.org/get-data/public-data/interactive-data/reference-pricing/

Inpatient and Outpatient Services

Hospital Name	Hospital % of Medicare	DOI % of Medicare	County % of Medicare	Patient Experience	Hospital Overall Rating
Colorado Canyons Hospital And Medical Center	219%	319%	319%	-	-
Community Hospital	360%	319%	319%	★★★☆☆	★★★☆☆
St Marys Medical Center	322%	319%	319%	★★★☆☆	★★★★☆

Source: Analysis conducted by RAND Corporation: https://www.rand.org/pubs/research_reports/RR3033.html based on data from Colorado All Payer Claims Database (CO APCD),2015-2017.
Blank regions in the map indicate that the value was suppressed due to low volume.
- Not available for hospitals that are not required to report to Centers for Medicare & Medicaid Services due to low Medicare volume.

How Are Employers Using Medicare Price Comparisons?

Montana Case Study

- In 2017 with $9M in deficits projected, the Montana State Employee Plan negotiated 234% of Medicare rates with hospitals
- In the first year, **$15.6M was saved** using the reference-based pricing model
    - Other states are considering implementing similar initiatives

Future Employer Reports (in development)

8 Reports in Development for Employers/Communities:

- Total Costs, Drivers, and Outmigration –
  - What is my overall spending and where are my employees going outside my area?
- % Medicare spend (beyond acute care) –
  - What am I paying compared to Medicare rates?
- Facility cost/quality –
  - Are my employees selecting high value care facilities?
- Pharmacy costs –
  - Do I have opportunities to save money on pharmacy costs (i.e. switching from brand to generic)?

Future Employer Reports (in development)

8 Reports in Development (cont.):

- Low Value Care and Cost –
  - Are my employees receiving care that may not be necessary or contribute to their overall health?
- Health Conditions and Cost –
  - Can I save money treating people with chronic conditions?
- Quality of Care –
  - Are my employees getting care according to national standards?
- Avoidable ED –
  - Are my employees using appropriate care settings and can I save money on reducing avoidable ED visits?

Sample Employer Mock-up

DRAFT - SAMPLE DATA FOR DEMONSTRATION PURPOSES ONLY

Purpose: This report is intended to help employers and communities understand the occurrence and cost associated with low value care so they can address this with providers and patients/employees in their community as a cost-savings opportunity.

Low Value Services and Costs Associated

	% members/ population with at least 1 low value care service	% Low Value Care Services	Low Value Care Cost	Comparison Region % Low Value	Comparison Region Low Value Care Cost	Statewide % Low Value Care	Statewide Low Value Care Cost
Total	85%	20%	$300,000	15%	$3,000,000	18%	$50,000,000

Top 5-10 Low Value Services	% Low Value Care Services	% Low Value Care Cost	Low Value Care Cost	Comparison Region % Low Value Services	Comparison Region % Low Value Care Cost	Statewide % Low Value Care Services	Statewide % Low Value Care Cost
Baseline lab studies	50%	20%	$100,000	30%	10%	20%	40%
Stress cardiac imaging	30%	10%	$50,000	60%	50%	10%	30%
Annual EKGs	20%	5%	$300,000	70%	30%	50%	20%
Cervical cytology screening	10%	19%	$20,000	10%	40%	30%	10%
PSA-based prostate cancer screening	10%	20%	$10,000	90%	60%	90%	3%

Notes:

This report can be created based on an employer population, county or counties or other geography/demographics defined by the user

Comparison Region is defined by user and can be a county or counties, or DOI region(s)

Methodology: Output for this report is generated using the Milliman Waste Calculator tool.

Employer or community specific number of low value services to identify may be less than indicated depending on volume of claims and suppression rules.

Employer Report Considerations

- Mock-ups subject to change as data discoveries are made and testing occurs with employers
- Timing of reports may also shift as discoveries are made with new analytics
- Ability to report at the individual employer level dependent on number of covered lives
  - Options include groups of employers, reporting at the county or Zip code level as a proxy, etc.
  - Each report is different and will need to be evaluated separately for each employer

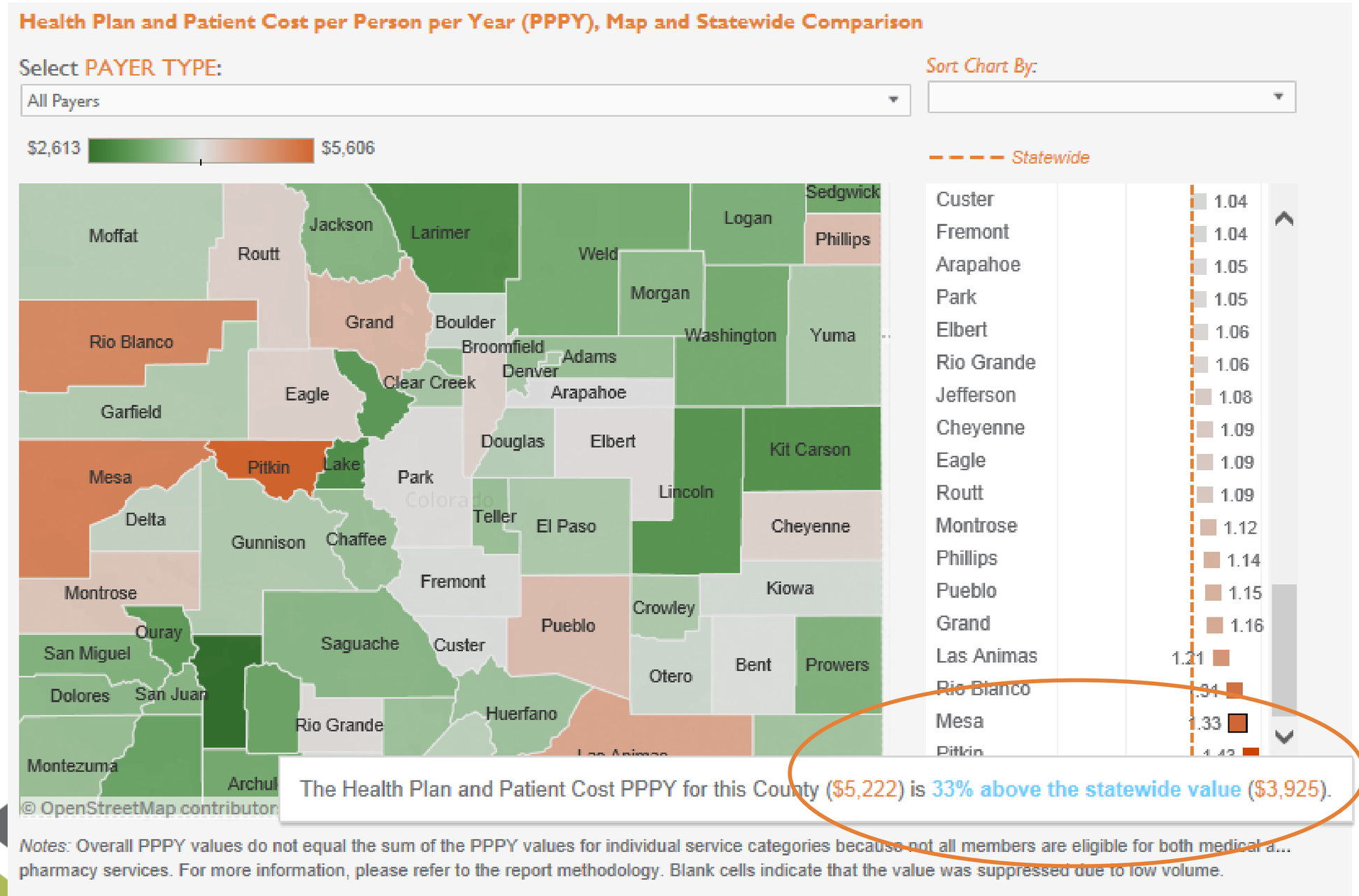
How Mesa County Compares on Key Cost and Quality Indicators

(Public data on civhc.org)

CIVHC

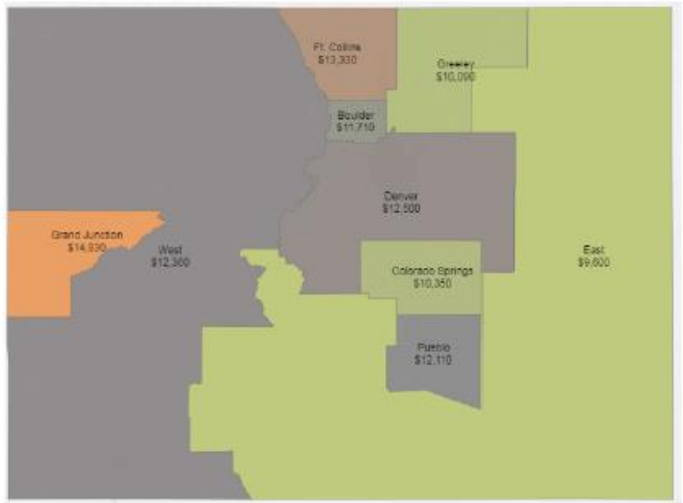
CENTER FOR IMPROVING VALUE IN HEALTH CARE

Mesa 2nd highest for Cost to Treat (33% above statewide average)



Prices for Services (civhc.org/shop-for-care)

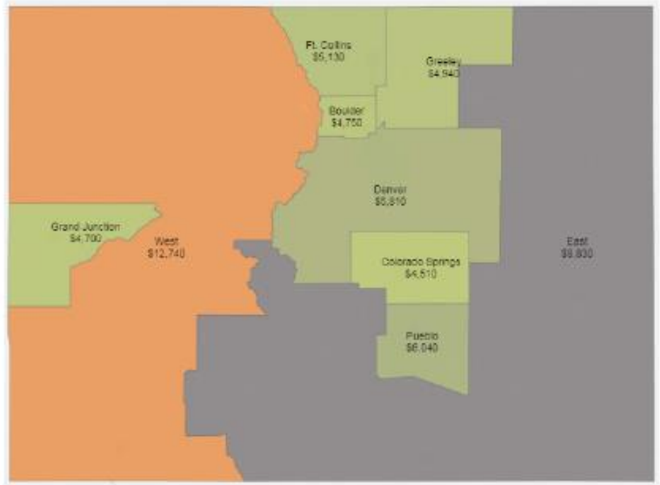
- High prices for some services, low for others



VAGINAL DELIVERY

Grand Junction **$14,830**

East **$9,600**

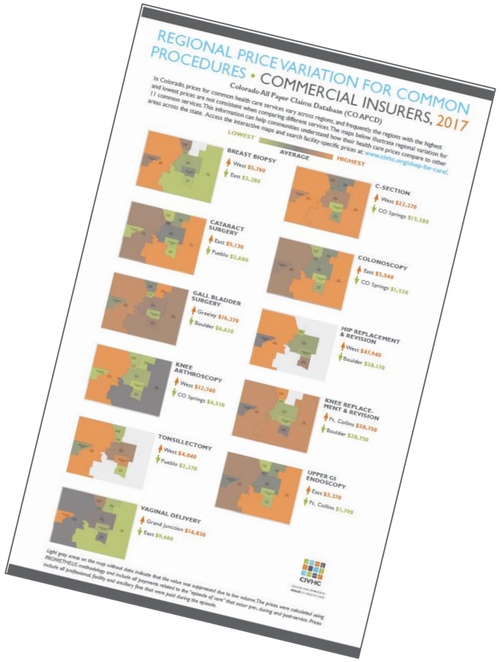


KNEE ARTHROSCOPY

West **$12,740**

CO Springs **$4,510**

(Grand Junction $4,700)



Utilization of Services

Available at civhc.org/get-data/public-data/interactive-data/utilization/

Select to view by COUNTY or HEALTH STATISTICS REGION:

County

Service Utilization per 1,000 Members, by County

Select a specific COUNTY or a HEALTH STATISTICS REGION:

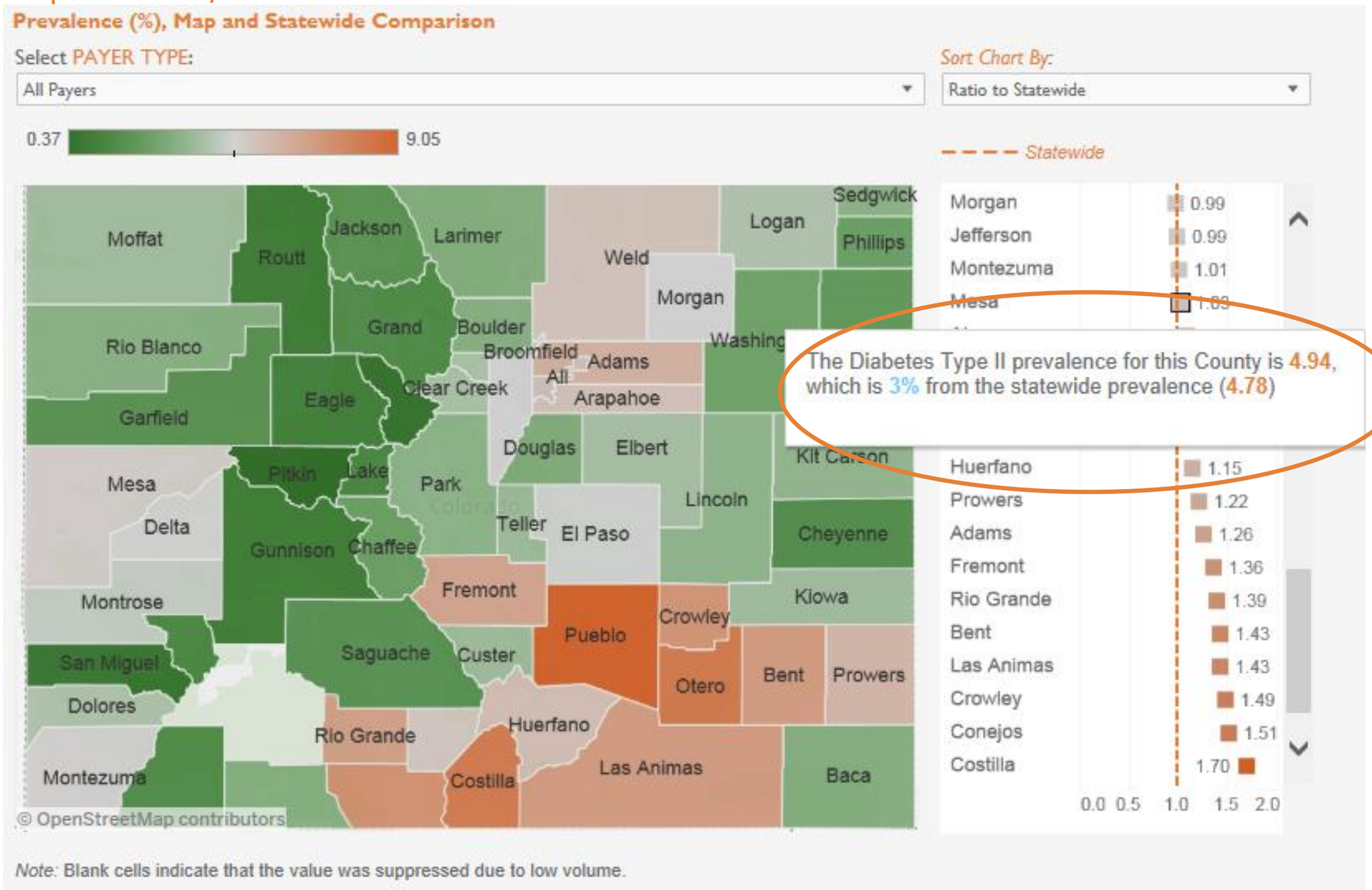
Mesa

	Mesa		Statewide	Urban	Rural
Unplanned Hospitalizations	34	↓	43	44	36
30-Day Readmissions	3	↓	7	7	4
Emergency Room Visits	440	↑	360	355	405
Observation Stays	9	↓	21	19	37
Outpatient Services	2,043	≈	1,196	1,143	1,657
Pharmacy Scripts, All	15,106	↑	10,762	10,714	11,160
Pharmacy Scripts, Generic Only	12,941	≈	8,683	8,619	9,218

*Note: Higher OP Services could indicate more use of preventive/appropriate service location, and higher rates of generic pharmacy scripts could also be a positive indicator.

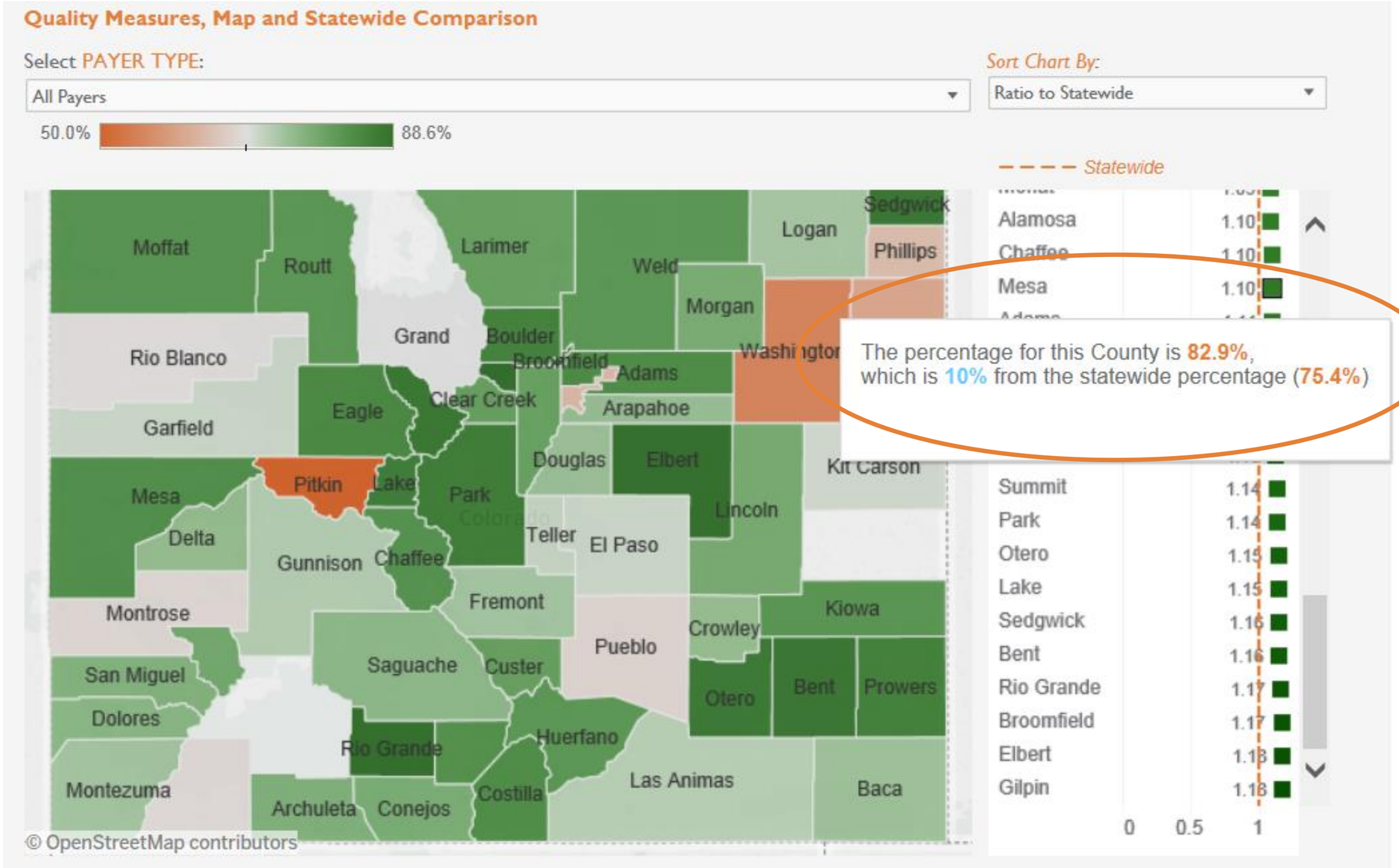
Low Prevalence of Diabetes Type II

Available at civhc.org/get-data/public-data/interactive-data/condition-prevalence/



High Quality of Care (Diabetes A1c Testing)

Available at civhc.org/get-data/public-data/interactive-data/quality-measures/



View Imaging Procedures | **View Other Procedures**

Select Service: Gall Bladder Surgery

Select Your ZIP Code: 81504

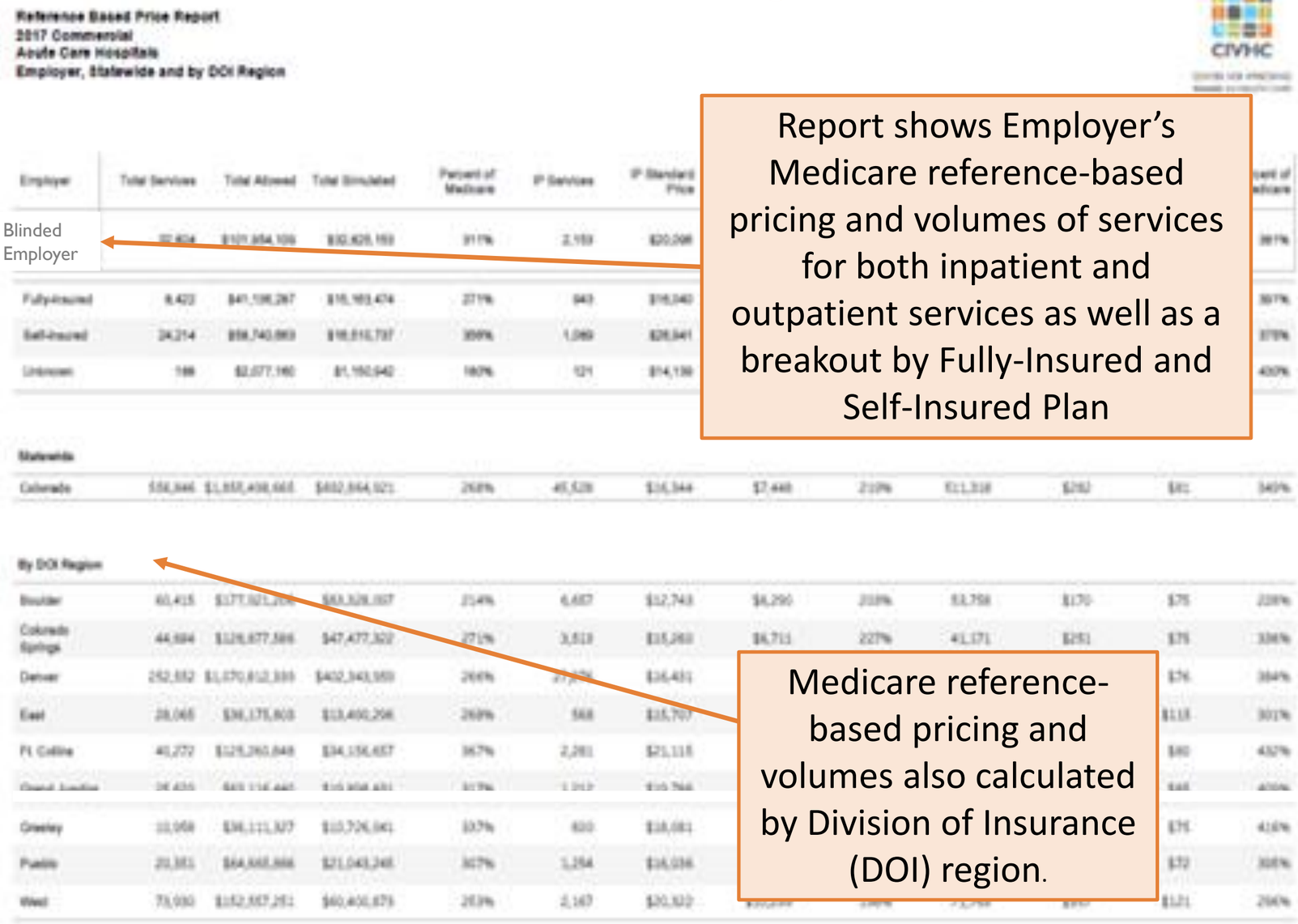
Sort List By: Closest Distance

Facility Name	Distance (Miles)	Price Estimate		Quality
		Average Price	Price Range	Patient Experience
Community Hospital Community Care of the Grand Valley	3.5	$12,090	$8,320–$15,700	–
SCL Health St Marys Medical Center	4.1	$12,910	$9,440–$24,090	★★★★☆
Centura Health Mercy Regional Medical Center	126.4	$12,890	$6,220–$18,460	★★★★☆
Centura Health St Anthony Hospital	182.8	$24,930	$8,570–$33,570	★★★☆☆
SCL Lutheran Medical Center Wheat Ridge	187.4	$12,860	$10,470–$25,070	★★★★☆
Centura Health Avista Adventist Hospital	187.8	$12,260	$5,570–$20,170	★★★★☆
Centura Health Littleton Adventist Hospital	190.0	$14,910	$5,720–$24,660	★★★★☆
Summit View Surgery Center	190.2	$6,720	$5,550–$7,850	–
SCL Health Good Samaritan Medical Center	191.1	$6,130	$4,070–$12,250	★★★☆☆
HealthOne Swedish Medical Center	191.3	$22,050	$16,620–$25,940	★★★☆☆
HealthOne North Suburban				

Source: Colorado All Payer Claims Database (CO APCD), 2017.
- Not available for Imaging Centers or Ambulatory Surgery Centers.
* Not available for hospitals that are not required to report to Centers for Medicare & Medicaid Services due to low Medicare volume.

100% price difference between SCL St. Mary's and SCL Good Samaritan (Denver)

Sample Reference-Based Price Report: EMPLOYER, Statewide, and DOI Region Comparison



Reference Based Price Report
2017 Commercial
Acute Care Hospitals
Employer, Statewide and by DOI Region

Employer	Total Services	Total Allowed	Total Simulated	Percent of Medicare	IP Services	IP Standard Price						
Blinded Employer	[illegible]	[illegible]	[illegible]	311%	2,153	$20,098						381%
Fully-Insured	8,422	$41,106,287	$15,163,474	271%	943	$16,040						307%
Self-Insured	24,214	$58,740,993	$18,810,737	359%	1,069	$26,941						379%
Unknown	188	$2,077,160	$1,150,042	180%	121	$14,139						430%
Statewide												
Colorado	556,846	$1,855,408,665	$402,864,921	268%	45,528	$16,344	$7,440	219%	$11,318	$282	$81	340%
By DOI Region												
Boulder	60,415	$177,923,256	$83,328,007	214%	6,657	$12,743	$6,290	203%	$3,758	$170	$75	226%
Colorado Springs	44,684	$128,677,586	$47,477,322	271%	3,513	$15,263	$6,711	227%	$1,171	$251	$75	336%
Denver	252,552	$1,070,812,339	$402,343,959	266%	27,376	$16,431					$76	384%
East	28,065	$36,175,803	$13,400,206	269%	568	$15,707					$113	301%
Ft Collins	40,272	$125,260,648	$34,156,657	367%	2,281	$21,115					$80	432%
Grand Junction	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]					[illegible]	[illegible]
Greeley	10,958	$36,111,327	$10,726,041	337%	630	$18,081					$75	416%
Pueblo	20,351	$64,665,866	$21,043,240	307%	1,254	$16,036					$72	358%
West	73,930	$152,557,251	$60,400,675	253%	2,167	$20,322	[illegible]	[illegible]	[illegible]	[illegible]	$121	294%

Report shows Employer's Medicare reference-based pricing and volumes of services for both inpatient and outpatient services as well as a breakout by Fully-Insured and Self-Insured Plan

Medicare reference-based pricing and volumes also calculated by Division of Insurance (DOI) region.

Sample Reference-Based Price Report: County Comparison

Statewide and county benchmarks are calculated on the second page of the report.

Reference Based Price Report
2017 Commercial
Acute Care Hospitals
Statewide and by County

CIVHC
CENTER FOR IMPROVING VALUE IN HEALTH CARE

	Total Services	Total Allowed	Total Simulated	Percent of Medicare	IP Services	IP Allowed Price	IP Simulated Price	IP Percent of Medicare	OP Services	OP Allowed Price	OP Simulated Price	OP Percent of Medicare
Colorado	556,846	$1,855,498,665	$692,864,921	268%	45,528	$16,344	$7,448	219%	511,318	$282	$81	349%
By County												
Adams	79,386	$233,970,551	$72,319,248	324%	3,163	$19,274	$8,731	221%	76,223	$405	$78	521%
Alamosa	6,009	$7,805,527	$2,948,776	265%	167	$13,633	$6,772	201%	5,842	$238	$79	303%
Arapahoe	24,382	$126,277,418	$38,185,240	331%	2,988	$19,464	$6,646	293%	21,394	$299	$75	398%
Archuleta	413	$279,595	$142,697	196%					413	$299	$153	196%
Boulder	60,415	$177,921,206	$83,328,097	214%	6,657	$12,743	$6,290	203%	53,758	$170	$75	228%
Broomfield	6,500	$21,236,270	$6,822,391	311%	460	$14,659	$7,926	185%	6,040	$348	$72	483%
Chaffee	5,139	$6,711,623	$2,859,542	235%	68	$15,627	$9,654	162%	5,071	$316	$124	255%
Cheyenne	768	$353,419	$111,193	318%					768	$259	$81	318%
Conejos	615	$517,009	$375,157	138%					615	$309	$225	138%
Delta	4,671	$4,669,460	$1,448,395	322%	50	$15,827	$5,962	265%	4,621	$273	$78	351%
Denver	92,797	$396,343,909	$189,387,011	209%	12,571	$14,942	$8,269	181%	80,226	$221	$76	292%
Douglas	31,795	$187,800,852	$65,134,164	288%								409%
Eagle	5,319	$21,411,609	$9,286,395	231%								382%
El Paso	44,665	$128,675,220	$47,212,788	273%								336%
Fremont	384	$1,099,362	$319,278	344%								501%
Garfield	7,467	$20,638,880	$5,449,264	379%								443%
Grand	1,747	$1,936,738	$1,157,736	167%								167%
Gunnison	4,094	$6,277,553	$3,042,648	206%								226%
Huerfano	118	$93,595	$53,635	175%								175%
Jefferson	17,739	$105,183,339	$30,495,905	345%								393%
Kiowa	183	$44,700	$56,846	79%								79%
Kit Carson	321	$203,484	$134,154	152%								152%
La Plata	20,178	$41,617,329	$12,845,602	324%								421%
Lake	209	$133,866	$106,829	125%								125%
Larimer	40,272	$125,260,848	$34,156,657	367%								432%
Las Animas	1,422	$2,000,137	$560,519	357%								357%
Lincoln	2,187	$701,090	$598,354	117%								117%
Logan	2,175	$4,533,034	$1,105,509	410%								524%
Mesa	25,620	$63,116,440	$19,898,431	317%	1,212	$19,786	$7,536	263%	24,408	$348	$85	409%
Moffat	1,113	$2,257,568	$1,478,111	153%	37	$22,485	$15,899	141%	1,076	$392	$241	162%
Montezuma	2,188	$1,888,052	$813,476	232%	24	$12,898	$8,155	158%	2,164	$322	$125	257%

Employers can benchmark themselves to the statewide, regional, or county percent differences to understand how their prices compare. Employers can conduct further analysis using CO APCD data to understand costs and volumes for specific procedures.

How do you compare?

	Employer Denver Metro	State	DOI Denver	County Denver	County Boulder	County Arapahoe
Combined	311%	266%	266%	209%	214%	331%
Inpatient	260%	216%	216%	181%	203%	293%
Outpatient	381%	349%	384%	292%	393%	398%

	Grand Junction Employer	State	DOI/ County Mesa
Combined	278%	266%	317%
Inpatient	194%	216%	263%
Outpatient	403%	349%	409%

ERISA Employer Voluntary Submission to the CO APCD

CIVHC.org website provides overview and step by step guidance to employers for submission:

- Step 1: Complete Opt-in Form & Email to CO APCD
- Step 2: Review BAA with TPA / ASO
- Step 3: Complete Data Sharing Agreement w/ CIVHC (optional)

https://www.civhc.org/get-data/co-apcd-overview/data-submission/self-insured-employers/

Questions?

Ana English, MBA, AEnglish@civhc.org
Pete Sheehan, PSheehan@civhc.org
David Dale, MHA, DDale@civhc.org

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SEGUE CONSULTING

How Data and Reporting Can Inform Purchasing Alliances

Grand Junction Health Care Summit

October 23, 2019

Today's Goals

- What data is important
- Where to get it
- How to use it

SEGUE CONSULTING

- Data is only as important as the information it can yield
- Purchasing Alliance information needs will evolve over time
- Peak Year One data sources
  - APCD: ~52% of estimated claims
  - Six self-funded employers: >90% of estimated claims
- In an ideal world, all Alliance data would come from APCD
  - Integrating external data is expensive and time-consuming

SEGUE CONSULTING

The Information Needed by Peak for Year One

Three primary analyses

1. Percent of Medicare
2. Cost driver: price versus utilization
3. Outmigration

SEGUE CONSULTING

How Peak Used the Data

- Helped diagnose that the problem was more price than utilization
- Provided a common reference point for comparison across different payers, different providers, and different geographies
- Allowed us to develop single page reports to show individual self-funded employers that they too are paying a very high percent of Medicare. This reinforced that it was a community-wide issue.
  - All outpatient: 505% of Medicare APCD v. 543% of Medicare self-funded employers
  - All inpatient: 238% of Medicare APCD v. 186% of Medicare self-funded employers
- Quantified the volume of care leaving the community

SEGUE CONSULTING

Data Helped Community Establish Priorities

- Reduce the cost of care – premiums and out-of-pocket
- Minimize the financial imperative to leave the area for care that could be provided locally
- Support local independent providers to counterbalance hospital consolidation and provider acquisition
- Integrate quality measures from Day One
- Address mental health needs

SEGUE CONSULTING

How Generalizable is Peak's Year One Process to Other Purchasing Alliance Efforts?

- Initial data requirements and process likely to be the same for most communities
- However, the outcomes will not always be the same
  - Communities need to understand what story the data tells in order to identify the fundamental problem and then develop the most effective strategy for addressing that problem
- Examples: Grand County, South West Alliance

SEGUE CONSULTING

Information Needs Will Evolve

Price AND Utilization Drive Cost-Effectiveness & Quality

- Year One: Focus mostly on price
- Year Two: Maintain attention to price but also address other drivers
  - Over-utilization
  - Inappropriate utilization
  - Under-utilization
  - Pharmacy

SEGUE CONSULTING

CIVHC Reports are Critical for Ongoing Sustainability

- Priorities
  - Accountability
  - Quality
  - Cost
- Challenges
  - TPAs that will not submit data to the APCD on behalf of self-funded employers, even when asked

SEGUE CONSULTING

Questions?

Claire Brockbank
brockbank@segueconsulting.com
303-316-2655

Affordability Legislation

- *Kim Bimestefer, Executive Director, HCPF*
- *Michael Conway, Insurance Commissioner, Division of Insurance, DORA*
- *John Bartholomew, Chief Financial Officer, HCPF*
- ***Facilitated by Colorado State Representative Janice Rich***

Thank You!

BONUS SESSION!

COLORADO OPTION FOR HEALTH CARE COVERAGE

Presented by: **Kim Bimestefer**, Executive Director, Health Care Policy & Financing;
and **Mike Conway**, Insurance Commissioner, Division of Insurance

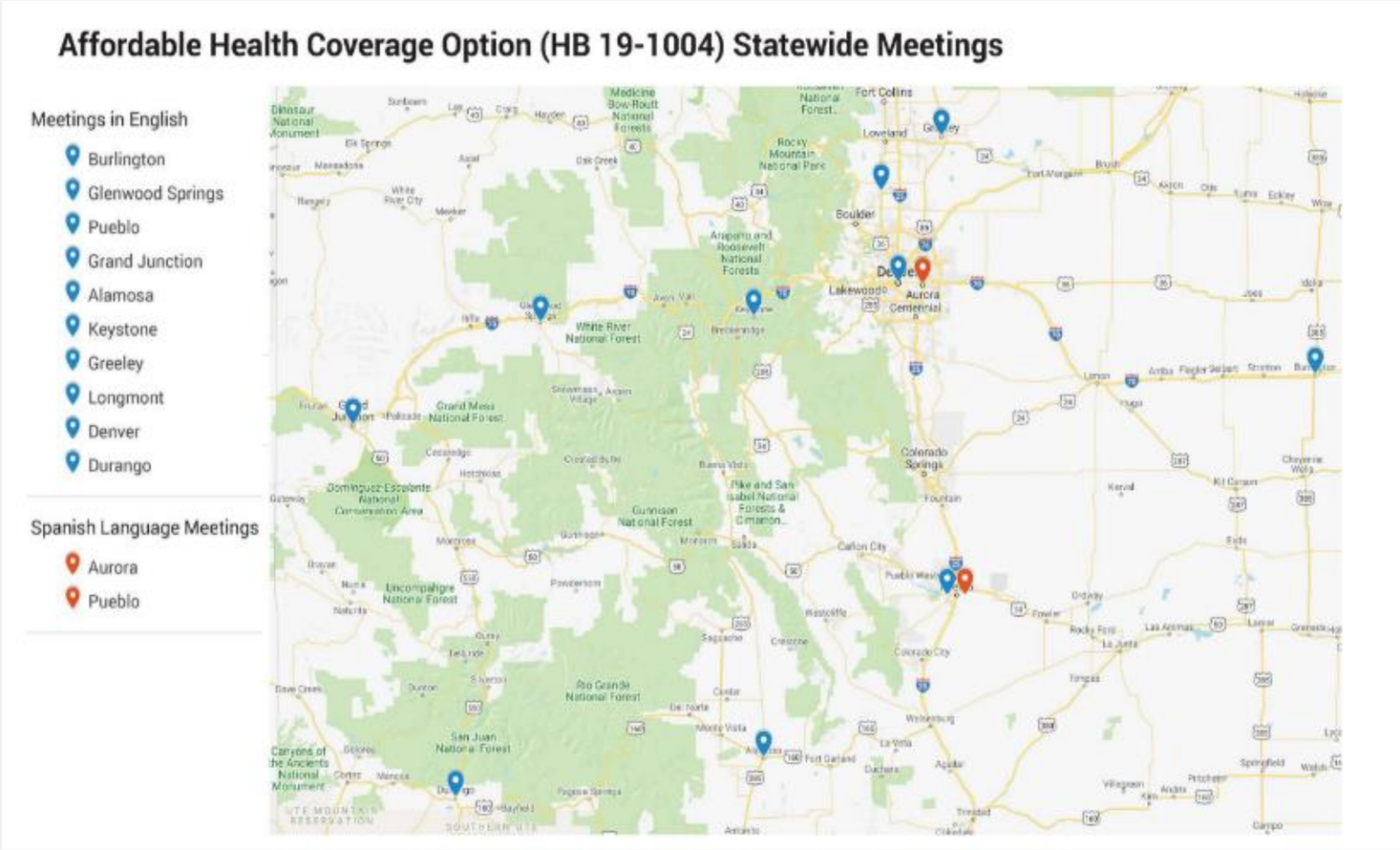
Agenda

- Overview of the Process
- Overview of the Proposal
- What’s Covered?
- Who’s Covered?
- Enhancing Quality
- Maximizing Existing Infrastructure
- Affordability
- Maintaining Engagement
- What We’ve Achieved
- Timeline
- Feedback Process

Overview of the Process

Engagement Overview

- 14 statewide public listening sessions
- 42 formal letters received, reviewed
- Significant discussion and thoughtful feedback



Participants who presented ideas:

- Colorado Access
- Colorado Consumer Health Initiative
- Colorado Hospital Association
- Colorado Medical Society
- AJ Ehrle Health Insurance
- Young Invincibles

Key Aspects of the State Option Proposal

- Coloradans across the state are projected to **save 9-18%+** on individual premiums
- Plans will be administered by insurance companies and sold on *Connect for Health Colorado*, so people who receive federal subsidies can use them to buy it
- There are very low admin costs and no financial risk to the state or taxpayers
- Reimbursements will be set by the state at a level that
  - protects rural hospitals
  - allows for profitable care delivery
- An Advisory Board will be established to maximize stakeholder collaboration

What's Covered?

- The plan design will include all essential health benefits
- Standardized benefit plan design
- Many services will be pre-deductible, including preventive care, primary care and behavioral health care

Who's Covered?

Initial rollout, effective Jan. 1, 2022:

- Any Colorado resident who seeks to purchase individual coverage

Looking Forward:

- Small groups
- Evaluate over time whether the state option should be made available to the large group market, based in part on any evidence of cost shift (shifting costs of individual plans to the large group plans).

Enhancing Quality

The State Option will:

- Utilize value-based payments to reward providers who achieve quality and pricing targets

- Incentivize the use of high-quality providers by building high-performing networks

Maximizing Existing Infrastructure To Deliver A Public-Private Partnership

- **HCPF and DOI:** chart goals, monitor, and maximize existing public-private functions
- **DOI:** regulatory authority
- **Licensed brokers:** paid commission for services
- **Individual health insurance market:** provide access
- **Connect for Health Colorado:** enable access to federal subsidies
- **Licensed insurance carriers:** administer plans, contract with care providers

Why Not A Medicaid Buy-In?

- Colorado Medicaid provides services for low-income, disabled and underserved populations → *need to receive full, focused attention*

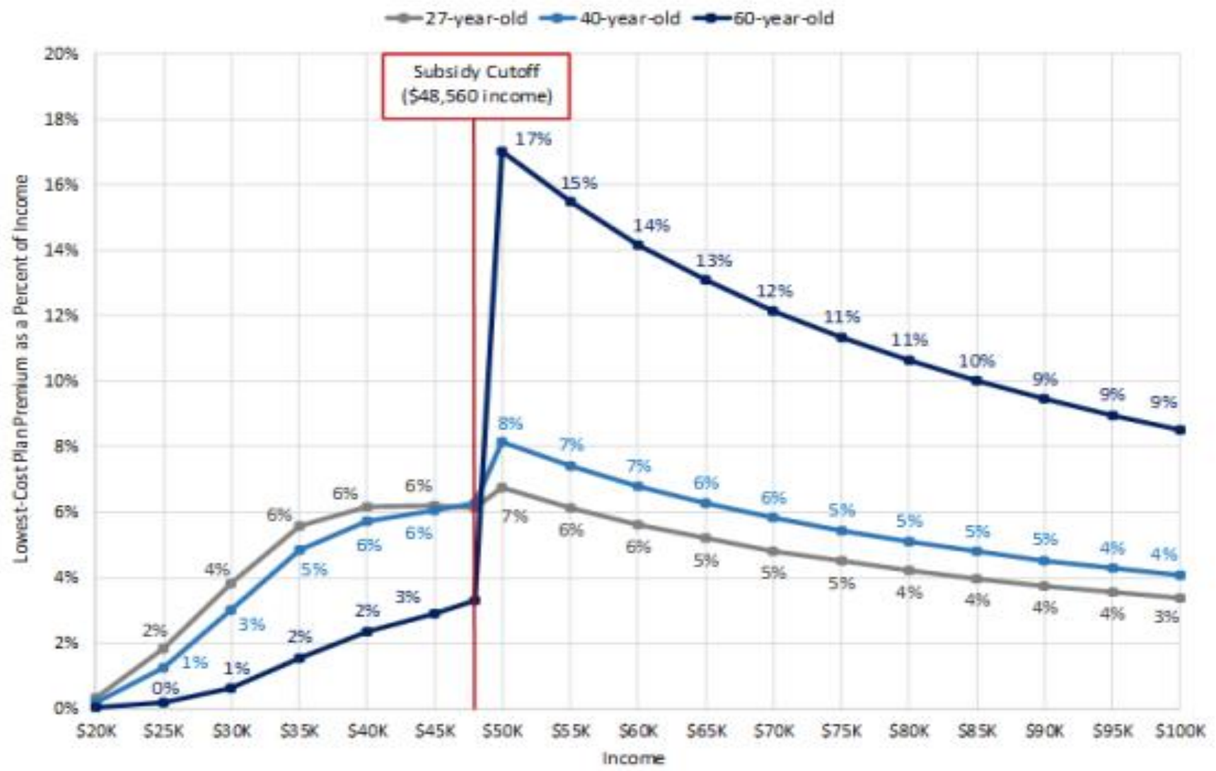
- Medicaid serves customers in partnership with Federal government; different from private industry, where state option will compete

- In this proposal, carriers take financial risk, not the state budget.

State Option Addresses Middle Class Affordability

Figure 3

Average Lowest-Cost Bronze Plan Premium as a Percent of Income (by Age and Income, 2019)



NOTE: Alaska and Hawaii are excluded from this chart because these states have different poverty guidelines, and thus different subsidy cutoffs, from the rest of the U.S. This analysis includes plans that are offered on exchange. All premiums are displayed as the full price, rather than just the portion that covers essential health benefits.

SOURCES: Premiums come from KFF analysis of data published by HHS at Healthcare.gov, KFF analysis of data received from Massachusetts Health Connector, and KFF analysis of data published by HIX Compare from the Robert Wood Johnson Foundation.

KFF

People on the individual market who do not qualify for subsidies are the only people who do not receive help with their premiums

The State Option is especially helpful to these individuals

Affordability - What This Includes

The State Option addresses and influences affordability, including:

- Insurance premiums paid by the consumer
- Out-of-pocket costs
- Underlying cost of care

- This proposal estimates people will save **9-18%+ savings** on premiums

Affordability - Savings Achieved by Reducing Costs of Care and Admin Expenses

- Reduces Insurance Carrier MLR to 85%, plus commissions
- Hospital inpatient, outpatient, and ASC facilities at more efficient level than today with special attention paid to rural and critical access hospitals to ensure sustainability
- Prescription drug manufacturer compensation to carriers must be fully passed through, not retained

Affordability - We Can Save Even More with Federal Approval

Potential federal approval (1332 waiver) to apply any additional savings to:

- Out-of-pocket costs?
- Additional benefits?
- Expanded tax credits?

Why Set Hospital Reimbursements?

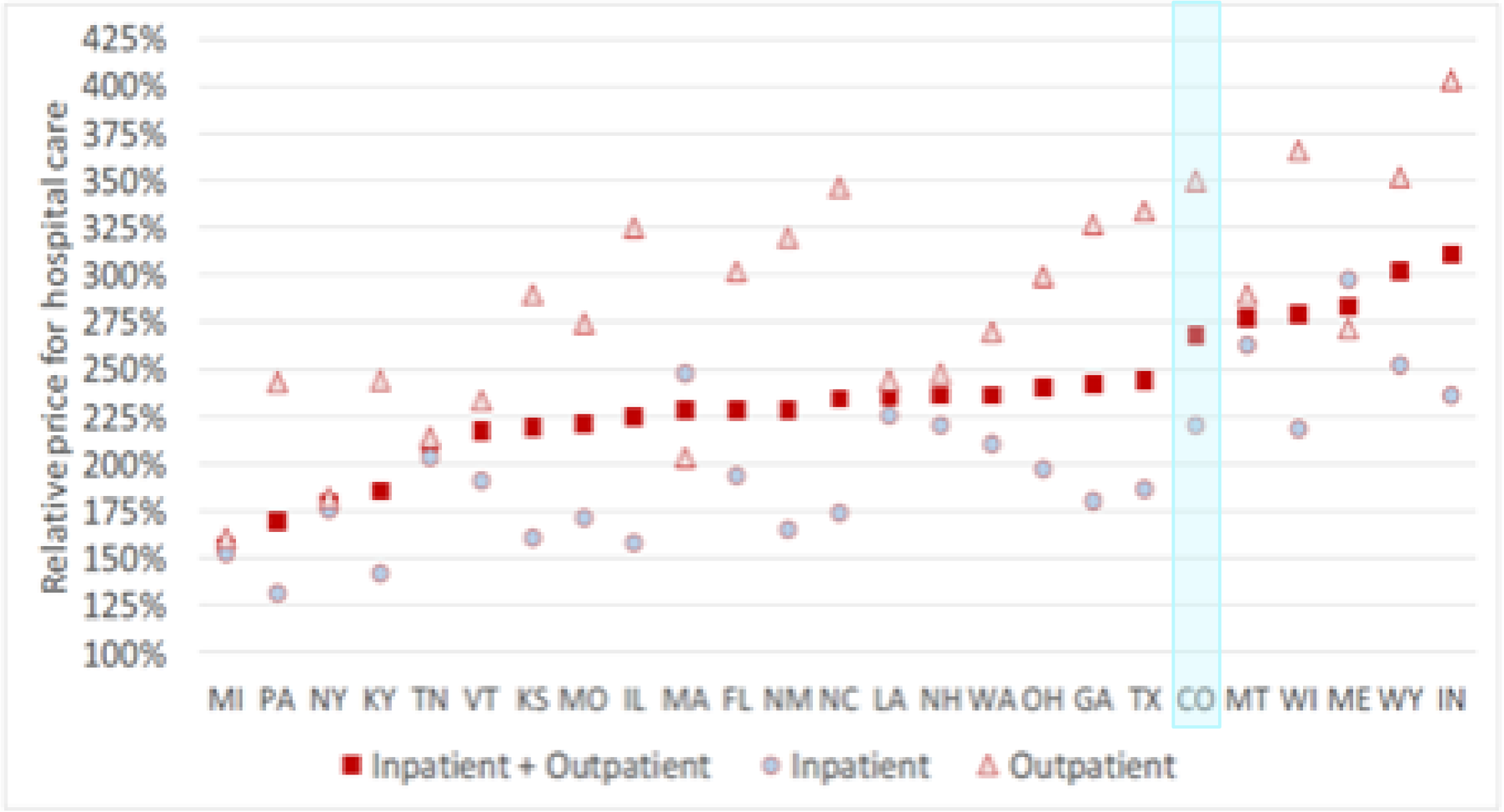
While profits for Denver area hospitals grew by more than 50% in the last two years, **18.1% of Coloradans** reported that they had problems paying medical bills.

That is nearly **1 in 5 residents** of our state.

There Are Big Differences in Prices Statewide

- A recent CIVHC report shows price variations of **>400% across Colorado for the same services**
- There are no state standards for hospital prices
- Stakeholder feedback urged action to reduce prices
- As hospitals have merged, negotiating leverage has increased prices for both people and business

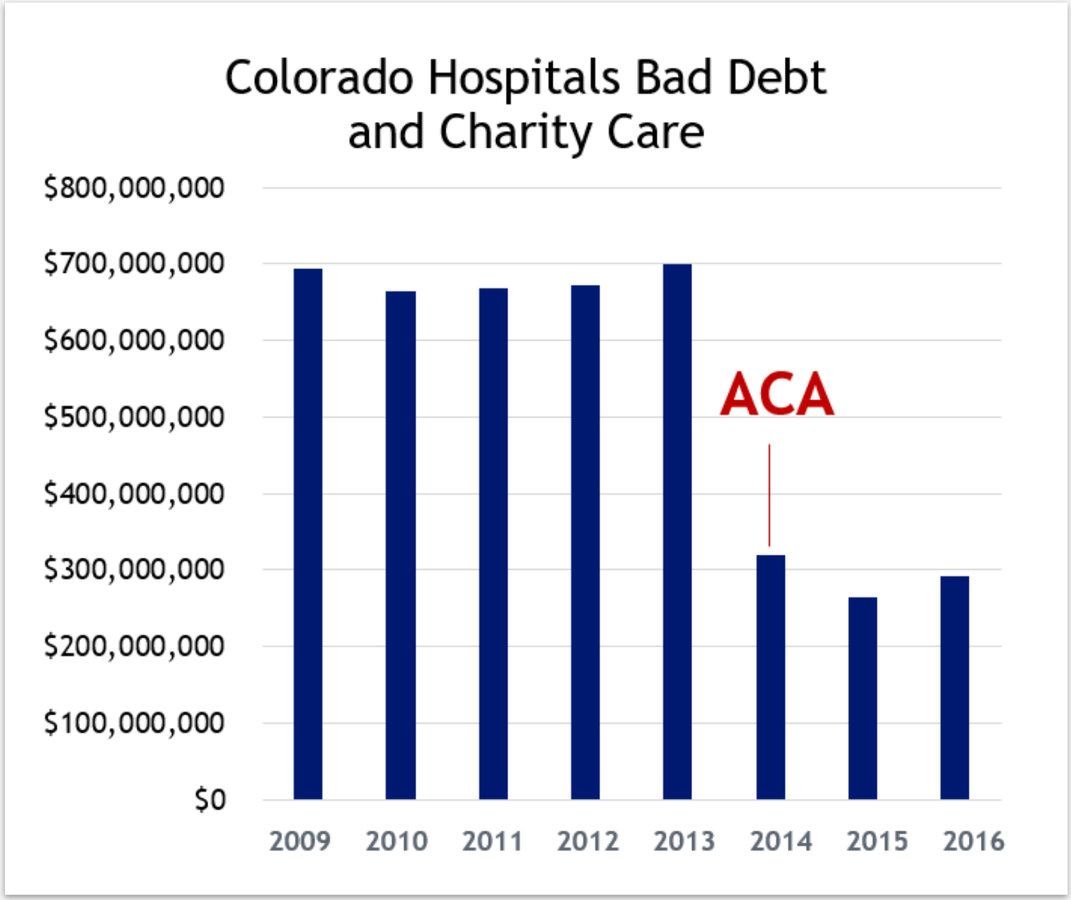
Colorado Hospital Prices are Higher Than the National Average



We should be able to compete better with other states, who have lower costs but still maintain sustainability for hospitals and providers

RAND Corporation, 2019: Prices Paid to Hospitals by Private Health Plans are High Relative to Medicare and Vary Widely

Good News: The ACA Reduced Bad Debt and Charity Care
Bad News: This Hasn't Resulted in Lower Costs



Source: CHASE 2017 Report, CHA DATABANK

Despite charity care going down:

- CO Hospitals' admin costs are increasing at 2x the national rate
- CO ranked in the top three nationally in hospital construction
- Hospital revenues are up 76%
- Hospital margins increased 250%+

According to the Hospital Cost Shift Report, based on the Colorado Hospital Association's Databank, reflecting 2009 to 2017.

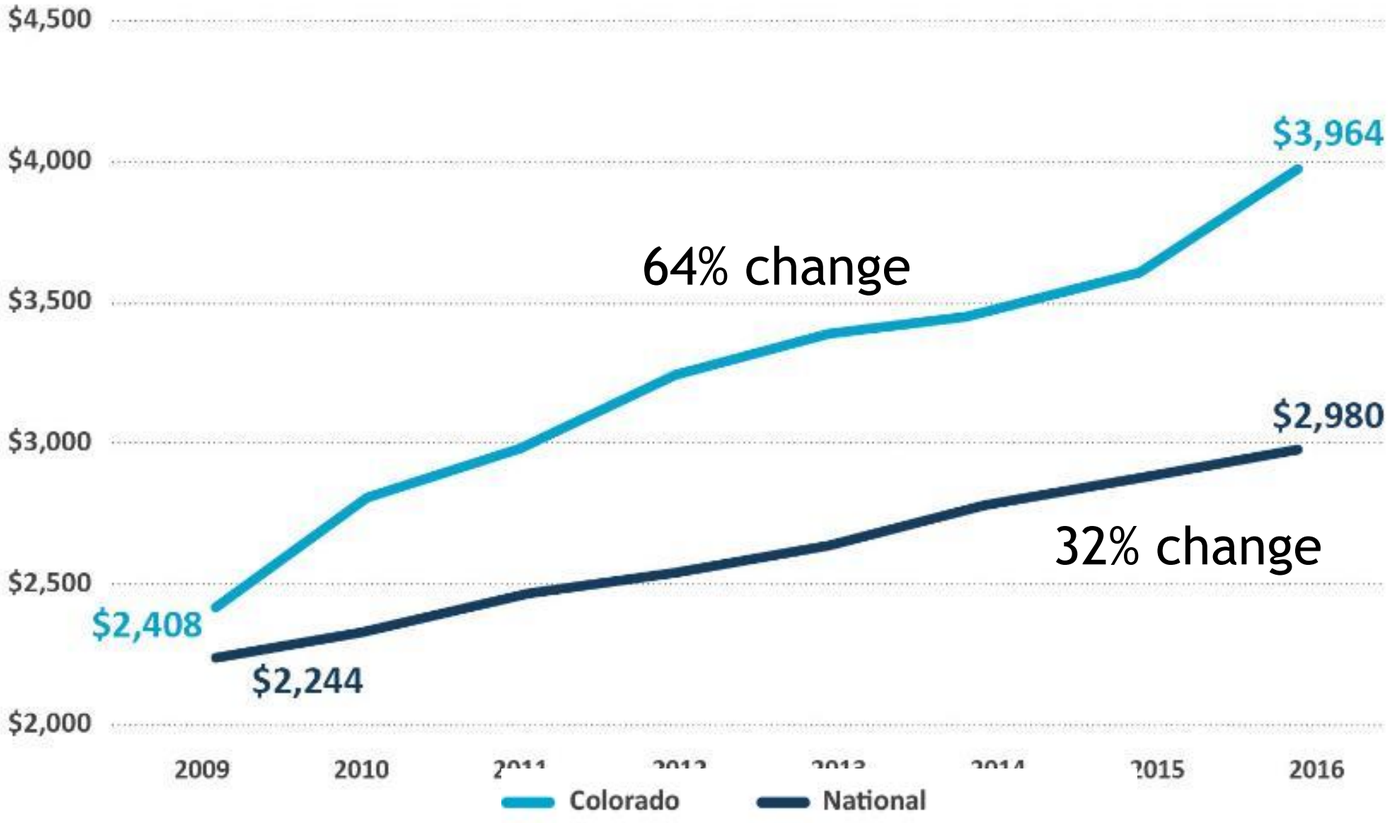
This trend is continuing…

The 2019 Allan Baumgarten Colorado Health Market Review included 27 Denver-area hospitals' profits for 2018. Findings include:

- Hospitals have surpassed $2 billion in profits for the first time in history
- The $2 billion in 2018 profits compares with $1.7 billion in 2017 and $1.3 billion in 2016 — *that's an increase of ~50%+ in 2 years*
- Hospital prices grew 57% faster than the national average
- 2017 Profit Margin: **18.1%** as a percent of net patient revenues
- 2018 Profit Margin: **19.3%** as a percent of net patient revenues

Colorado Hospitals are Not Controlling Administrative Expenses

Growth in Overhead Costs per Adjusted Discharge, 2009-16



2009: Six entities owned or were affiliated with **23 hospitals**.

2018: Seven entities owned or were affiliated with **41 hospitals**.

- **UCHealth** grew from 1 to 10
- **Centura** grew from 10 to 17
- **Banner** grew from 2 to 3

Overhead Cost per Adjusted Discharge:

CO: 9.2% per year over 7 years

National: 4.7% per year over 7 years

Data Source: Centers for Medicare & Medicaid Services Healthcare Cost Report Information System

We have to transform the system together.

This solution helps us do just that.

Every Stakeholder Needs to Do Its Part

- To provide network access, the state may implement measures to ensure health systems participate and provide cost-effective, quality care to covered individuals

- In order to address only one carrier in the individual market in 22 counties, insurance carriers above a certain market share or membership size (TBD) will be required to offer the state option

- Multiple carriers can offer the State Option in the same county and/or rating area

Protecting Employers from Cost Shifting

- Longer term, proposal expands to small group market
- Alliances enable employers and communities to work together to lower costs, improve quality, and address access issues
- By publishing the State Option reimbursements, employers (or chambers, etc.) can negotiate for the same rates (similar to Peak)
- Primary Care bill (HB19-1233) enables DOI to monitor hospital increases on all commercial business to deter cost shift

Maintaining Collaboration with an Advisory Board

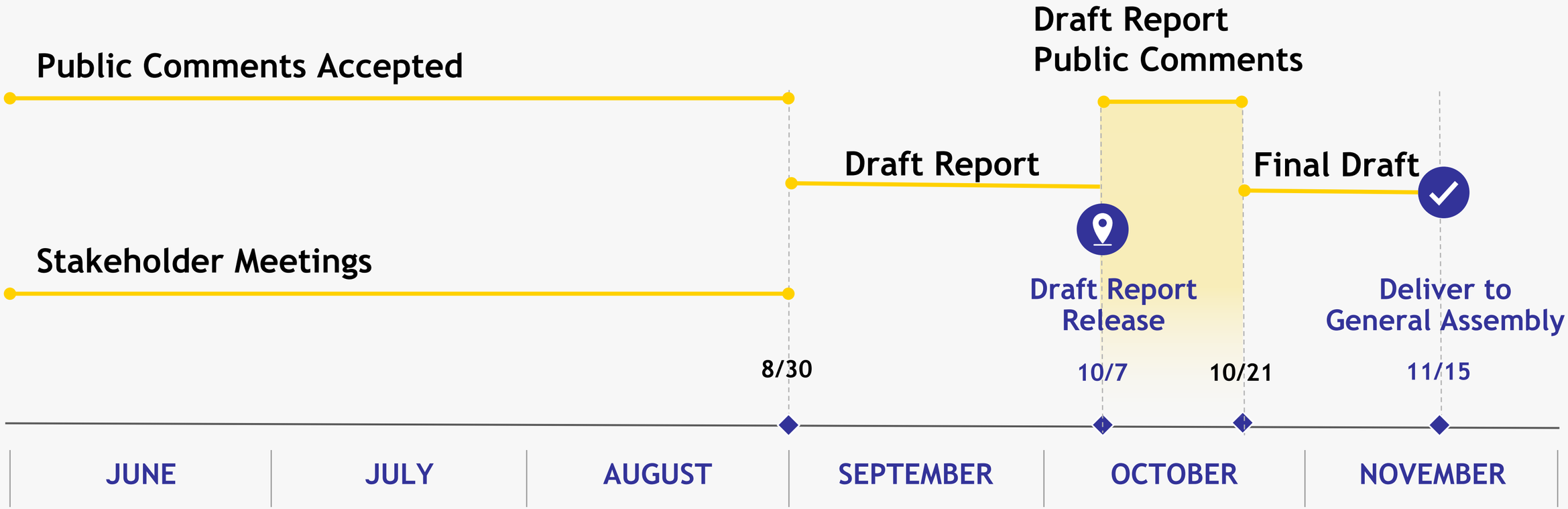
- Advisory Board will provide insights, advice to DOI and HCPF

- Board members will include representatives of stakeholder groups (i.e., providers, carriers, employers, consumers, advocates, brokers)

Does This Meet Goals of the Bill?

- ✔ Identify a feasible and cost effective state option
- ✔ Ensure affordability to consumers at various income levels
- ✔ Minimize administrative and financial burden to the State
- ✔ Ease of implementation

More considerations can be found in the legislation:
https://leg.colorado.gov/bills/hb19-1004



We look forward to your feedback.

www.colorado.gov/hcpf/proposal-affordable-health-coverage-option

Email: HCPF_1004AffordableOption@state.co.us

APPENDIX

RAND Report Findings Shows Significant Price Variation Across the State

Hospital name	City	Hospital system or, if independent, IPPS/CAH	Relative price for outpatient services	Relative price for inpatient services	Relative price for IP & OP services
Centura Health-St Thomas More Hospital	Canon City	Catholic Health Initiatives	463%	208%	356%
Community Hospital	Grand Junction	QHR	409%	302%	360%
Platte Valley Medical Center	Brighton	SCL Health	467%	256%	368%
Delta County Memorial Hospital	Delta	Independent (IPPS)	437%	283%	381%
The Medical Center Of Aurora	Aurora	HCA Healthcare	630%	283%	385%
Valley View Hospital Association	Glenwood Springs	Independent (IPPS)	478%	301%	399%
Sterling Regional Med Center	Sterling	Banner Health	546%	245%	419%
Medical Center Of The Rockies	Loveland	University of Colorado Health	483%	389%	429%
Poudre Valley Hospital	Fort Collins	University of Colorado Health	575%	331%	430%
Centura Health-St Anthony Hospital	Lakewood	Catholic Health Initiatives	500%	394%	430%
North Suburban Medical Center	Thornton	HCA Healthcare	698%	289%	461%
St Anthony Summit Medical Center	Frisco	Catholic Health Initiatives	697%	336%	503%

RAND Report Findings

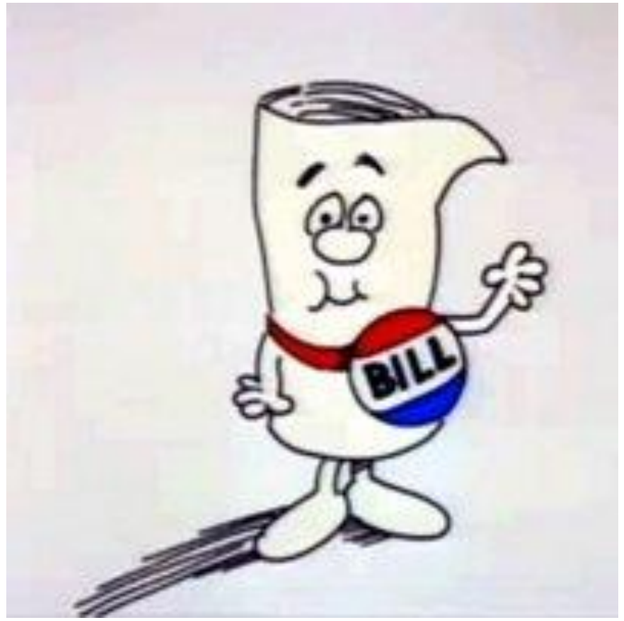
Hospital name	City	Hospital system or, if independent, IPPS/CAH	Relative price for outpatient services	Relative price for inpatient services	Relative price for IP & OP services
Centura Health-Littleton Adventist Hospital	Littleton	Adventist Health System Sunbelt Health Care Corp.	352%	280%	311%
St Anthony North Health Campus	Westminster	Catholic Health Initiatives	460%	193%	316%
Mt San Rafael Hospital	Trinidad	Independent (CAH)	347%	159%	316%
Mercy Regional Medical Center	Durango	Catholic Health Initiatives	435%	225%	317%
Mckee Medical Center	Loveland	Banner Health	396%	221%	319%
St Marys Medical Center	Grand Junction	SCL Health	446%	271%	322%
Swedish Medical Center	Englewood	HCA Healthcare	399%	295%	324%
Longmont United Hospital	Longmont	Catholic Health Initiatives	418%	271%	332%
Arkansas Valley Reg. Medical Center	La Junta	QHR	405%	208%	335%
North Colorado Medical Center	Greeley	Banner Health	407%	277%	337%
Animas Surgical Hospital, Llc	Durango	Independent (IPPS)	346%	350%	347%
Parker Adventist Hospital	Parker	Adventist Health System Sunbelt Health Care Corp.	448%	280%	354%

RAND Report Findings

Hospital name	City	Hospital system or, if independent, IPPS/CAH	Relative price for outpatient services	Relative price for inpatient services	Relative price for IP & OP services
Wray Community District Hospital	Wray	Independent (CAH)	139%	93%	121%
Lincoln Community Hospital	Hugo	Independent (CAH)	127%	104%	126%
San Luis Valley Health Conejos County Hospital	La Jara	San Luis Valley Health	141%	68%	131%
Kit Carson County Memorial Hospital	Burlington	Independent (CAH)	157%	137%	150%
Yuma District Hospital	Yuma	Independent (CAH)	158%	125%	154%
Melissa Memorial Hospital	Holyoke	Independent (CAH)	157%	134%	155%
Memorial Hospital, The	Craig	Independent (CAH)	171%	138%	156%
Saint Joseph Hospital	Denver	SCL Health	234%	139%	159%
Pagosa Springs Medical Center	Pagosa Springs	Independent (CAH)	187%	93%	165%
Good Samaritan Medical Center	Lafayette	SCL Health	163%	179%	172%
Sedgwick County Memorial Hospital	Julesburg	Independent (CAH)	216%	116%	172%

Appendix

Solutions ACHIEVED:
Transforming Healthcare Through Legislation



- HB 19-1174 Out of Network
- SB 19-004 High Cost Health Insurance Pilot Program (PEAK Alliance)
- HB 19-1168 Reinsurance (Exchange)

- HB19-1001 Hospital Transparency
- HB 19-1320 Hospital Community Benefit Accountability

HB 1001: Hospital Transparency Measures to Analyze Efficacy

What will we be asking for?

- ❑ Audited Financial Statements
- ❑ Medicare Cost Reports
- ❑ Hospital Reported Data
  - ✓ Utilization and staffing statistics
  - ✓ Charges, contractual allowances, bad debt and charity care by payer type
  - ✓ Operating expenses, revenue, margins and other financial information
  - ✓ Hospital and physician group acquisition and affiliation transaction details

Interim Opportunity: Hospital Insights Sharing

HB 1320: Hospital Care Providers' Accountability to Communities

- In addition to existing federal requirements for health needs assessment
- Requires **nonprofit** hospitals to develop a health needs assessment and a community benefits implementation plan, reported to HCPF
    - Health assessment plan submitted every 3 years
    - Community benefits implementation plan submitted annually
- **Nonprofit** hospitals must conduct public meetings annually to seek feedback regarding the hospitals' community benefit activities during the previous year and implementation plan for the next year
    - Hospitals are required to invite stakeholders including local public health agencies, chambers of commerce, school districts, health care consumer advocacy organizations, local governments, state agencies, the general public and others
- Reports to include: copy of the most recent 990 form, description of spending and investments (including whether and how investments serve a community need), total expenses, and total revenue less expenses
- HCPF to publish all health needs assessments and community benefits implementation plans on a central website

Rx Solutions: Transforming Healthcare Thru Legislation
Insights that Inform Policy and Legislation Tomorrow

Legislation Achieved:

- SB 19-005 Import Prescriptions Drugs from Canada

NEXT on Rx:

- Exec Dir Rule Analytics – manufacturer compensation btw BigPharma & Carriers
- Rx Report release this summer
- Full wage war on Opioid addiction
- CO is joining various lawsuits against big pharma - opioids, price fixing, etc.

All this will inform new policy, including:

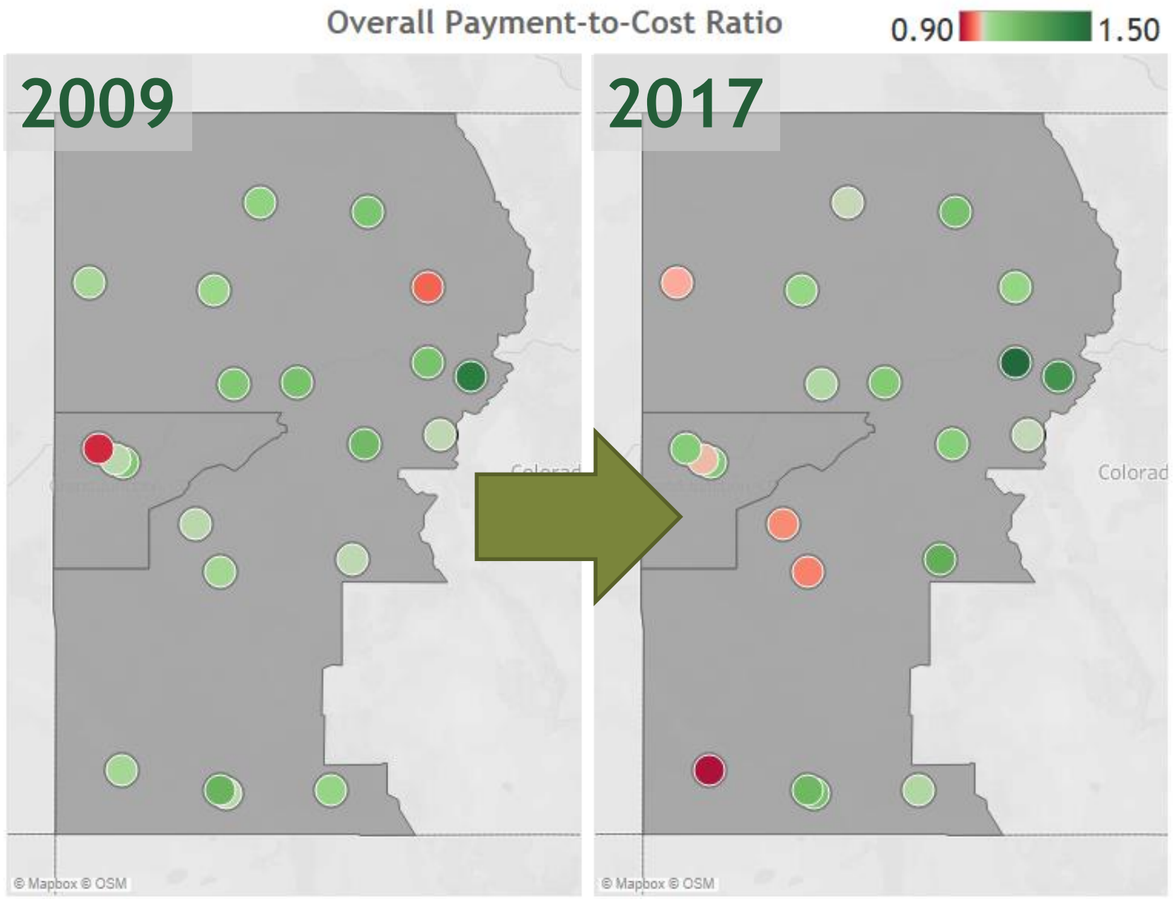
- Rx Transparency Legislation
- Other – *based on insights*

Mesa County: Urban, Rural, & Frontier

- Mesa County Population: 151,616
- No other area like it in Colorado
- **Benefits:** larger population helps support infrastructure and workforce, transportation crossroads (planes, trains, automobiles), and stable commercial market, strong non-profit and social service community
- **Challenges:** follow up services for rural/frontier communities, closed roads, stigma, limited competition and consumer choice

From the Medicare Cost Report

DOI Grand Junction & West Review



Grand Junction & West Total Payment to Cost Ratio

Total Payment to Cost Ratio

0.90 — 1.50

	2009	2017
Vail Valley Medical Center	1.14	1.50
St Anthony Summit Medical Center	1.42	1.33
Gunnison Valley Hospital	1.01	1.22
Animas Surgical Hospital	1.20	1.18
Yampa Valley Medical Center	1.13	1.14
Mercy Regional Medical Center	1.02	1.14
St. Marys Hospital & Medical Center	1.12	1.11
Valley View Hospital	1.14	1.10
Colorado Canyons Hospital & Med Ctr	0.92	1.10
Aspen Valley Hospital District	1.17	1.09
Kremmling Memorial Hospital District	0.95	1.05
Pioneers Medical Center	1.04	1.05
Grand River Hospital District	1.11	1.03
Pagosa Springs Medical Center	1.06	1.02
St. Vincent General Hospital	1.01	1.01
The Memorial Hospital	1.07	1.01
Community Hospital	1.02	0.99
Rangely District Hospital	1.03	0.99
Delta County Memorial Hospital	1.02	0.97
Montrose Memorial Hospital	1.04	0.97
Southwest Memorial Hospital	1.03	0.90

Data extracted fall 2019