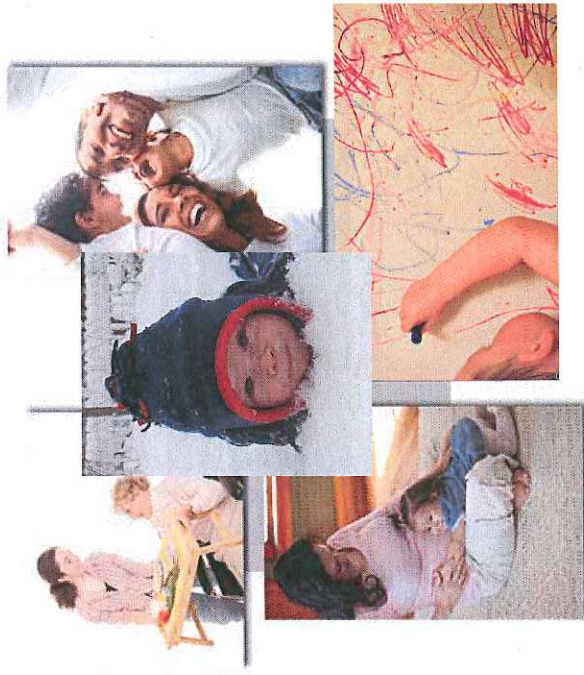


Colorado Department of
**HEALTH CARE
POLICY &
FINANCING**

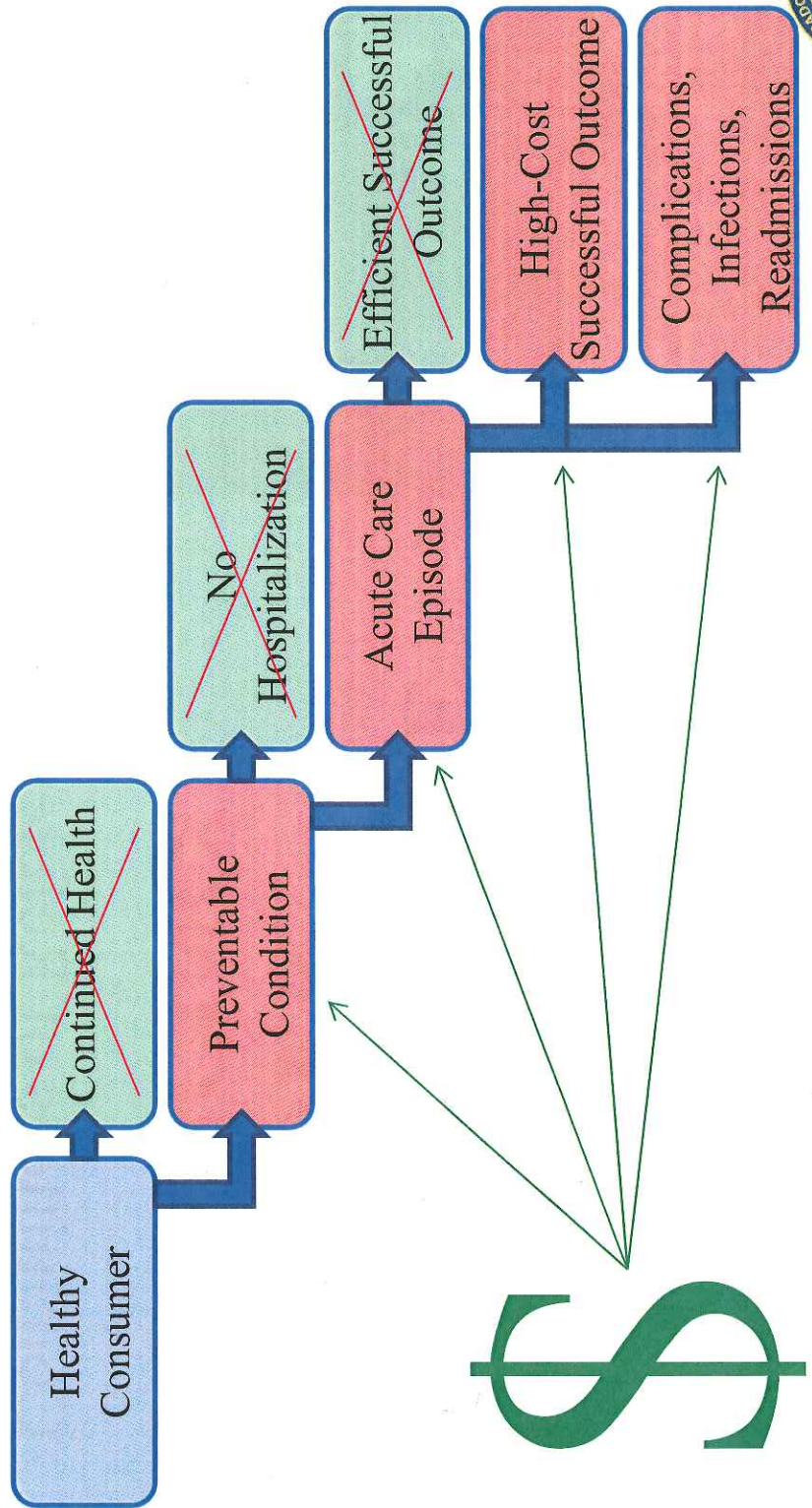


Committees of Reference Presentation
January 12, 2012



CURRENT HEALTH SYSTEMS

REWARD BAD OUTCOMES NOT BETTER HEALTH



ELIGIBILITY FOR MEDICAID AND CHP+

To qualify for...	Your annual income cannot exceed...
Medicaid: Children and Pregnant Women	\$29,726 for a family of 4
Medicaid: Parents	\$22,350 for a family of 4
Medicaid: Elderly and Disabled	\$8,088 for an individual
Medicaid: Long Term Services & Supports	\$24,264 for an individual
Medicaid: Adults without Dependent Children (10% FPL)	\$1,089 for an individual
CHP+: Children and Pregnant Women	\$55,875 for a family of 4



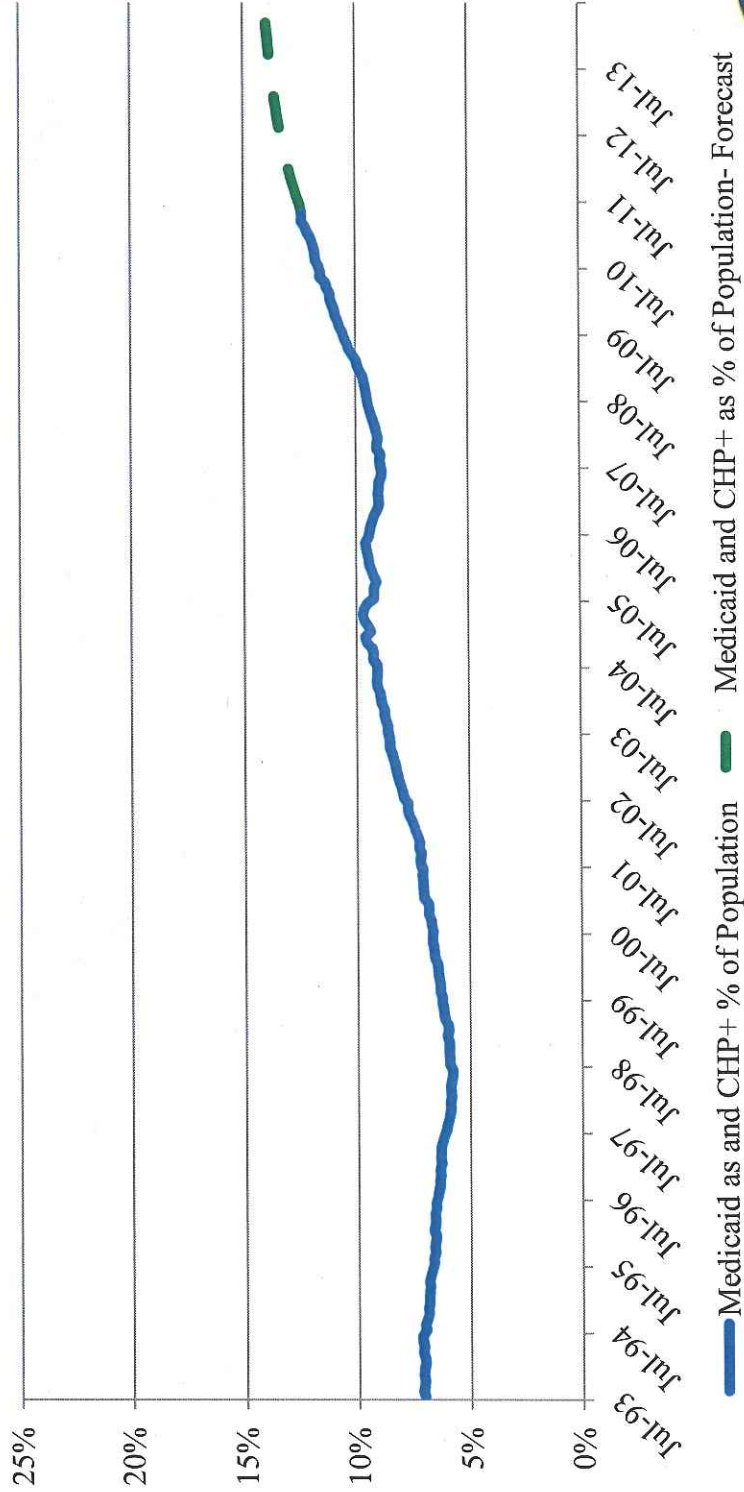
CURRENT CONDITIONS

- Current caseload increasing
- Caseload is driven by
 - Lingering effects of economic downturn
 - Increase in poverty
 - High unemployment
 - Population growth
- Costs driven by
 - Aging demographic
 - Poorer health status of population we serve
 - Increasing health care costs nationally
 - Caseload



MEDICAID AND CHP+ AND CHP+ CASELOAD

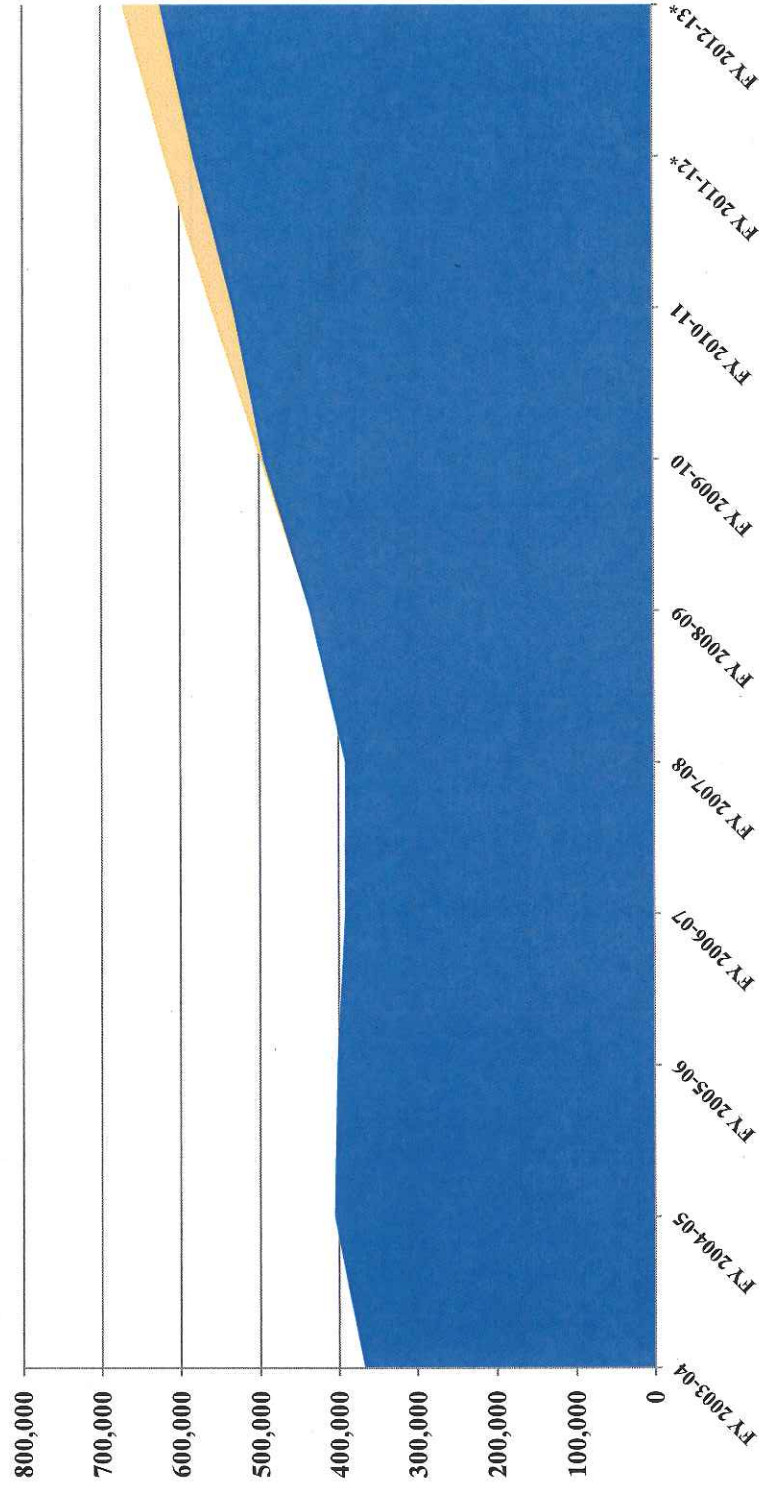
Medicaid and CHP+ Caseload as Percent of Colorado Population



*Caseload projections from the Department's November 1, 2011, Budget Request; Population projections from the Department of Local Affairs, State Demography Office



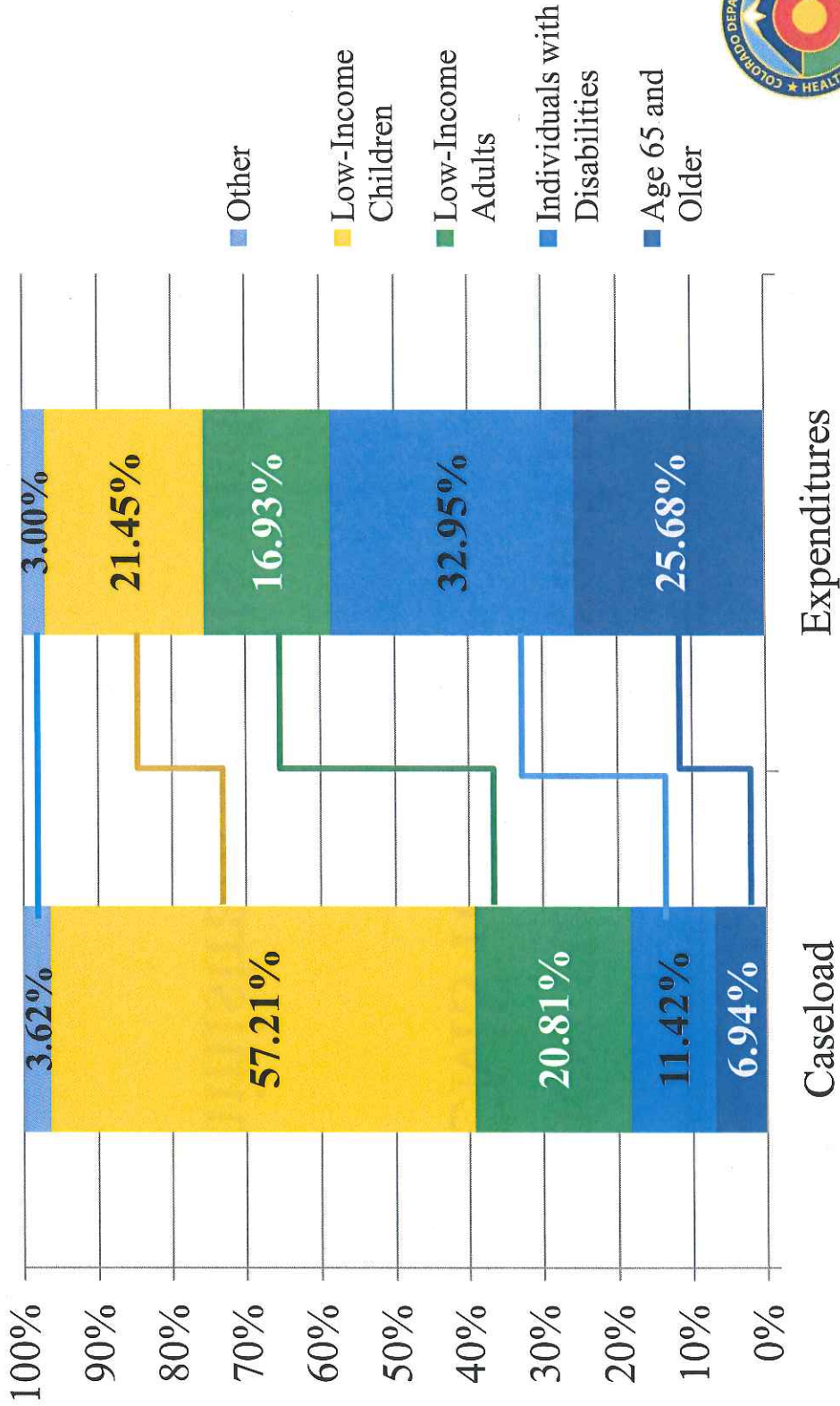
MEDICAID CASELOAD



*Projections from the Department's November 1, 2011, Budget Request, R-1 "Request for Medical Services Premiums," Exhibit B. "Expansion" categories include Medicaid Parents to 100%, AwDC, and Disabled Buy-In



MEDICAID ENROLLEES AND EXPENDITURES, FY 2010-11



DEPARTMENT OPERATIONS

- Leanest state Medicaid program in the CMS region
 - Administration costs under 3%
-
-



STRATEGIC OBJECTIVES

1. Improve health outcomes
2. Improve long-term services and supports
3. Increase access to health care
4. Increase number of insured Coloradans
5. Contain health care costs



INITIATIVES AROUND HEALTH OUTCOMES

- Accountable Care Collaborative (ACC)
- Integrated Care for Dual Eligibles
- Healthy Living Initiatives
- Long-Term Care Redesign

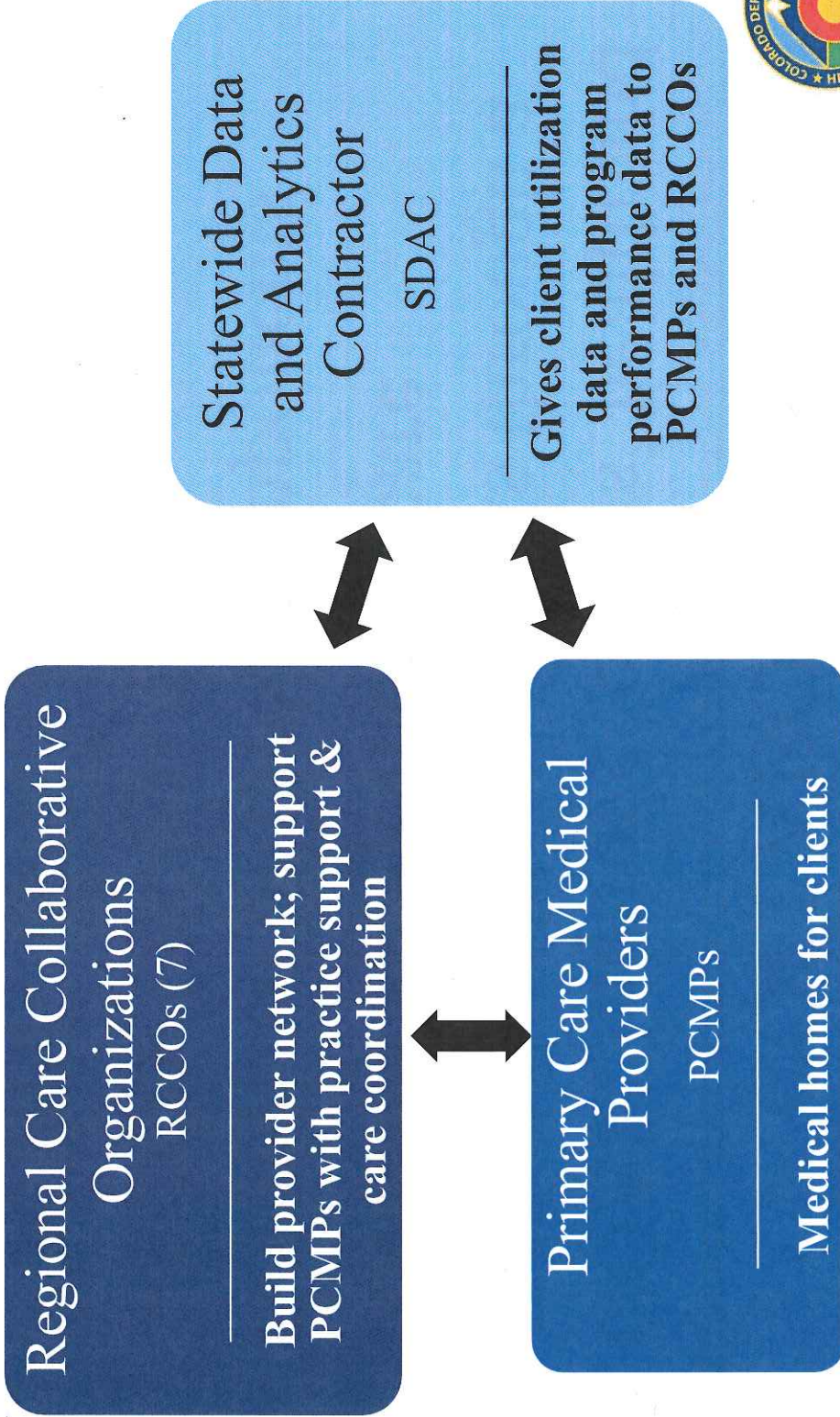


ACCOUNTABLE CARE COLLABORATIVE

- **GOAL:** Improve clients' health and contain health care costs through a coordinated system of care
 - Comprised of three components
 - RCCOs
 - PCMPs
 - SDAC
-
-



ACCOUNTABLE CARE COLLABORATIVE



ACC PROGRAM PROGRESS

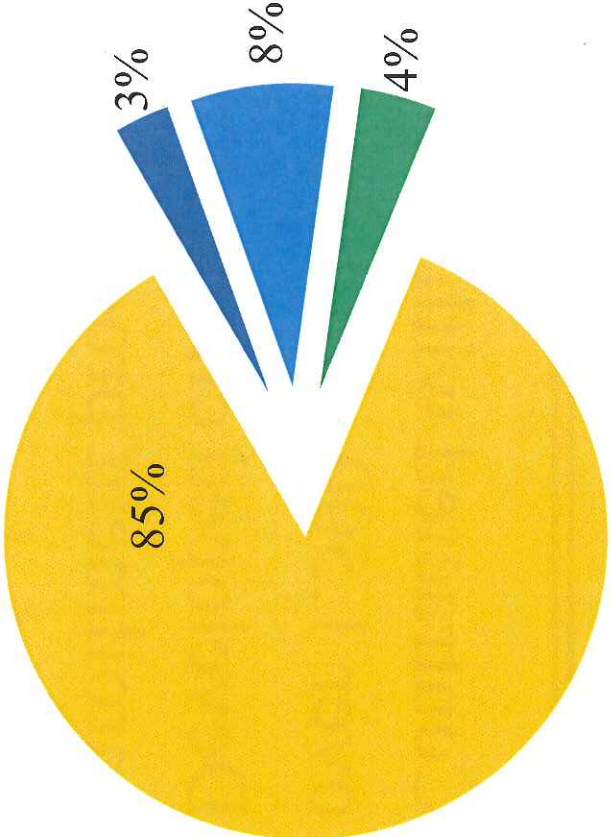
- Contracted with over 79 PCMPs, which is over 1,500 individual providers
 - Developed client attribution and enrollment process
 - Enrolled over 70,000 clients
 - Expansion phase (statewide expansion and incentive payments) is scheduled to start at the beginning of fiscal year 2012-13
-
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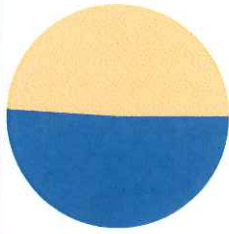
ACC DATA ANALYTICS- OPPORTUNITIES

ACC Enrollees

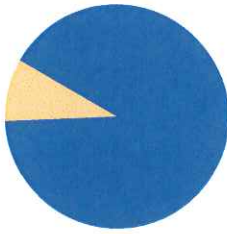
- Potentially Preventable Inpatient Admissions
- Potentially Preventable ER Visits
- Potentially Preventable Professional Services
- Non-Preventable



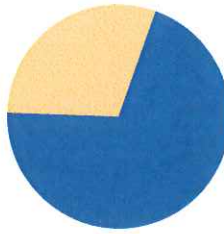
HEALTHY LIVING INITIATIVES



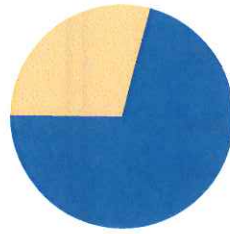
49% of Medicaid children received dental care compared to 58% on commercial insurance statewide



9% of Medicaid teens diagnosed with depression compared to 8.8% of teens statewide



30% of Medicaid children are overweight or obese compared to 15% statewide

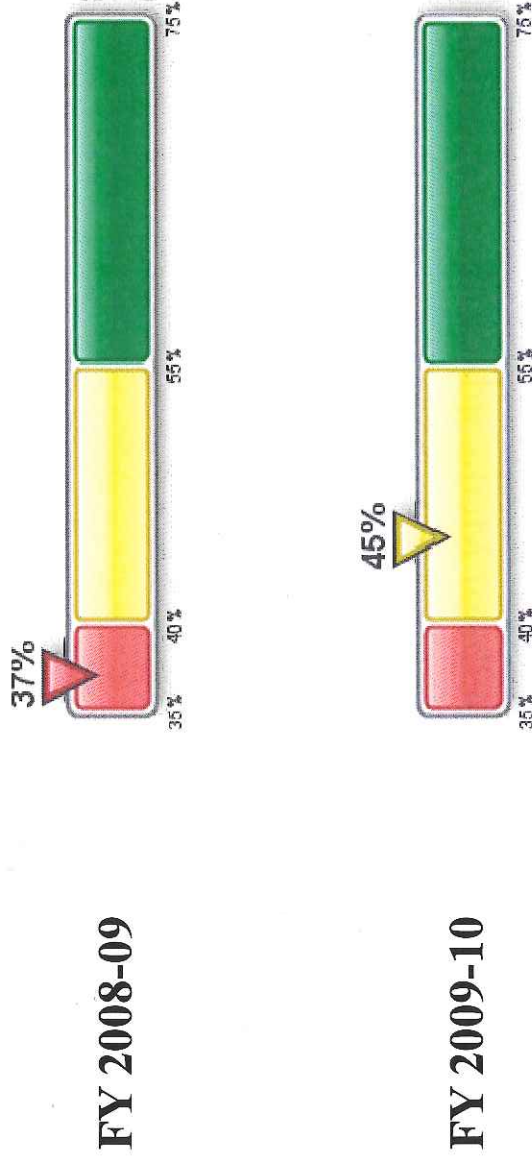


29% of Medicaid adults report using tobacco compared to 11% statewide



HEALTHY LIVING: ORAL HEALTH

% Medicaid children who received preventive dental services



STRATEGIC OBJECTIVES

1. Improve health outcomes
- 2. Improve long-term services and supports**
3. Increase access to health care
4. Increase number of insured Coloradans
5. Contain health care costs



LONG-TERM SERVICES AND SUPPORTS: REDESIGN

- **GOAL:**
 - Redesign long term care payment structure, data systems, and delivery systems to transform long term care from institution-based to efficient, person-centered, community-based care
 - **Three components:**
 - Colorado Choice Transitions (Money-Follows-the-Person Grant)
 - Proposed move of Development Disabilities and Aging programs to HCPF
 - HCBS Waiver Integration
-
-

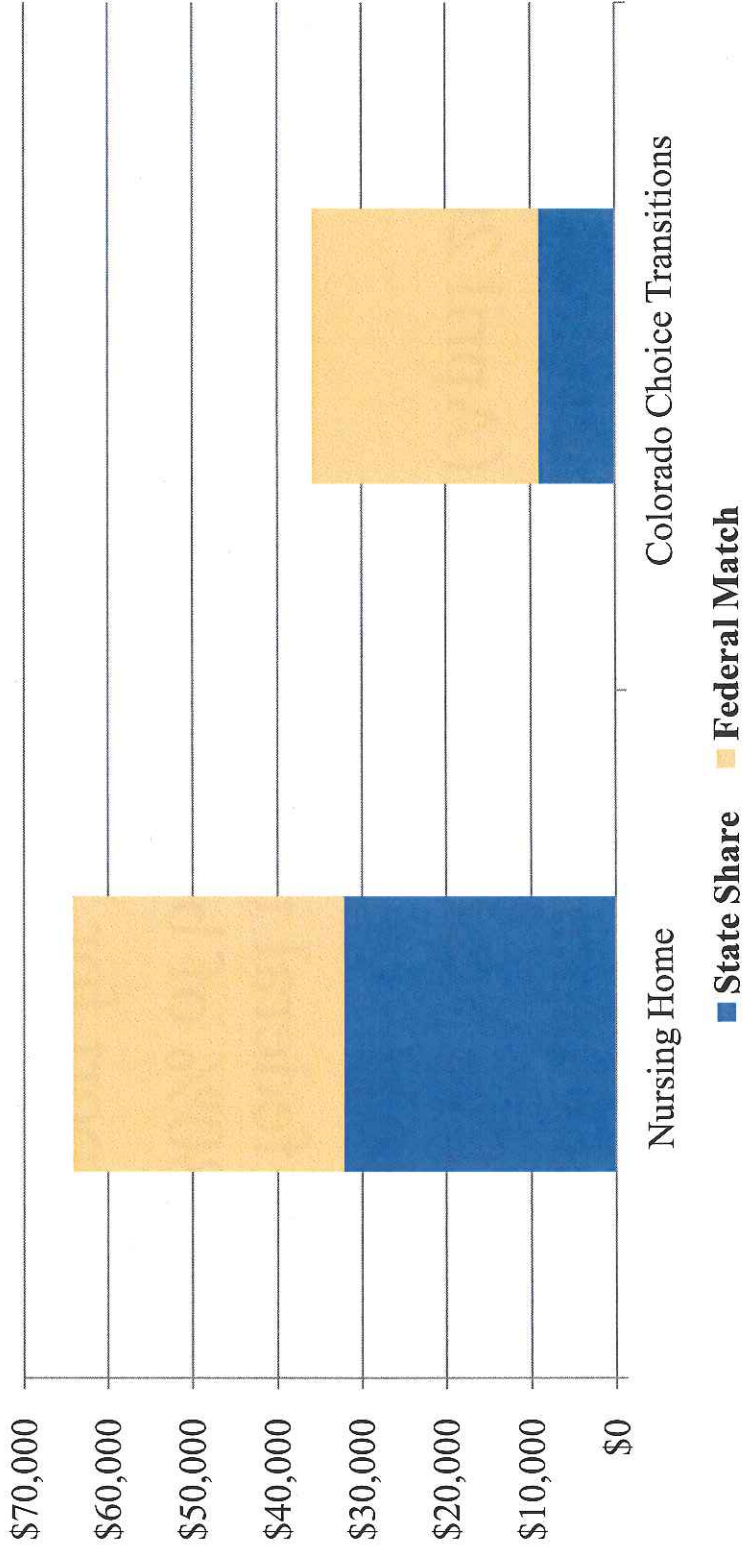


COLORADO CHOICE TRANSITIONS (CCT)

- GOAL: Keep clients in the community using Home- and Community-Based Services
 - \$22M for five years from CMS (April 2011-March 2016)
 - Enhanced federal match for supports and services (80% of budget)
 - 100% Support for Project Administration (20% of budget)
 - Program will launch July 2012
-
-



COST COMPARISON: NURSING HOME & COLORADO CHOICE TRANSITIONS



*Annual Average Cost for nursing home is based on FY 2010-11 average daily rate used by case managers to complete requests for HCBS services.

*Annual Per Capita cost for the CCT program is based on the total grant amount for services divided by the anticipated number of clients. Does not include administrative costs.



DEVELOPMENTAL DISABILITIES AND AGING

- Division of Developmental Disabilities, State Unit on Aging, and the Children's Habilitation Residential Program – currently at DHS
 - Proposed move to HCPF to improve cost containment, program efficiencies, and client experience
 - Will reduce system fragmentation and increase consistency
-
-



STRATEGIC OBJECTIVES

1. Improve health outcomes
2. Improve long-term services and supports
- 3. Increase access to health care**
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5. Contain health care costs

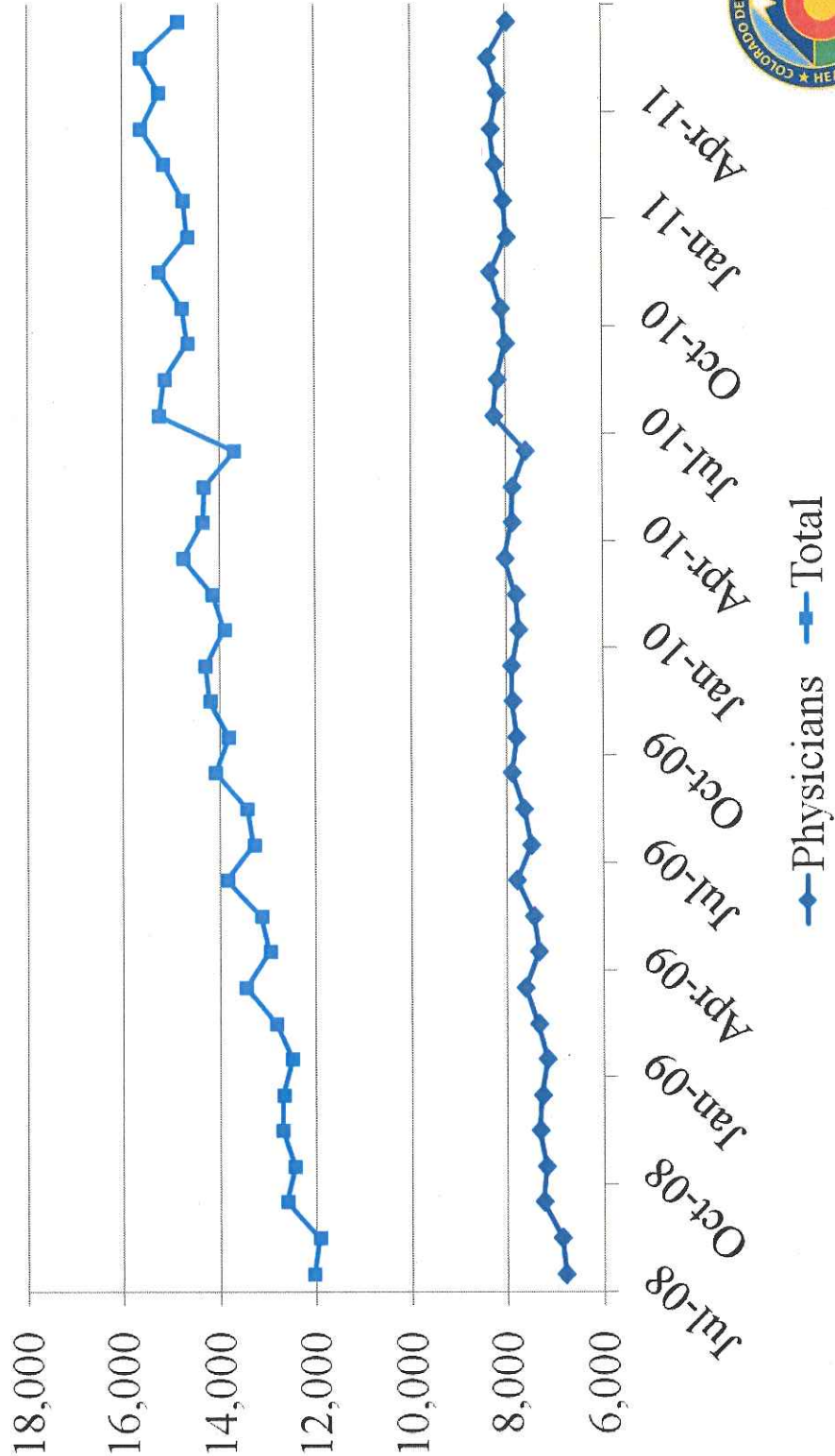


GETTING PEOPLE ENROLLED

- Information technology creates efficiencies:
 - Automatically verify work income, U.S. citizenship, and identity
 - Efficiencies reduce or eliminate:
 - Administrative burden on clients and families
 - Administrative workload at eligibility sites
 - Inaccuracies in self-reported information
-
-



PROVIDER PARTICIPATION



STRATEGIC OBJECTIVES

1. Improve health outcomes
2. Improve long-term services and supports
3. Increase access to health care
- 4. Increase number of insured Coloradans**
5. Contain health care costs



INSURING COLORADANS

- The income levels for the Department's programs are set through federal and State law
 - The Department measures how well it does by maximizing the number of eligible people that are enrolled
 - In FY 2010-11:
 - 79% of eligible children enrolled in Medicaid or CHP+
 - 76% of eligible parents were enrolled in Medicaid
-
-



STRATEGIC OBJECTIVES

1. Improve health outcomes
2. Improve long-term services and supports
3. Increase access to health care
4. Increase number of insured Coloradans
- 5. Contain health care costs**



CONTAIN HEALTH CARE COSTS

- Utilization Management
 - Pharmacy
 - Cost Containment Workgroups
 - Reduce inappropriate ER visits
 - Reduce hospital readmissions
 - Reduce unintended pregnancy
 - Payment Reform
-
-



UTILIZATION MANAGEMENT

- **GOAL:** Modernize and streamline medical review processes to ensure appropriate utilization of services
 - New contract awarded in August 2011
 - Use data and utilization management strategies to ensure appropriate use of services
-
-



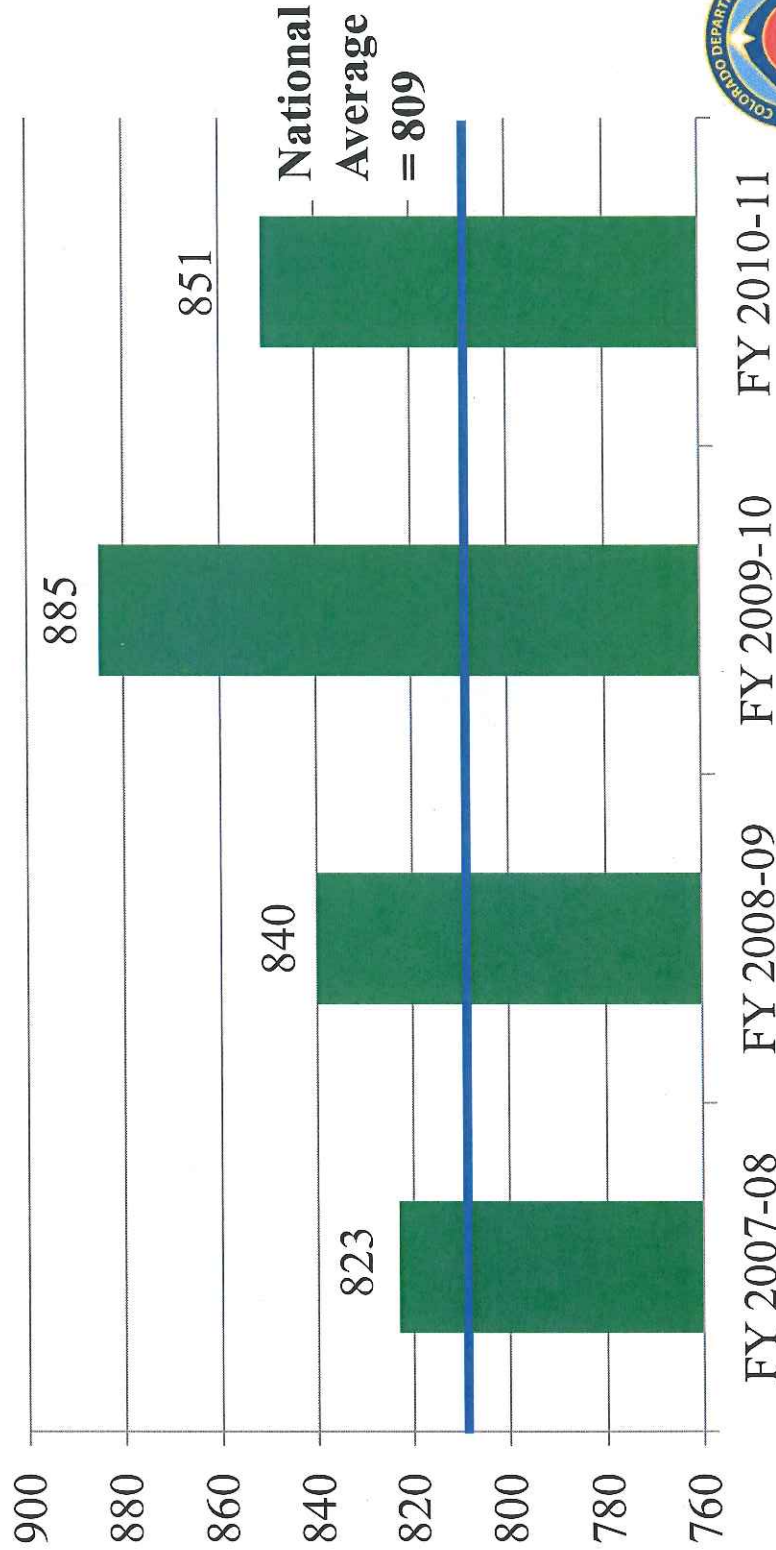
PHARMACY PAYMENT REFORM

- GOAL: Reimburse pharmacies fairly
- Average Wholesale Price (AWP) is inflated
- Moving to new pricing system based on Average Acquisition Cost (AAC)
 - Step 1: Budget neutral AWP = AAC + 51.1% (or AAC + 223% for rural pharmacies)
 - plus \$4 dispensing
 - Step 2: Establish local AAC for drugs and cost of dispensing for Colorado Pharmacies

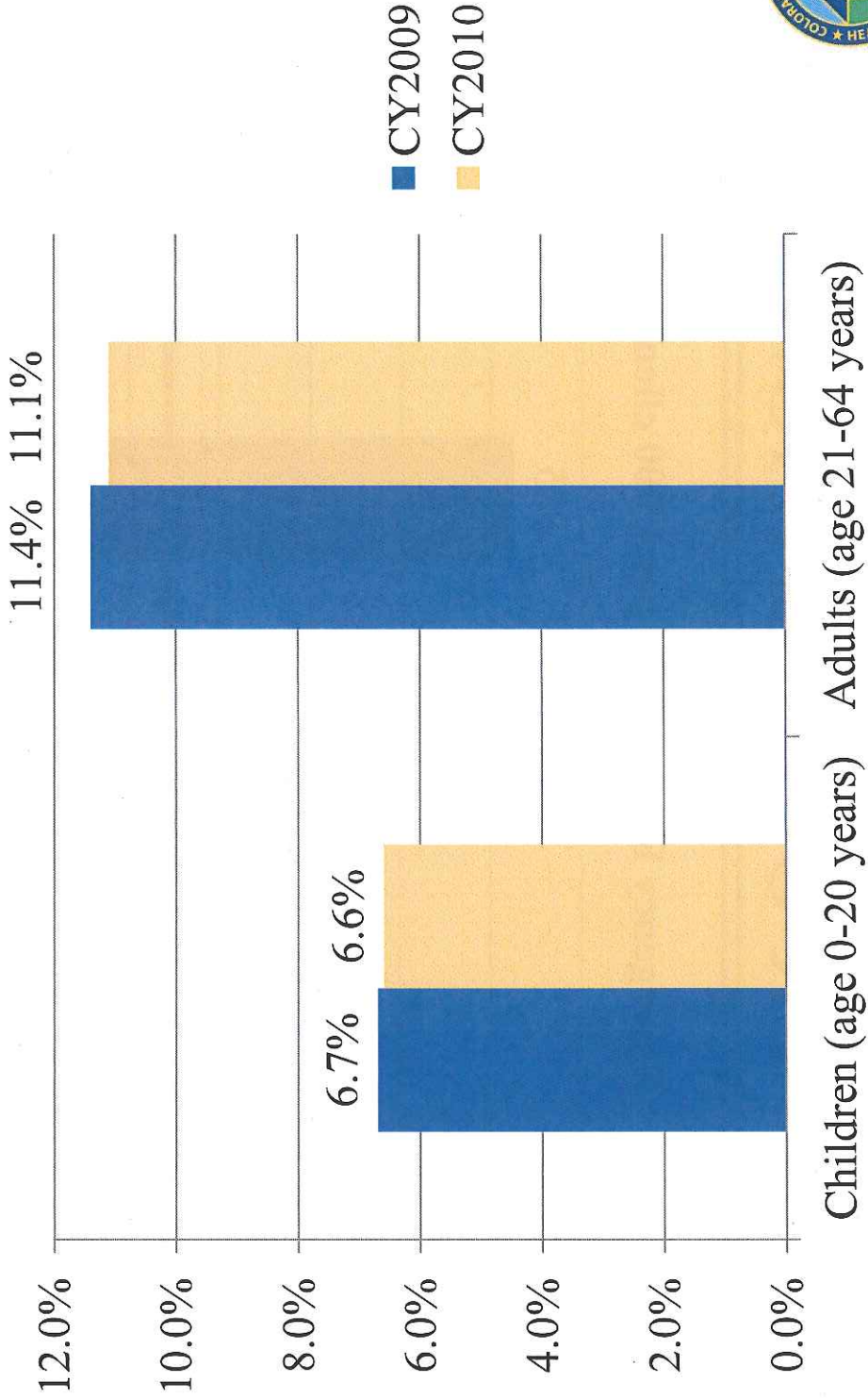


REDUCE INAPPROPRIATE ER UTILIZATION

Emergency Room Visits per 1,000 clients

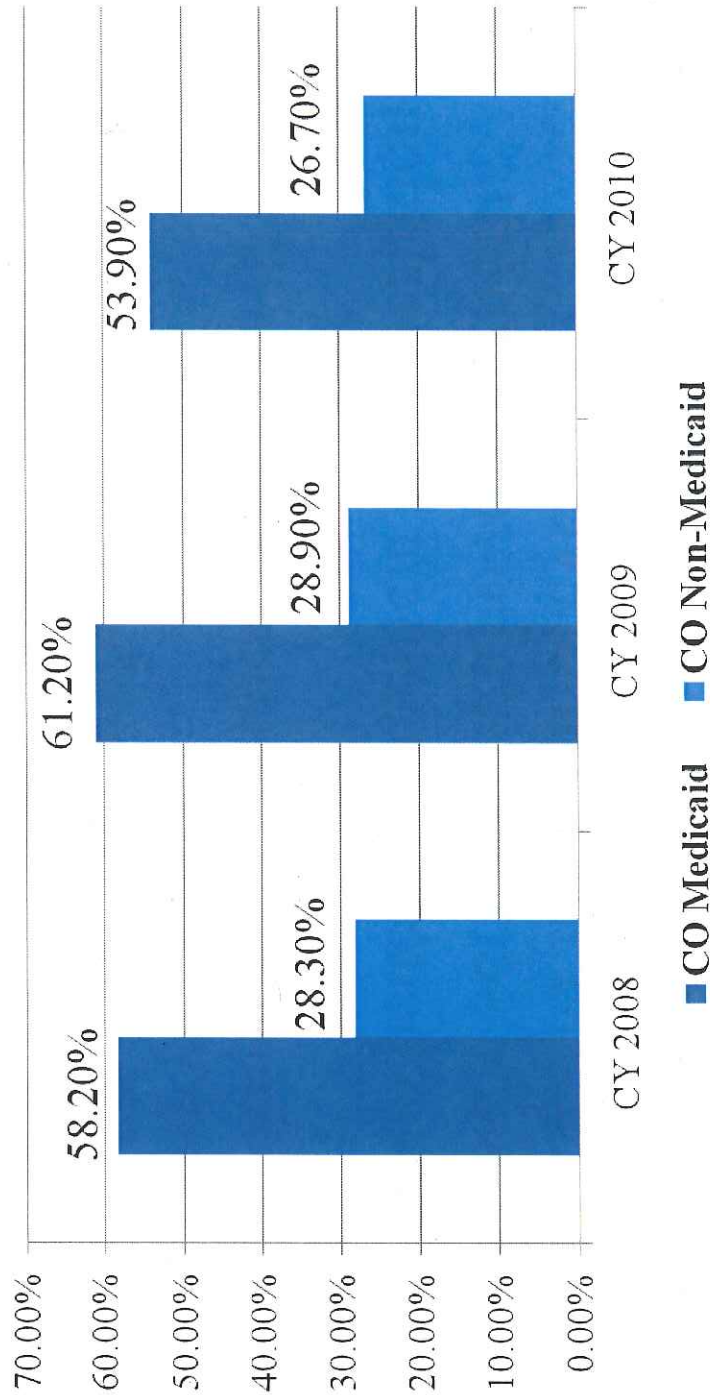


REDUCE HOSPITAL READMISSIONS



REDUCE UNINTENDED PREGNANCIES

Unintended Pregnancies as a % of All Pregnancies



Sources: Pregnancy Risk Assessment Monitoring System (PRAMS), Colorado vital statistics, and Colorado Medicaid claims data.



MEDICAID EFFICIENCIES (R-6)

- Saves \$29.7M through preventing unnecessary services and overpayments
 - \$8.9M on better management of prescription drugs
 - \$4.3M from ensuring appropriate use of home health services
 - \$11.1M in targeted reimbursement reductions for providers
 - \$5.4M on various initiatives involving more appropriate service delivery and better utilization management
-
-



PAYMENT REFORM

- **GOAL:** Revise the methods used to reimburse providers to move to paying for value instead of volume
- Changing payment so that it rewards good outcomes instead of volume of services



FY 2012-13 BUDGET R-5: PAYMENT REFORM

- The request includes:
 - Savings of \$1.8M in FY 2012-13 and \$4.1M in FY 2013-14 from implementing shared savings.
- Research topics include:
 - Bundled Payments
 - Outcome-driven long-term care payments
 - New research projects are already funded



ADDITIONAL COST CONTAINMENT

- R-7: Increases co-payments and enrollment fees
 - Higher-income clients will be required to pay more
 - Medicaid co-payments will increase to federal max
 - Non-emergency ER use will include higher co-pay
 - CHP+ annual enrollment fees will be tripled
 - \$3.4M in savings in FY 2012-13
 - \$6.0M in savings in FY 2013-14
 - Combating fraud, waste, and abuse
-
-

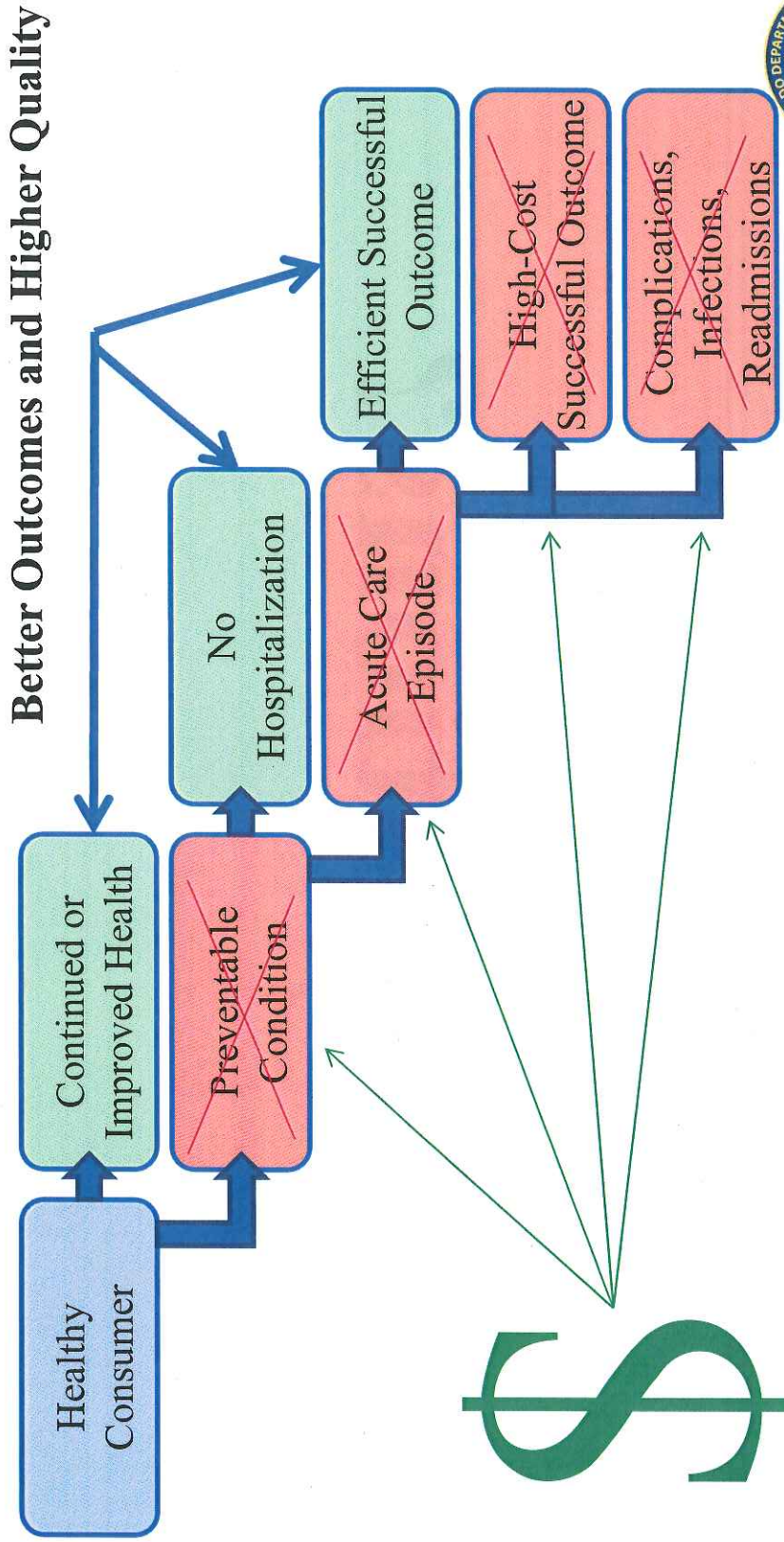


HOW DEPARTMENT PROGRAMS SUPPORT STRATEGIC GOALS

	Improve Health Outcomes	Improve Long-Term Supports & Services	Increase Access to Health Care	Increase # of Insured	Contain Health Care Costs
ACC and Medical Homes	X		X		X
Integrated Care For Dual Eligibles Contract	X	X	X		X
Healthy Living Initiatives	X				X
Colorado Choice Transitions	X	X			X
HCBS Waiver Integration	X	X	X		X
Eligibility System Efficiencies			X	X	
Increase Enrollment of Eligible Individuals	X	X	X	X	X
Benefits Collaborative	X				X
Utilization Management	X		X		X
Pharmacy Payment Reform	X				X
Reduce Inappropriate ER Utilization	X		X		X
Reduce Hospital Readmissions	X				X
Reduce Unintended Pregnancies	X		X		X
Payment Reform	X				X

FUTURE HEALTH SYSTEMS

REWARD BETTER OUTCOMES AND HIGHER QUALITY



Questions?

