

Health Care Policy & Financing MPRRAC Report Presentation to the Joint Budget Committee

November 28, 2023

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Thank you for your partnership.

- The end of COVID-related federal stimulus dollars necessitates a return to pre-pandemic budget norms, prioritization and very difficult decisions.
- HCPF is guided by our goals to protect member benefits, provider reimbursements, care access, and program eligibility while increasing quality, driving affordability and closing disparities - in partnership with the JBC.
- HCPF needs to balance Across-the-Board (ATB) rate increases for all providers with Targeted Rate Increases for specific providers, with other needs.
- These slides will review the history of ATB increases, the provider rate review process, HCBS direct care workforce issues, insights into the target rate increase recommendations, and HCPF's perspectives.
- We welcome this opportunity to help the JBC make important and difficult decisions through this conversation and in follow up discussions.

Historical Across-the-Board (ATB) Rate Increases

- HCPF is 38% of operating TF budget and 31% of GF.
- From FY 2010-11 through FY 2023-24, the average Medicaid ATB rate increase was 0.9%.
- ATB rate increases were higher in the last three years due to an unusual influx of federal stimulus funding. Prior to this unusual period of federal stimulus, the avg was about 0.5% per year.
- FY 2024-25 returns the state to typical budget cycles. Given the ATB history, a 1% ATB (double the 0.5% historic average) is what HCPF is recommending, given inflationary challenges.
- **Every 1% ATB costs \$29M GF.**

Fiscal Year	ATB
FY 2010-11	-1.00%
FY 2011-12	-0.75%
FY 2012-13	0.00%
FY 2013-14	2.00%
FY 2014-15	2.00%
FY 2015-16	0.50%
FY 2016-17	0.00%
FY 2017-18	1.40%
FY 2018-19	1.00%
FY 2019-20	1.00%
FY 2020-21	-1.00%
FY 2021-22	2.50%
FY 2022-23	2.00%
FY 2023-24	3.00%

Provider Rate Review Process:

HCPF, Medicaid Provider Rate Review Committee (MPRRAC), JBC Partnership

- The MPRRAC process is public, allowing for provider and member voices. HCPF prepares the data (access, baseline comparisons, etc.) for MPRRAC.
- Last year, JBC/HCPF reduced the rate review cycle from every 5 to every 3 years; this is the first cycle where we have more providers compressed for rate reviews (9 provider types).
- JBC received MPRRAC and HCPF recommendations concurrently for the providers included in this year's targeted rate increases in a report submitted on Nov. 1.
- We are very thankful for the outstanding working relationship with the MPRRAC Committee, and for the partnership with the JBC that created this new structure and frequency in provider reviews. Thank you.

2023 MPRRAC Review - Overall Fiscal Impact

	MPRRAC	HCPF	Difference	HCPF <u>HCBS</u> Off Cycle Increase	Total HCPF	HCPF Difference
Total Fund	\$144,027,428	\$112,395,679	(\$31,631,749)	\$53,856,751	\$166,252,430	+ \$22,225,002
General Fund	\$39,718,024	\$28,271,871	(\$11,446,153)	\$13,605,949	\$41,877,820	+ \$2,159,796

- However, HCPF provider rate increases also include HCBS Direct Care workforce base wage increase
- Not shown, HCPF is also adding Autism Spectrum Disorder (ASD) treatment services for CHP+ (additional investment: \$13.9M TF, \$2.9M GF)

HCBS Direct Care workforce base wage challenges

Current starting wages in the Denver metro area as of 9/7/23 research		
Amazon	\$15-\$19.10	Warehouse specialist (fulfilling orders) Starting Pay in CO per Amazon website
McDonalds	\$14-\$19	Cashier (\$14-\$19 for Crew Member) Starting pay in CO per Glassdoor
King Soopers	\$14-\$20	Cashier/Front End Starting pay in Denver area per their website
Walmart	\$15-\$20	Cashier/Front End Starting pay in CO per Glassdoor
FedEx	\$14-\$19.10	Package handler to courier--starting pay in CO per Indeed

- HCBS is not on the MPRRAC list this year. HCPF is suggesting a shared, multi-year strategy to address HCBS worker shortage, which was 82% workforce turnover pre-pandemic.
- CO is 2nd fastest growing state for older adults; HCBS serves and supports the bulk of our covered individuals with disabilities.
- HCBS base wage now \$15.75/hour. That would increase to \$16.55/hr through this recommendation.
- HCPF recommendation also covers HCBS to match Denver min. wage, rising from \$17.29/hr to \$18.29/hr effective 1/1/24. (Cost to cover = \$2.3M GF. Every \$0.10 of non-Denver base wage increase \$1.4M GF.) Consideration: Look for more municipal wage adjustments to come.

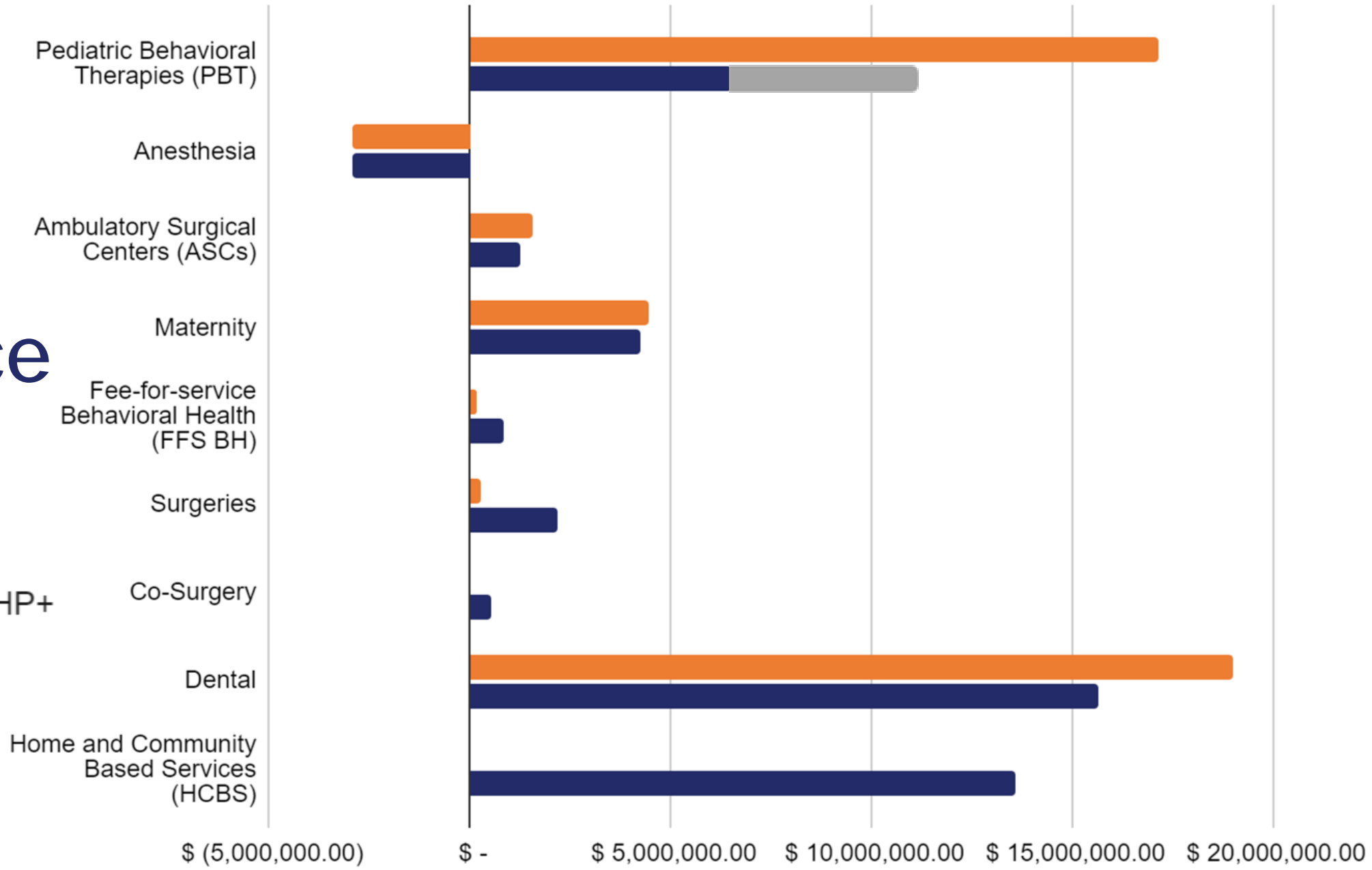
HCPF Recommended MPRRAC Rate Adjustments

annualized totals, not adjusted for cash flow

Fully Annualized Impact	HCPF		MPRRAC	
Item*	Total Funds	General Fund	Total Funds	General Fund
Pediatric Behavioral Therapies	\$13,019,386	\$6,509,693	\$34,281,532	\$17,140,766
Anesthesia	(\$9,897,967)	(\$2,896,344)	(\$9,897,967)	(\$2,896,344)
Ambulatory Surgical Centers (ASCs)	\$4,366,634	\$1,277,764	\$5,379,889	\$1,574,264
Maternity	\$8,494,404	\$4,247,202	\$8,942,246	\$4,471,123
Behavioral Health FFS	\$1,644,157	\$822,078	\$319,452	\$159,726
Surgeries	\$7,389,047	\$2,162,184	\$864,139	\$252,865
Co-Surgeries	\$1,759,670	\$514,915	N/A	N/A
Dental	\$85,620,023	\$15,634,217	\$104,138,137	\$19,015,624
Total Impact	\$112,395,679	\$28,271,871	\$144,027,428	\$39,718,024

General Fund Difference

- MPRRAC
- HCPF
- HCPF ASD in CHP+



*Items reviewed by MPRRAC with rate adjustments of <\$200 General Fund not listed; FY 2024-25 impact is lower due to cash flow adjustment

Pediatric Behavioral Therapies (PBT)	MPRRAC	HCPF
Benchmark ratio/source	78.7%/10 other states	90.7%/9 other states
Recommendation	<ul style="list-style-type: none"> ● Increase PBT rates to 100% of the benchmark including Nebraska ● Open up a list of codes that are not currently covered by Colorado Medicaid 	<ul style="list-style-type: none"> ● Increase four PBT rates to 100% of the benchmark excluding Nebraska leaving one procedure code (97158) with a benchmark ratio as 128.5% at its current rate ● Reason: Nebraska is an extreme outlier with rates that are between 41% - 508% above other states in the benchmark cohort. ● Reason: In the past, CMS has not approved when we've requested to open up the list of codes.
Fiscal impact	TF = \$34,281,532 GF = \$17,140,766	TF = \$13,019,386 GF = \$6,509,693

Anesthesia	MPRRAC	HCPF
Benchmark ratio/source	137.5%/Medicare	137.5%/Medicare
Recommendation	<ul style="list-style-type: none"> • Bringing down the rate to 100% of the benchmark • Add a travel rate 	<ul style="list-style-type: none"> • Reduction in anesthesia service rates to 100% of the benchmark • Reason: Disagrees with the travel rate - hard to differentiate services by traveling anesthesiologists from other anesthesia services
Fiscal impact	TF = (\$9,897,967) GF = (\$2,896,344)	TF = (\$9,897,967) GF = (\$2,896,344)

Ambulatory Surgical Centers (ASCs)	MPRRAC	HCPF
Benchmark ratio/source	53.5%/Medicare	53.5%/Medicare
Recommendation	<ul style="list-style-type: none"> • An increase of ASC rates to at least 80% of the benchmark 	<ul style="list-style-type: none"> • Increasing ASC rates to 75% of the benchmark • Change the payment methodology for ASC • Reason: To encourage greater utilization of lower-cost options for surgeries while working towards an updated payment methodology that will address the majority of ASC rate concerns
Fiscal impact	TF = \$5,379,889 GF = \$1,574,264	TF = \$4,366,634 GF = \$1,277,764

Maternity	MPRRAC	HCPF
Benchmark ratio/source	76.10%/Medicare	76.10%/Medicare
Recommendation	<ul style="list-style-type: none"> • An increase of maternity rates to 100% of the benchmark 	<ul style="list-style-type: none"> • 14 general maternity service and care codes increase to 100% of the benchmark • 12 pregnancy or non-viable pregnancy codes increase to 80% of the benchmark • Reason: Recommended increases in rates for codes focused on supporting provider's provision of specific maternity-related services, with the purpose to promote improved pregnancy outcomes, reduce maternal morbidity and mortality, etc.
Fiscal impact	TF = \$8,942,246 GF = \$4,471,123	TF = \$8,494,404 GF = \$4,247,202

Fee-for-service Behavioral Health	MPRRAC	HCPF
Benchmark ratio/source	97%/Medicare	97%/Medicare
Recommendation	<ul style="list-style-type: none"> ● Add a language translation modifier for native language speakers for testing codes ● Increasing rates to 100% of the benchmark especially four psychological testing codes (96132, 96133, 96136, 96137) 	<ul style="list-style-type: none"> ● Reverting the rates for 2 Autism Spectrum Disorder (ASD)/ Development screening assessment codes (96110 and 96127) to \$18.39 ● Reason: No appropriate Medicare benchmarks for 96110 and 96127, which are important testing codes for developmental screenings and ASD
Fiscal impact	TF = \$319,452 GF = \$159,726	TF = \$1,664,157 GF = \$822,078

Surgeries	MPRRAC	HCPF
Benchmark ratio/source	84.7%/Medicare	77.0%/Medicare
Recommendation	<ul style="list-style-type: none"> ● Keeping preventative surgery codes at 100% of the benchmark for digestive surgeries ● Rebalance to 80% of the benchmark for all other codes for digestive and Musculoskeletal ● Rebalance to 80% - 100% of the benchmark for the rest surgeries 	<ul style="list-style-type: none"> ● Keeping preventative surgery codes at 100% of the benchmark for digestive and Integumentary ● Rebalance to 70% - 100% for all surgeries except for Cardiovascular surgeries ● For Cardiovascular surgeries, rebalance to 70% - 125% of the benchmark using only non-facility Medicare rates as the benchmark repricing ● Reason: Budgetary consideration ● Reason: Cardiovascular surgeries category has the lowest provider participation ratio among all surgery services (40%)
Fiscal impact	TF = \$864,139 GF = \$252,865	TF = \$7,389,047 GF = \$2,162,184

Co-Surgery (2 surgeons required)	MPRRAC	HCPF
Benchmark ratio/source	NA	NA
Recommendation	<ul style="list-style-type: none"> • NA (no data for co-surgery) 	<ul style="list-style-type: none"> • Expand the list of surgeries for which HCPF allows co-surgery reimbursement to include all CPT codes which CMS has assigned a co-surgery indicator of '1' • Reason: Increase access to high quality care for highly complex procedures • Reason: Align more closely with Medicare's co-surgery policy and create clarity for providers
Fiscal impact	NA	TF = \$1,759,670 GF = \$514,915

Dental	MPRRAC	HCPF
Benchmark ratio/source	49.8%/American Dental Association (ADA) 2022 survey data	49.8%/American Dental Association (ADA) 2022 survey data
Recommendation	<ul style="list-style-type: none"> ● Increase 24 dental codes recommended by Colorado Dental Association to 100% of the benchmark to have the most immediate impact on the dental community 	<ul style="list-style-type: none"> ● Increase 15 preventative, endodontic and periodontic codes to 100% of the benchmark ● 13 diagnostic service dental codes to 70% of the benchmark ● Reason: ADA benchmark is a nationwide average of self-reported fees charged by dentists. Commercial fees are typically significantly higher than Medicaid rates; Medicaid does not generally pay providers based on billed charges. ● Reason: Budgetary consideration
Fiscal impact	TF = \$104,138,137 GF = \$19,015,624	TF = \$85,620,023 GF = \$15,634,217

2023 MPRRAC Review:

Percent of Procedure Codes at or above 80%

Service	Current position - Percent of codes at or above 80%	If HCPF's recommendations were approved - Percent of codes at or above 80%	If HCPF's recommendations were approved - Percent of codes at or above 70%
Pediatric Behavioral Therapies	80%	100%	100%
Anesthesia	100%	100%	100%
Ambulatory Surgical Centers	10%	0%	100%
Maternity	60%	100%	100%
Fee-for-service Behavioral Health	97%	97%	100%
Surgeries	31.5%	31.6%	100%
Co-Surgery	NA	NA	NA
Dental	3%	13%	22%

Future Review

2024 Review	2025 Review
Home and Community Based Services Waivers	Physician Services
Home Health Services	Dialysis and Nephrology Services
Pediatric Personal Care	Durable Medical Equipment
Private Duty Nursing (No Medicare Coverage)	Physical Therapy and Occupational Therapy and Speech Therapy
Emergency and Non-emergent Medical Transportation	Laboratory and Pathology Services
FFS BH SUD Services	Prosthetics, Orthotics and Disposable Supplies
Physician - Sleep Studies	Eyeglasses and Vision
Psychiatric Residential Treatment Facilities	Injections and other Miscellaneous J-Codes
Qualified Residential Treatment Programs	Targeted Case Management
Dental Services	

Thank you!

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Surgeries: Digestive System	MPRRAC	HCPF
Benchmark ratio/source	96.40%/Medicare	96.40%/Medicare
Recommendation	<ul style="list-style-type: none"> ● Keeping preventative surgery codes at 100% of the benchmark ● Rebalance to 80% of the benchmark for all other codes 	<ul style="list-style-type: none"> ● Keeping preventative surgery codes at 100% of the benchmark ● Rebalance to 70% (if under 70% then move up to 70%) - 100% (if above 100% then bring down to 100%) ● Reason: Already at 96.4% ● Reason: More resilience for the rebalancing strategy
Fiscal impact	TF = (\$1,447,136) GF = (\$423,461)	TF = (\$1,165,252) GF = (\$340,976)

Surgeries: Musculoskeletal System	MPRRAC	HCPF
Benchmark ratio/source	66.4%/Medicare	66.4%/Medicare
Recommendation	<ul style="list-style-type: none"> Rebalancing all codes to 80% of the benchmark 	<ul style="list-style-type: none"> Rebalance to 70% (if under 70% then move up to 70%) - 100% (if above 100% then bring down to 100%) Reason: Equitable across different types of surgery services
Fiscal impact	TF = \$5,003,658 GF = \$1,464,171	TF = \$3,732,671 GF = \$1,092,254

Surgeries: Cardiovascular System	MPRRAC	HCPF
Benchmark ratio/source	162.4%/Medicare	74.8%/Medicare
Recommendation	<ul style="list-style-type: none"> ● Rebalance to 80% (if under 80% then move up to 80%) - 100% (if above 100% then bring down to 100%) of the benchmark 	<ul style="list-style-type: none"> ● Rebalance to 70% (if under 70% then move up to 70%) - 125% (if above 125% then bring down to 125%) of the benchmark using only non-facility Medicare rates as the benchmark repricing ● Reason: This category has the lowest provider participation ratio among all surgery services (40%) thus it is reasonable to change the repricing method from the combination of Medicare facility and non-facility fee schedule to Medicare non-facility fee schedule only.
Fiscal impact	TF = (\$7,723,131) GF = (\$2,259,943)	TF = \$2,842,496 GF = \$831,772

Surgeries: Respiratory System	MPRRAC	HCPF
Benchmark ratio/source	82.5%/Medicare	82.5%/Medicare
Recommendation	<ul style="list-style-type: none"> ● Rebalance to 80% (if under 80% then move up to 80%) - 100% (if above 100% then bring down to 100%) of the benchmark 	<ul style="list-style-type: none"> ● Rebalance to 70% (if under 70% then move up to 70%) - 100% (if above 100% then bring down to 100%) ● Reason: Overall benchmark ratio already above 80% ● Reason: Budgetary consideration
Fiscal impact	TF = \$180,879 GF = \$52,929	TF = (\$223,909) GF = (\$65,520)

Surgeries: Integumentary System	MPRRAC	HCPF
Benchmark ratio/source	63.5%/Medicare	63.5%/Medicare
Recommendation	<ul style="list-style-type: none"> ● Rebalance to 80% (if under 80% then move up to 80%) - 100% (if above 100% then bring down to 100%) of the benchmark 	<ul style="list-style-type: none"> ● Rebalance to 70% (if under 70% then move up to 70%) - 100% (if above 100% then bring down to 100%) ● Increase one preventative code to 100% of the benchmark ● Reason: Prioritize preventative surgery code ● Reason: Budgetary consideration
Fiscal impact	TF = \$3,216,801 GF = \$941,300	TF = \$2,081,628 GF = \$609,126

Surgeries: Eye and Auditory System	MPRRAC	HCPF
Benchmark ratio/source	95%/Medicare	95%/Medicare
Recommendation	<ul style="list-style-type: none"> ● Rebalance to 80% (if under 80% then move up to 80%) - 100% (if above 100% then bring down to 100%) of the benchmark 	<ul style="list-style-type: none"> ● Rebalance to 70% (if under 70% then move up to 70%) - 100% (if above 100% then bring down to 100%) ● Reason: Overall benchmark ratio already above 80% ● Reason: Budgetary consideration
Fiscal impact	TF = (\$176,581) GF = (\$51,671)	TF = (\$383,945) GF = (\$112,350)

Surgeries: Other System	MPRRAC	HCPF
Benchmark ratio/source	78.2%/Medicare	78.2%/Medicare
Recommendation	<ul style="list-style-type: none"> Rebalance to 80% (if under 80% then move up to 80%) - 100% (if above 100% then bring down to 100%) of the benchmark 	<ul style="list-style-type: none"> Rebalance to 70% (if under 70% then move up to 70%) - 100% (if above 100% then bring down to 100%) Reason: Budgetary consideration
Fiscal impact	TF = \$1,809,649 GF = \$529,540	TF = \$505,358 GF = \$147,878