

SMART Act Hearing

Kim Bimestefer, Executive Director;
Laurel Karabatsos, Interim Medicaid Director;
Tom Massey, Policy, Communication & Administration
Office Director;
Tamaan Osbourne-Roberts, Chief Medical Officer;
Bonnie Silva, Interim Office of Community Living
Office Director;
Cathy Traugott, Pharmacy Director;
Chris Underwood, Health Information Office Director;
Stephanie Ziegler, Cost Control & Quality
Improvement Office Director

December 11, 2018

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



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Presentation Agenda

- HCPF - Who we are. Who We Serve. What we do.
- Health Care Landscape
- Priorities & Goals
- Colorado's Health Care Affordability Roadmap
- Legislative, Budget and Regulatory Agendas
- Required Statutory Updates
- Committee Questions



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Colorado Department of Health Care Policy & Financing

Who we are. Who we serve. What we do.



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Our Mission

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



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HCPF Organizational Chart

Kim Bimestefer, Executive Director

Office of
Community
Living

Bonnie Silva,
Interim
Director

Health
Programs
Office

Laurel
Karabatsos,
Interim
Director

Finance Office

John
Bartholomew,
Director

Health
Information
Office

Chris
Underwood,
Director

Policy,
Communications
&
Administration
Office

Tom Massey,
Director

Cost Control &
Quality
Improvement
Office

Stephanie
Ziegler,
Director

Department Administered Programs

Health First
Colorado
(Colorado's
Medicaid Program)

Child Health Plan
Plus (CHP+)

Old Age Pension
(OAP) Medical
Programs

Colorado Indigent
Care Program
(CICP)

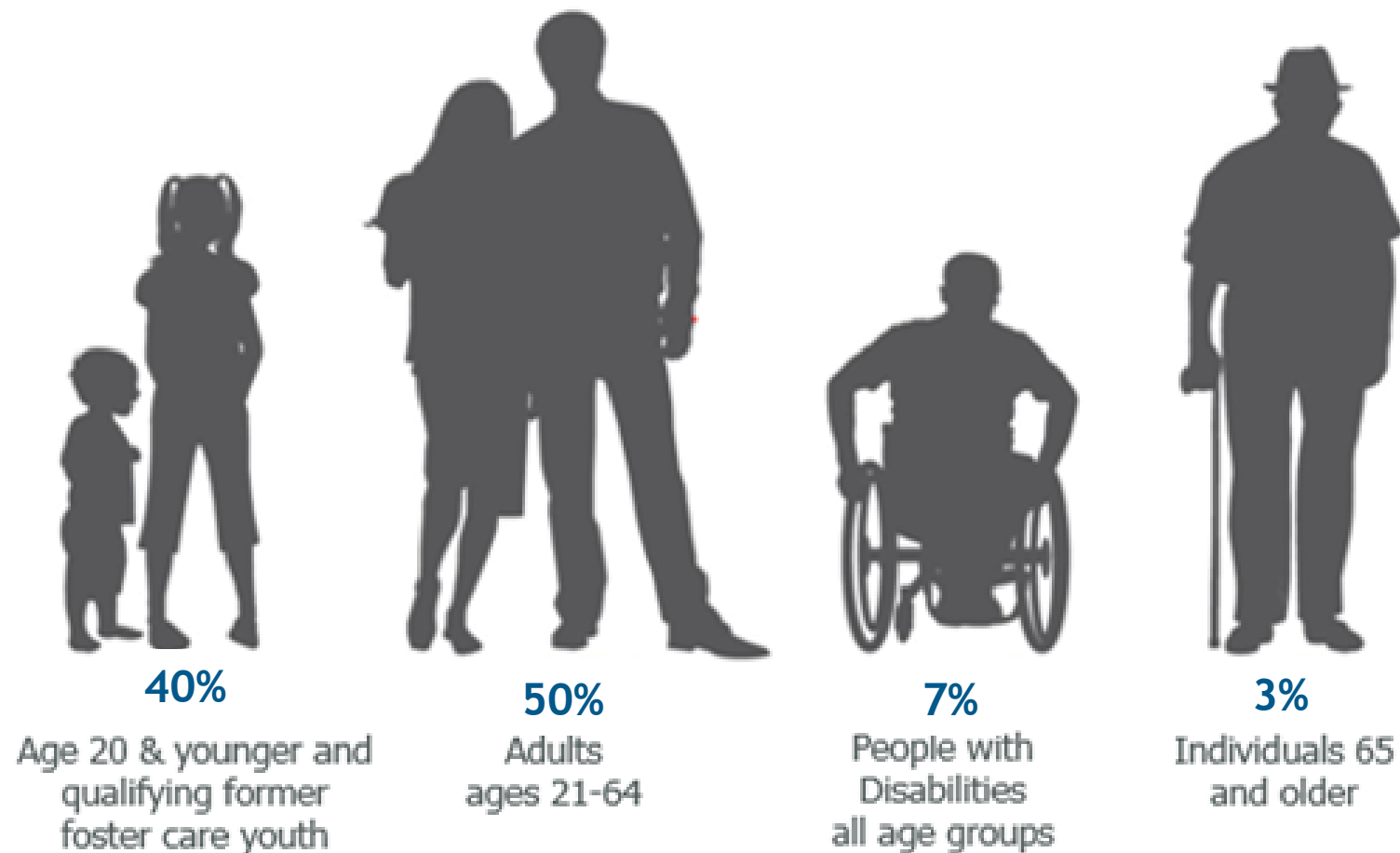
Colorado Dental
Health Care
Program for Low-
Income Seniors



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Health First Colorado Members



2018 Federal Poverty Levels by Family Size*

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

*Some earning more may still qualify

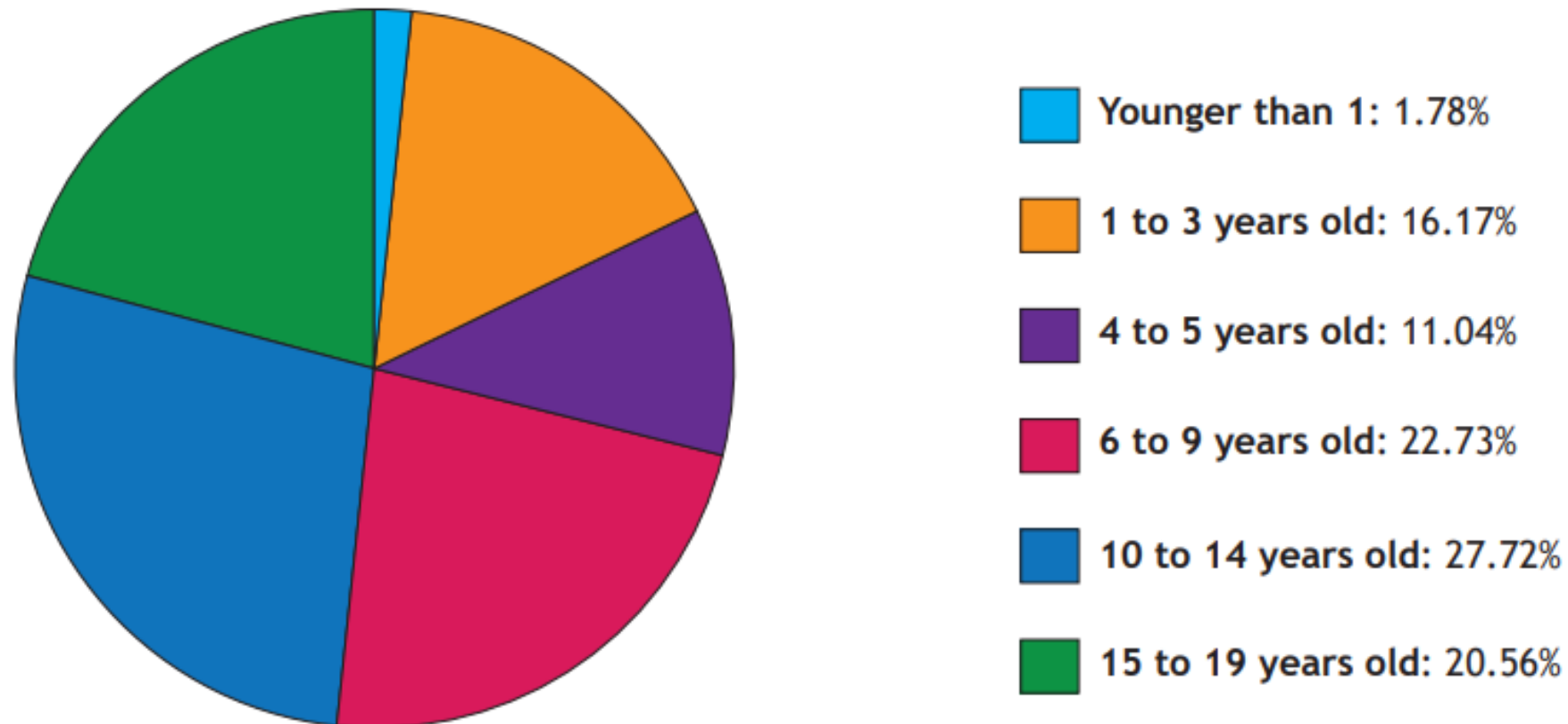
- Nearly 1.3 Million Coloradans (about 22% of the population)
- 33% of State Total Funds Budget (25% of General Fund)
- \$9.6 Billion in Total Funds (\$2.8 Billion in General Fund) in FY 2017-18

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



Child Health Plan *Plus*

CHP+ Kids by Age



CHP+ members
in 2018



81,775

Children ages 19
or younger



813

Prenatal women

CHP+ Health Maintenance Organizations (HMO):

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



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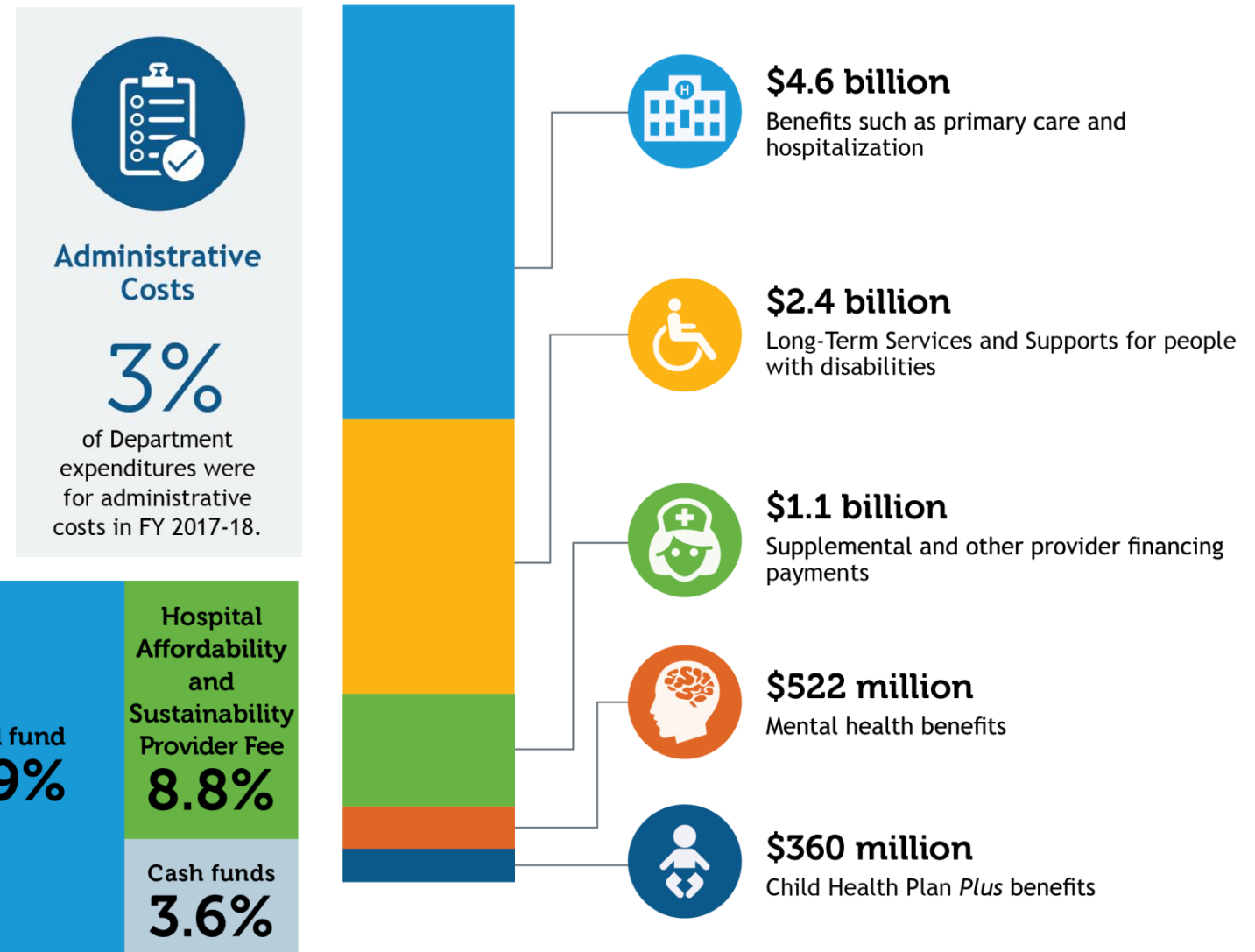
Department Funding and Allocation

Expanding Medicaid in Colorado

- supports **31,000+ jobs**
- **increased household earnings by \$643**
- **\$8 billion additional** economic growth

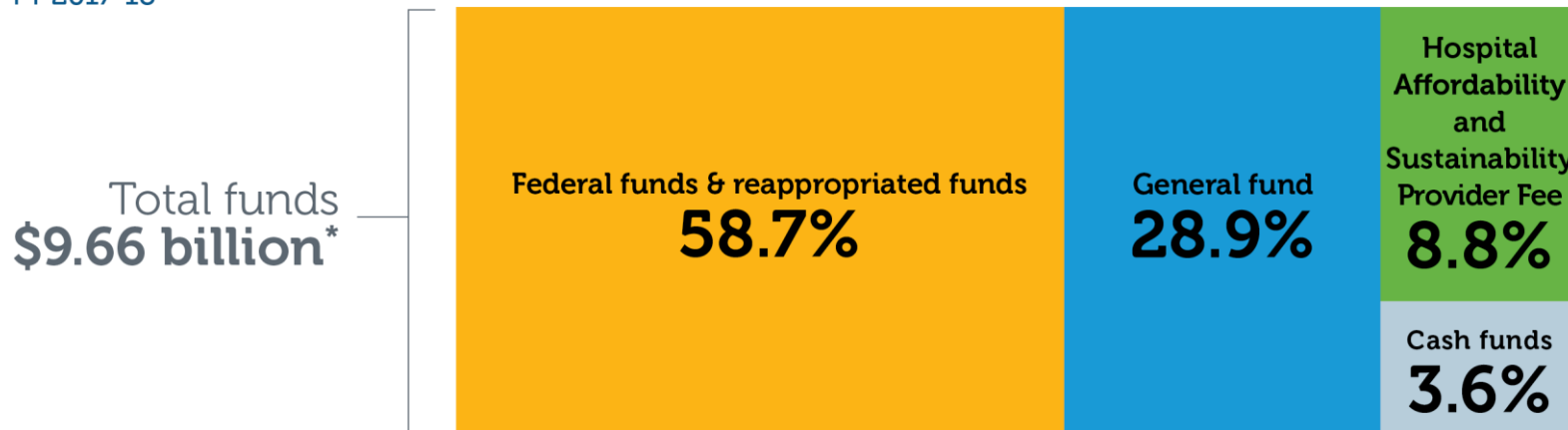
Source: *Assessing the Economic and Budgetary Impact of Medicaid Expansion in Colorado: FY 2015-16 through FY 2034-35.*

Breakdown of Department Costs by Benefit



Department Expenditures by Fund

FY 2017-18



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

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

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



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Long Term Services & Supports

Bonnie Silva, Office of Community Living Interim
Director



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Continuum of Care



What are Long-Term Services and Supports?



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



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



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

Who Receives Long Term Services and Supports?

7%



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

44%



Adults
ages 21-64

49%

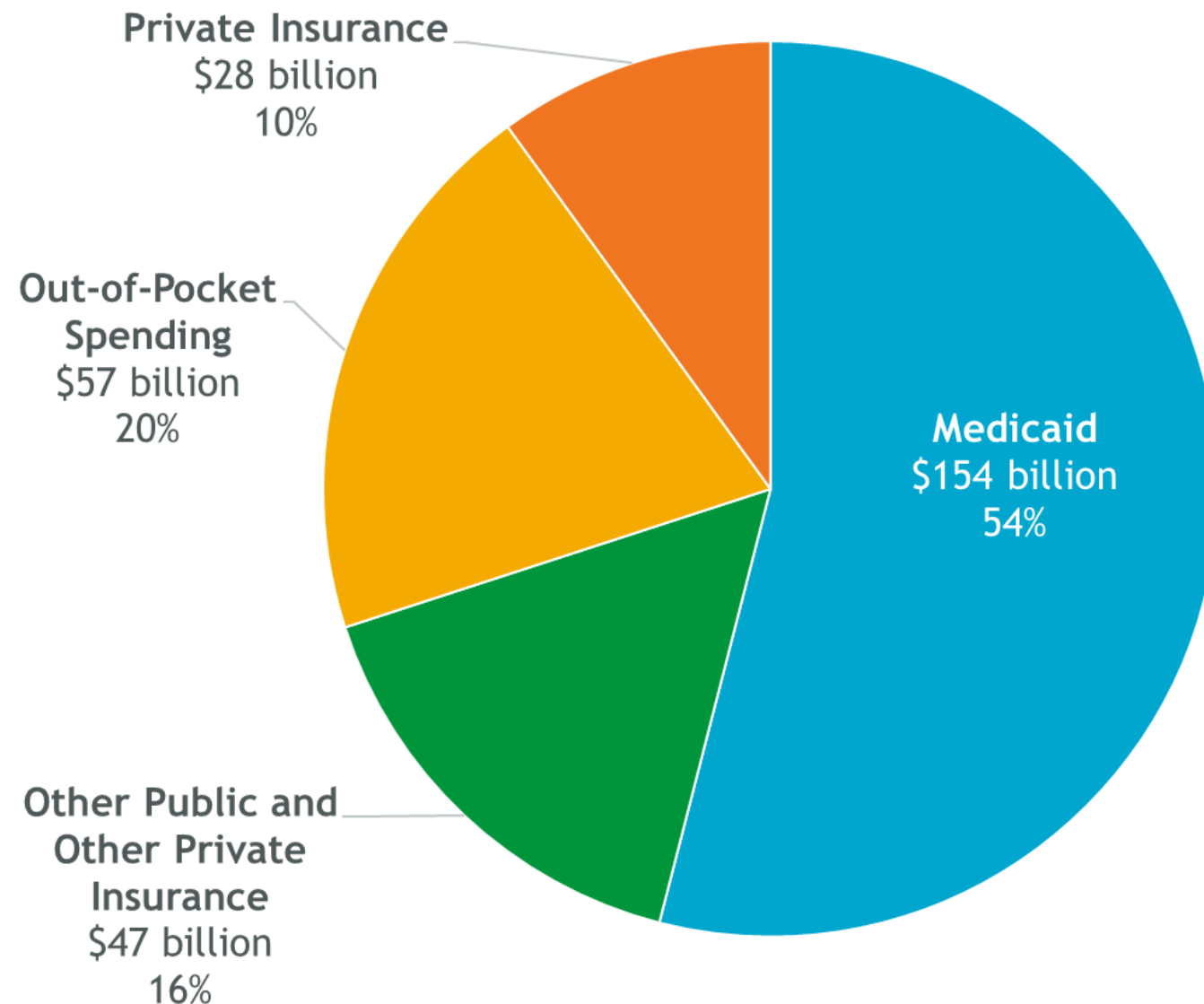


Older Adults
ages 65 or older

Source: FY17-18 data; Data represents percentage of people receiving Health First Colorado LTSS in various age groups.

Nationally, Medicaid is the Primary Payer

NATIONAL LONG-TERM SERVICES AND SUPPORTS SPENDING,
BY PAYER, 2016



Source: CRS analysis of National Health Expenditure Account data obtained from the Centers for Medicare & Medicaid Services, Office of the Actuary, prepared November 2017.

Long Term Services and Supports Programs

Certain federal rules for Medicaid can be waived to provide additional services so members can live in the community.

Home and Community-Based Services (HCBS) Waivers	Children with Life Limiting Illness Waiver 179	Children's Habilitation Residential Program Waiver 39	Children's Extensive Support Waiver 1,972	Children's Home and Community-Based Services Waiver 1,673	Brain Injury Waiver 521
	Community Mental Health Support Waiver 3,793	Elderly, Blind, and Disabled Waiver 26,610	Persons with Developmental Disabilities Waiver* 5,631	Spinal Cord Injury Waiver 129	Supported Living Services Waiver 5,359

Home and Community-Based Services (HCBS) Waivers 45,938
--

Program of All-Inclusive Care for the Elderly (PACE) 4,899

Nursing Homes and Intermediate Care Facilities 15,044
--

* There is a waiting list for the HCBS-Persons with Developmental Disabilities (HCBS-DD) waiver. As of September 2018, there were 2,827 people registered as waiting for enrollment into the HCBS-DD waiver with a timeline of “As Soon As Available”.

NOTE: The Children with Autism waiver was discontinued beginning July 1, 2018, and children previously receiving services through that waiver are receiving services through alternative programs.

Source: FY 2017-18; based on claims in MMIS.



Health Care Landscape

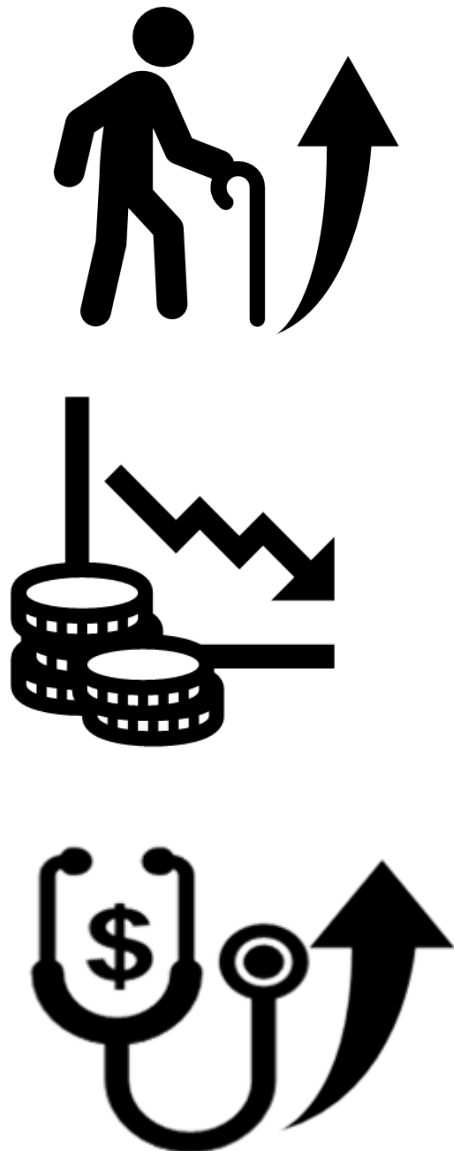
Kim Bimestefer, Executive Director



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Significant Macro & Micro Environmental Opportunities and Challenges



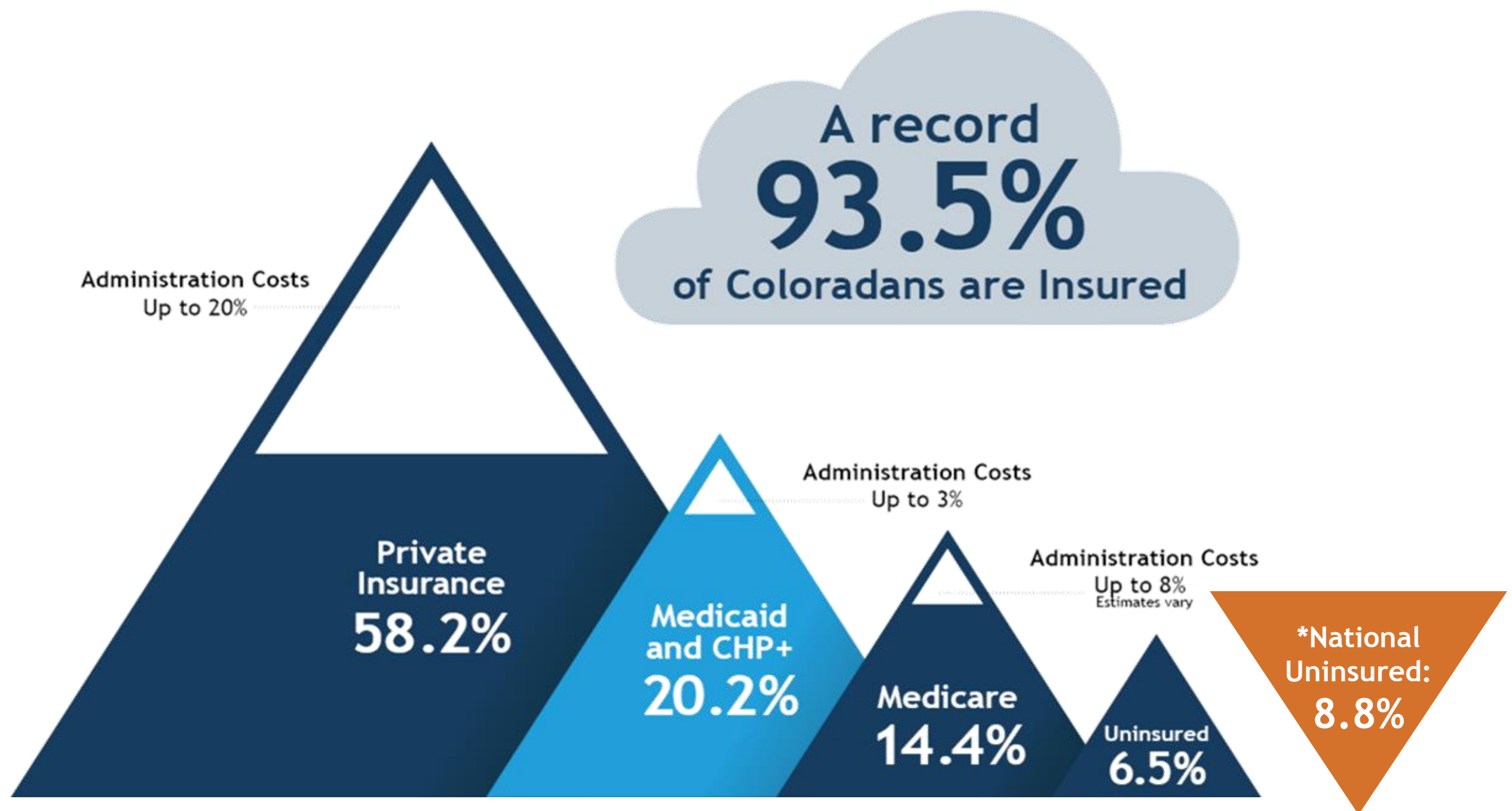
What opportunities can we maximize?

- Rural Hospital Sustainability
- Hospital and Big Pharma Accountability, Alignment
- Quality/Cost Variance
- Maximize Innovation
- Health Care Affordability
- Reduce Uninsured Rate
- Prevent & Treat Substance Abuse
- Reduce Waiver Waitlists
- Help Health First Colorado Members Rise

What challenges must we prepare for?

- Rising Deficits, Economic Downturn
- Federal Policy
- Rising Health Care Costs
- High Cost Specialty Drugs
- Aging Population
- Health Care Workforce Adequacy
- TABOR Impact

Focus: Getting Colorado Covered



Sources:

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

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

Focus: Health Care Affordability



Health Care is

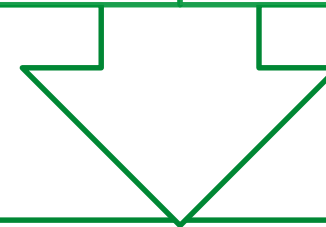
32%

of median household
income

Colorado Private Sector (Consumers and Employers)

\$65,718
2016 median income

\$20,940
2016 average cost of
private insurance



Medicaid expenditures are

33%

Of the State's Total Budget (25% of
General Fund)

Sources:

Income data from Colorado DOLA LMI Gateway, US Census Median Household Income.

Colorado Department of Health Care Policy and Financing.

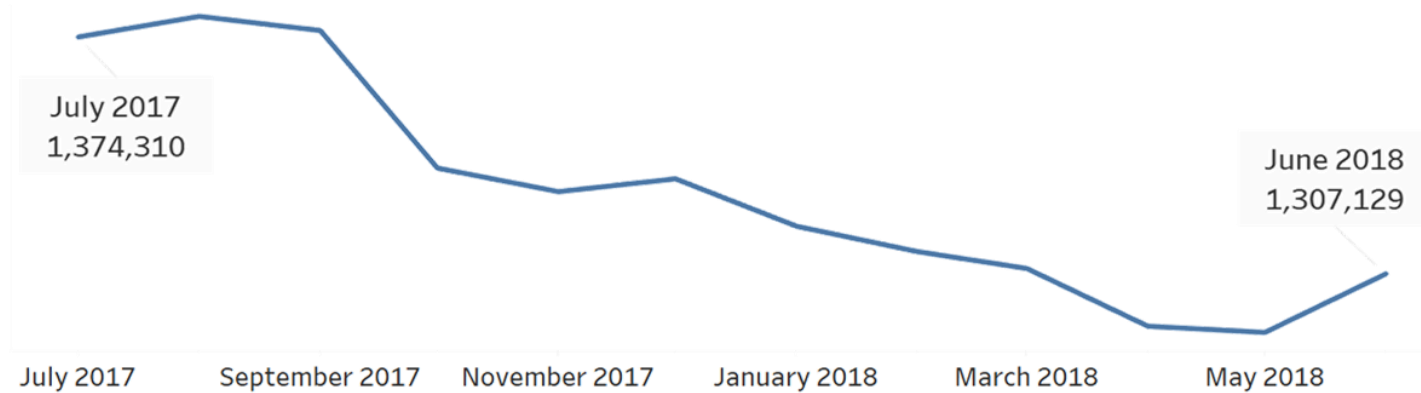


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Health First Colorado Trends

Medicaid Eligible Members 4.9% Decrease



Enrollment Trends

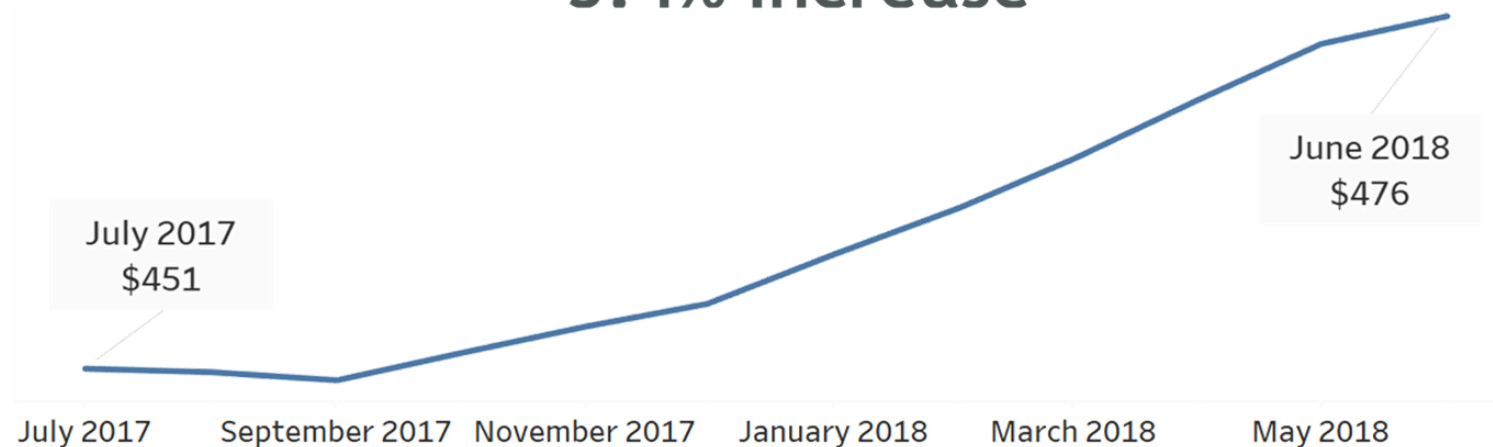
Adults down 6.6%

Children down 8.9%

Members with Disabilities up 5.3%

Adults 65+ up 3.7%

12 Month Average PMPM 5.4% Increase



Cost Trend Drivers

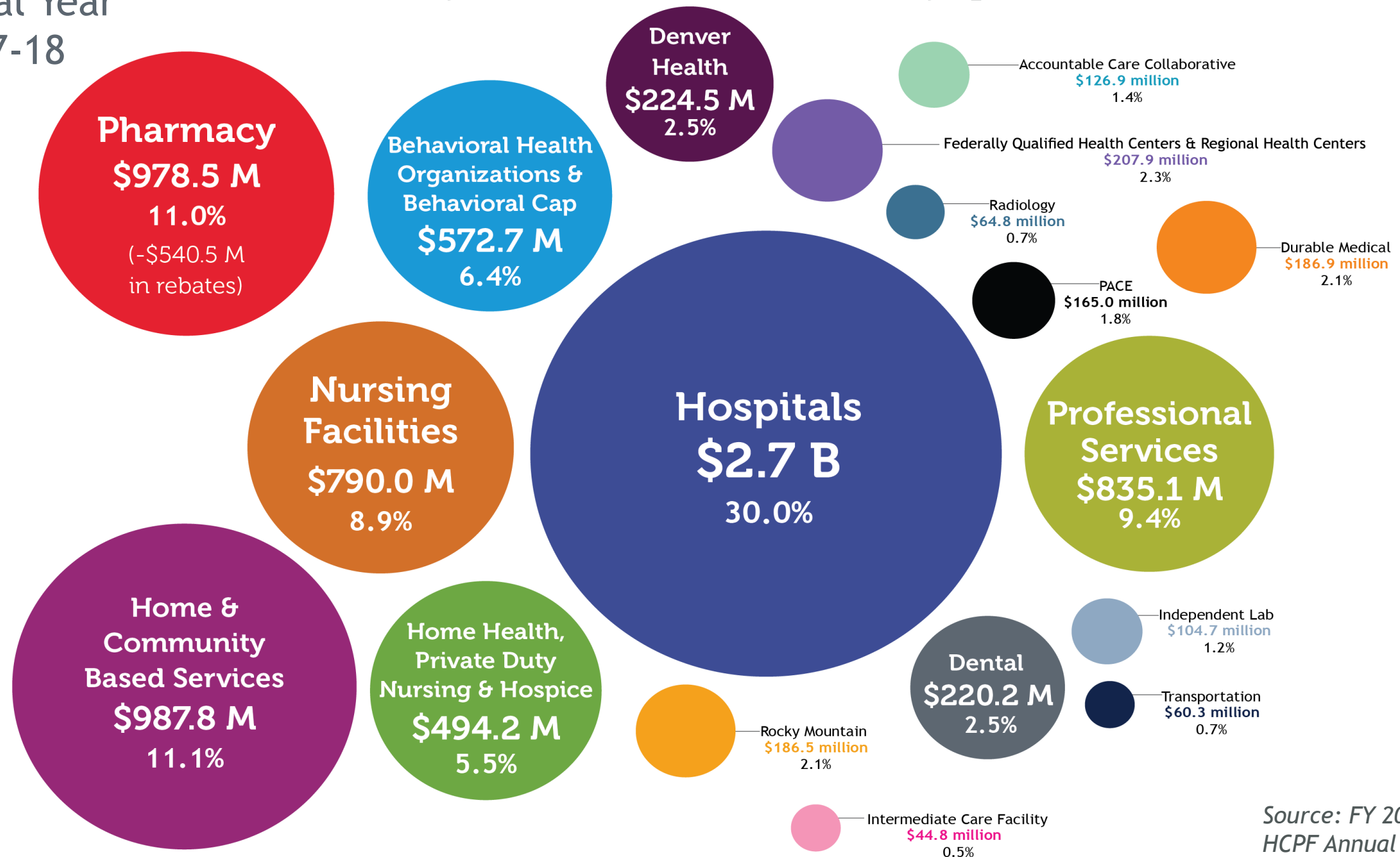
+20% Specialty Pharmacy

+15.3% Home Health Care

+11.5% HCBS Services

Health First Colorado Expenditure, By Provider Type

Fiscal Year
2017-18



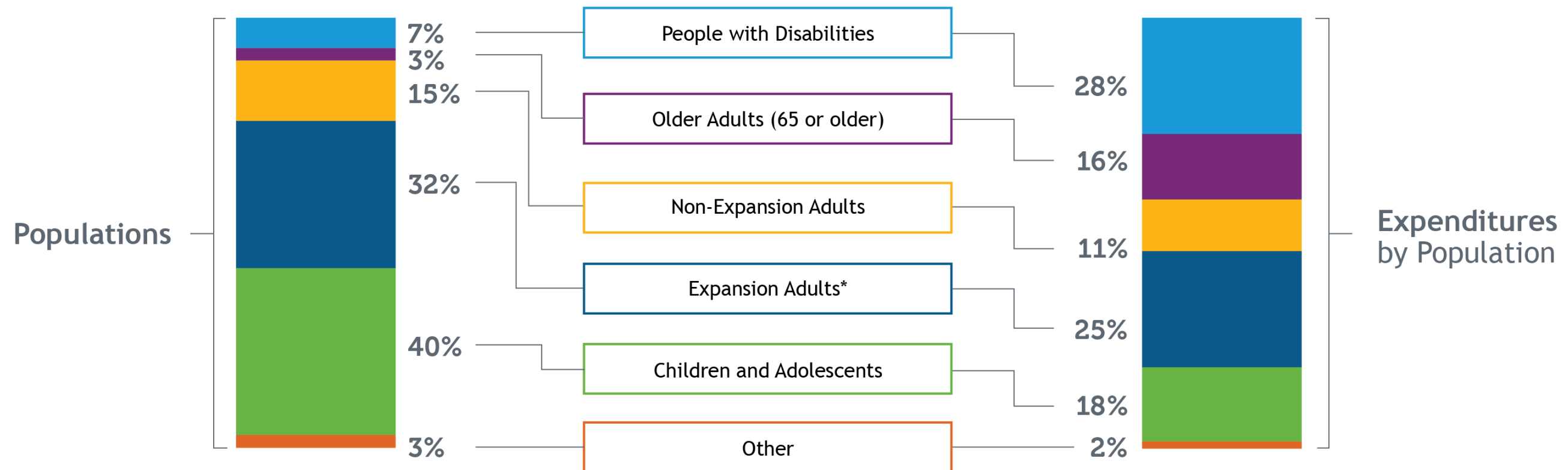
Source: FY 2017-18 data via
HCPF Annual Report

*Laboratory services provided outside of independent laboratories are accounted for in other categories



Health First Colorado

Expenditures by Population

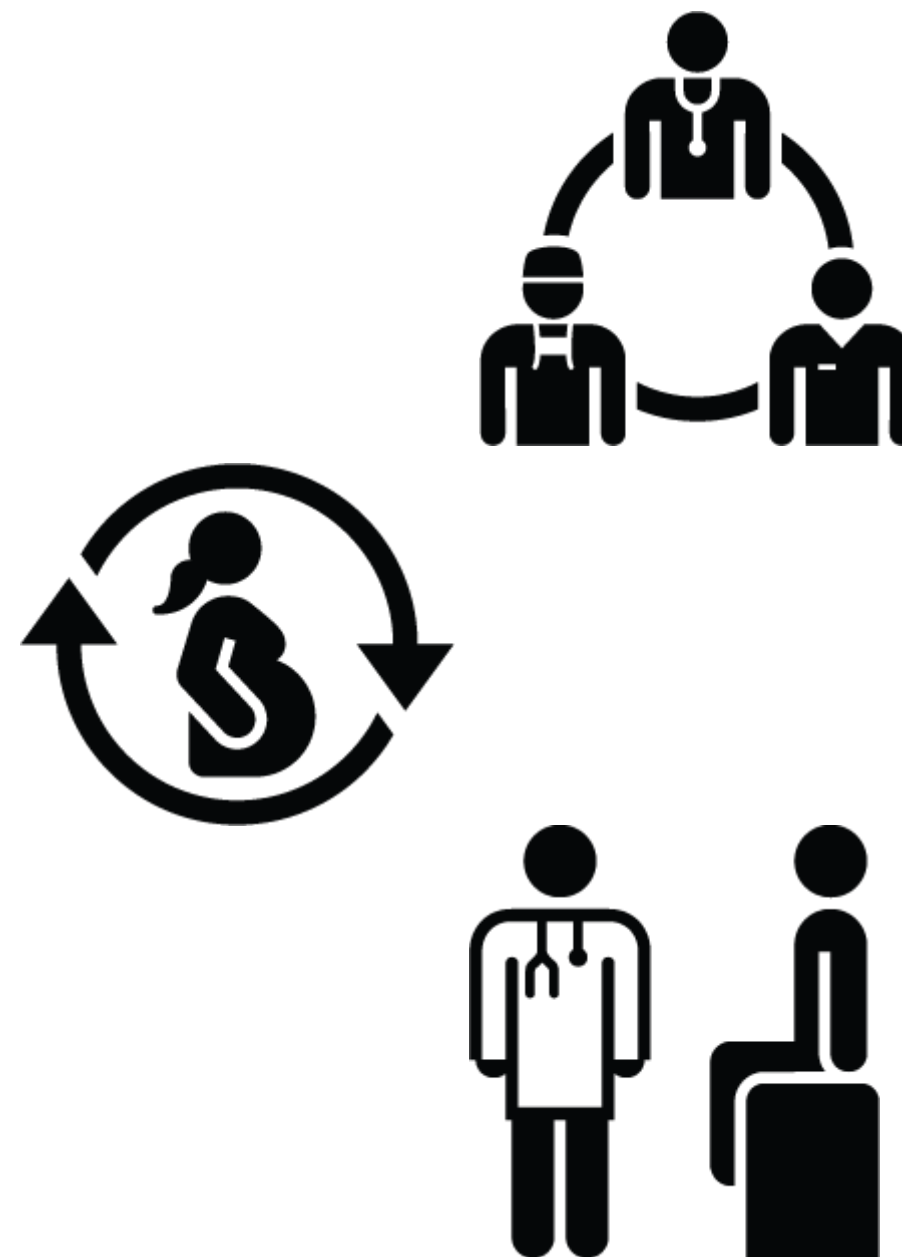


Source: FY 2017-18 data via HCPF Annual Report.

Health First Colorado

Top Categories of Care

- Behavioral Health
- Pregnancy, Delivery and Newborn
- Asthma and Respiratory Illness
- Cardiovascular Disease
- Substance Use Disorder
- Diabetes
- Low Back Pain
- Trauma & Stressor Disorders (PTSD)
- Allergic and Sinusitis
- Gastro-Esophageal



HCPF Priorities & Goals

Kim Bimestefer, Executive Director



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Department Performance Plan Strategic Policy Initiatives

1

Delivery Systems Innovation

Medicaid members can easily access and navigate needed and appropriate services

2

Tools of Transformation

The broader health care system is transformed by using levers in the Department's control such as maximizing the use of value-based payment reform and emerging health technologies

3

Partnerships to Improve Population Health

The health of low-income and vulnerable Coloradans improves through a balance of health and social programs made possible by partnerships

4

Operational Excellence

The Department is a model for compliant, efficient and effective business practices that are person- and family-centered



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Inside Medicaid: Drive Health Care Costs Down & Quality Up

12+ Teams Actively Strategizing and Implementing Affordability Solutions:

- Hospital Costs, Claims System, Rx / Specialty Rx, Long Term Services & Support, PACE / Seniors, Agency Overlap, Fraud-Waste-Abuse, FQHC / PCP, etc.



Medicaid Cost Control Bill SB 18-266 passed all committees, Senate, House unanimously; signed into law May 2018.

• Innovations:

- Prometheus (Insights into Potentially Avoidable Costs)
- Physician Rx Prescribing Efficacy Tool (cost / quality focus), combined with Payer Programs Tool to enable providers to prescribe health improvement & member support programs, not just pills

• Catch-up with Colorado's Commercial Carriers

- Hospital Review to drive appropriate utilization and better coordinate care on the most vulnerable and costly patients
- Modernize claim edits

• New Cost Control & Quality Improvement Office



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Statutory Update: SB 18-266: Controlling Medicaid Costs

Cost Control Unit

Focused, sustainable
cost control approach
for Health First
Colorado, CHP+, State

Value Based
Payments, Rx,
Innovations, Public-
Private Partnerships,
Affordability
Roadmap

Best practices & rural
focus

Provider Tools

Enables provider
care decisions based
on cost & quality

Drives care
efficiency

Used by Primary
Care, RAEs and HCPF
(provider
evaluation)

Hospital Review

Hospital admissions
pre-cert, continued
stay review,
discharge patient
follow-up, complex
claim review by
medical experts

Claim Edits

Identifies & edits
payments on
inappropriately
billed and duplicate
claims before
release

Reduces waste,
fraud, abuse
Leverages Industry
best practices and
trends

*Program Updates & legislative report available at
colorado.gov/hcpf/controlling-medicaid-costs-initiatives.*

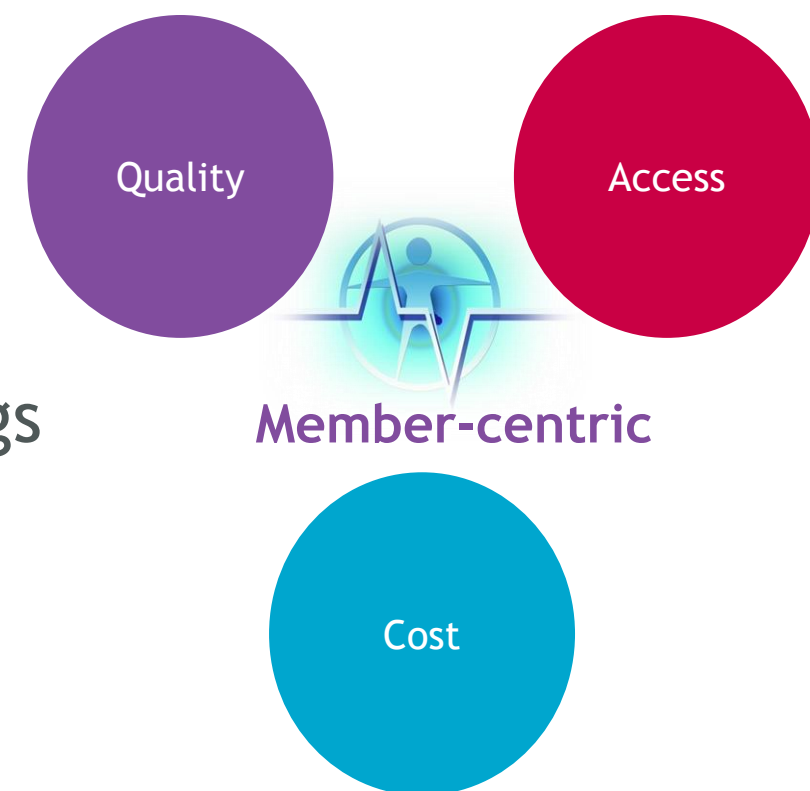


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Improving Quality; Controlling Cost

- Health = physical, mental & social wellbeing
- Most vulnerable populations require policy that addresses individual needs
- Right resources early yield near + long-term savings
- Predict to Prevent
- Care coordination & transition management
- Stay connected in between care settings
- Right Care. Right Place. Right Time. Done Right!



HCPF Priorities & Goals

Accountable Care Collaborative Phase II

Laurel Karabatsos, Interim Health Programs Office and
Medicaid Director



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Accountable Care Collaborative

Improve Health and Reduce Costs



Medical Home

Ensure Health First Colorado members have a focal point of care.



Regional Coordination

Health First Colorado members have complex needs and are served by multiple systems. Regional umbrella organizations help to coordinate across systems.



Data

Members, providers and the system receive the data needed to make real-time decisions that improve care, increase coordination of services and improve overall efficiencies.



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Phase II Goals

- To improve member health & reduce costs

Phase II Objectives

- Join physical and behavioral health under one accountable entity
- Strengthen coordination of services by advancing team-based care and health neighborhoods
- Promote member choice and engagement
- Pay providers for the increased value they deliver
- Ensure greater accountability and transparency

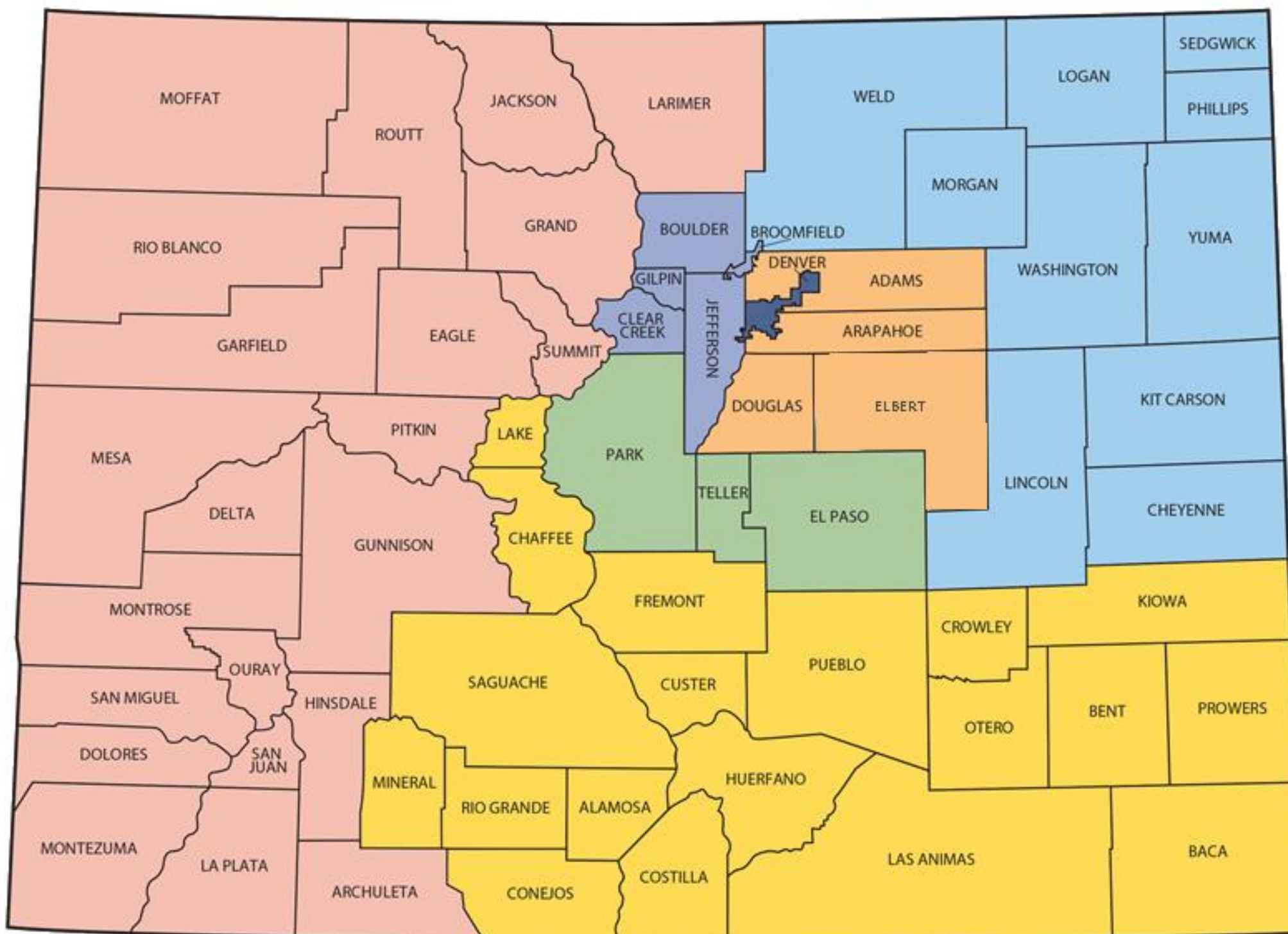
Regional Accountable Entity

Physical
Health Care




Per Member /
Per Month

Behavioral
Health Care

Behavioral Health
Capitation



- Region 1  Rocky Mountain Health Plans
- Region 2  Northeast Health Partners
- Region 3  Colorado Access
- Region 4  Health Colorado, Inc.

- Region 5  Colorado Access
- Region 6  Colorado Community Health Alliance
- Region 7  Colorado Community Health Alliance

HCPF Priorities & Goals

Pharmacy & Opioids

Cathy Traugott, Pharmacy Director



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Pharmacy Benefit: Efficacy, Safety & Access First Cost Second

- **What We Cover - Federally Mandated**
 - Medicaid ≠ Formulary
 - Rebate Agreement = Covered Drug
- **How Coverage Is Determined - Tools Available**
 - Medical Necessity
 - Prior Authorizations
 - Quantity Limits
 - Preferred Drug List
- **How We Pay Pharmacies**
 - Cost-Based (updated weekly)



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.

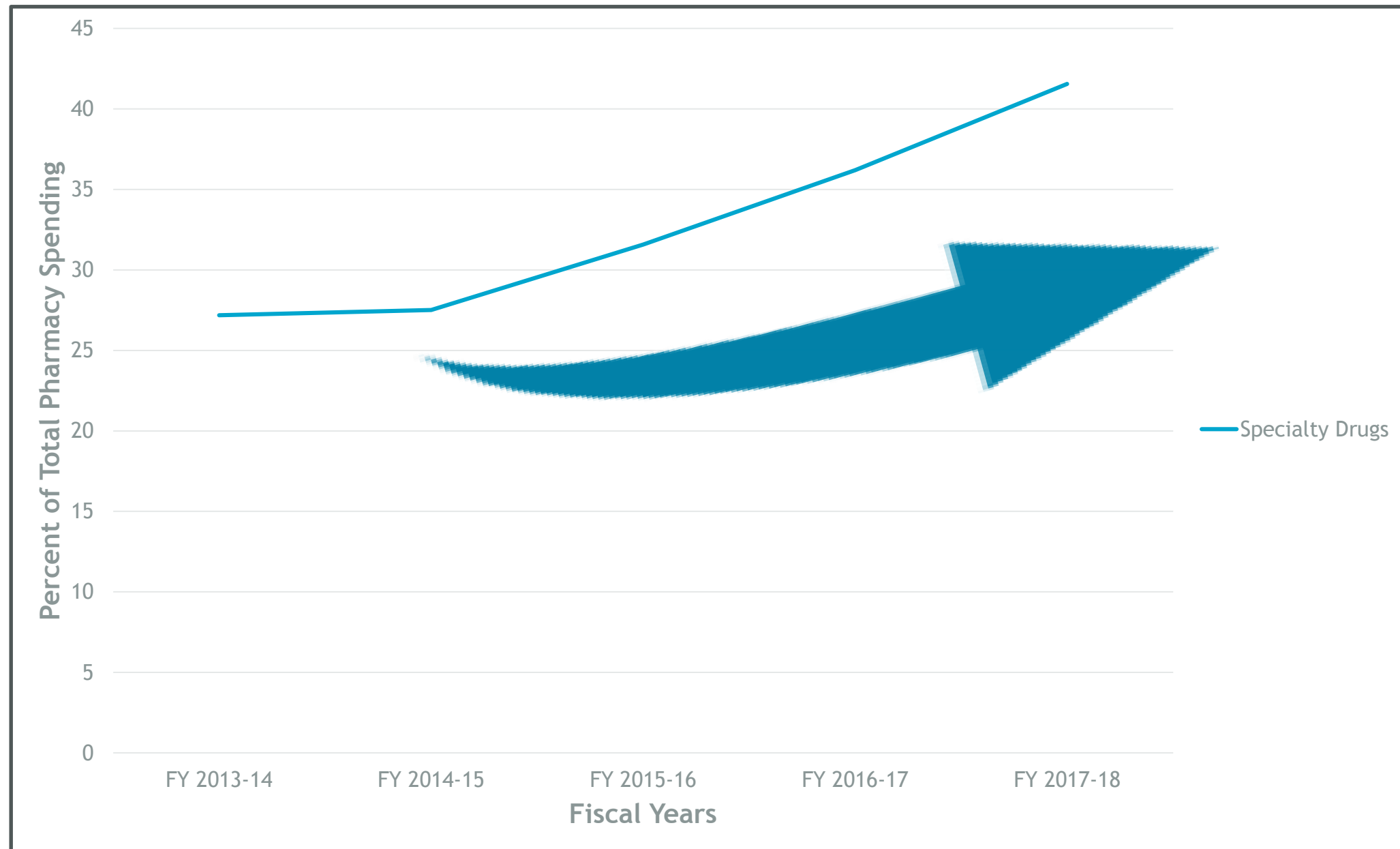
80% was spent on specialty drugs.

700 specialty drugs in the pipeline.

Source:
IQVIA Institute (formerly IMS Institute). *Medicine Use and Spending in the US: A Review of 2017 and Outlook to 2022*. April 2018.
Elsevier, *Managing the Costs of Specialty Drugs*. 2017.



Specialty drugs are now over 40% of total spend despite the fact that specialty drugs represent only 1.25% of total number of pharmacy claims paid.

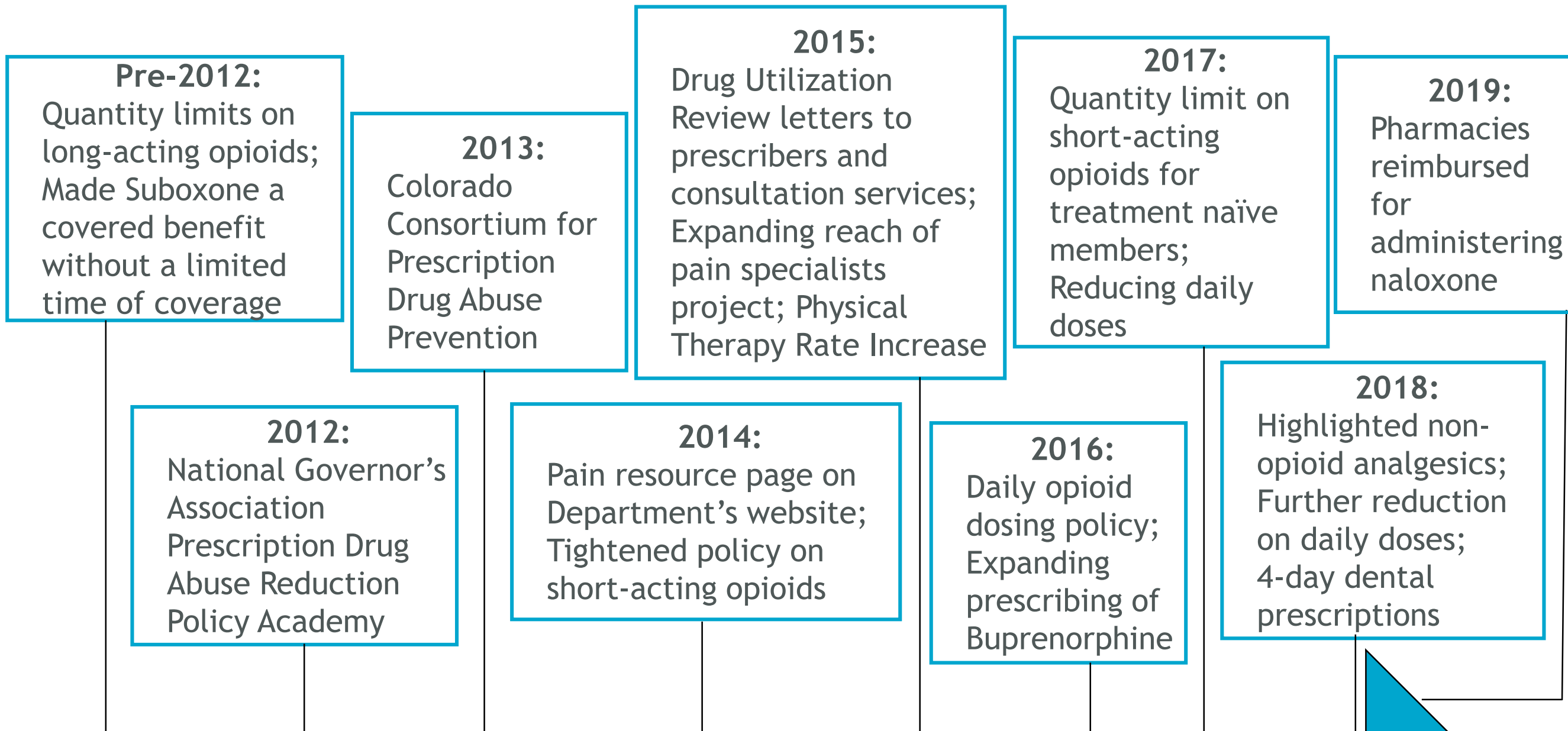


Source: HCPF claims data analysis.

Management of Trends

- New claims system facilitates tighter controls
- Manage by drug, drug class, and disease
- Preferred Drug List - process is public with multiple opportunities for stakeholder input
- Supplemental Rebates & Value Based Contracts
- Exploring other reimbursement methodologies and coverage options
- Prescriber Tool

Opioids: Our Work to Date



Combating the Opioid Crisis
Efforts have resulted in 30% decrease in number of members receiving opioids and number of pills prescribed



HCPF Priorities & Goals

Colorado's Health Care Affordability Roadmap

Kim Bimestefer



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5+ Year Health Care Affordability Roadmap

Framework to Control Employer, Consumer, Medicaid Costs

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

*The Roadmap Informs Medicaid &
Medicaid Informs the Roadmap*



Stakeholder Collaboration

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

Roadmap Focus Areas

Constrain prices,
especially
hospital and
prescription drugs

Champion
alternative
payment models

Align and
strengthen data
infrastructure

Improve our
population and
behavioral health

Maximize
innovation

Examples of Roadmap Initiatives

Pharmacy Solutions

- Physician Prescribing Shared Tool
- Manufacturer-Carrier Compensation

Hospital Solutions

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

Alternate Payment Methodologies

- Out Of Network Reimbursements
- Value Based Rewards

Innovations

- Prometheus
- Telehealth and E-Consults

Shared Systems Priorities

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

Population & Behavioral Health

- Schools & Early Intervention
- Teen vaping, adult tobacco use
- Addiction
- Suicide and Prevention
- Shared Quality Standards
- Mental health supports in criminal justice modernization



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HCPF Priorities & Goals

Committed to Customer Service

Chris Underwood, Health Information Office Director



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Improvements for Members: Customer Service

PEAKHealth

- Expedited Disability RTD Passes
- Ride Scheduling Streamlined
- Updated Provider Directory
- Suite of Apps constructed
- Password Reset Requirements

PEAK

- Improved Account Management
- Password Reset Requirements

Member Experience Advisory Council

- Expansion
- Member Input in Letters, Supporting Materials, and Websites

Member Contact Center

- Analytics Review
- Velocity Interface
- Improved Quality
- Improved Hiring and Retention
- Aligned Agent Breaks with Call Demand



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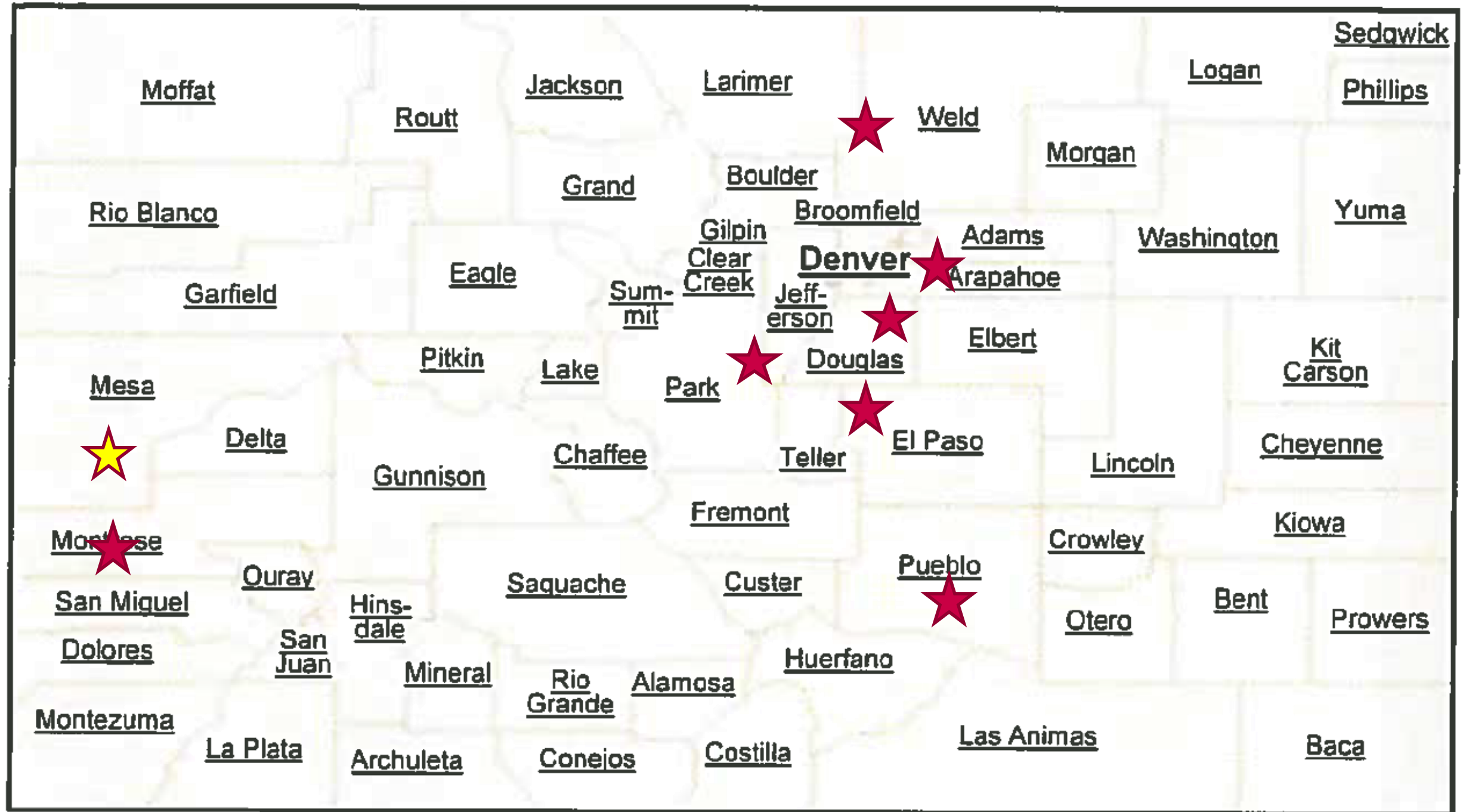
Improvements for Providers: Regional Field Representatives



DXC Field Representatives



Vacant - Hiring DXC Field Representative



Department Performance Plan: LEAN & Accountability Highlights

Department Goals: Operational Excellence

- Effectively managing our administrative expenses
- Focus on contract oversight - 350+ contracts

LEAN projects in FY 2017-18

- 13 projects completed
- 104 individuals participating in projects
- 87 individuals attended LEAN 101 training



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Required Updates

Tom Massey, Policy, Communications & Administration
Office Director



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2019 HCPF Legislative Agenda

- Continue Breast and Cervical Cancer Prevention & Treatment Program
- Increase access to the Colorado Low-Income Senior Dental Program
- Increase oversight of Host Home Providers
- Allow HCPF to award more Nursing Home Innovation Grants



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2019 HCPF Budget Requests

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



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Regulatory Agenda

- In 2018, Department reviewed Long Term Care Rules
- Currently in second year of 5-year review cycle
- 1,650 sections have been reviewed
- In 2019, Department will review Eligibility and CHP+ Rules

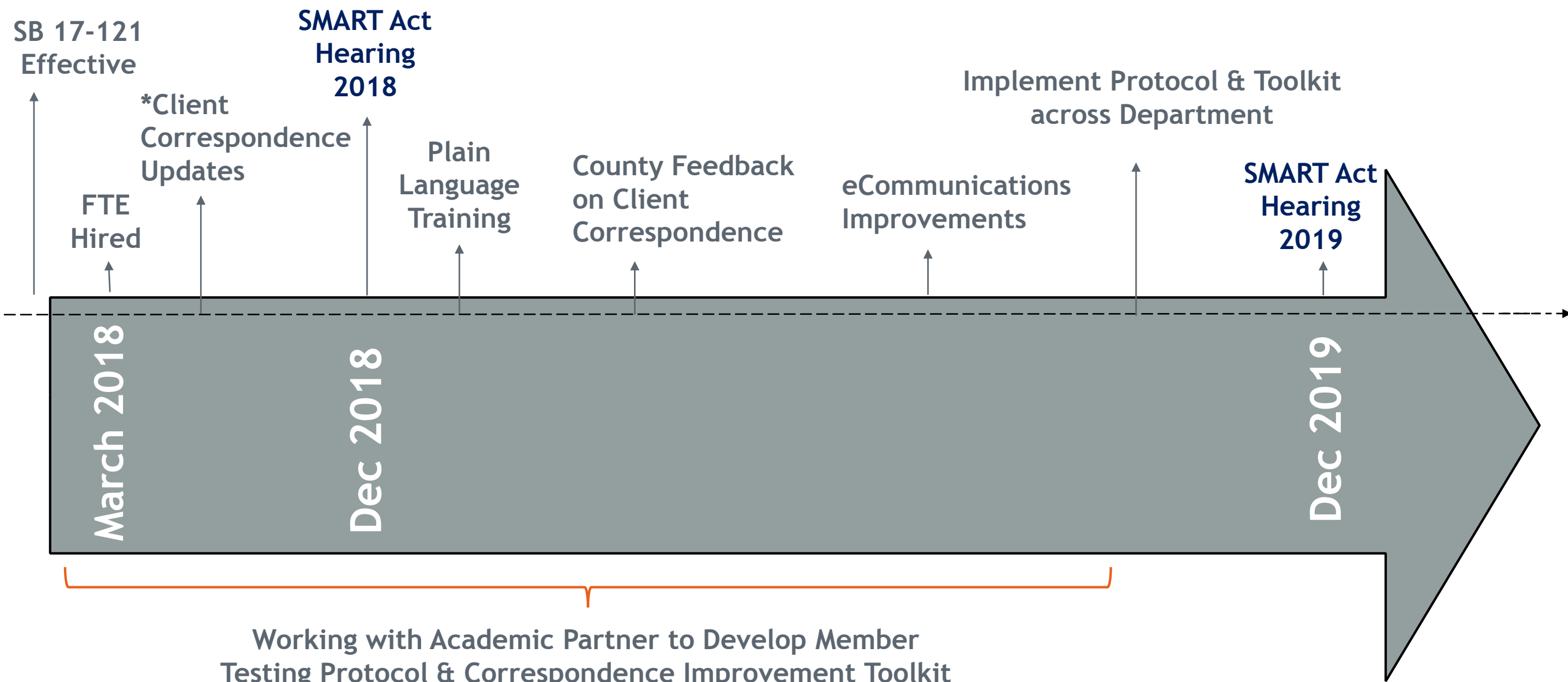
Statutory Update: HB18-1321

Urgent NEMT

- Effective January 1, 2019, eligible transportation providers can provide urgent Non-Emergent Medical Transportation (NEMT) trips scheduled directly by medical facilities.
- When a member is unable to provide advanced notice, Urgent Non-Emergent Medical Transportation provides transportation needed for members to receive necessary medical services. This includes:
 - Transportation after discharge from a hospital
 - Failure of an NEMT provider to pick up a member from an appointment within one hour of the scheduled pick up time
 - Transportation to and from critical, unplanned medical appointments
- Urgent Transportation Specialist hired to support with implementation.

Statutory Update: SB 17-121

Implementation Update



---> Ongoing Work for Department

→ Contractor Work

* According to bill requirements



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Legislator Resource Center: Staying Engaged

Follow us on Social Media



The screenshot shows the website for the Colorado Department of Health Care Policy & Financing (HCPF). The header includes the Colorado state logo and the HCPF logo. The main navigation bar has links for Home, For Our Members, For Our Providers, For Our Stakeholders, and About Us. The page is titled "Legislator Resource Center" and includes a description: "The Department submits multiple reports and responds to legislative requests for information. This resource center includes links to reports, fact sheets, and overviews of the budget process." A call to action box states: "Members of the Colorado General Assembly and their aides can [sign up for our Legislative Newsletter](#)." Below this, there is a section titled "Overviews & Fact Sheets" with a list of links to various reports and summaries from 2018 and 2017.

Legislator Resource Center

The Department submits multiple reports and responds to legislative requests for information. This resource center includes links to reports, fact sheets, and overviews of the budget process.

Members of the Colorado General Assembly and their aides can [sign up for our Legislative Newsletter](#).

Overviews & Fact Sheets

- [2019 HCPF Budget Agenda Overview](#) - November 2018
- [2019 HCPF Legislative Agenda Overview](#) - November 2018
- [2018 HCPF Long Bill Summary](#) - June 2018
- [2018 HCPF Legislative Session Summary](#) - May 2018
- [HCPF 2016-2017 Annual Report](#) - April 2018

Contact Us: David DeNovellis, Legislative Liaison at david.denovellis@state.co.us



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Thank You



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