Department of Health Care Policy & Financing (HCPF) SMART Act Hearing

Senate Health & Human Services Committee
House Health & Insurance Committee
House Public & Behavioral Health & Human Services Committee
January 27, 2022

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

Now covering 1.58M Coloradans - 1 in every 4

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Our 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.

HCPF Pillars

Member Health

Care Access

Operational Excellence & Customer Service

Medicaid Cost Control

Affordability Leadership

Employee Satisfaction & Equity Diversity Inclusion

Measurement

100% **Wildly Important Goals on track**

77% **of 31 Dept goals on track**

93% **of 70 Dept projects on track**

104 **completed IT projects, 0 defects** (for MMIS, claims management system, since 9/1/19)

"I am so grateful [for] the coverage Medicaid has offered during these turbulent times. I had a colonoscopy performed at no charge to me, and I couldn't be more thankful. The website & technical aspects of the app & communications have been great." -Member

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Health Care Policy & Financing Organizational Structure

Executive Director's Office
Kim Bimestefer

Office of Community Living	Health Programs Office	Finance Office	Medicaid Operations Office
Bonnie Silva	Tracy Johnson	Bettina Schneider	Ralph Choate

Pharmacy Office	Cost Control and Quality Improvement Office	Policy, Communications and Administration Office	Health Information Office
Tom Leahey	Anne Saumur	Tom Massey	Parrish Steinbrecher

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Investing in our People & Internal EDI Work

- Passionate, expert staff
- Recruitment, retention, career growth
- Diversify workforce

Equity, Diversity & Inclusion

- 99.5% staff completed EDI Training
- Optional EDI Coaching Series
- EDI lead to drive EDI efforts, with EDI consultant (hiring)
- 15 EDI-related events in FY 2021/22
- EDI Tuition Reimbursement Fund

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Right-Sizing Staff vs. Vendors
Vendor & Partner Performance & Efficiency

- Right-sizing and bringing strategic functions in-house where that makes sense
- Increasing Admin ($430M) investments to better control claims cost trend ($13.5B)
- Implemented new contract process across 350+ vendors to improve savings/value, accountability, performance monitoring
  - Expectations, responsiveness to members, HCPF, financial consequences

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HCPF FY 2022-23 Budget Request

FY 2022-23 Budget Snapshot

FY 2022-23 Total Funds: $13.546B

FY 2022-23 General Fund: $3.996B
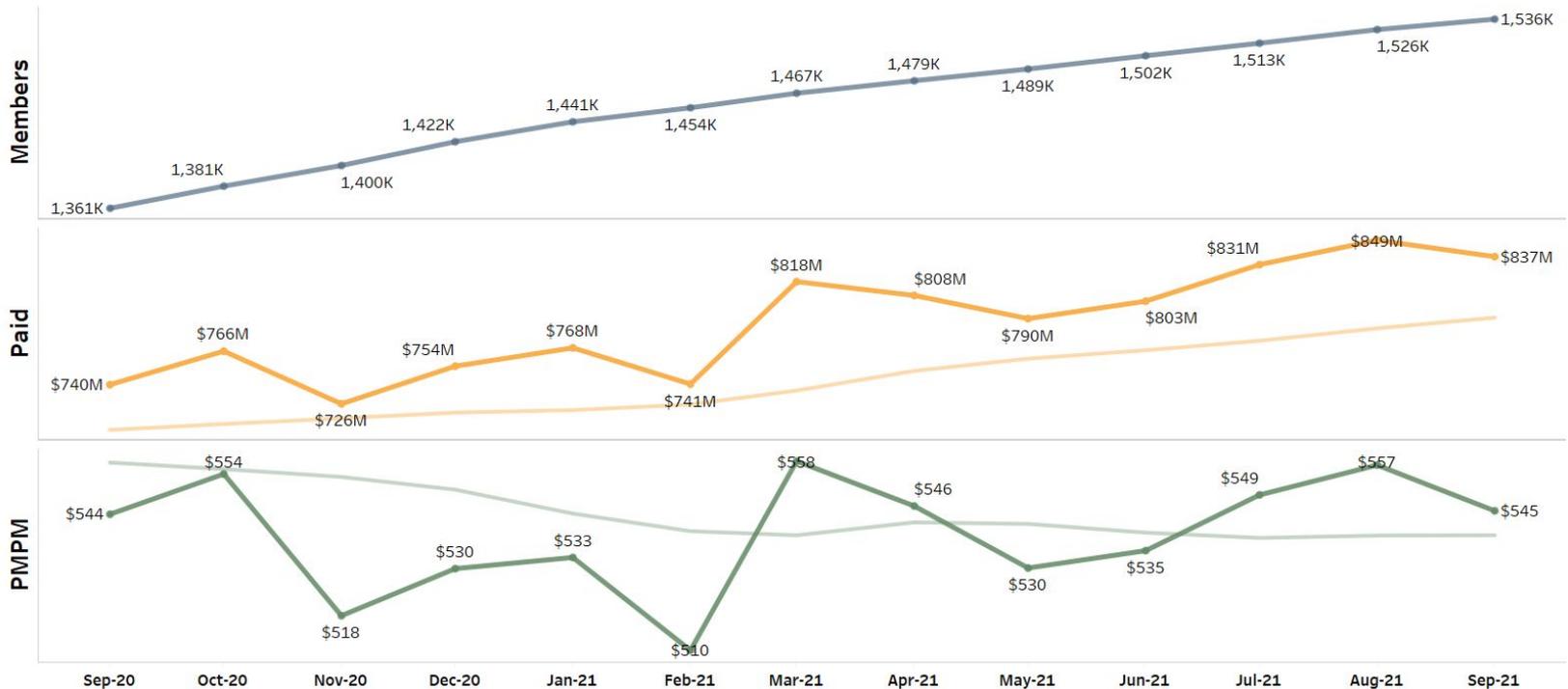
FY 2022-23 FTE: 673

Admin <4% of spend (Carriers 13.5%+)

FTE cost is <0.5% of spend

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Total Funds Chart: $13,546,099,240 Total Funds
- 06. Other Medical Services 422,908,107 3%
- 05. Indigent Care Program 538,409,280 4%
- 04. Office of Community Living 919,070,342 7%
- 03. Behavioral Health Community Programs 1,058,133,161 8%
- 01. Executive Director's Office 429,669,827 3%
- 02. Medical Services Premiums 10,051,013,187 75%

General Funds Chart: $3,995,530,891 General Funds
- 06. Other Medical Services $234,337,271 6%
- 05. Indigent Care Program $37,909,429 1%
- 04. Office of Community Living $462,927,512 12%
- 03. Behavioral Health Community Programs $259,496,330 6%
- 07. Department of Human Services Medicaid-Funded Programs $61,308,764 1%
- 01. Executive Director's Office $108,277,151 3%
- 02. Medical Services Premiums $2,831,274,434 71%

Controlled Medicaid Cost Growth (PMPM −3.2%)

Executive Dashboard
October 2020 - September 2021

FTE: 1,467K	15.7% ▲	Paid: $9,489.9M	12.0% ▲	PMPM: $539	3.2% ▼	Risk Adjusted: $562	0.9% ▲

Members

- 1,361K (Sep-20)
- 1,381K (Oct-20)
- 1,400K (Nov-20)
- 1,422K (Dec-20)
- 1,441K (Jan-21)
- 1,454K (Feb-21)
- 1,467K (Mar-21)
- 1,479K (Apr-21)
- 1,489K (May-21)
- 1,502K (Jun-21)
- 1,513K (Jul-21)
- 1,526K (Aug-21)
- 1,536K (Sep-21)

Paid

- $740M (Sep-20)
- $766M (Oct-20)
- $726M (Nov-20)
- $754M (Dec-20)
- $768M (Jan-21)
- $741M (Feb-21)
- $818M (Mar-21)
- $808M (Apr-21)
- $790M (May-21)
- $803M (Jun-21)
- $831M (Jul-21)
- $849M (Aug-21)
- $837M (Sep-21)

PMPM

- $544 (Sep-20)
- $554 (Oct-20)
- $518 (Nov-20)
- $530 (Dec-20)
- $533 (Jan-21)
- $510 (Feb-21)
- $558 (Mar-21)
- $546 (Apr-21)
- $530 (May-21)
- $535 (Jun-21)
- $549 (Jul-21)
- $557 (Aug-21)
- $545 (Sep-21)

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26% Increase In Membership Since Pandemic Started

Enrollment + 328k (26%) since pandemic started: Expansion Adults **+66%**, Medicaid Children **+27%**, Medicaid Parents **+30%**

Jan 2020-Dec 2021, drew down $960M in 6.2 pt **extra FMAP,** needed $145M, net gain to **offset state GF = $815M**.

Medicaid & CHP+ Eligibility
December 31, 2021

Legend:
- Medicaid Children (56.2% Federal Funds, 43.8% General Fund)
- Medicaid Expansion Adults (90% Federal Funds, 10% Cash Funds)
- Medicaid Parents (56.2% Federal Funds, 43.8% General Fund)
- Other Medicaid Categories (56.2% Federal Funds, 43.8% General Fund)
- CHP+ (80.8% Federal Funds, 19.2% Cash Funds & General Fund)

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Longer, Uneven Recovery for Low Income Impacting Medicaid, CHP+

Job Loss and Recovery by Low, Medium, and High Wage Industries (Colorado & U.S.)

Employment Levels Relative/Indexed to February 2020 (1.00)
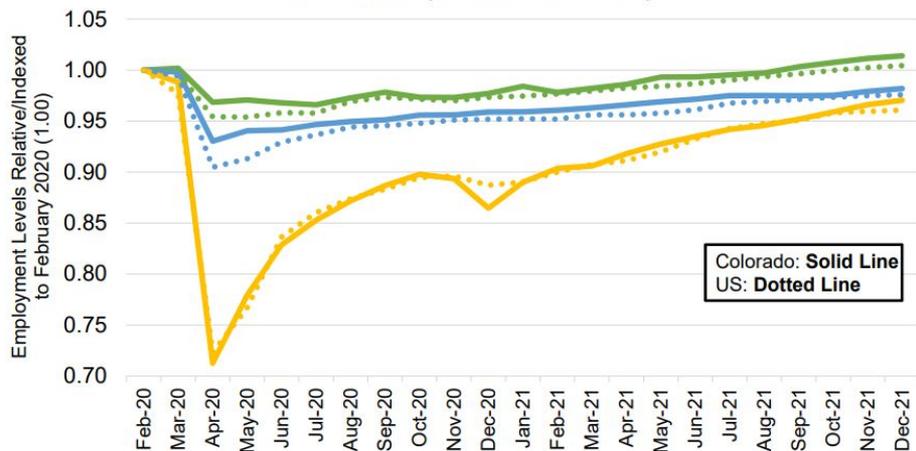
Colorado: **Solid Line**
US: **Dotted Line**

Source: Colorado Department of Labor and Employment; Bureau of Labor Statistics
Data seasonally adjusted. Note: low, medium, and high wage industries are determined by the 2019 state-level average weekly wage estimates from the Quarterly Census of Employment and Wages. Low wage industries include: retail trade; admin support/waste mgmt; private education services; arts, entertainment, and recreation; accommodation and food services; and other services. Medium wage industries include: construction; manufacturing; transportation, warehousing, and utilities; real estate, rental, and leasing; private health care and social assistance; state government; and local government. High wage industries include: mining and logging; wholesale trade; finance and insurance; professional and technical services; management of companies; and federal government.

Recession and recovery have uneven impacts

Colorado Unemployment Rates by Demographic Group
Twelve-month moving average

■ 2019 Annual Average
■ 2020 Annual Average
■ 2021*

	Statewide	Female	Male	White	Black	Hispanic	Less than high school	High school, no college	Some college or associate degree	Bachelor's degree and higher
2019	2.6	2.9	2.3	2.4	4.0	3.4	4.8	2.2	2.2	1.9
2020	7.3	7.8	7.0	6.9	9.2	9.6	8.9	6.8	6.8	5.1
2021*	6.0	5.8	6.1	5.3	14.5	7.2	8.9	7.4	5.2	4.1
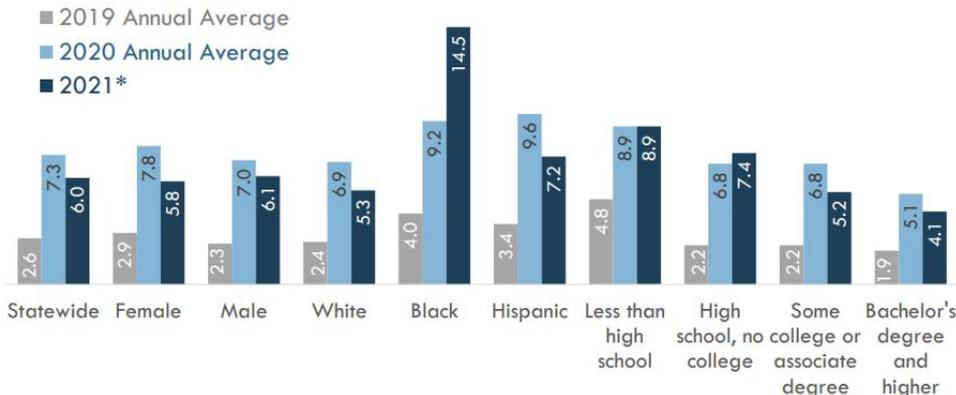
Source: U.S. Bureau of Labor Statistics, Current Population Survey. Data are not seasonally adjusted. Unemployment rates by gender, race, and ethnicity for individuals 16 and over. Unemployment rates by educational attainment for individuals 25 and over. Twelve-month moving averages are calculated differently than the official estimates of unemployment and should not be compared directly.
* 2021 twelve-month average, September 2020 to August 2021.

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HCPF FY 2022-23 Budget Requests

Proposed Budget $13.5B TF, $3.99B GF. Drivers:

- $343.4M GF over the baseline
- $224M accounts for 6.2-pt added FMAP end
- Utilization inc in LTC, especially HCBS waivers
- $41M GF provider rate inc.
- **All other discretionary requests are budget negative by $4.8M**

FY 2022-23 Annual HCPF Budget Request	Total Funds	General Fund
FY 2021-22 Budget	$13,279,388,573	$3,346,625,179
FY 2022-23 Budget Baseline	$13,396,015,183	$3,652,090,038
Percent Change	0.9%	9.1%
Caseload / Per Capita/FMAP	$85,349,586	$306,626,915
Discretionary Decision Items	$63,989,003	$36,552,387
Other Agency Impacts	$745,468	$261,551
Total FY 2022-23 Budget Ask	$150,084,057	$343,440,853
Proposed FY 2022-23 Budget	$13,546,099,240	$3,995,530,891
Percent Change from FY 2021-22	2.0%	19.4%
Percent Change from FY 2022-23	1.1%	9.4%

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Priority: Serve Growing Members & Providers

Managing 1.58M, +328k members

- Expanded network: added 17,165k providers (+ >20%) and 30 pharmacies & 887 pharmacists (+44%)
- 54 projects with CBMS vendor to improve support to members, counties
- 104 internal IT (MMIS) projects with ZERO Defects (claim system since 9/1/19)
- Exceeded provider service goals claims paid (<6 days), calls answered (<150 sec)
- Exceeded member call center standards, calls answered (<150 sec). Achieved record low member correspondence error rate of 0.012% (Dec. 2021)
- Protected member benefits & provider reimbursements

"The member hotline is great and easy to get through to lately. The mobile app is easy. I've gotten ample notification of documents I need to submit which is fantastic." Member

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Priority: Prepare for End of PHE
Keep Coloradans Covered Post-Emergency

When PHE ends, HCPF, in partnership with counties, will begin an eligibility redetermination process for "locked-in members"

- Review and redetermine eligibility for 550k+ Coloradans
- Representing 35% of our members
- Unprecedented lift for HCPF and counties
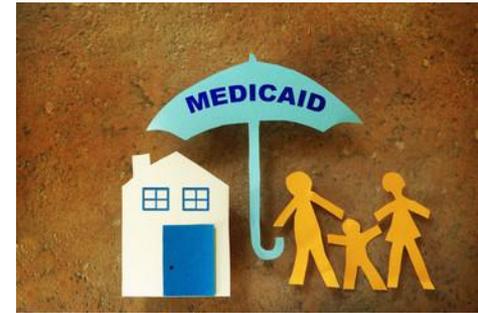
During the PHE, we kept the state's uninsured rate steady at ~6.6%.*

It is imperative we keep Coloradans covered through this transition, by leveraging subsidies available through Connect for Health Colorado (marketplace exchange).

*The Colorado Health Access Survey, October 27, 2021

Priority: COVID-19 Vaccines/Boosters to Save Lives

Asian	20,443/25,581	**79.9%**
Hispanic/Latino	135,958/232,254	58.5%
Not Provided	42,418/80,057	53.0%
White/Caucasian	232,742/443,275	52.5%
Other/Unknown Race	30,609/58,457	52.4%
Black/African American	33,933/65,540	51.8%
Other People of Color	15,644/31,015	50.4%
American Indian/Alaska Native	4,803/9,876	48.6%
Native Hawaiian/Other Pacific Islander	1,376/2,846	48.3%
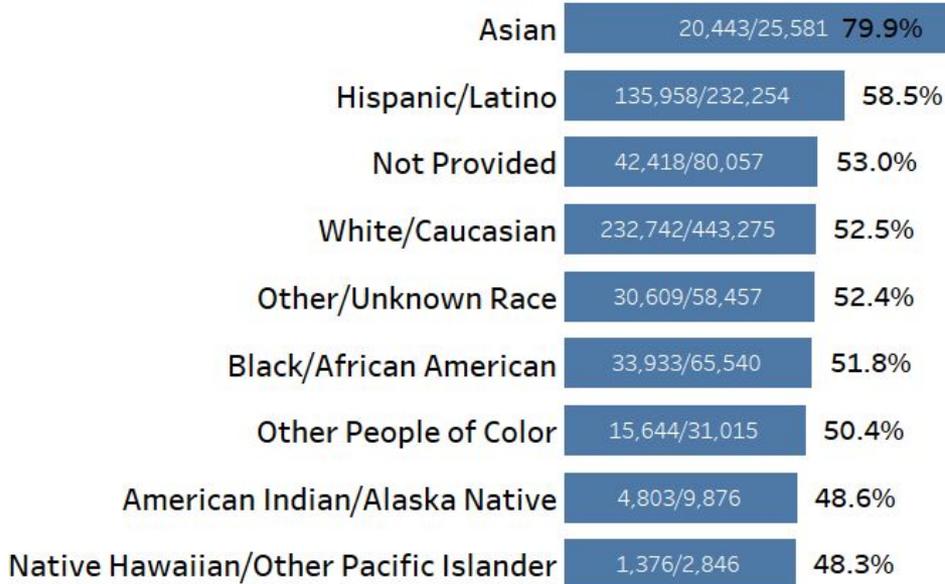
Race Disparities focus (Age 20+, as of 1/9/22)

- Members w/ disabilities vaccination rate 19% higher than members without disabilities (Age 20+, as of 1/9/22)

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Ages 5-19	Ages 20+
51.9% Colorado population fully or partially vaccinated (as of 1/13/22) All Coloradans	**82.0%** Colorado population fully or partially vaccinated (as of 1/13/22) All Coloradans
32.4% Medicaid and CHP members fully or partially vaccinated (as of 1/9/22)	**54.6%** Medicaid and CHP members fully or partially vaccinated (as of 1/9/22)

Lots of work done. More to do to Save Lives.

- RAEs/MCOs & partners leveraged $15M FEMA $$ + add'l $6.1M to prevent disparities. Result: All RAEs achieved vaccination rates of their BIPOC population within 3% of the White population, or better.
- Ongoing outreach to unvaccinated members and partners:
  - Via pharmacist when unvaccinated Medicaid member is at the counter
  - Through CDPHE to employers with unvaccinated Medicaid members
  - From RAEs/MCOs & Dept to unvaccinated members
  - Medicaid dashboard insights specifics to local public health depts
- Increased Medicaid & CHP+ COVID vaccination rate to **$61.77** for first two doses, retroactive to Sep. 1, 2021 (Triple initial Medicaid vaccine admin rate & 50% above Medicare rate)

Priority: Health Equity

- Health Equity Priorities: Vaccines, Maternity, Behavioral Health
- Modernized HCPF Mission Statement to include equity
- On track to implement Dept. Health Equity & Accessibility Plans June 30 to improve health equity (SB21-181 & HB21-1110)
- Plan is comprehensive and culturally-responsive
    - Coordinated care for client-centered outcomes
    - Stratified data aligned with quality
    - Adding health equity reports to vendor contracts
    - Social determinants of health, health factors
    - Strong community partnerships, safety net provider (rural & urban) engagement
    - Measure success in health outcomes and cost savings

EQUALITY   EQUITY

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Priority: Behavioral Health Transformation

- Increasing $$ into BH
- Inpatient & Residential Substance Use Disorder Treatment benefit eff. 1/1/21
- Growing Medicaid BH network
- Behavioral Health Task Force 19 priorities
- Behavioral Health Administration (BHA)
- Behavioral Health Transformational Task Force ($450M ARPA funding)
- R23 centralizing BH admin inside HCPF
- Building comprehensive safety net system capacity to increase access
- CMHC transformation
- Payment and contracting reform
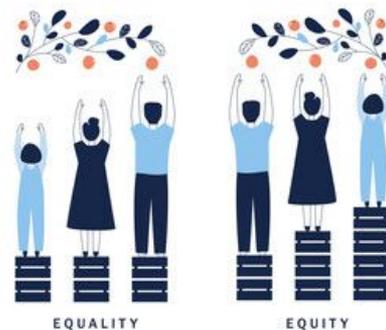
Behavioral Health Expenditure: Total and PMPM
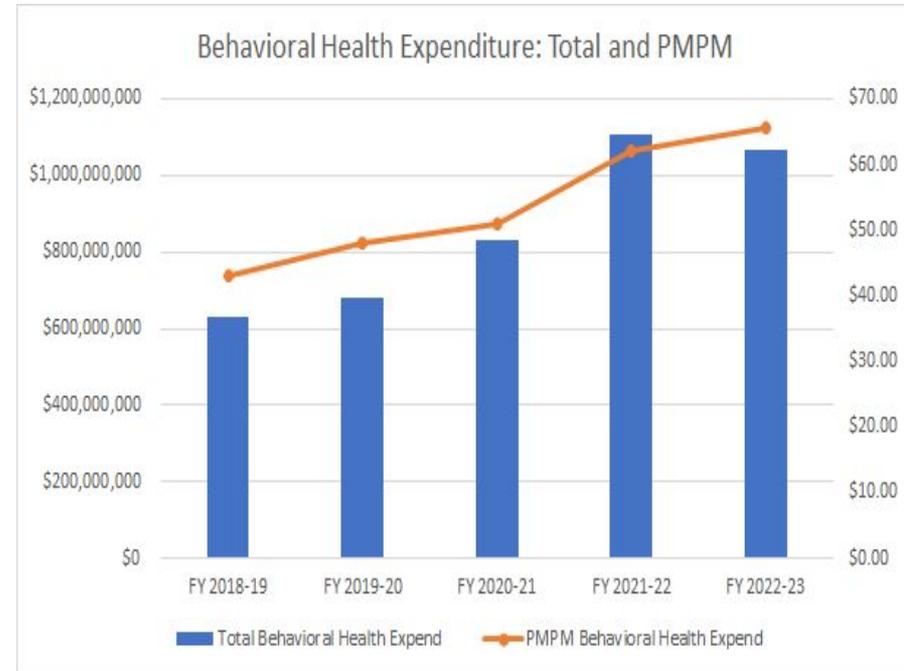
Priority: Addressing Health Care Worker Crisis

Patient demand is up due to COVID while staffing is strained.

Health Care workers are exhausted!

Women are 70% of the healthcare workforce. In 2020, mothers reduced work hours 4-5 times more than fathers to care for children. In 2020, female unemployment double digits 1st time since 1948.

To address:

- $154.6M in Department-issued provider relief payments plus federal stimulus provider relief funds to 6,500 CO providers
- Raised HCBS base wage to $15/hour Jan. 1, 2022
- Requesting the same for nursing facilities
- Cross Agency work team - short & long term solutions
- Provider partnership work

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Priority: $513M+ ARPA. 65 Initiatives To Transform Home and Community Based Services (HCBS)

1 Strengthen the Workforce & Enhance Rural Sustainability

2 Improve Crisis & Acute Services

3 Improve Access to HCBS for Underserved Populations

4 Support Post-COVID Recovery & HCBS Innovation

5 Strengthen Case Management Redesign

6 Invest in Tools & Technology

7 Expand Emergency preparedness

8 Enhance Quality Outcomes

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ARPA: https://hcpf.colorado.gov/arpa

- Value-Based Payments: Primary Care, Prescriber Tool Rewards, Maternity
- Rx: PDAB, Drug Importation, Rebate Pass, Prescriber Tool, insights reporting
- Hospital: Hospital Transformation Program (HTP), Pricing Transparency
- eConsults to support PCPs & better refer
- Providers of Distinction (cost & quality insights)
- Closing disparities - prevention vs care escalation

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1570 Grant Street
Denver, CO 80203

Colorado's Canadian Drug Importation Program
Frequently Asked Questions (FAQs)   Winter 20

Background Information

Since the passage of Senate Bill 19-005, the Department of Health Care Policy &Financing (the Department) has been working to implement a Canadian prescription drug importation program to bring significant drug cost savings to consumers. Efforts have included: stakeholder engagement to shape the program, development of a draft program proposal (March 2020), and providing comments on the draft rule released by the Department of Health and Human Services (HHS) in December 2019. The Department just released an Invitation to Negotiate (ITN) seeking vendors for the program. The final importation rule went into effect November 30th 2020, which gives Colorado the regulatory framework needed to move forward with the process of seeking vendors.

Program Timeline and General FAQ

When will the importation program be operational?

2nd Edition
Reducing Prescription Drug Costs in Colorado
Cost Drivers and Strategies to Address Them
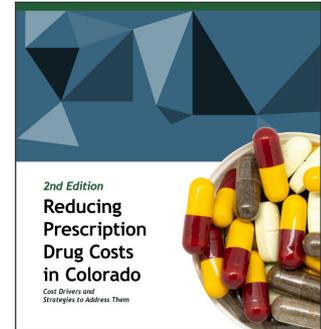
Priority: Keeping Care Local in Rural Communities

- Rural Stimulus Request: $30M
- Improves access, affordability, health equity, patient experience in rural communities
- Creates new care sites
- Reduces care outmigration - which takes jobs, revenues with it
- Provides funding for affordability tools - care coordination systems, eConsults
- When travel to care is appropriate, more thoughtful referrals for better outcomes

A Time of Dynamic Transformation in HC and at HCPF

- **$450M** - BH, payment & reporting, system
- **$513M** - Home & Community Based Services
- **550k+** - PHE end planning & re-determinations
- Healthcare Workforce crisis
- Critical COVID vaccinations work
- Hybrid HCPF workforce environment

- Older adults: PACE & Nursing Homes
- Health Equity Focus
- Affordability: VBP, eConsults, "Provider of Distinction," Prescriber Tool, PDAB, Drug Importation, Rx Rebates, Transparency
- Re-bid our claims system, data reporting system, Rx PBM while designing ACC 3.0

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Legislative Agenda

Please consider the following Department Legislative Agenda:

- PACE Oversight and Accountability
- Redesign Medicaid Provider Rate Review Advisory Committee (MPRRAC)
- Increased Hospital Transparency
- Medicaid Adjusted Gross Income Compliance with Federal Requirements

Regulatory Agenda

2021, HCPF reviewed: Emergency Medical Transportation, Program Integrity, Home and Community Based Services Developmental Disabilities Waiver and Children's Extensive Support Waiver, Oxygen, Durable Medical Equipment, Federally Qualified Health Centers and Women's Health Services rules.

We are in our 5th year of a 5-year review cycle; 96 sections have been reviewed.

2022, HCPF will review: 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.

Statutory Updates

SB 17-121 - Improving Medicaid Correspondence

Three Elements

Process for ongoing improvements	Update on letters revised in 2021 and plans for 2022	Results of member correspondence improvement
CBMS correspondence revision, Key Informant Interviews, Modernize standardize templates for member correspondence.	Revision of CBMS correspondence catalog, removing unnecessary or outdated letters. Standardized templates were finalized.	32 total letters were reviewed. 30 letters reviewed by MEAC plus 8 letters (6 of which were also reviewed by MEAC) tested by written communication and plain language experts.

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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 the 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 19-195 - Children & Youth Behavioral Health System Improvements

- SB19-195 added statute requirement: 1) Implement High Fidelity Wraparound through the RAEs; and 2) Design and recommend an integrated funding pilot
- HB20-1384 removed requirement and appropriations for HCPF to implement high-fidelity wraparound services for children & youth at risk of out-of-home placement or in an out-of-home placement
- SB21-205 re-appropriated funding and authority to pursue goals of SB19-195 without implementation deadlines. Team is being rehired (3 of 5 positions filled), stakeholder re-engagement beginning Feb. 2022, partnership with OBH re-initiated. Dept is aligning this 2019 bill with new and emerging projects and priorities associated with complex children and youth including:
  - ARPA funded projects, BHA Activities, ACC Phase III

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SB 20-212 Telemedicine

- [Utilization data](#) posted every two months
- [Evaluation report](#) posted 3/21, follow-up report expected next fall
- SB21-1256 allowing Department to create accountability framework for entities that provide services predominantly or exclusively through telemedicine
- Research, assessment, and stakeholder engagement continue

HB 21-1085 Secure Transportation Behavioral Health Crisis

- HB 21-1085, Secure Transportation Behavioral Health Crisis - In collaboration with the Office of Behavioral Health, HCPF shall create a benefit for secure transportation services (as defined in Section 25-3.5-103 (11.4)). As part of this legislation, HCPF shall annually report on the implementation of secure transportation during the SMART Act hearing beginning in 2023.
- Update: 2022 will be a planning year
  - CMS issued guidance in late December 2021
  - HCPF will review the detailed guidance and set up stakeholder meetings in 2022 as it begins program design

SB 21-09 Reproductive Health Care Program

- SB 21-009, Reproductive Health Care Program - Directs the Department to administer a reproductive health care program for individuals who are not eligible for coverage under Medicaid only because of citizenship or immigration status.
- Department requested a delay from January 1, 2022 to July 1, 2022
- Implementation Activities
  - Creating new processes in eligibility systems to identify individuals eligible
  - Updating application to determine eligibility
  - Defining benefits in policy and claims system to limit benefit
  - Drafting rule changes for CCR
  - Creating communications plan to share with stakeholders, providers and eligible individuals— particularly non-English speaking communities

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Where to Learn More

- Visit our Legislative Resource Center: Colorado.gov/hcpf/legislatorresource-center
- COVID-19 Information: Colorado.gov/hcpf/covid
- Publications & Reports Hub: Colorado.gov/hcpf/publications
- Follow us on social media

Wildly Important Goal:

Increase savings on pharmacy costs by 83% through pharmacy cost control initiatives, from $12M in FY 2020-21 to $22M by June 30, 2022.
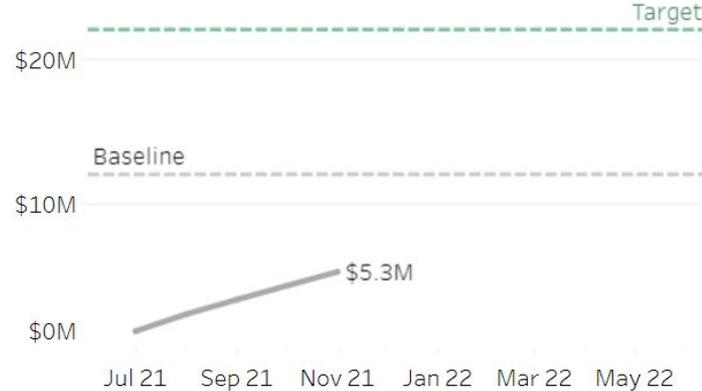
Successful completion of this goal will put downward pressure on the fastest growing cost driver in health care. It will establish a new norm among prescribers to prioritize drugs based on demonstrated efficacy for least available cost.

How HCPF will accomplish WIG #1:

The Department of Health Care Policy and Financing will achieve this goal through the following leading indicators:

Increase the number of value-based purchasing contracts with specialty drug manufacturers from 0 to 3 by June 30, 2022.

Implement and collect baseline data for the affordability module of the Prescriber Tool to set future targets for pharmacy cost savings by June 30, 2022.
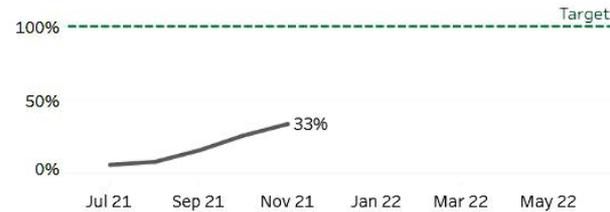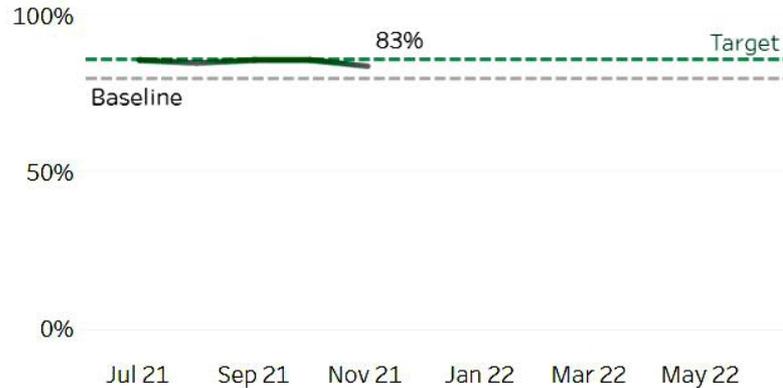

Integrate the clotting factor category of drugs into the Maximum Allowable Cost pricing structure for pharmacy cost control by June 30, 2022.
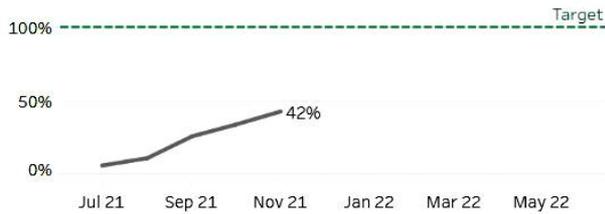
HCPF FY 2021-22 Wildly Important Goal (WIG) #2

Wildly Important Goal:

Increase the rate of automated eligibility renewals from 79% to 85% by June 30, 2022.


Successful completion of this goal will improve accuracy, service to customers, and expand county worker time to focus on more complex case work expediting in-person services to members who need it most.

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How HCPF will accomplish the WIG #2:

The Department of Health Care Policy and Financing will achieve this goal through the following leading indicators:

Add system capability to verify employment and income through automation by June 30, 2022.

Target: 100%
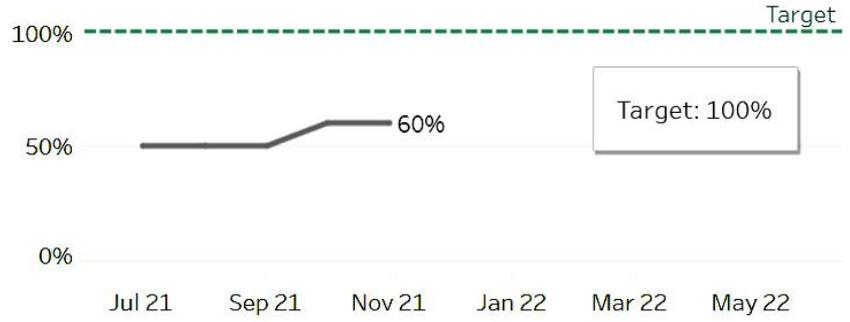
Enhance the capacity to rapidly validate accuracy of current addresses through automation by June 30, 2022.
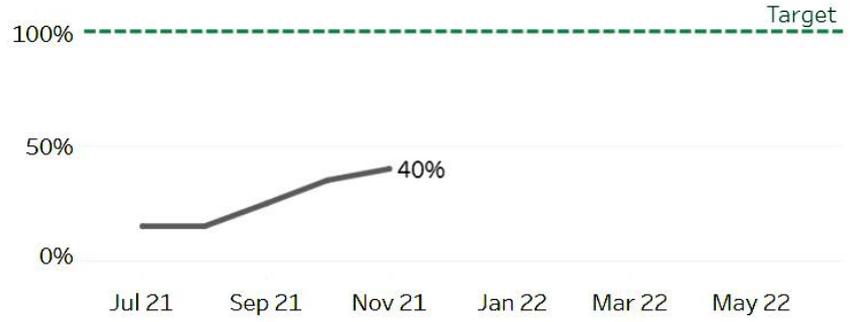
More information

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 2021-22 Performance Plan at:

operations.colorado.gov/performance-management/department-performance-plans

Questions?