

Provider Webinar

Alternative Payment Models 2 (APM 2)

Winter 2023



*This meeting is
being **recorded***



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Agenda

In lieu of introductions, please chat in your name, role, organization, and preferred pronouns

- Welcome and purpose
- APM2 Overview—importance, structure, and benefits
- How rates are calculated
- Perspective— Trevor Abeyta
- Sign-up process
- Closing comments and Q&A

We are hoping for an interactive session.

- Use Q&A function for your questions & comments.
- Use Chat for technical issues.



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Importance of APMs

- The US spends more on health care than any other developed nation, but our outcomes aren't any better
- Disparities in access and outcomes exist across member groups, indicating that we must change parts of our health care system

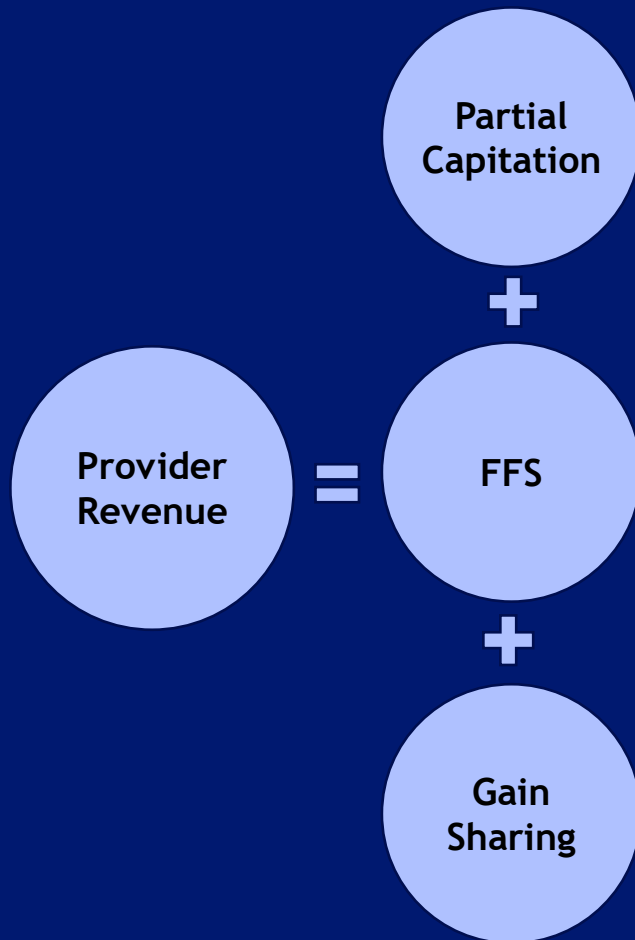
→ We need to shift money from high-cost environments (e.g., hospitals and EDs) to lower cost environments, like primary care



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How it Works



Stabilizes revenue and allows investments in outreach, care coordination, etc., that aren't tied to a specific visit

Balances partial capitation with an additional payment to reflect visit volumes

Upside-only incentive payments to share the savings achieved by improving patient outcomes and lowering costs

PMPM & FFS*

- Utilizes modified APM code set
- Providers choose the breakdown between PMPM and fee for service revenue
- Codes/Patients outside of APM 2 are paid as 100% FFS
- Providers "shadow bill" to assist with future rate setting & reconciliation

Chronic Conditions

- Annual risk-adjusted thresholds
- Calculations begin approximately 6 months after each program year ends
- Providers who lower costs to the Commendable Threshold or lower receive 50% of the savings

*Per Member Per Month and Fee For Service



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APM2 is Good for Providers

- ✓ Control of health care decision-making
- ✓ Same quality metrics for simplicity
- ✓ Revenue stability
- ✓ Revenue control
- ✓ Share of the cost savings hits your bottom line



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APM2 is Good for Patients

Increased investment in primary care enables:

- ✓ Improved outcomes
- ✓ Higher quality care
- ✓ Additional support managing their health
- ✓ Increased health equity



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Eligibility and Progress

- All providers who are APM1 participants are eligible (measure select underway!)
- Nearly 20% of members are attributed to providers/systems that have already enrolled and are enjoying revenue stability & shared cost savings
- Peds practices are eligible for APM 2 and we are working on developing a pediatrics-specific model → aiming for summer 2024
- By 2025, Health First Colorado aims to have:
 - 50% of Medicaid payments tied to a value-based model
 - All providers automatically enrolled into APM2 with the choice to opt-out



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How Rates are Calculated

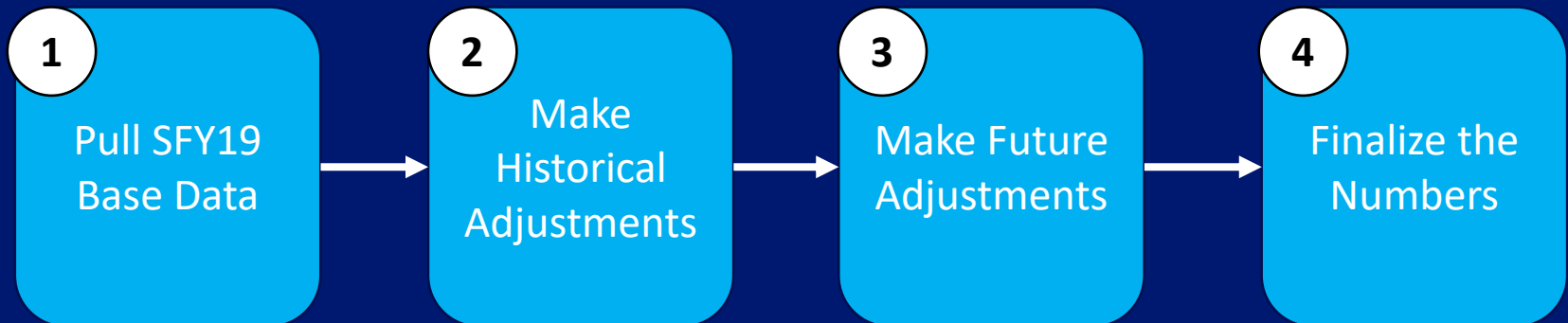
Jim Piekut from Optumas, the State's actuary, will help share how the numbers work for real-life practices



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How The Numbers Work: Calculation Overview



How The Numbers Work: Your Practice Data

1

Pull SFY19
Base Data

Activity:

- Gather past claims data
- Summarize it based on cohorts
 1. AA-M: Able Adult Male
 2. AA-F: Able Adult Females
 3. DA-M: Disabled Adult Males
 4. DA-F: Disabled Adult Females
 5. AC: Able Children
 6. DC: Disabled Children
- Calculate a per-member-per-month (PMPM) cost by each cohort



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How The Numbers Work: Historical Adjustments

2

Make
Historical
Adjustments

Activity:

- Adjust for claims incurred but not reported (IBNR)
- Account for historical program changes like state fee schedule changes

→ **Impact:** If a practice renders services that had Medicaid fee schedule increases during or after SFY19, then their rates would be increased to reflect those fee schedule increases.



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How The Numbers Work: Future Adjustments

3

Make Future
Adjustments

Activity:

- Apply expected changes to Medicaid fee schedules
- Trend the data to keep up with medical inflation between SFY19 and current year (2023)

→ **Impact:** If a practice renders services that are expected to have Medicaid fee schedule increases during CY23, then their rates would be raised to reflect those updated fees.



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How The Numbers Work: Finalize the Numbers

4

Finalize the
Numbers

Activity:

- For small practices, add a portion of statewide data to ensure the data set is representative.
→ **Impact:** Avoid penalizing practices for having insufficient data.
- Update the membership mix to reflect the most recent available population mix.
→ **Impact:** Increase a practice's PMPM if their population shifted toward higher cost groups (e.g., disabled) between SFY19 and now.



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Reconciliation

- CMS requires payments to be shadow billed and the Department to reconcile annually prospective payments with actual billing
- Department policy is that reconciliation is risk-free in the first year of participation
 - If PMPM is above the shadow-billed amount, provider keeps the excess
 - If the PMPM is below the shadow-billed amount, provider will receive additional funding
 - Subsequent years will require meeting or exceeding APM 1 Quality Score goals to be eligible for reconciliation
- If you request data or sign up for APM2, you may discuss reconciliation details at any time



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Example Reconciliation

Scenario: Practice X (1500 Medicaid members); decides to take 100% prospective payment; outperforms quality metrics

Practice X Sample PMPM

SFY19 Base Data	Historical Adjustments	Future Adjustments	Final Rate
\$17.00-->	\$17.50-->	\$19.50-->	\$20.00

- Prospective Payment Reconciliation:
 - PMPM payment would be 1,500 members x \$20.00 = \$30,000/month
 - Shadow billing shows \$27,000/month (would be \$18.00 PMPM)
 - Practice keeps difference
- Incentive Payment:
 - Minimum 2% savings rate to achieve the Commendable Threshold and realize savings
 - Keep 50% of the savings for chronic condition care management



Program Rule Updates

- As APM 2 matures, the Department continuously looks to make necessary Medical Services Board (MSB) rules updates to align with APM 2 program operations
- MEDICAL ASSISTANCE - Section 8.200.7.E. - Physicians Services - Prospective Medical Payments to PCMPs
 - Reconciliation for Non-FQHC providers
 - Upwards reconciliation process
- MSB Meeting March 10th, 2023
(<https://hcpf.colorado.gov/medical-services-board>)
- For more information about the MSB Rule update, contact Dawson LaRance (dawson.larance@state.co.us)





Program Direction
Perspective from
Trevor Abeyta
*Payment Reform
Section Manager*



Department Budget Request R-06

R-06: “The Department seeks to increase the current rates paid to PCMPs for adult primary care and pediatricians in a non-FQHC setting by 16%. The Department plans to give the full rate increase to PCMPs who elect to earn at least 25% of their revenue as a partial capitation payment in FY 2022-23.”



R-06 represents a 16% increase to total APM 2 code set spending by primary care providers



R-06 includes funding to support practice transformation and training



Any provider taking 25% PMPM or more in APM 2 will receive the full 16% increase to their PMPM

How to Get Started

1. Email primarycarepaymentreform@state.co.us to request data
2. Actuaries provide data on current and potential practices rates; there is no commitment to join
3. Decide the structure of payments and revenue model that works for you
4. Enroll in APM2 by completing a simple agreement

▶ You decide how quickly you join and can change participation levels over time



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Questions?



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Thank you!



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