Colorado's Medicaid Section 1115 Hospital Transformation Program: Delivery System Reform Incentive Payment (DSRIP) Demonstration Application

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CHASE
Colorado Healthcare Affordability and Sustainability Enterprise

Overview of Presentation

- Welcome
- Background on demonstration application
- Summary of Colorado's Hospital Transformation Program (HTP): DSRIP 1115 Demonstration application
- Stakeholder feedback on the application and demonstration components
- Discussion of next steps

Before We Get Started

- Share your unique perspective.
- When making a comment orally, please state your name and organization before providing your comment.
- If you prefer, you can email your comments to the email at the end of this presentation.

Medicaid 1115 Demonstration Waivers: Background and Process

Medicaid Section 1115 Demonstration Waiver

- Opportunity to test new approaches in the Medicaid program while maintaining budget neutrality.

- Ten states have approved or pending 1115 DSRIP Demonstration applications with the Centers for Medicare & Medicaid Services (CMS).

Arizona, California, Kansas, Massachusetts, New Hampshire, New Jersey, New Mexico, New York, Texas & Washington

Hospital Transformation Program: DSRIP Demonstration Application

CHASE

Colorado Healthcare Affordability and Sustainability Enterprise

Background

- Colorado Health Care Affordability and Sustainability Enterprise (CHASE) & the Colorado Department of Health Care Policy & Financing (the Department) currently seek CMS approval for a five-year delivery system reform incentive payment (DSRIP) program.

- State will leverage existing supplemental payments to hospitals as incentives in the statewide HTP.

- These hospital supplemental payments will be incentivized to:
    - Improve patient outcomes.
    - Lower Medicaid costs.
    - Prepare hospitals for value-based payment environments.
    - Foster a culture of community engagement.

- In collaboration with hospitals and key stakeholders, the Department has outlined how hospitals will be evaluated through key measures.

Overview

- Hospitals will receive supplemental payments based on meeting program measures.
- Years 1-2, hospitals will develop improvement plans with milestones for each measure and intervention.
- Years 3-5, hospitals will add in measures of performance to improve care and health outcomes while reducing costs.
- Year 5, hospitals will also produce sustainability plans.
- The Department established statewide measures, as well as local measures selected by individual hospitals based on their community's needs.

Hospital Transformation Program Evolution

Five-Year Plan

- Pre-program period sees participating hospitals conducting their Community and Health Neighborhood Engagement (CHNE) process to inform their plans for the HTP.
- Throughout the program, the Department will maintain transparency through public reporting on quality measures and hospital utilization.
- Reimbursement structure in Program Year(PY) 1-2 will be based on pay-for-reporting and pay-for-action.
- This will shift to pay-for-quality and pay-for-performance in PY3-5, with percentage of hospital risk increasing annually.
- Post HTP, value-based payment methods are envisioned.

Measures Data and Scoring

- The program plan includes measures with data obtained from multiple sources, including:
  - Medicaid claims data.
  - Hospital data self-reported to the Department.
- Each measure has assigned points and hospitals will select measures totaling 100 points.
- The number, mix and points per measure will vary according to hospital size, defined by bed count or specialty type.

Statewide Measures

At least one statewide measure is included in each of these five focus areas which the HTP seeks to address:

- **Reducing avoidable hospital utilization.**
- **Vulnerable populations.**
- **Behavioral health and substance-use disorder (SUD).**
- **Clinical and operational efficiencies.**
- **Population health and total cost of care.**

Statewide Measures

Reducing Avoidable Hospital Utilization	Behavioral Health and Substance Use Disorders	Vulnerable Populations	Clinical and Operational Efficiencies	Population Health and Total Cost of Care
• Adult 30-day all cause risk adjusted readmission rate • Pediatric All Condition readmission measure	• Care Program for patients with principal or secondary diagnosis of mental illness and/or principal or secondary diagnosis of substance use disorder (SUD) • Pediatric Screening for Depression in Inpatient and Emergency Department including suicide risk • Using Alternative to Opioids (ALTO's) in hospital Emergency Department – Decrease opioid use and Increase use of ALTO's	• Social Determinants of Health Screening and Notification	• Hospital Index	• Severity Risk Adjusted Length of Stay

Local Measures

- Hospitals will select from an array of local measures to comprise the remainder of their measurement score.
- A local measures menu is included within each of the five focus areas.
- The mix of local measure selections should reflect community needs identified in Community & Health Neighborhood Engagement.
- A complete list of the local measures can be found on the HTP website.

State Priorities

- The Department is also recommending two statewide priority measures hospitals could opt to undertake:
  - **Conversion of hospital-owned free-standing emergency department to address community needs, such as behavior health or maternal health.**
  - **Creation of dual-track emergency departments.**
- These priorities are concentrated in the community development efforts to impact population health and total cost of care focus area.
- These efforts will earn additional points and can be selected in lieu of a local measure.

Complementary Statewide Efforts

There are some complementary statewide efforts aligned with the HTP. These include:

- A discussion of hospital inventory and capacity as part of the CHNE.
- Engagement with a multi-provider consensus quality measure collaborative.
- Use of the advanced care plan repository and education tools.
- Use of the Medication (Rx) Prescribing Tool.
- Real time data sharing and Patient Administration (ADT) standards.

Complementary Statewide Efforts

In addition:

- Real time data sharing and ADT standards.
- Defining and identifying Centers of Excellence.
- Where capacity and need align, obtain necessary enrollment to provide beds for residential and inpatient SUD services following approval of the Department's SUD Waiver.
- Participation in a rural hospital grant program for certain qualified hospitals.

Downside Risk

HTP Year	Total % At-Risk (Downside)	Upside Risk	Description of Activities At-Risk	% At-Risk by Activity
Year 1	3	Redistribution of penalties from Year 1	Community and Health Neighborhood Engagement Reporting	0
			Application Approved Q1	1.5
			Implementation Plan with Milestones Approved Q2	1.5
Year 2	6	Redistribution of penalties from Year 2	Timely Reporting	2
			Meeting Major Milestones	4
Year 3	15	Redistribution of penalties from Year 3	Timely Reporting	2
			Meeting Major Milestones Course Corrections	8
			Meet or Exceed Measurement or Improvement Threshold	5
Year 4	20	Redistribution of penalties from Year 4 and shared savings	Timely Reporting	2
			Meet or Exceed Measurement or Improvement Threshold	18
Year 5	30	Redistribution of penalties from Year 5 and shared savings	Timely Reporting	2
			Sustainability Plan	8
			Meet or Exceed Measurement or Improvement Threshold	20

Upside Risk

Redistribution of Penalty Dollars, and Medicaid Savings Bonus

- While hospitals will be at risk, the Department includes a converse upside risk that allows a redistribution of at-risk dollars and savings bonuses:
    - For PY1-3, the risk will comprise only a redistribution of at-risk dollars.
    - For PY4-5, redistribution will also include savings bonuses.
- For each statewide measure, unearned risk dollars will be redistributed to top performers recognized for scoring in the top 10% on the measure.
- Unearned at-risk dollars for local measures will be pooled together and distributed to hospitals whose average performance as a percent of benchmark for their local measures is in the top 10% of all hospitals.

Pay for Reporting and Activity

- Hospitals will implement interventions to impact HTP measures.
- **PY1:** Timely <u>application</u> and <u>implementation</u> plans **each** carry 1.5% downside risk.
- Hospitals will report on activities undertaken throughout interventions to which they've committed.
- **PY2:** Hospitals will report on all CHNE activities and HTP-associated data, which carries a 1% risk for timely, consistent reporting.

Pay for Achievement, Performance, and Improvement

- There are two recommended areas of accomplishment within the HTP

Achievement of Project Milestones	• **Hospitals to establish milestones with each intervention/measure.** • **At-risk percentage to be tied to successful completion of milestones.** • **50% of at-risk funds for missed milestones can be earned back through course correction plan submitted in Q3 of PY2, as well as Q1 or Q3 of PY3.**

Performance or Improvement on Outcome Measures	• Beginning in PY3, hospitals will be at risk if they do not:
	  ○ Achieve/exceed benchmark; or
	  ○ Demonstrate improvement on measure.

Benchmark and Achievement Thresholds

- If a hospital achieves or exceeds the benchmark, no penalty is assessed.
- If a hospital performs at or above the achievement threshold but does not meet the benchmark, points for that measure will be based on the relative percentage for improvement towards the benchmark.
- If neither are met, no points will be given for that measure.
- Return of total at-risk dollars for measure performance will be based on total points achieved across all measures divided by 100.

Rural Support Fund

- The proposed Rural Support Fund provides additional support payments to select rural hospitals to meet goals and milestones of the program.

- Eligible hospitals may receive additional funding for services to prepare for future value-based or alternative payment methodologies, including:
    - Technical capacity.
    - Transformation capital to operationalize the strategic plan.

- Funding cannot be used for land or real estate investments, to finance debt, or for services lines that do not benefit community needs.

Public Stakeholder Process: An Overview

Demonstration Stakeholder Comment Process

Date	Action
November 10, 2019	CO HTP 1115 Demonstration Application posted for public comment
November 19, 2019	CHASE Board Meeting (Public Meeting #1)
November 20, 2019	Night MAC (Public Meeting #2)
December 3, 2019	Statewide webinar
December 15, 2019	**State public comment period ends**
December 31, 2019	Submit Demonstration Application to CMS
January 2020	CMS reviews the application and determines if the package is complete
January 2020	CMS posts CO HTP 1115 Demonstration Application for federal public comment
Mid-February 2020	CMS ends the federal public comment period
End-February – October 2020	The Department and CMS negotiate the standards, terms and conditions (STC's) of the demonstration
October 2020 *(anticipated)*	CMS approves the CO HTP Section 1115 Demonstration Waiver

Contact

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Stakeholder webpage:
www.colorado.gov/pacific/hcpf/colorado-hospital-transformation-program

Thank You