

# COLORADO COMMISSION ON AFFORDABLE HEALTH CARE



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# LEGISLATIVE CHARGE

The Commission shall focus its recommendations on evidence-based cost-control, access, and quality improvement initiatives and the cost-effective expenditure of limited state moneys to improve the health of the state's population.

## *Duties of the Commission:*

- Identify, examine, and report on cost drivers for Colorado businesses, individuals, Medicaid, and the uninsured.
- Analyze evidence-based initiatives designed to reduce health care costs while maintaining or improving access to and quality of care.
- Study the impact of increased availability of information.
- Review, analyze, and seek public input on state regulations impacting delivery and payment system innovations.
- Analyze impact of out-of-pocket costs and high-deductible plans.
- Examine access to care and its impact on health costs.
- Review reports and studies for potential information.
- Report outcomes of the 208 Commission

# COMMISSIONERS

THE COMMISSION IS COMPRISED OF A DIVERSE AND DEEPLY KNOWLEDGEABLE SLATE OF MEMBERS REPRESENTING EVERY CORNER OF COLORADO.

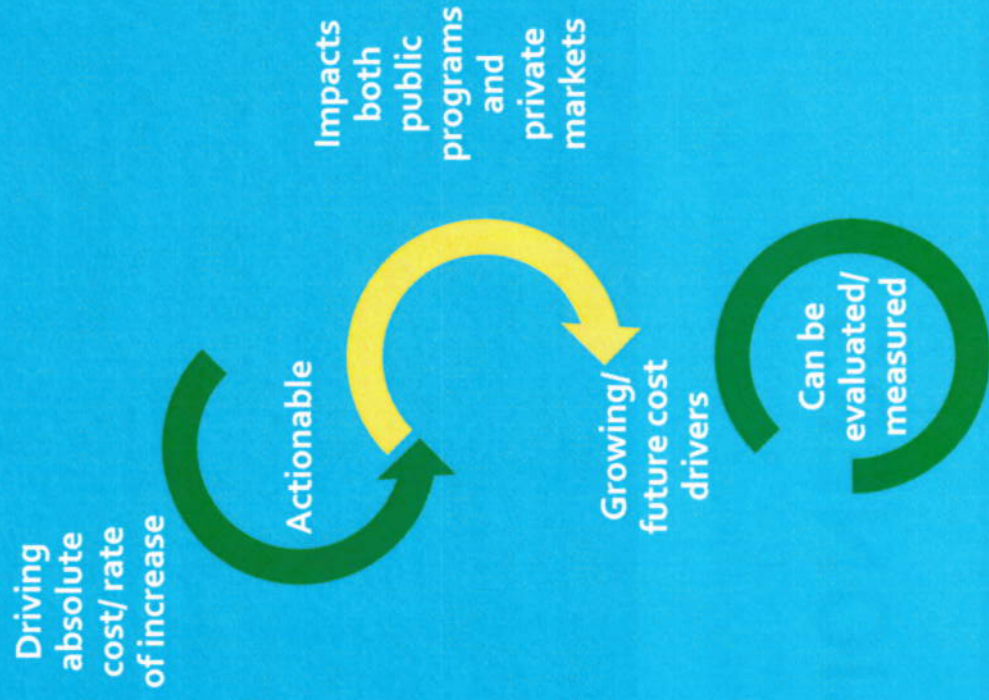
- **Bill Lindsay (Chair) (Unaffiliated, appt. by Governor)** of Centennial, representing licensed health insurance producers
- **Cindy Sovine-Miller (Vice-Chair) (R, appt. by House Minority Leader)** of Lakewood, representing small Colorado businesses
- **Elisabeth Arenales (D, appt. by Speaker of the House)** of Denver, from an organization representing consumers and understands consumers with chronic medical conditions
- **Jeffrey J. Cain, M.D., FAAFP, (D, appt. by President of Senate)** of Denver, a health care provider who is not employed by a hospital and who is a physician recommended by a statewide society or association whose membership includes at least one-third of the doctors of medicine or osteopathy licensed in the state
- **Rebecca Cordes (D, appt. by Governor)** of Denver, representing large, self-insured Colorado businesses
- **Greg D'Argonne (R, appt. by House Minority Leader)** of Littleton, with expertise in health care payment and delivery

- **Steve ErkenBrack (R, appt. by Senate Minority Leader)** of Grand Junction, representing carriers offering health plans in the state
- **Ira Gorman, PT, PhD, (D, appt. by President of the Senate)** of Evergreen, a health care provider who is not employed by a hospital and is not a physician
- **Linda Gorman (R, appt. by Senate Minority Leader)** of Greenwood Village, a health care economist
- **Marcy Morrison (R, appt. by Speaker of House)** of Manitou Springs, from an organization representing consumers
- **Dorothy Perry, PhD, (D, appt. by Governor)** of Pueblo, with expertise in public health and the provision of health care to populations with low incomes and significant health care needs
- **Christopher Gordon Tholen (Unaffiliated, appt. by Governor)** of Centennial, representing hospitals and recommended by a statewide association of hospitals

## Ex officio Commission members

- **Susan Birch, MBA, BSN, RN,** Executive Director, Colorado Department of Health Care Policy and Financing
- **Alicia Caldwell,** Deputy Exec. Director, Colorado Department of Human Services
- **Marguerite Salazar,** Commissioner of Insurance, Colorado Department of Regulatory Agencies
- **Jay Want, M.D.,** representing the Colorado All Payer Claims Database
- **Larry Wolk, M.D., MPH,** Executive Director, Colorado Department of Public Health and Environment

# COMMISSION'S FRAMEWORK TO IDENTIFY AND PRIORITIZE RECOMMENDATIONS



# AREAS OF ANALYSIS

The Commission identified key topic areas for investigation and discussion:

- Transparency
- Workforce
- Social Determinants
- Incentive Mechanisms
- Regulatory Costs
- **Administrative Costs**
- Payment & Delivery Reform
- **Market Competitiveness** (mergers/consolidation) – **Advisory Committee**
- **Technology** (telemedicine)
- Pharmacy
- Hospital Costs

Others Topics:

- *Rural Costs*
- *Impact of the Affordable Care Act*
- *Free standing EDs*
- *End of Life*
- *Medicaid Private Option*
- *Balance Billing/ Out of Network*
- *Behavioral Health*
- *Certificate of Need*
- *Cost Shift*

# COLORADO'S HEALTH CARE DOLLAR

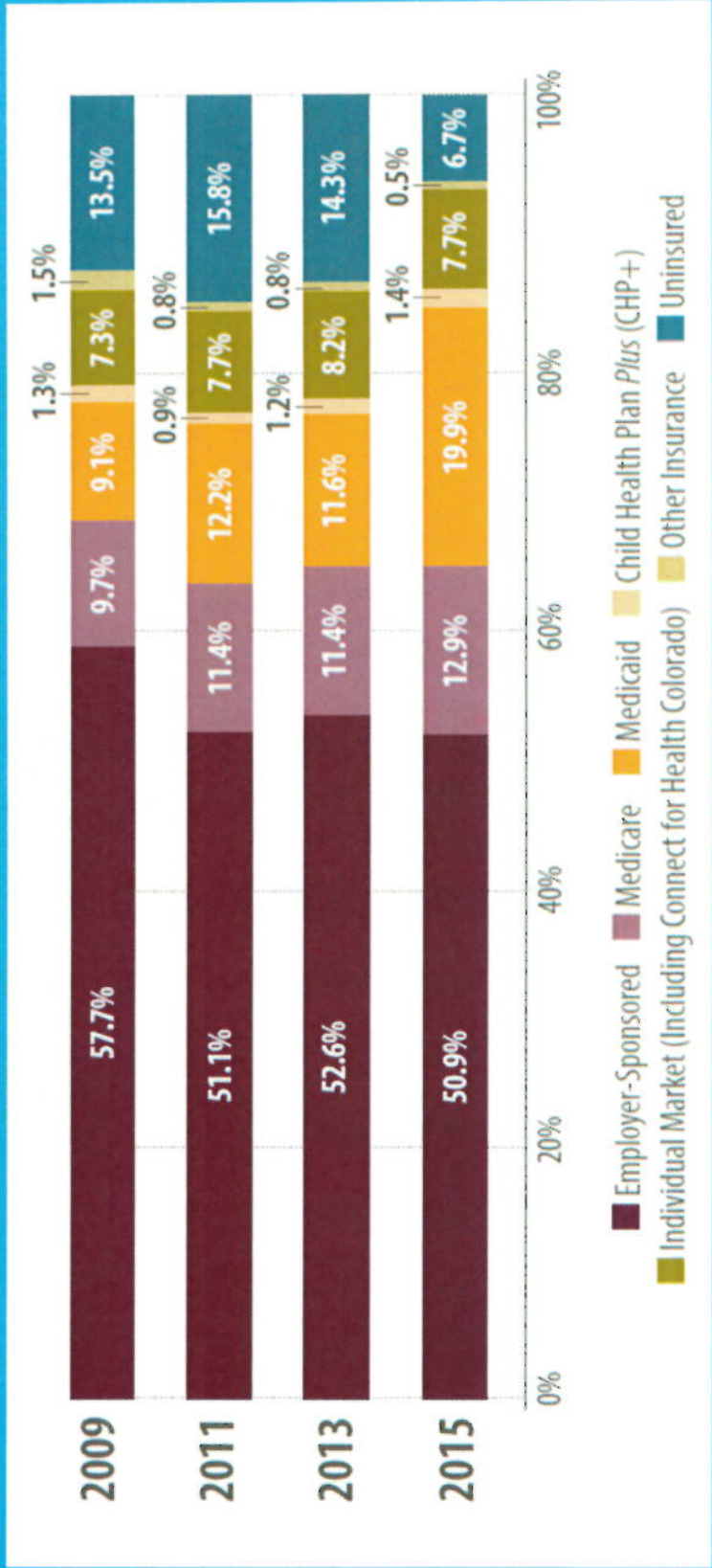
## Colorado's Health Care Dollar

Spending by Service Type, 2013



Source: National Health Expenditure Accounts, CMS, Office of the Actuary, 2011 and 2014

# TRENDS IN COLORADO COVERAGE



Source: 2015 Colorado Health Access Survey, CHI

# RECOMMENDATIONS: TRANSPARENCY

The importance of transparency is underscored as health insurance deductibles and out of pocket costs continue to rise and consumers take a greater interest in the price of health care services. In fact, nearly half of workers in the United States are enrolled in a plan with an annual deductible of \$1,000 or more, up from 10 percent in 2006.



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2015.



# RECOMMENDATIONS: TRANSPARENCY

*What's the problem?* There is a shortage of easy to understand, easy to access data on the price of health services and the quality of health care.

- Support consumers making informed choices by compiling and reporting existing price, quality and clinical outcome metrics on publicly-facing website(s)
- Create a state employee pilot using transparency tools to inform employees of the state of cost and quality metrics related to specific elective procedures.
- The state should seek to promote more transparent and publicly available data with a focus primarily around facilities, pharmaceuticals and providers' prices.
- Data that is made available for consumers and providers should be timely, accessible, consumer-friendly, actionable, and regularly updated.
- Support a statewide total cost of care initiative (payments) to get an understanding of state costs relative to others states.
- Explore the potential for financial incentives to motivate consumers to use decision aids.

# RECOMMENDATIONS: PHARMACY

## Distribution of Pharmaceutical Spending Among Population, U.S., 2014

Source: *Express Scripts*

|                     | Percentage of Total Patients | Percentage of Total Costs |
|---------------------|------------------------------|---------------------------|
| >\$100,000          | 0.05 percent                 | 6.5 percent               |
| \$50,000 - \$99,999 | 0.17 percent                 | 9.2 percent               |
| \$10,000 - \$49,999 | 1.8 percent                  | 27.6 percent              |
| \$5,000 - \$9,999   | 3.1 percent                  | 17.8 percent              |
| \$1,000 - \$4,999   | 15.6 percent                 | 29.6 percent              |
| <\$1,000            | 48.2 percent                 | 9.3 percent               |
| Non-utilizers       | 31.1 percent                 | —                         |
|                     |                              | 43.3 percent              |

# RECOMMENDATIONS: PHARMACY

*What's the problem?* Recent spending increases on prescription drugs are driven by the emergence of specialty drugs that can treat serious illnesses, such as Hepatitis C and cancer.

- Promote active discussion and problem solving with the legislature, executive branch, and Congressional delegation. These conversations should include :
  - Allow Medicare to negotiate prices
  - Allow drug importation from other countries
  - Adjust the length of patents and criteria by which patents are renewed
  - Address the length of exclusivity
  - Evaluate rules and timeframes to bring a drug to market, including reducing the length of the FDA's evaluation process
- Study the feasibility of a reinsurance program for specialty drugs
- Evaluate the feasibility of a multi-state compact for the purchase of non-specialty drugs

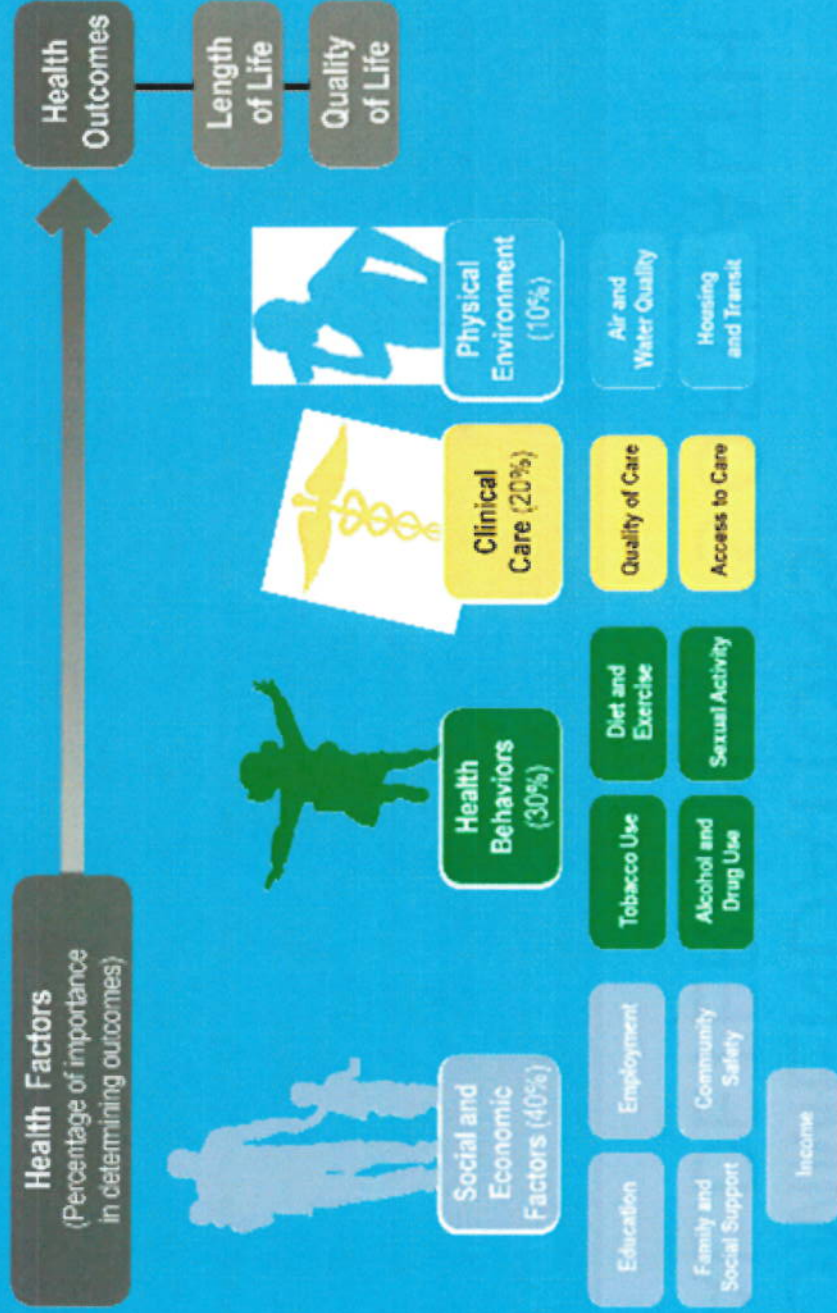
# RECOMMENDATIONS: PAYMENT REFORM

*What's the problem?* Fee-for-service payments reward providers for the quantity of their care rather than the quality of their care. Providers make more money when they perform more services, even if those services are neither necessary nor valuable.

- Support ongoing efforts to develop common quality metrics across payers. Direct payers to use these to drive value-based payment models and enhance public reporting of provider performance on quality and costs.
- Encourage experimentation with new forms of pricing and payment
- Study the potential for equalizing payments in rural communities across all payers.
- Create a pilot for state employees to adopt and test Value Based Insurance Design (VBID) approach to benefit design (e.g., high value services with low or no copay, lower value services with higher copays, etc.
- Enhance primary care payment using value-based models like the primary care medical home (PCMH) and integrated care models, and include adequate funding to fully implement these systems.
- Enhance per member per month (PMPM) payment in Medicaid through the RCCO's for high need, high cost complex patients.

# RECOMMENDATIONS: SOCIAL DETERMINANTS OF HEALTH

Relative  
Influence of  
Different  
Factors on  
Health  
Outcomes



Source: Robert Wood Johnson Foundation County Health Rankings Model

# RECOMMENDATIONS: SOCIAL DETERMINANTS OF HEALTH

*What's the problem?* Social determinants of health — which encompass social, behavioral, and environmental influences on one's health and include socioeconomic factors such as education and income as well as of where a person lives — greatly influence overall health and chronic and behavioral disorders.

- Reduce silos within state agencies so that Medicaid patients can receive the support needed to address their specific condition (e.g. housing, job training, and/or placement)
- Adopt payment structures in Medicaid, such as braided or bundled funding, that address clients' social determinants of health
- Create a pilot to identify urban, low-income patients with asthma from zip codes with high Emergency Department (ED) visits or hospitalizations due to asthma, and offer enhanced care including case management and home visits.
- Provide financial support to measure the actuarial return on investment for public health.

# RECOMMENDATIONS: HEALTH CARE WORKFORCE

*What's the problem?* Health care workforce wages represent a significant portion of health care spending.

- Support and allow people to have meaningful access to primary and specialty care:
  - Encourage where possible statutory and regulatory changes to enable, health care professionals to practice at the top of their scope of practice.
  - Work to improve the supply and practice of nonprofessional individuals.
- Direct and support CDPHE to align state efforts, data sets, and assess community needs to assess workforce needs on-going.
- Work to make revisions to the federal Graduate Medical Education (GME) programs rules and regulations.
  - Seek additional slots in training programs in areas of Colorado workforce need.
  - Seek flexibility in GME requirements, especially in primary care, rural, and underserved training programs.
- Investigate pathways to assist health care professionals seeking rapid entrance to the Colorado workforce.
- Promote and support health care providers practicing in identified rural and underserved areas by increasing funding, eligibility, and policies.

# NEXT STEPS: TOPIC AREAS

The Commission will continue to build on progress to date. The work of the Commission will continue through June 30, 2017. Topic areas to be reviewed:

- Rural
- Hospitals
- Free Standing Emergency Departments
- End of Life Care
- Consumer Directed Care
- Markets\*



# NEXT STEPS: ADVISORY COMMITTEE

Created a Market Advisory Committee to discuss the important role that both market forces (and competition) and regulations play in controlling the cost of health care.

Will meet 5 times and make recommendations to Commission

Members:

- Elisabeth Arenales, Co-chair of Committee
- Bill Lindsay Co-chair of Advisory Committee
- Jandel Allen-Davis, MD, Kaiser Permanente Colorado
- Mark Earnest, MD, University of Colorado School of Medicine
- Susan Hicks, HCA Sky Ridge Medical Center
- Deb Judy, CCHI
- John Kurath, Warner Pacific Insurance Services
- Bob Ladenburger, retired SCL Health
- Donna Marshall, Colorado Business Group on Health
- Carol Plock, Health District of Northern Larimer County
- Mike Ramseier, Anthem
- Kathryn Trauger, City of Glenwood Springs and Community Builders
- Barbara Yondorf, Yondorf & Associates

# QUESTIONS

## Questions?

Cindy Sovine Miller, Vice Chair – [Cindy@sovinemiller.com](mailto:Cindy@sovinemiller.com)

Bill Lindsay, Chair - [bill@lindsay3.com](mailto:bill@lindsay3.com)