Health Care Policy and Financing SMART Act Hearing

Senate Health, House Public and Behavioral Health and Human Services, House Health and Insurance

January 12, 2023

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Mission: Improve health care equity, access and outcomes for the people we serve while saving Coloradans money on health care and driving value for Colorado.

Health First Colorado
(Colorado's Medicaid Program)

Child Health Plan *Plus*

Buy-In Programs

The Colorado Indigent Care Program

Long-Term Services and Supports

Dental Program

HCPF covers **1.74M (+39%)**, 1 in every 4

43% of births and **43%** of the state's children

Processing >**30M** claims annually

100,000+ enrolled care providers

30% of state General Fund operating budget

Trusted health care partner

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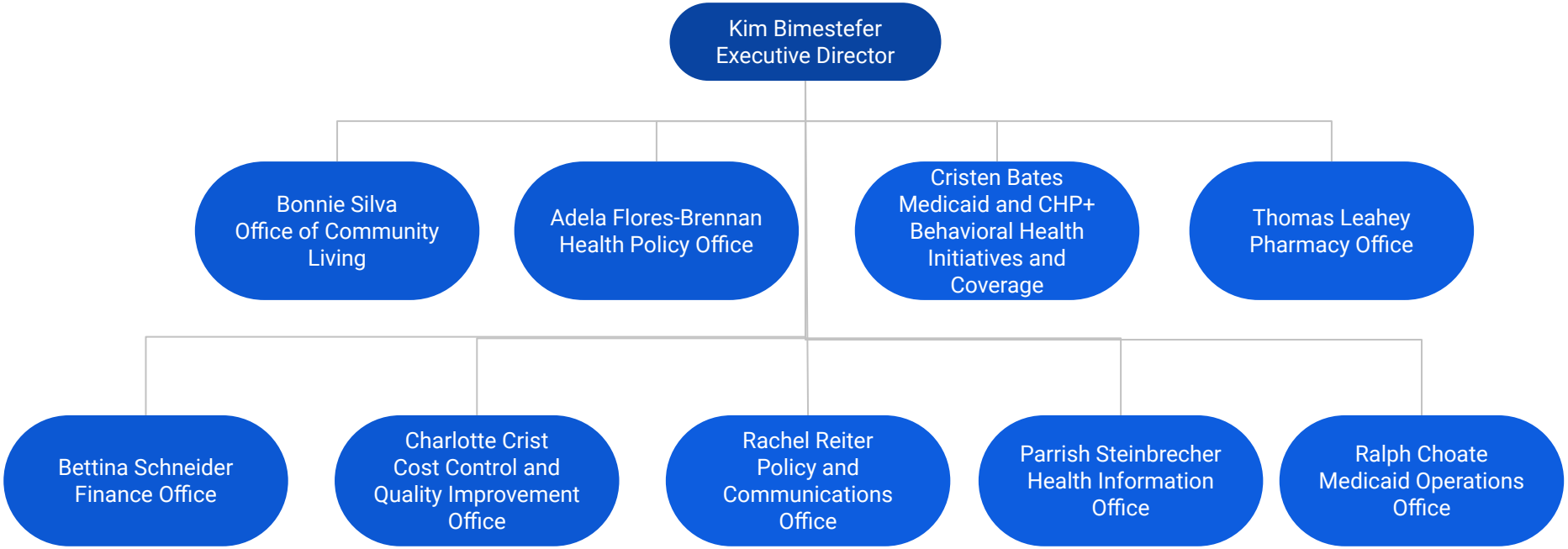
Thank you for your partnership thru dynamic transformation

- PHE continuous coverage requirement ending
- Transform long term care:
  - Home and community based services (HCBS) American Rescue Plan Act (ARPA) $530M
  - Transform nursing homes and PACE
- Transform behavioral health $450M
- Transform Medicaid Delivery - Accountable Care Collaborative (ACC) modernization
- Improve Health Equity, Close Disparities
- Balancing COVID impact, provider rates, workforce challenges, affordability, state budget
- Saving people money: affordability and innovation

Today, we will discuss how we are addressing these opportunities while pursuing our mission, in addition to covering the legislative requirements of the SMART Act.

Thoughtful change takes expertise, collaboration and time.

Accountable, expert HCPF leadership team and structure



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Take comfort in HCPF's solid operational foundation

- **Strong project management: 100+ projects being carefully managed** to achieve 43 Department Goals, Governor's WIGs, and Health Cabinet WIGs
- **>100k enrolled providers - Expanded network thru COVID:** added over 23K providers (+30%), 739 pharmacists (+32%), 2,578 behavioral health providers (+29%)
- **Member/Provider Service Investments:** claims paid (<6 days), calls answered (<80 sec), massive improvements in correspondence clarity
- **Tremendous eligibility automation:** >60% of eligibles, >30% for all renewing
- **0 major defects implementing** 171 medical system changes since Sept. 2019
- **Efficient Admin:** <4% of spend (carriers 13.5%+); FTE <0.43% of spend

Continuous Coverage Requirement Ending Update
3 goals in re-determining 1.74M members
projecting >300k disenrollment

1. Member continuity of coverage
2. Member experience, smooth transitions
3. Minimize impact to eligibility workers and state staff

- Everything we have planned is consistent with CMS guidance received last week
- 12 months (14 mo.s inc. noticing) to complete renewals, likely starting May (March noticing)
- >300k projected to be disenrolled. Most will still qualify!
- >60% who are eligible will be automatically renewed without action
  - Auto-enrolling those who qualify into CHP+
- Some have employer sponsored coverage already. Some might need individual coverage and will benefit from marketplace subsidies. Strong Connect for Health Colorado partnership
- County partnership: funding, oversight, planning, communication
- **Medicaid enrollment will go down. CHP+ up. Commercial coverage will go up.**

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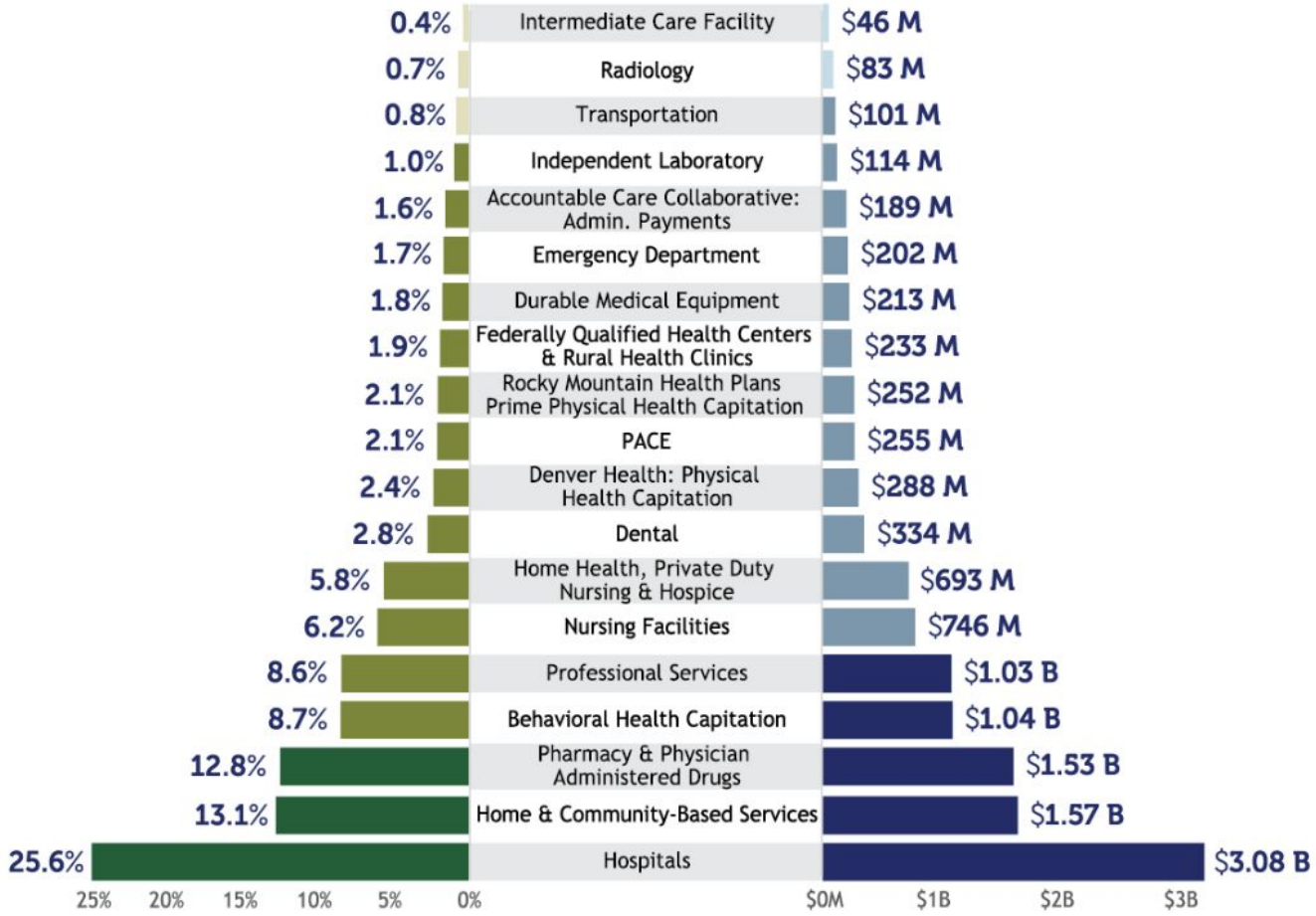
Join our Jan. 25 Community Partner webinar. Visit our website.

Managing costs to protect benefits, eligibility, reimbursements

- **HCPF FY 2023-24 Budget: $14.9B TF, $4.43B GF**
- **Medicaid Trend:** Paid claim trend +12.8% (9.8% member growth) **+**2.7% per member per month
- **$1.5B in add'l federal matching funds or FMAP** (6.2%) through Dec. returned to General Assembly over 12 quarters. Such monies will end 12/31/23.
- 30% of state General Fund operating budget, *96% going to providers, trend cost control is critical along with appropriate reimbursements to support the health care workforce growth and access*

Prudent cost controls and innovations battle medical trend and future state budget challenges in order to protect member benefits, provider reimbursements and eligibility access while increasing quality and closing disparities.

Payment Breakdown to Health First Colorado Partners

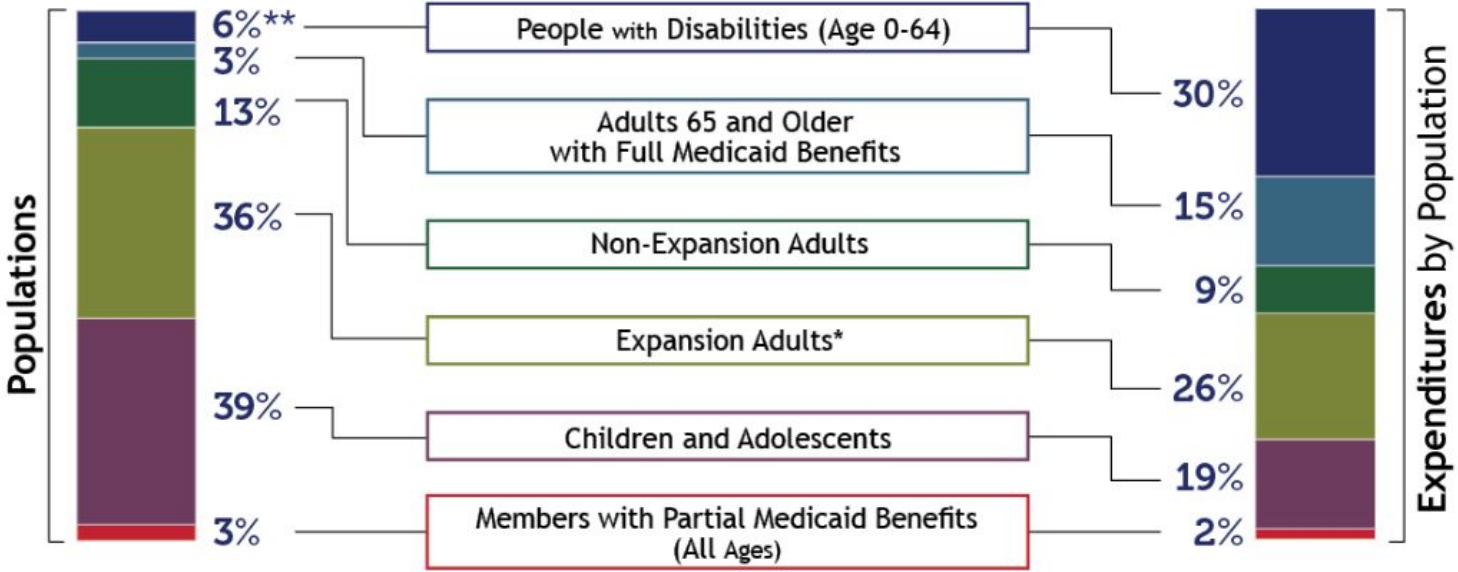


This chart refers to medical services cost only, not total Department spending. It is based on claims data by date of service and will differ from data calculated on a cash accounting basis. Due to rounding, percentages may not total 100%.

FY 2021-22 data. Read the HCPF Annual Report at CO.gov/HCPF/2022-report-to-community

In Fiscal Year 2021-22, the Department Paid:

Numbers are approximate. Health First Colorado and Child Health Plan *Plus* expenditures only.



Patient Protection and Affordable Care Act (ACA) Medicaid Expansion. Due to rounding, percentages may not total 100%. *The majority of funding for Expansion Adults is federal dollars, with the state fund source funded by the Healthcare Affordability and Sustainability Fee.
**Not all members with disabilities use long-term services and supports.

Member support, quality outcomes, health equity and innovation to manage cost trends

- **Health Equity:** COVID-19 vaccination, Maternity, Behavioral Health, Prevention
- **Population Health:** Maternity, Diabetes focus
- **Complex Case Management:** High need, high cost members
- **Innovations:** Prescriber Tool, eConsults, Providers of Distinction drive better provider decisions, quality, efficiency
- **Utilization Management:** Right care, right place, right time, right outcome, right price
- **Value Based Payments:** Hospital Transformation Program, Primary Care, Maternity, Prescriber Tool, Behavioral Health, Nursing Home/PACE, Providers of Distinction

Prudent cost controls and innovations battle medical trend and future state budget challenges in order to protect member benefits, provider reimbursements and eligibility access while increasing quality and closing disparities.

Advance value based payments (VBP) to reward quality outcomes, equity and affordability. *DOI partnership.*

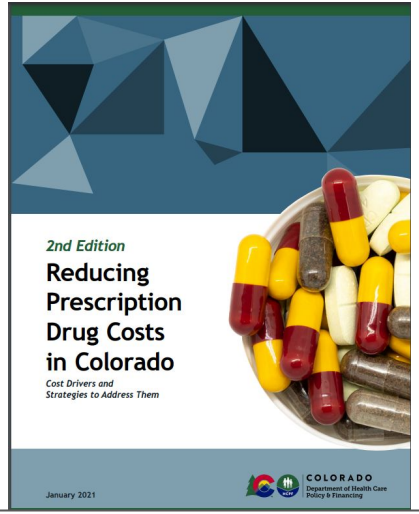
- **Hospital:** Quality through Hospital Quality Incentive Payment Program and Hospital Transformation Program
- **Primary Care:** moving to capitation - *in this FY 2023-24 budget*
- **Rx:** with manufacturers and to incent doctors to be part of the solution
- **Maternity Care:** bundled payments
- **Behavioral Health:** ensure safety net accountability
- **Providers of Distinction, eConsults:** to drive right care, right place
- **Nursing Homes:** pay-for-performance program to increase quality
- **PACE providers:** in design via ARPA work

Consistent with federal goals: 50%+ in VBP by 2025

HCPF Expertise Drives Affordability Insights and Strategy

Hospital Prices

CO.gov/HCPF/hospital-reports-hub



Rx Costs

CO.gov/HCPF/publications

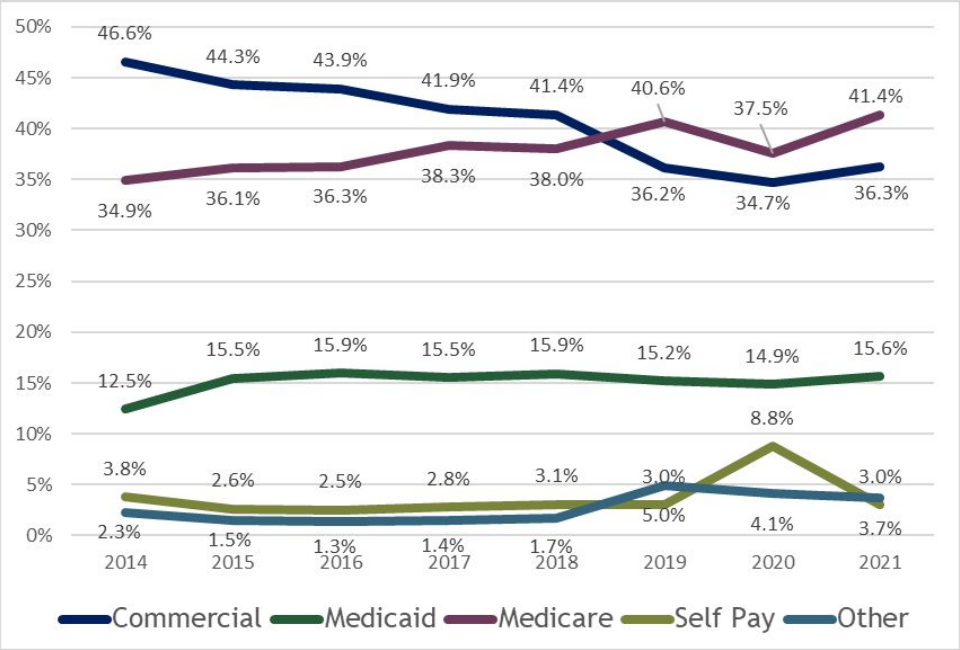
National leader - hospital	CO.gov/HCPF/hospital-reports-hub
National leader - Rx	CIVHC.org/affordability-dashboard-2
Affordability toolkit	CO.gov/HCPF/affordability

Managing prescription drug costs - the largest driver of rising health care costs and our largest point of fiscal volatility

- #1 health care cost driver is specialty drugs (SRx), already driving 50% of Rx spend
- HCPF: largest payer of emerging SRx. Excited for possible outcomes. Worried about fiscal volatility. 25 similar drugs in the pipeline. SRx Medicaid costs could double in just a few yrs
  - **Hemgenix $3.5M -** potentially curative treatment option for patients with severe hemophilia B
  - **Zynteglo $2.8M -** one infusion treatment for beta-thalassemia, unclear if curative
  - **Zolgensma $1.8M -** treats degenerative muscle condition in infants
  - **Skysona $3M -** treats degenerative neurological condition in children
- HCPF needs every tool on our toolbelt to drive positive health outcomes and affordability
  - Implementing value based contracts with manufacturers
  - Partnering with fed and other states to negotiate prices with drug manufacturers
  - ***Asking for your partnership allowing and enabling HCPF to properly manage these costs and hold manufacturers accountable to their clinical promises***

Hospital Transparency Reports - posting 1/17/2023

Payer Mix Insights: Medium Hospital peer group (26 to 90 beds)



All-Payer Payment, Cost and Profit (FYE year ending)

Year	Payment Per Patient	Cost Per Patient	Profit Per Patient
2009	$12,313	$11,771	$542
2010	$13,285	$12,584	$701
2011	$13,786	$12,868	$918
2012	$14,663	$13,760	$903
2013	$15,224	$14,477	$747
2014	$15,766	$14,727	$1,039
2015	$16,045	$14,802	$1,243
2016	$17,126	$15,779	$1,347
2017	$17,777	$16,555	$1,222
2018	$18,816	$17,286	$1,530
2019	$18,028	$16,855	$1,173
2020	$21,628	$21,138	$489
2020 w/ stimulus	$23,066	$21,138	$1,928
2021	$22,296	$21,115	$1,181
Average Annual Change	5.2%	5.2%	15.4%

COVID-induced wage pressures and supply chain challenges continue to plague our hospital partners.

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Responding to unique provider needs

COVID-19's impact didn't affect providers equally. **Our targeted rate increases** reflect that reality:

Nursing Homes: lower margins, staffing crisis, changing consumer preferences/needs - perfect storm. Need for industry transformation.

Home and Community-Based Services: wage challenges with growing need for direct care workers.

Struggling hospitals: rural, community and our Denver Health safety net.

HCPF Strategic Roadmap
SFY 2022-23

Mission statement and strategic pillars

Member Health	Care Access	Operational Excellence & Customer Service	Health First Colorado Value	Affordability Leadership	Employee Satisfaction
Implement health equity plan	Expand and support health care workforce	Enable coverage continuity	Expand value based payments and insights	Reduce commercial pharmacy costs	Quickly and carefully fill open positions
Transform behavioral health	Increase #/% providers seeing members	Make eligibility and enrollment easy	Implement eConsults & telehealth strategy	Promote transparent hospital prices	Accelerate equity, diversity, inclusion, accessibility
Implement quality improvement initiatives	Transform residential, community-based care	Improve Medicaid enterprise solutions	Develop Accountable Care Collaborative 3.0 strategy	Advance community and rural investment	Address manager workload
Advance hospital transformation program	Redesign case management	Ensure service quality network-wide	Produce cost and quality indicators	Propel and align value based payments	Foster career growth and flexibility

Priorities by strategic pillar

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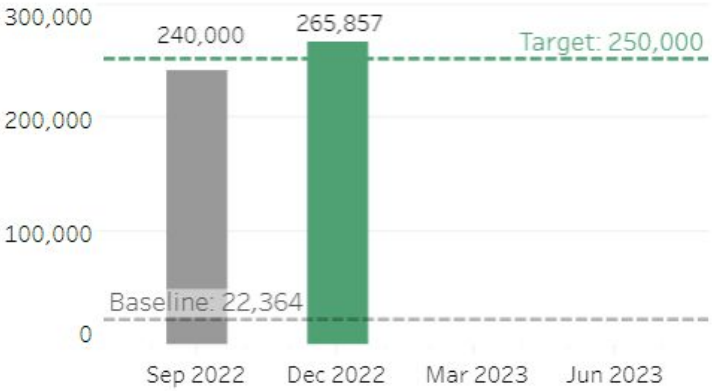
112 projects across 43 goals drive this work in support of our mission

HCPF FY 2022-23 Wildly Important Goal (WIG) #1

Wildly Important Goal:

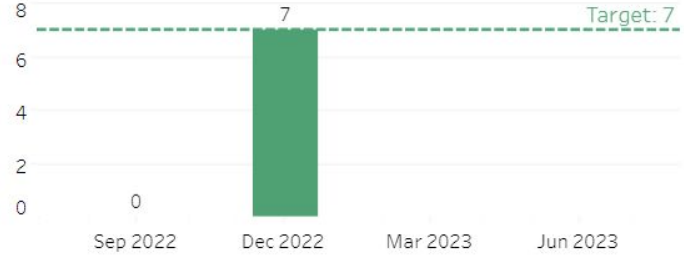
Increase the number of Coloradans served by primary care providers moving to more advanced Alternative Payment Models from 22,364 to 250,000 by June 30, 2023.



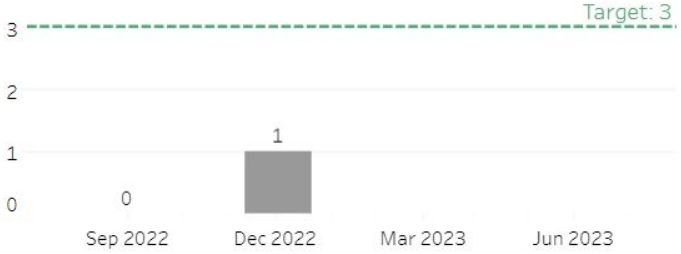
Successful completion of this goal will result in more Colorado Medicaid members being served by primary care providers incentivized to provide high quality, affordable health care to support improved patient outcomes, reduced disparities, and increased Medicaid affordability.

How HCPF will accomplish WIG #1:

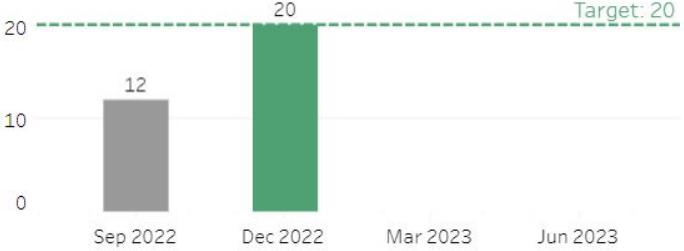
Amend all 7 Regional Accountable Entity contracts to include in scope that they help recruit providers to participate in the APM by June 30, 2023.



Provide at least 3 public stakeholder engagement meetings with primary care provider participation so that primary care providers can help shape and participate in the APM by June 30, 2023.



Conduct outreach to at least 20 primary care providers by meeting with them, sharing financial projections and reviewing the program in order to persuade providers to join the APM by June 30, 2023.



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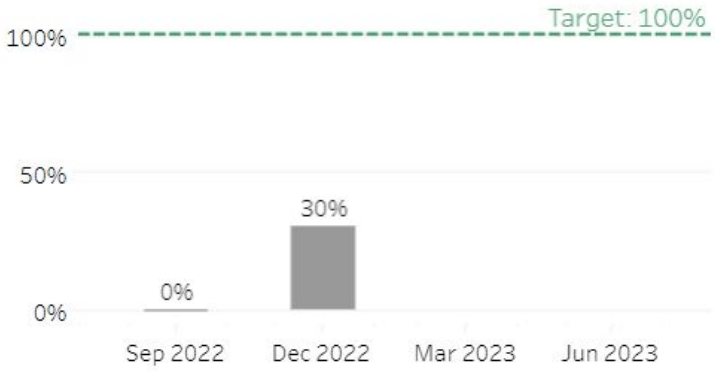
HCPF FY 2022-23 Wildly Important Goal (WIG) #2

Wildly Important Goal:

Review compliance with hospital price transparency legislation (HB22-1285: Prohibit Collection Hospital Not Disclosing Prices Hospital Transparency) for all Colorado hospitals and develop tools to drive down hospital prices by June 30, 2023.



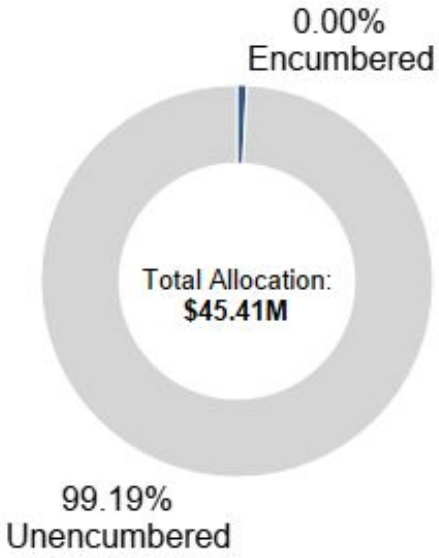
Successful completion of this goal will allow consumers, employers, and insurance carriers to see prices for common procedures at each hospital. This will also provide communities with transparent pricing information that allows them to have productive conversations with local hospitals resulting in lower prices and saving people and employers money on health care.

- Review all Colorado hospitals to establish a compliance baseline by June 30, 2023 - 90% done.
- Create the hospital price comparison tool by June 30, 2023 - 5% done.
- Using 30 procedures or procedure bundles, identify the highest priced hospitals and the lowest priced hospitals and meet with at least 6 of the hospitals to discuss their data and pricing by June 30, 2023 - 5% done.

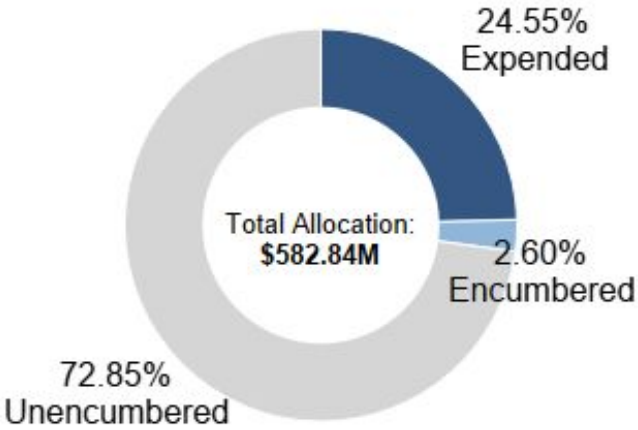
Stimulus Funding Implementation- HCPF

*Funding data through September 2022

ARPA State & Local Fiscal Recovery Funds (SLFRF)



ARPA Direct to Agency Awards (DAA)

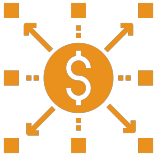


HCBS Stimulus Funding Implementation

$262M

Provider Rate Increases

2 projects



$148M

Grants and Pilots

16 projects

$94M

System Improvements

29 projects

Over 90%

Of funding directly benefits members, families, providers or workers

$11M

Research and Analysis

17 projects

- The vast majority of HCPF's stimulus funds are direct to agency - in particular, ***ARPA Home and Community Based Services*** (Section 9817) - $530M
- The Department is executing ***64 HCBS programs*** focused on innovation and long-term transformative change
- ***Spending has significantly ramped up*** this fiscal year with 98% of all FTEs onboarded, contracts executed, and grant awards being announced

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HCBS Stimulus Funding Implementation

ARPA HCBS: Behavioral Health Transformation

Behavioral Health Transition Support Grants

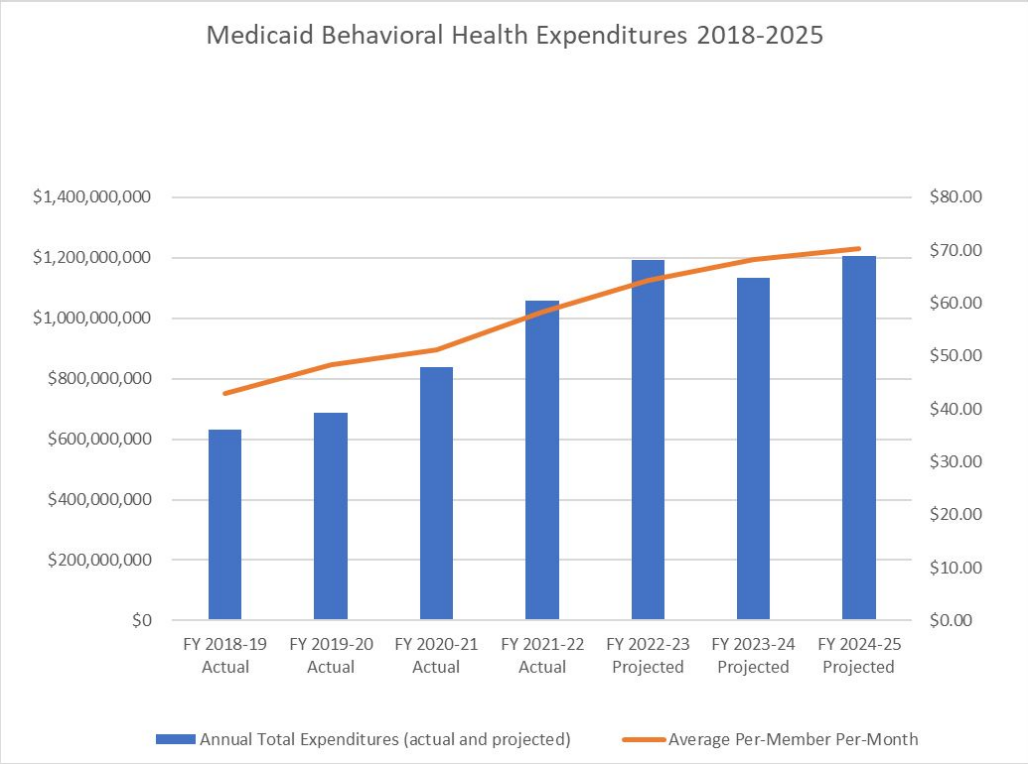
- $14M funding for the ***expansion of behavioral health transition services*** from institutional settings to community care making available access to ***high-intensity outpatient treatment services***
- Short-term grant funding will be available to behavioral health providers. ***Nine grantees*** have been selected

Statewide Supportive Housing Expansion (SWSHE) Pilot Project

- Investment of $13.5M to ***expand supportive services for members with complex needs*** (and a history of chronic homelessness) distributed through grants to Permanent Supportive Housing (PSH) organizations
- Additional $2.7M in ***Peer Supports Grants*** to increase the capacity of organizations providing peer support services for members transitioning out of homelessness

Exciting Behavioral Health Transformation & Investment

- HCPF is state's largest BH payer
- New HCPF Office: Office of Medicaid and CHP+ BH Initiatives and Coverage
- Collaboration with BHA
- $550M+ in ARPA stimulus to transform the industry (BH and HCBS)
- 20+ transformative bills
- Adding adult beds, youth residential beds, tribal substance use disorder facility
- Redefining safety net (CMHCs)
- Increasing high-intensity outpatient services
- Funds to increase integrated care
- Community investments and much more!



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Equity, Diversity, Inclusion and Accessibility (EDIA) and Health Equity

Governor's Executive Order 2020 175, the Department has implemented the following efforts in accordance with its equity, diversity and inclusion plan:

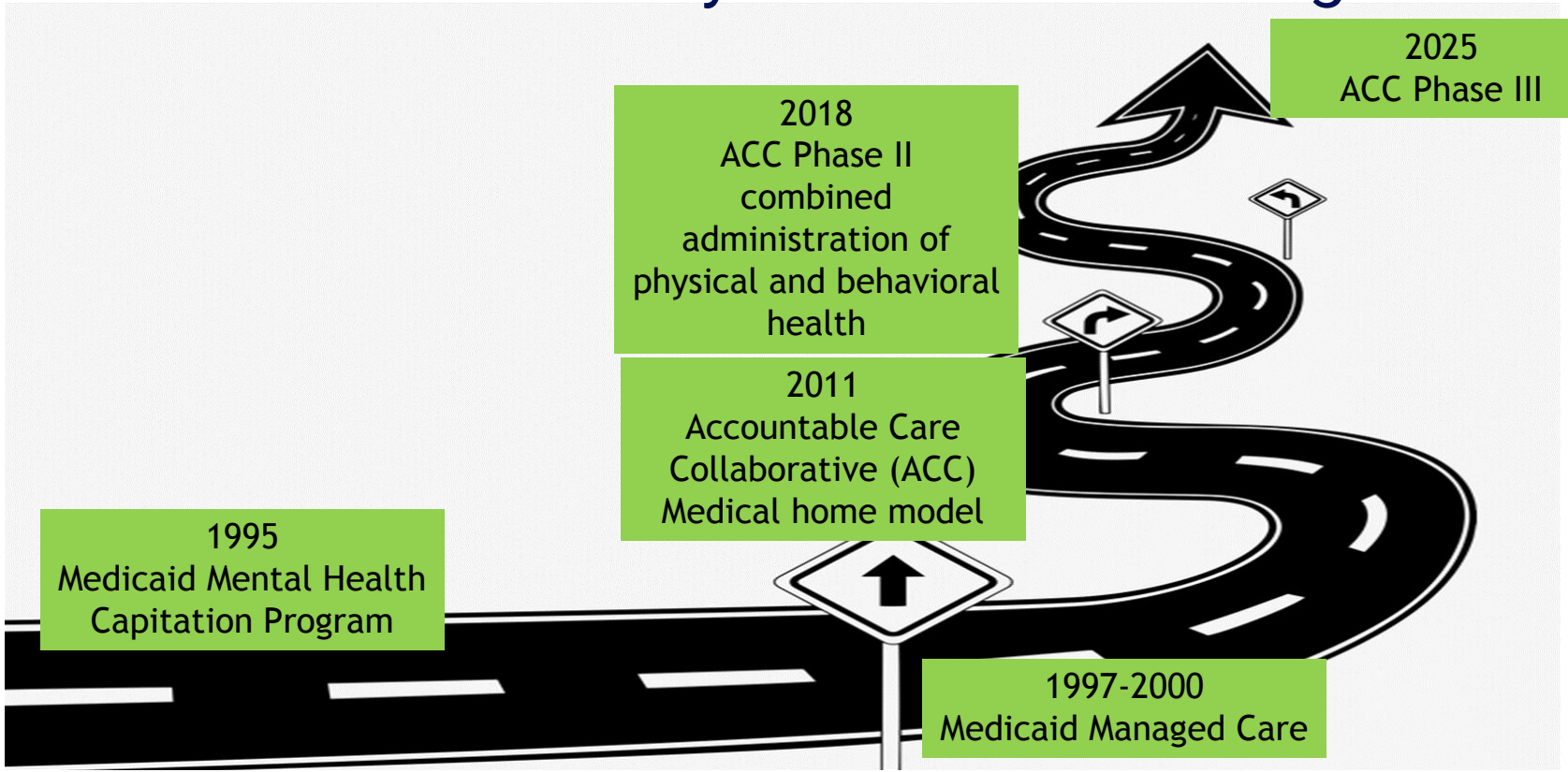
- Workforce strategy to increase diversity
- HCPF staff training, surveys, hired consultant, committees to champion initiatives
- 15 EDIA-related events in FY 2022-23
- Affinity Groups (launched July 2022)

Medicaid Health Equity focus:

- COVID Vaccinations
- Maternity
- Behavioral Health
- Prevention

View HCPF's Health Equity Plan at CO.gov/HCPF/health-equity

We will leverage all new innovations, advances into our ACC 3.0 effective July 2025. Stakeholding now.



HCPF Emerging Legislative Agenda

Respectfully request the General Assembly consider legislation on the following:

- **Nursing Facility Sustainability and Transformation** - 2022 Nursing Facility Reimbursement Recommendations. Ensures the nursing facility industry transforms (sustainability, meeting needs of our older adults and people with disabilities)
- **Public Health Emergency Unwind Alignment** would ensure the necessary state authority to continue to access federal funding related to COVID-19 response and recovery activities for the 14-month period after the COVID-19 continuous coverage requirement ends
- **Removal of Co-Payments in Medicaid** companion bill to R-7 budget request
- **HB 23-1040: Prader Willi Syndrome** Technical Changes
- **Medicaid Provider Rate Review Advisory Committee (MPRRAC)** Technical Changes
- Other Affordability focused initiatives in process.

Contacts: Iris Hentze, Sr. Legislative Analyst and Jo Donlin, Legislative Liaison

Regulatory Agenda

2022, HCPF reviewed: Physician Services; Dental; Vision Services; Medicaid Managed Care Program; Early and Periodic Screening, Diagnostic, and Treatment; Case Management; Family Support; Laboratory and X-Ray; Children's Basic Health Plan and Executive Director issued rules.

We are in our 1st year of a 5-year review cycle; 77 sections have been reviewed.

2023, HCPF will review: Long Term Care, Nursing Facility Care, Adult Day Care Services, Home and Community Based Services for the Elderly, Blind and Disabled, Electronic Monitoring, Non-Medical Transportation and Program of All-Inclusive Care for the Elderly.

This year, the Public Health Emergency dominated our emergency rulemaking.

2023 HCPF SMART Act Statutory Updates and Budget Highlights

HB 18-1321 - Urgent NEMT

Effective Jan. 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 NEMT provides transportation needed for members to receive necessary medical services. Use of Urgent NEMT includes:

- Transportation after discharge from a hospital
- If an NEMT provider fails to pick up a member from an appointment within one hour of scheduled pick-up time
- Transportation to and from critical, unplanned medical appointments

There are currently 19 Urgent Transportation providers. The Department has received positive feedback about the effectiveness of this benefit.

SB 21-09 - Reproductive Health Care Program

- Effective July 1, 2022, individuals who would be eligible for Medicaid if not for citizenship status can receive family planning services
- Includes: oral contraceptive pills, long acting reversible contraceptives, sterilization, basic fertility assessments and contraceptive counseling
- Continued member communications and stakeholder engagement
- Cost effectiveness data to be reported Jan. 2024 SMART Act Hearing

Early Results

Utilizers: 415

Composition: 87% Hispanic/Latino

Ages: 15-49

IUDs inserted: 41

Injectable contraceptives: 108

SB 17-121 - Improving Medicaid Correspondence

- Process for ongoing improvements
  - Launched the Community-Based Organization (CBO) Ambassador Pilot Program (June 2022)
  - First year focus on Spanish and Vietnamese speakers
- Updates on letters revised in 2022 and plans for 2023
  - Leveraged member testing for PHE related communications
- Results of member correspondence improvement

How do we achieve this?

Listening to members:

- Member contact center calls <35 sec. avg hold time
- Member Experience Advisory Council
- Self-service in PEAK and Medicaid mobile apps
- Complaints and escalations

Ensure audit quality

- Reduced correspondence error rates from 50% to 0.00224%
- Partnering with County and Medicaid Assistance resources to achieve standardized performance metrics
- Increase eligibility timeliness (97% in <45 days)
- Improve member application data accuracy (better than the federal 97% accuracy standard)

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SB 19-195 - Children and Youth Behavioral Health System Improvements

SB 19-195	Required HCPF to hire a team, implement a High Fidelity Wraparound Benefit and run an Integrated Funding Pilot
HB 20-1384	Removed requirements and appropriations
SB 21-205	Re authorized and reappropriated funds without implementation deadlines

Updates since 2021

- Team has been re-hired and work with BHA has been re-initiated
- High Fidelity Wraparound Benefit
  - Dept strategically aligning this with other emerging projects and efforts associated with complex children and youth including: ARPA projects, BHA activities, ACC 3.0
- Integrated Funding Pilot:
  - State hired vendors for Integrated Funding Pilot with CDHS, BHA and HCPF

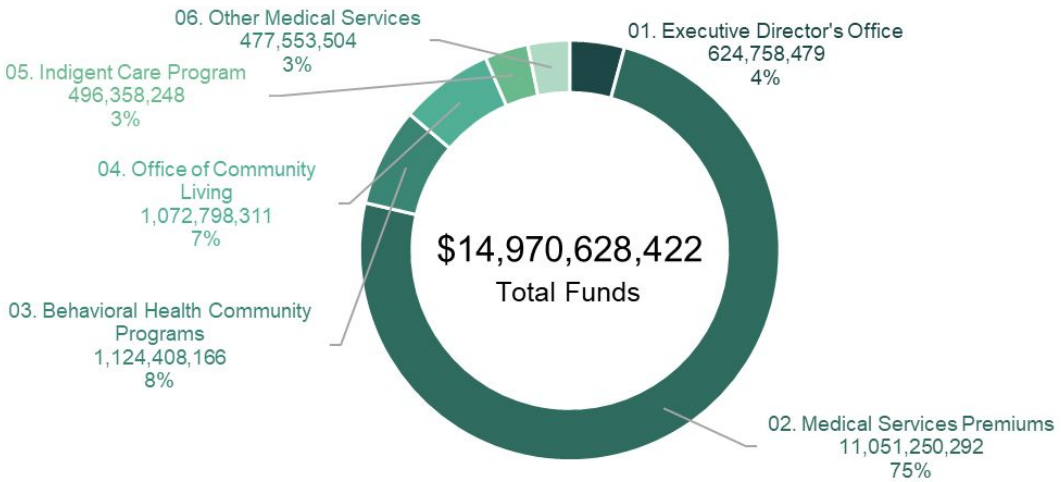
SB 21-1085 - Secure Transportation in Behavioral Health Crisis

- House Bill 21-1085 directs HCPF to implement a behavioral health secure transportation, which benefit no later than July 1, 2023 (C.R.S. 25-3.5-103). HCPF shall annually report on the implementation as part of the SMART Act. Connection to mobile crisis services may be considered.

- Updates from CY 2022
  - New federal mobile crisis definitions and funding through 2026 (grants, enhanced match)
  - CDPHE Rule 6 CCR 1011-4 promulgated **Aug. 14, 2022 for counties to license secure transportation vehicles/providers**
  - Stakeholder engagement, alignment with new federal mobile crisis standards and ARPA grant funding (in collaboration with CDPHE and BHA)

- Plan for CY 2023
  - HCPF State Plan Amendment and state board Rule Review
  - HCPF benefit, reimbursement go live date of July 1, 2023

HCPF FY 2023-24 Budget Request

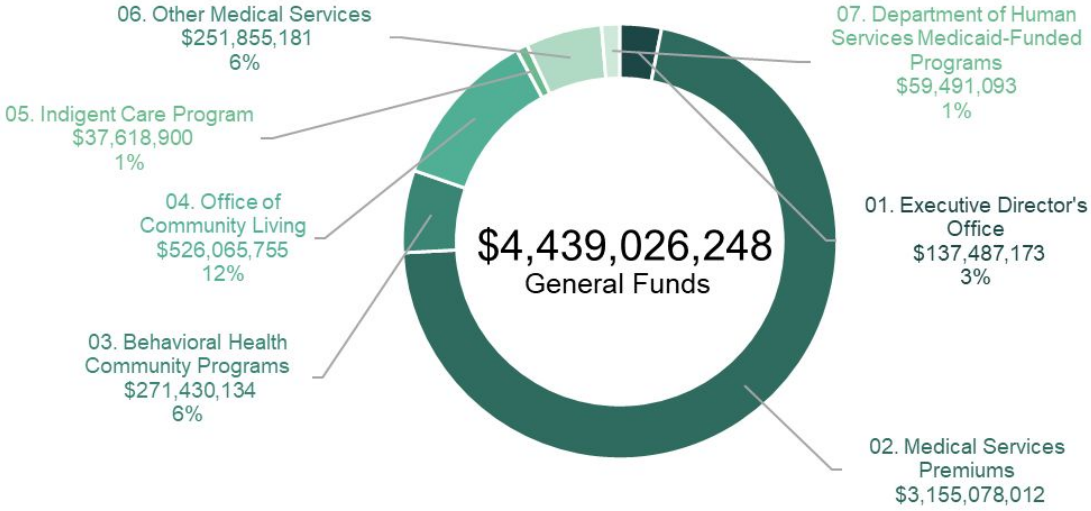


FY 2023-24 Budget Snapshot

FY 2023-24 Total Funds: **$14.9B**

FY 2023-24 General Fund: **$4.43B**

FY 2023-24 FTE: **753**



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HCPF FY 2023-24 Budget Requests

HCPF's FY 2023-24 Budget Requests:

R6 | Supporting PCMP Transition with Value Based Payments
R7 | Provider Rate Adjustments
R8 | Cost and Quality Indicators
R9 | Advancing Birthing Equity
R10 | Children and Youth with Complex and Co-Occurring Needs
R11 | Compliance
R12 | Behavioral Health Eligibility and Claims Processing Operations
R13 | Case Management Redesign
R14 | Convert Contractor Resources to FTE
R15 | Administrative Technical Request

Supplementals:

S6 | PHE Funding
S8 | ARPA HCBS Adjustments
S9 | Public School Health Services
S10 | Technical Adjustments
S11 | Behavioral Health Crisis Response Funding
S12 | eConsult Technical Adjustment
S13 | EQRO Disallowance
S14 | FMAP True Up for Non-Forecast Lines
S15 | Advancing Birthing Equity
S16 | Compliance
S18 | FY 2021-22 Overexpenditures
S19 | True Up Funding to Implement Alternative Payment Methodologies
S21 | One-time Increases for Denver Health

Further details: CO.gov/HCPF/legislator-resource-center

More information - *thank you!*

To view monthly updates on Wildly Important Goals and corresponding lead measures, please visit the Governor's Dashboard.

For more information on additional HCPF goals, view our FY 2022-23 Performance Plan at: operations.colorado.gov/performance-management/department-performance-plans

Read the HCPF Annual Report at CO.gov/HCPF/2022-report-to-community

Visit our Legislative Resource Center: CO.gov/HCPF/legislator-resource-center

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