The background of the cover is a blurred photograph of a medical professional, likely a nurse, wearing a white uniform and a face mask. A large, semi-transparent green overlay covers the left and center portions of the image. Overlaid on this green area are various white and light green geometric shapes, including lines, polygons, and icons. These icons include a syringe, a pill, a virus particle, a stethoscope, a group of three people, and a heart. A large white cross is positioned in the center of the green overlay. The right side of the cover is a solid dark grey diagonal band.

**State of Colorado
Department of Health Care
Policy and Financing**

**CO PACE VBP Program Design
Document**

September 20, 2023

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Document Information and Revision History

Purpose

The Colorado Department of Health Care Policy & Financing (HCPF or the Department) engaged with Myers and Stauffer to develop the Colorado Program for All Inclusive Care for the Elderly (PACE) Value Based Payment (VBP) program. As part of the development process, relevant best practices and current measurement processes were reviewed in an effort to create alignment where possible and promote opportunities for improving quality through potential payment incentives. This project aligns with Colorado Senate Bill (SB) 22-203 and was funded under the American Rescue Plan Act (ARPA) Initiative 8.04 Pay-for-Performance for PACE.^{1,2}

This document describes the policy surrounding key model elements for the CO PACE VBP Program. The information provided in this document was informed by: (1) an options analysis that detailed the current national and state PACE and VBP landscape, outlined a qualitative analysis of focus group and key informant interview themes, and provided options and recommendations for transition into a value-based program; and (2) strategic planning sessions that leveraged the options analysis and were used to assess, prioritize, and design a framework for program goals and components (e.g. model structure, financial mechanism, and performance metrics).

Document Identification	
Author(s):	Colorado Department of Health Care Policy and Financing, Myers and Stauffer
Document Name:	CO PACE VBP Program Design Document
Distribution:	HCPF, PACE organizations, PACE Trade Association, PACE Ombudsman, and other HCPF Stakeholders

Document Date	Version	Changed Description
6/15/2023	v1.0	Original Version
9/20/2023	V2.0	Changes made due to stakeholder engagement and additional program decisions by the Department.

¹ Colorado General Assembly. 2022. "SB22-203 Program of All-inclusive Care For The Elderly." June 2022. Accessed December 2022. <https://leg.colorado.gov/bills/sb22-203>.

² Colorado Department of Health Care Policy & Financing. 2022. "Enhance Quality Outcomes." August 2022. Accessed December 2022. <https://hcpf.colorado.gov/arpa/project-directory/enhance-quality-outcomes#8.04>.

Section I: CO PACE Overview and Introduction

Background

PACE Program in Colorado

In Colorado, HCPF and CMS jointly administer the program under the following regulation and statutes: 42 CFR Part 460, C.R.S. 25.5-5-412, and C.R.S. 25.5-6-106.^{3,4,5} HCPF is the state administering agency (SAA) for the PACE program in Colorado. The Colorado PACE program has a long tenure in the state with the first organization opening in 1991. Since late 2022, the Department has actively engaged key stakeholders—including PACE organizations, the CO PACE Trade Association, and the CO PACE Ombudsman—in the development of a VBP program to drive improved health outcomes for PACE participants.

There are currently five PACE Organizations (POs) servicing 13 counties and over 4,000 participants in Colorado, as outlined in *Table 1* below. However, expansion is expected over the next several years.

Table 1. Colorado PACE Organization Coverage Areas

PACE Organization Marketing Name	Parent Organization	Date Opened	Regions Served	Urban/ Rural
HopeWest PACE	HopeWest	December 2021	Mesa	Urban
InnovAge Colorado PACE	Total Community Options, Inc.	October 1991	Adams, Arapahoe, Broomfield, Metro Denver, Jefferson, Larimer, Pueblo, Weld	Urban (except Larimer)
Rocky Mountain PACE	Rocky Mountain Health Care Services	December 2008	El Paso	Urban
TRU PACE	TRU Community Care	March 2017	Adams, Boulder, Broomfield, Jefferson, Weld	Urban
VOANS Senior Community Care of Colorado, Inc.	Volunteers of America National Services	August 2008	Delta, Montrose	Rural

Colorado PACE is designed for individuals who are eligible for nursing home level of care but can live safely in the comfort of their own home, with the appropriate supports. Individuals interested in enrolling in PACE may contact their local PACE organization to begin the intake process. Once completed, the local Single Entry Point (SEP) agencies determine if the individual meets the functional

³ Cornell Law School Legal Information Institute. 2002. "42 CFR Part 460 - PROGRAMS OF ALL-INCLUSIVE CARE FOR THE ELDERLY (PACE)." October. Accessed December 2022. <https://www.law.cornell.edu/cfr/text/42/part-460>.

⁴ Justia US Law. 2017. "CO Rev Stat § 25.5-5-412 (2017)." Accessed December 2022. <https://law.justia.com/codes/colorado/2017/title-25.5/colorado-medical-assistance-act/article-5/part-4/section-25.5-5-412/>.

⁵ Justia US Law. 2016. "CO Rev Stat § 25.5-6-106 (2016)." Accessed December 2022. [https://law.justia.com/codes/colorado/2016/title-25.5/colorado-medical-assistance-act/article-6/part-1/section-25.5-6-106#:~:text=\(a\)%20A%20single%20entry%20point,needed%20long%2Dterm%20care%20services.](https://law.justia.com/codes/colorado/2016/title-25.5/colorado-medical-assistance-act/article-6/part-1/section-25.5-6-106#:~:text=(a)%20A%20single%20entry%20point,needed%20long%2Dterm%20care%20services.)

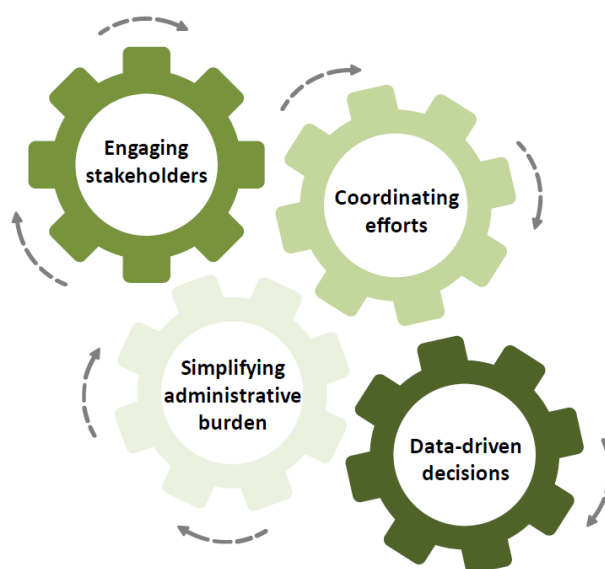
criteria and then PACE organizations determine if the individual meets program eligibility requirements for PACE.⁶

Each Colorado PACE organization is paid a capitated (per member per month) rate for each participant under their care, and is fully responsible for the health needs and expenses incurred. This prospective payment is adjusted annually based on a county rate, indirect medical education, as well as each participant's risk score and frailty factor. There are also additional adjustments for Medicare Part D revenues. While Colorado POs are fully responsible for managing the risk to manage their revenue and cash flow, the current capitated rate does not include any quality-based modifications.

Guiding Principles of VBP

Value-based payment program is defined as any purchasing practice “aimed at improving the value of health care services, where value is a function of both quality and cost”.^{7,8} The key guiding principles for any VBP program can be summarized into four iterative and interlocking processes: (1) engaging stakeholders; (2) coordinating efforts; (3) simplifying administrative burden; and (4) making data-driven decisions. A program using and working through these processes can ensure they consider the critical elements necessary for designing and implementing a VBP program.

Figure 1. CO PACE VBP Program Guiding Principles



The most prevalent and consistent element found in the literature for facilitating a successful shift to VBP is alignment. Some examples of this include aligning with currently employed models, aligning with other payer sources, aligning performance measures with already existing/captured quality measures,

⁶ Many of the functional criteria and program eligibility requirements for Colorado PACE are consistent with requirements in other states. Colorado Department of Health Care Policy & Financing. “Program of All-Inclusive Care for the Elderly (PACE).” Program of All-Inclusive Care For The Elderly (PACE). Accessed January 5, 2023. <https://hcpf.colorado.gov/program-all-inclusive-care-elderly>.

⁷ Hosek, Susan D, Melony E Sorbero, Grant R Martsof, and Ryan Kandrack. 2016. *Introducing Value-Based Purchasing into TRICARE Reform*. RAND Corporation. Accessed January 2023. <https://www.rand.org/pubs/perspectives/PE195.html>.

⁸ Agency for Healthcare Research and Quality. 2002. *Evaluating the Impact of Value-Based Purchasing: A Guide for Purchasers*. Accessed January 2023. <http://archive.ahrq.gov/professionals/quality-patient-safety/quality-resources/value/valuebased/evalvbp1.html>.

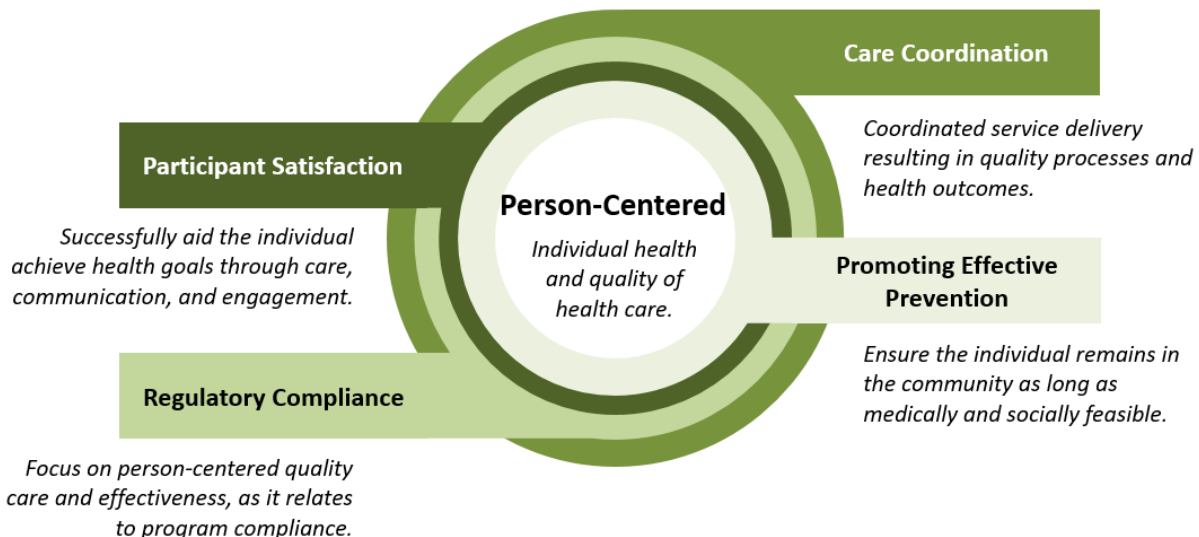
and aligning payer and provider incentives. Any forms of alignment that reduce provider burden and enhance consistency while meeting the goals of VBP were highlighted for successful transitions to VBP.

Other key factors for facilitating a successful shift to VBP include: assessing provider readiness; ensuring adequate health technology and data collection systems were in place; engaging stakeholders throughout the process; selecting appropriate and effective quality measures; and keeping sustainability in mind throughout the process.

Program Goals

Throughout the CO PACE VBP Program, PACE organizations will be evaluated on priority performance measures that are anchored to five Department determined goals: person-centered; care coordination; participant satisfaction; promoting effective prevention; and regulatory compliance. These goals are priorities for improving population health within the program.

Figure 2. CO PACE VBP Program Goals



Person-centered

The person-centered focus is a key component and prevalent throughout all of the PACE VBP goals. The focus indicates the Department's aim to prioritize the individual PACE participants' health and quality of health care versus solely focusing on the system. The individual participant needs will be rooted at the center of the program and in addition to all other anchoring goals.

Care Coordination

Care coordination, with a specific focus on service delivery and outcomes, was identified as a priority program focus. By prioritizing the focus on service delivery and outcomes, the Department is directly aiming to link this priority goal with clinical quality processes and health outcomes of the individual PACE participants.

Participant Satisfaction

Ensuring the needs of the PACE participants are being met is a key Department priority. Participant satisfaction means the participant is receiving all the care and communication regarding that care in a timely and understandable fashion; the care is person-centered in a way that the individual is actively involved in their care planning; and, the PACE program is successfully aiding the participant in achieving outlined health goals.

Promoting Effective Prevention

Promoting effective prevention directly relates to the key objective of keeping participants in the community as long as medically and socially feasible. By prioritizing preventive care efforts, chronic health issues can be maintained, future health complications may be staved off, and costs can be reduced. Preventive efforts are a key component of coordinating quality person-centered care.

Regulatory Compliance

Regulatory compliance was highlighted as a priority with two focus areas: audits related to VBP and participant grievances. These areas emphasize the programs focus on person-centered quality care and program effectiveness.

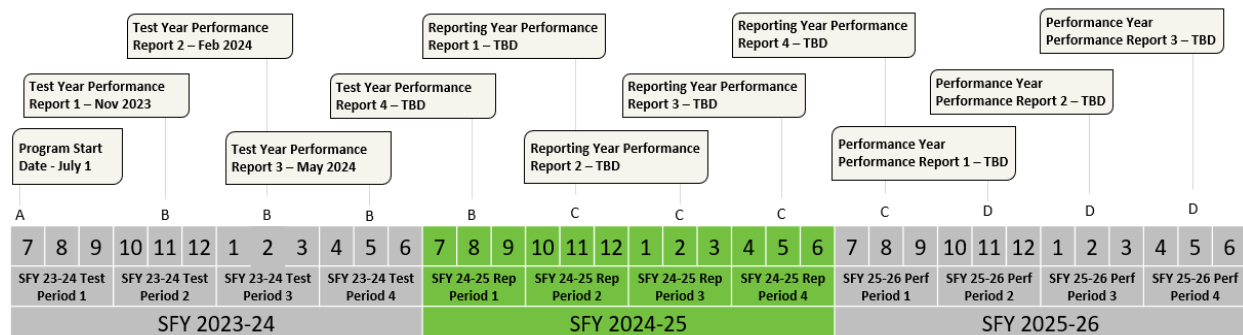
Section II: CO PACE VBP Program Timelines

Program Timelines

The Department will conduct a multi-year program approach to assess improvement that will phase into pay-for-performance. It will begin with a test year, move into a reporting only period, and finally transition into pay-for-performance on chosen program measures.

The program years will align with the State Fiscal Year (SFY) – beginning July 1 and concluding June 30 of the following calendar year. The first year of the program (SFY 2023-2024) will be a test year where payment will not be contingent on metric performance. Following, the program will move into a reporting only year (SFY 2024-2025) with no financial impacts. Beginning in SFY 2025-2026, payments will be applied based on performance, as long as funding is available and parameters for initiating performance years' have been met. If parameters are not met, the Department will implement a second reporting only year.

Figure 3. Example Program Timelines



SFY 2023-2024 Test Year

VBP Program Test Year will begin July 1, 2023. For the test year, the Department and the PACE organizations will complete performance reporting and evaluation activities without any financial impacts. PACE organizations will submit data quarterly to the Department and the Department will issue quarterly performance feedback reports to participating PACE organizations.

SFY 2024-2025 Reporting Only Year

VBP Program Reporting Only Year will begin July 1, 2024. For the reporting only year, the Department and the PACE organizations will continue to complete performance reporting and evaluation activities without any financial impacts. PACE organizations will also submit data quarterly to the Department and the Department will issue quarterly performance feedback reports to participating PACE organizations. In addition, PACE organizations may also be evaluated against benchmarks to build the practice of achieving performance against Department goals and individual benchmarks.

Performance Year Initiation Parameters

The test and reporting only year(s) will determine whether key responsibilities, tasks, and outcomes have been enabled to support value-based payment processes. This includes: (1) determining whether PACE organizations are able to establish the ability to pull and report accurate data on all measures by the end of Q2 (SFY 2023-2024), demonstrate consistency of reporting in Q3 (SFY 2023-2024) onward, and demonstrate timeliness of reporting during both test and reporting only years; (2) the Department and MSLC demonstrate the ability to provide timely performance feedback each quarter; (3) the Department is able to establish benchmarks by May of 2025 for the performance year; and (5) the Department is able to complete identified financial requirements related to the performance payment range. If the Department is satisfied with program readiness, the CO PACE VBP Program will initiate the first Performance Year starting July 1, 2025.

If all components are met with the exception that a certain measure is unable to be reported by POs, the measure will be reevaluated and the Department will consider substituting, removing, or changing it to pay-for-reporting and proceeding forward with the performance year in 2025. Additionally, if data collected indicate all PACE organizations are high performers on a specific metric, replacement of the measure will be considered.

If benchmarks are unable to be established ahead of the performance year, PACE organizations are unable to reliably report on multiple measures (see check list), and/or performance payment range requirements are not met, a second reporting only year will be implemented during SFY 2025-2026 and the performance year will be delayed by one year.

Performance Year Initiation Parameter Check List		
No.	Parameter	(Y/N)
1.	POs submit VBP Program data reports each quarter at contractually required times.	
2.	POs work to establish ability to pull data on required measures by the end of SFY 2023-2024, Q1.	
3.	POs submit data for metrics that were already established and reported on prior to the VBP Program (SFY 2023-2024, Q1) on time, per contract.	
4.	POs submit any issues with pulling data/report generation for newer measures in the Quarterly Report during both test and reporting only years.	
5.	Resolve PO report generation issues in SFY 2023-2024, Q2. (Extend into Q3 and beyond as required.)	
6.	POs submit complete data set (YTD from 7/1/23) on all VBP measures in SFY 2023-2024, Q2.	
7.	POs submit second complete data set on all VBP measures SFY 2023-2024, Q3.	
8.	Department/Myers and Stauffer provide performance feedback report to each PO, each quarter of each year, within established timeframe.	
9.	Performance year benchmarks are able to be established by May 2025.	
10.	Department is able to establish performance payment range for VBP payments for first performance year, and tentatively establish the performance payment range for the second performance year.	
11.	Department and CMS are able to negotiate and agree on established performance payment range for the first performance year.	
12.	Department and POs are able to agree on established performance payment range for first performance year.	
13.	All POs sign the updated Program Agreements with updated measure expectations and financial implications.	

SFY 2025-2026 Performance Year

Following the test and reporting only year(s), the Department will initiate the first performance year. Performance evaluation activities will continue and payments based on performance of identified metrics will be applied following the end of the SFY, during the annual reconciliation period. For an SFY 2025-2026 performance year, payments would occur during SFY 2026-2027. All future VBP performance payment years will be contingent on available funding.

Section III: CO PACE VBP Program Requirements Overview

Provider Eligibility

Colorado PACE organizations will be required to participate in the CO PACE VBP Program. Participation includes reporting VBP program measure information per PACE contracts, receiving ongoing provider performance reports, and fiscal accountability, as applicable. PACE organizations will not be held financially accountable until stability standards are deemed to be met. A newly opened PACE organization may not meet stability standards for 2-3 years and stability standards will be based solely on Department determination.

Financing Mechanism

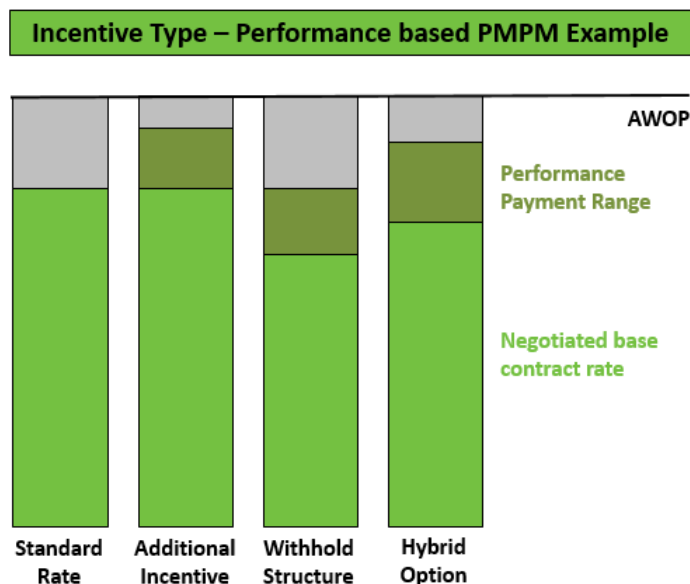
The Department intends to use the performance-based PMPM for the CO PACE VBP program, as long as the arrangement remains less than the amount that would otherwise be paid (AWOP) for each organization. Under a performance-based PMPM, providers receive an additional PMPM quality bonus in addition to the negotiated base contract rate when they meet specific quality measure targets, and/or a portion of the PMPM may be withheld if metric targets are not met during a performance year. Colorado is already familiar with the performance-based PMPM model, as it was implemented for CHP+ dental providers (DentaQuest) and for the Behavioral Health Incentive (BHI) program within the state.^{9,10} In discussion with the Department, this method is best suited to work under the current issued budget and rates provided to the PACE organizations.

In addition to selecting the performance-based PMPM, the Department explored withhold and incentive models, as shown in *Figure 4* below. The actuarial contractor for Colorado PACE sets the AWOP and any payment rate below the AWOP is certified. The Department reported its preference to stay under the current allocated budget for PACE while still implementing value-based payments. After review, the Department selected an incentive-only PMPM model for the first performance year. PACE organizations will be paid their base capitated rate throughout the year; an additional bonus, referred to as the performance payment range, will be awarded based on VBP measure performance. Under this new total payment range, Colorado's PACE organizations would have the opportunity to earn more than they do under their current rate arrangement. Pending program results, the financing mechanism may be re-evaluated in future years.

⁹ "Child Health Plan plus (CHP+) Dental Care." Child Health Plan Plus (CHP+) Dental Care. Colorado Department of Health Care Policy & Financing. Accessed February 2023. <https://hcpf.colorado.gov/child-health-plan-plus-dental-care>.

¹⁰ Bimestefer, Kim. "Response to a Request from the Colorado General Assembly Joint Budget Committee." Colorado Department of Health Care Policy Financing, November 1, 2022. Accessed February 2023. <https://hcpf.colorado.gov/sites/hcpf/files/HCPF%20BH%20LRFI%20%232%202022.pdf>.

Figure 4. Determining Incentive Type – Performance Based PMPM Example¹¹

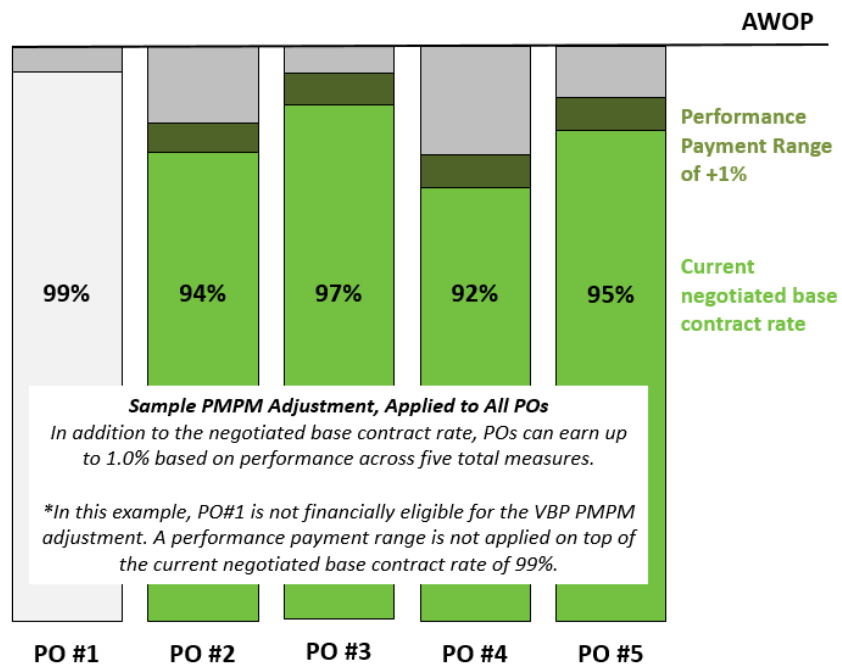


The Department also indicated it will use a standard percentage of the AWOP for the performance payment range; however, this range may be determined annually. For the first performance year, the performance payment range is currently expected to be set at up to +1% of the negotiated base rate of the AWOP PMPM for all eligible PACE organizations. Eligible providers will be paid at their negotiated base rate during the performance year and VBP payments will be addressed during the annual reconciliation period. Depending on the individual POs performance, providers may earn a performance-based lump sum payment or the PO could end fiscally neutral at the end of the fiscal year. An example calculation is shown in *Figure 5* below. By using the incentive-only PMPM model, the Department believes PACE organizations will be encouraged to strive for continued improvement and that funds will be used more effectively.

Performance payments for the program will be contingent on available funding, and the Department will continue to finalize fiscal model decisions during the test year and evaluate during future program years. The anticipated program cost will be contingent on completion of specific measures, total cost of PMPM for the POs, budgetary allocation for PACE per fiscal year, and other additional factors. The Department is currently analyzing projected costs for the VBP program.

¹¹ Mechanisms in this figure are simplified for purposes of demonstration.

Figure 5. Incentive Type – Sample PMPM Adjustment across 5 Providers¹²



Calculations and values in the figure are simplified for purposes of demonstration.

¹² Calculations and values in this figure are simplified for purposes of demonstration.

Quality Improvement Approach

This section outlines the program performance metrics and methodology for establishing goals and annual improvement increments that will be used to determine performance attainment each year.

Measure Selection

The measure set was created taking the following into consideration: (1) if measures linked to the VBP Program goals; (2) if POs currently report on the measures; (3) if the measures were considered standardized—even if not standardized specifically for PACE; (4) if inclusion might aid POs in preparing for future CMS required reporting; and (5) PO measure domain priorities identified during key informant interviews. Eight total measures were identified, three mandatory Tier 1 measures and five Tier 2 measures. PACE organizations will be responsible for reporting on all eight measures. However, during performance years, while all measures will be reported on, fiscal impacts will only be tied to five measures (the three Tier 1 measures and two provider-selected Tier 2 measures). Should a PACE organization wish to change their selected measures, two-years of baseline data will need to be submitted. Table 2 below provides the measure set selected by the Department. Additional measure information can be found in *Appendix I. Measure Specifications*.

Tier 1 Measures: There are three quality measures that have been selected by the Department and are mandatory for every participating provider to report and meet benchmarks on. Mandatory measures are referred to as Tier 1.

Tier 2 Measures: PACE organizations will report on all five Tier 2 measures. During performance years, each PACE organization will have an opportunity to select two Tier 2 measures in which the POs performance will be linked to payment. It is recommended that PACE organizations select measures that provide an opportunity for improvement, as opposed to a measure where the PACE organization is currently performing at high levels.

Table 2. Finalized Measure Set for PACE VBP Program

Measure Tier	Measure Set	Currently Reported ¹³	Measure Type
<i>All Tier 1 measures are mandatory as part of the CO PACE VBP program.</i>			
Tier 1	Number of Falls per 1000 Member Months	Yes	Outcome
Tier 1	Plan All-Cause Readmissions (NQF 1768/CMS 561)	No	Outcome
Tier 1	PACE Participants Satisfaction Survey Report	Yes	Process
<i>For VBP Performance Years, PACE organizations will select two of their own performance metrics from the Tier 2 list below.</i>			
Tier 2	Falls: Screening, Risk-Assessment, and Plan of Care to Prevent Future Falls. ¹⁴ (NQF 0101/CMS 1255)	No	Process
Tier 2	Transitions of Care (CMS 729)	No	Process

¹³ PACE organizations in Colorado are contractually required to collect these identified measures and therefore a set of baseline data already exists.

¹⁴ This is a clinical process measure that assesses falls in older adults. The measure has three rates: A) Screening for Future Fall Risk: Percentage of participants/patients aged 65 years and older who were screened for future fall risk at least once within 12 months; B) Falls Risk Assessment: Percentage of participants/patients aged 65 years and older with a history of falls who had a risk assessment for falls completed within 12 months; and C) Plan of Care for Falls: Percentage of participants/patients aged 65 years and older with a history of falls who had a plan of care for falls documented within 12 months.

Tier 2	Percentage of Participants Not in Nursing Homes (CMS 537)	Modified	Outcome
Tier 2	Percentage of Voluntary Disenrollment	Yes	Outcome
Tier 2	Screening for Depression and Follow-Up Plan (NQF 0418/CMS 672)	Modified	Process
<ul style="list-style-type: none"> Some measures have defined age ranges that differ from the PACE program. In these instances the difference will be noted; however, data will be collected for all PACE participants (55 years and older). Measures identified as not currently reported or modified indicate that while a similar measure may be collected, the exact specifications of the listed measure are not currently reported. 			

A measures specifications document outlining numerators/denominators, inclusion/exclusion criteria, as well as guidance on allowable standardized measurement tools (for example, outlining a standardized tool to use for depression screenings) can be found in *Appendix I*.

Performance Measure Targets and Core Performance Methodology

Benchmarks (i.e., targets, goals) serve as a way to compare against national or regional industry peers, or oneself in order to understand the amount and directionality of performance and are the best way to implement goals that reflect performance expected by the state. *Table 3* below provides methods for establishing benchmarks considered by the Department.

Table 3. Performance Evaluation – Benchmarking Methodologies

Performance Evaluation – Benchmarking Methodologies
National Benchmark: Performance will be evaluated against national or PACE organization-specific benchmarks. For example, a provider will be expected to perform better than the median value of the NPA data set.
Statewide Benchmark: Performance will be evaluated against peers in the state. For example, a provider will be expected to perform better than the PACE statewide average in prior year.
Fixed Benchmark: Performance will be evaluated against set benchmark specific to measure.
Individual Baseline Improvement: Performance will be evaluated against improvement on value set by the individual PACE organization during a specified baseline period. For example, provider will be expected to have 10% improvement since baseline set in the prior year.
Gap to Goal Closure: Performance will be evaluated on reduction of the gap between individual PACE organization performance and measure’s goal. For example, provider will be expected reduce the gap between prior year and goal by 20%.

Similar to other Colorado programs, the Department intends to establish a State Goal for each measure that represents high value performance that all POs will be expected to strive for. This ensures entities understand what performance the Department would ultimately like all POs to achieve and maintain. In addition, the Department will allow for the use of Gap to Goal Closure and/or Individual Baseline Improvement benchmarking methods that allows providers to receive recognition for improvement over current PO-specific performance. The Department may integrate available data sources from national numbers, provider-submitted information, and other sources to determine the State Goal. In addition to previously reported data, data collected during the test and reporting only years will be used to establish both baselines and attainable benchmarks for the PACE organizations. Further engagement with the PACE organizations will be prioritized to ensure appropriate baselines and program benchmarks are set prior to the first performance year.

The Department intends to review and reassess performance metrics and targets in a two-year period. This would provide sufficient time to set benchmarks, complete measurement, and base VBP payments on PACE organization performance. Prior to the close of the two-year period, the Department will reassess if the measure set and/or benchmarking methodology needs to be updated to facilitate additional improvement for future years' of the program. For example, if measure targets continue to be met, the Department could consider proposing a higher measure target the following fiscal year to incentivize further improvement.

Earning Performance Payments and Linking Payment to Value

Starting in the first performance year, measure achievement will be evaluated regularly to determine PACE organization performance compared to baseline values. If a performance payment range of 1% is used, the following arrangement has been proposed:

- Three mandatory (Tier 1) measures will be weighted at 0.25% each (totaling 0.75% of the AWOP PMPM), and
- Two provider-selected measures (Tier 2) will be weighted at 0.125% each (totaling 0.25% of the AWOP PMPM).

A score of met/not met will be determined across each of the five measures. These outcomes will be dependent on several variables based on how the scoring framework is operationalized, including: (1) whether a measure is weighted by Tier; and (2) how performance improvement translates to earned performance payments. The approach to link payment to value will be finalized throughout the test year.

Rounding Policies

Both performance targets and performance will be measured to an accuracy of hundredths of a percent, or to two decimal places for non-percentage-based performance calculations. Calculations of dollars will be rounded to the nearest whole dollar.

Accountability for Quality and Program Compliance

Report Submission and Data Exchange Responsibilities

Each PACE organization is responsible for collecting and reporting each of the measure results for the CO PACE VBP program. Per PACE contracts, Quarterly Program Reports capture summary data for a specified quarter and PACE organizations are required to submit these reports to the Department no later than the 20th day of the month following the end of the quarter. PACE organizations also submit quarterly PACE Quality Data to CMS through the Health Plan Management System (HPMS). In addition, the CO PACE Participants Satisfaction Survey Report results are submitted annually, prior to the end of the SFY. The Department found it prudent to align with current contractual reporting methods and timelines for the CO PACE VBP program as well.

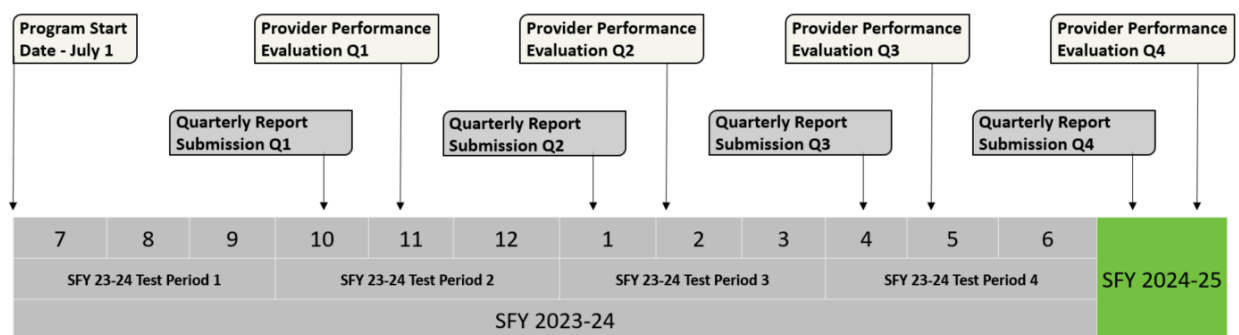
The Department is continuing to fine-tune the performance reporting/data validation policies for the CO PACE VBP program to ensure data submitted by the PACE organizations is complete, timely, and accurate. The Department will also determine if there are penalties for provider-submitted data that is not complete or timely during performance years.

Performance Evaluation/Payment Cycle Timelines

Quarterly performance evaluation periods will be used for the PACE VBP program, to align with existing Quarterly Program Report submissions. If any metrics are based on an annual performance measurement tool they will be evaluated annually (rather than quarterly). Following the end of each SFY quarter, results will be compiled and provider performance feedback reports will be issued to all participating PACE organizations, see *Figure 6* below.

Once performance years begin, each will be followed by: (1) a claims runout period; and (2) a subsequent results finalization and payment period. The Department plans to pay out earned performance payments to eligible PACE organizations through a lump sum payment following SFY year end. The Department plans to further confirm and set payment timelines, as well as determine the operational mechanisms for performance payments. A payment reconciliation will occur during this year end process, as needed, due to any identified payment errors.

Figure 6. Performance Evaluation Timelines



Program Evaluation

Test and Reporting Only Year Reporting and Evaluation

During the SFY 2023-2024 test year and SFY 2024-2025 reporting only year, PACE organizations will submit data on all eight VBP program metrics using currently established data submission processes via the SharePoint system and adhering to contract data submission timelines. The current HCPF reporting template will be modified to include the full measure set, and PACE organizations will use that template when submitting their data.

For measures that are not currently reported on by PACE organizations and measures that have been modified, PACE organizations will use SFY 2023-2024 Quarter 1 to establish the ability to pull the data and generate reports in their respective systems.

The first quarterly report (SFY 2023-2024 Quarter 1) submitted by each PACE organization will only contain data on measures identified as “currently” reported. Additionally, PACE organizations will submit updates and report any issues with pulling data and generating reports for the other measures. Beginning with the second quarterly report, PACE organizations will submit data for all VBP measures and include year-to-date (YTD) data. Subsequently, quarterly data will be submitted. This process will continue throughout the entirety of the test year. Any measures following an annual timeframe will be submitted with the fourth quarterly report.

Each quarter, submitted data will be aggregated, reviewed, and analyzed within approximately 45 days of receipt. Upon receipt of quarterly data submissions, the Department, or their designee, will use a performance achievement evaluation tool to identify instances of missing or potentially inaccurate data, as well as monitor for outliers and trends. The tool will be used to summarize key scoring and achievement details. This tool will include reviewer instructions, a method to capture reviewer’s evaluative decisions and notes, and calculation of performance metric results. The evaluation tracking tool will support the provider performance feedback reports.

Following data review and analysis, the Department will issue a quarterly performance feedback report to each PACE organization via the SharePoint system already in place. The performance feedback report during the test and reporting years will contain detailed information on metric results. Any concerns with data submission or results will be addressed as part of the performance feedback report process. A sample performance feedback report for these program periods can be found in *Appendix II*.

Performance Year Reporting and Evaluation

Once performance years initiate, PACE organizations will submit data on all VBP program metrics using the processes and reporting templates established and refined (if needed) during the test and reporting years. All data submissions will adhere to contract data submission timelines.

Each quarter, submitted data will be aggregated, reviewed, and analyzed within approximately 45 days of receipt. Upon receipt of quarterly data submissions, the Department, or their designee, will use a performance achievement evaluation tool to identify instances of missing or potentially inaccurate data, as well as monitor for outliers and trends. The tool will be used to summarize key scoring and achievement details. This tool will include reviewer instructions, a method to capture reviewer’s evaluative decisions and notes, calculation of performance metric scores, and a method to support calculation of associated payments earned. The evaluation tracking tool will support the provider performance feedback reports and support final performance payment calculations.

Following data review and analysis, the Department will issue a quarterly performance feedback report to each PACE organization via the SharePoint system already in place. The performance feedback report during performance years will contain detailed information on metric achievement and fiscal impact for each PACE organization. Any concerns with data submission or results will be addressed as part of the performance feedback report process. A sample performance feedback report for the performance year can be found in *Appendix II*.

The contents of these reports are part of the Department's commitment to ensuring timely feedback on performance and to bolstering statewide performance improvement efforts. This process may also support continuous two-way feedback and goal alignment between the Department and the PACE organizations through identification of learning opportunities, challenges and effective mitigation strategies, and any ongoing program changes, particularly before implementation of the first performance year.

CO PACE VBP Program Audit

Documentation to support performance calculations may be requested by the CMS, the Office of Inspector General, the State Auditor, or the Department of Health Care Policy & Financing (the Department) at any time. If it is determined that the payments, or any portion thereof, were made in error, the Department will demand the return of any funds in writing.

CO PACE VBP Program Evaluation

Once State Goals on all metrics have been determined, the programmatic evaluation process will be further established in order to determine what progress or impact the program has had on its five overarching goals.

Appendix I. Measure Specifications

A measures specifications document will be included at a later date upon measure set finalization – this is currently under development.

Appendix II. Performance Documentation Template

A sample performance documentation template for the test and reporting only years, and the performance years are provided below. PACE organizations will receive their Program Quality Results and Payment Rate Impact letters upon submission and evaluation of performance data in the Quarterly Report Templates.

June 15, 2023

RE: Colorado PACE Value Based Payment Program Quality Results and Payment Rate Impact Notification Letter—SFY 2023-2024 Test Year

PACE Organization: [INSERT PACE ORGANIZATION NAME HERE]

The American Rescue Plan Act (ARPA) of 2021, Section 9817 temporarily increased the federal medical assistance percentage (FMAP) by 10 percentage points for certain Medicaid and Home and Community Based Services (HCBS) expenditures for qualifying states. As part of Colorado's enhanced federal match initiatives—approved by both the Colorado General Assembly and the Centers for Medicare & Medicaid Services (CMS)—the Department of Health Care Policy & Financing (HCPF or the Department) prioritized enhancing quality outcomes. This priority included developing and implementing a pay-for-performance program for the Program for All Inclusive Care for the Elderly (PACE), under ARPA Initiative 8.04. The CO PACE Value Based Payment (VBP) program is that pay-for-performance program.

The Department will use a multi-year program approach to assess improvement that will include a test year, a reporting only year, and finally pay-for-performance on chosen program measures. For the test and reporting years, the Department and the PACE organizations (POs) will complete performance reporting and evaluation activities without any financial impacts. PACE organizations will submit data quarterly to the Department and the Department will issue quarterly performance feedback reports to participating PACE organizations. This letter encompasses the POs performance feedback.

In future years, the CO PACE VBP program will allow PACE organizations to have the opportunity to earn payment above their current rate arrangement by meeting achievement benchmarks on selected measures. PACE organizations submit required data on all eight VBP metrics; however, only five metrics (the three Tier 1 (Department-selected) and two Tier 2 (PO-selected) measures) will be linked to payment during performance years.

The Department engaged an independent assessor to review submitted data and determine the 2023-2024 program year (PY) quality results for all CO PACE organizations. A summary of the PY 2023-2024 quality results is included below. Detailed results are included on subsequent pages of this letter.

PY 2023-2024 summary of the VBP quality results and rate impact

Program Year	PACE Organization Name	Tier 1 Measures Met	Tier 2 Measures Met	Rate Impact
2023-2024	Name	N/A	N/A	N/A

Performance is collected quarterly from PACE Organization submissions of the Quarterly Report Template and performance data is aggregated from those reports leading to a final score. Year-to-date performance results and scoring and achievement information are reflected below:

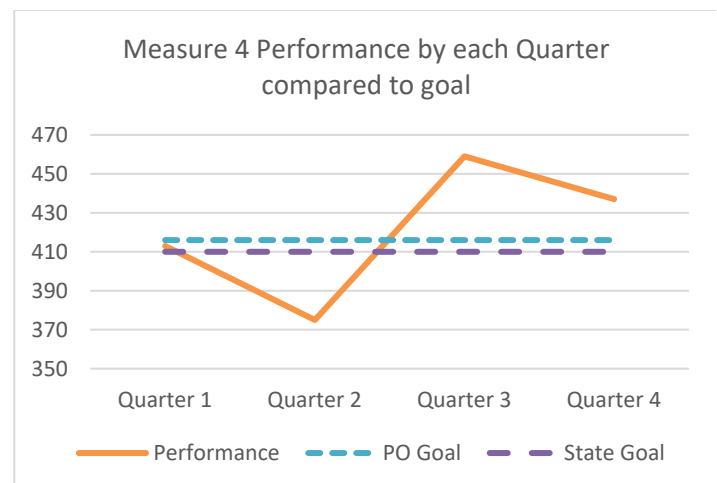
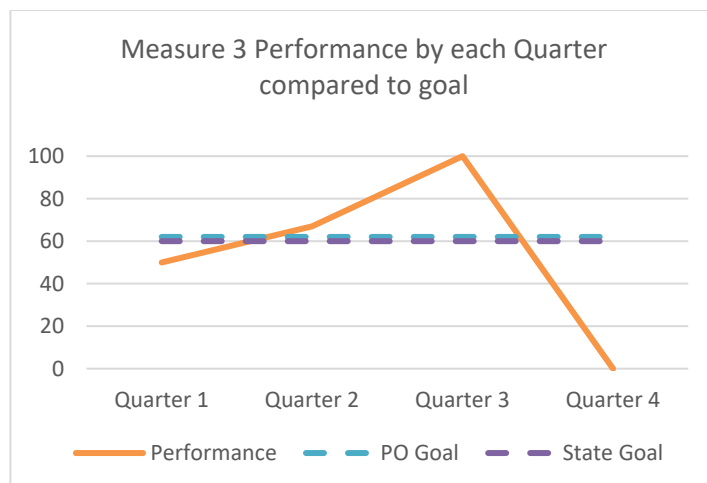
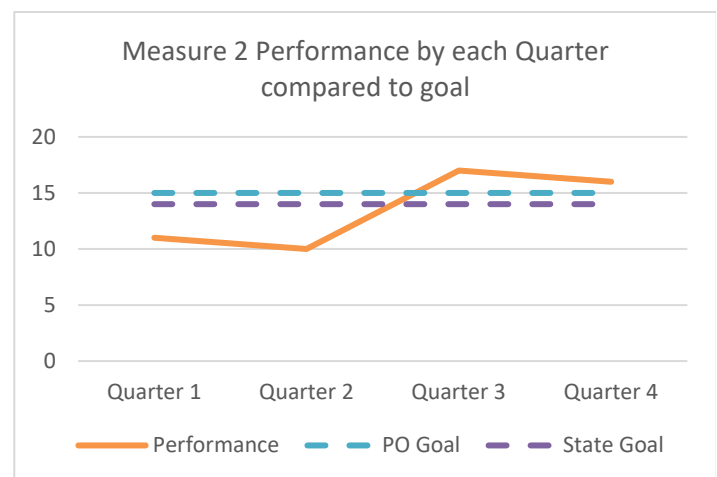
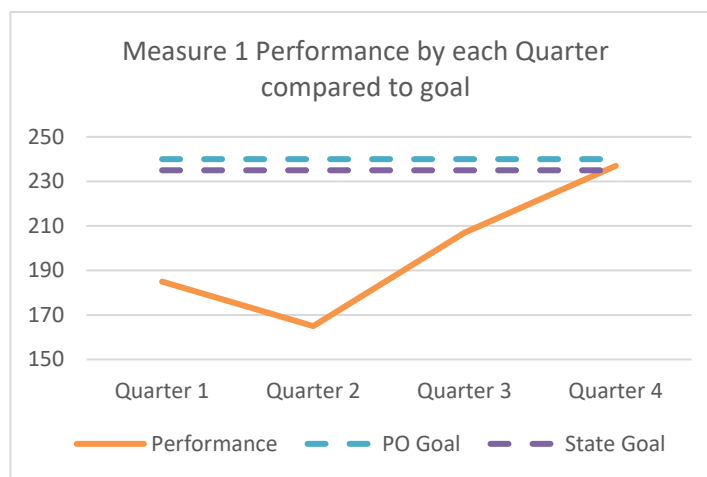
VBP Measure Name	Measure Specifics	Q1 (SFY 23-24)	Q2 (SFY 23-24)	Q3 (SFY 23-24)	Q4 (SFY 23-24)	SFY 23-24 Total	PO Goal	State Goal	Goal Met/Not Met [^]
1. Number of Falls per 1000 member months	Numerator						--	--	--
	Denominator								
	Rate (count*1000)								
2. Plan All-Cause Readmissions	Numerator						--	--	--
	Denominator								
	Ratio								
3. PACE Participant Satisfaction Survey Report	Numerator						--	--	--
	Denominator								
	Percentage								
4a. Falls: Screening	Numerator						--	--	--
	Denominator								
	Rate								
4b-1. Falls: Risk Assessment	Numerator						--	--	--
	Denominator								
	Rate								
4b-2. Falls: Plan of Care	Numerator						--	--	--
	Denominator								
	Rate								
5a. Transitions of Care: Notification Of Inpatient Admission	Numerator						--	--	--
	Denominator								
	Rate								
5b. Transitions of Care: Receipt of Discharge Information	Numerator						--	--	--
	Denominator								
	Rate								
5c. Transitions of Care: Patient Engagement after Inpatient Discharge	Numerator						--	--	--
	Denominator								
	Rate								
5d. Transitions of Care: Medication Reconciliation	Numerator						--	--	--
	Denominator								
	Rate								
6. Percentage of Participants Not in Nursing Homes	Numerator						--	--	--
	Denominator								
	Percentage								
7. Percentage of Voluntary Disenrollment	Numerator						--	--	--
	Denominator								
	Percentage								
8a. Depression: Screening for Depression	Numerator						--	--	--
	Denominator								
	Percentage								
8b. Depression: Follow-Up Plan	Numerator						--	--	--
	Denominator								
	Percentage								

[^]Determination of a whether a goal is met or not is based on the POs goal. The State Goal is included for information purposes.

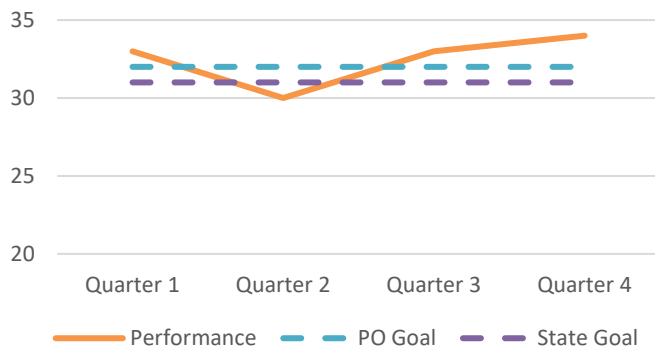
*Table may be modified as benchmarking and scoring calculation determinations are finalized.

Measure Type	Number of Measures Met	Total Measure Weight	Payment Rate
Department Measure	-	-	N/A
Provider Option Measure	-	-	
Total	-	-	

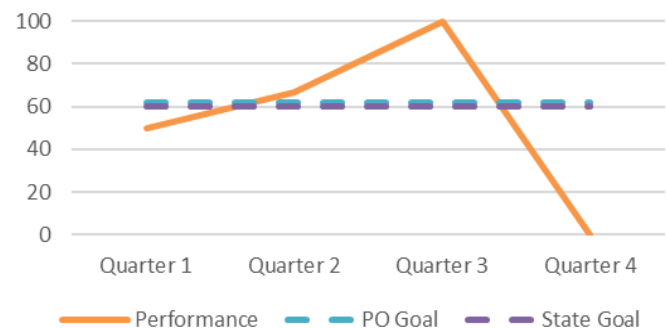
Below shows the organization's performance over each quarter and how it compares to both the individual POs goal and the State goal for each measure.



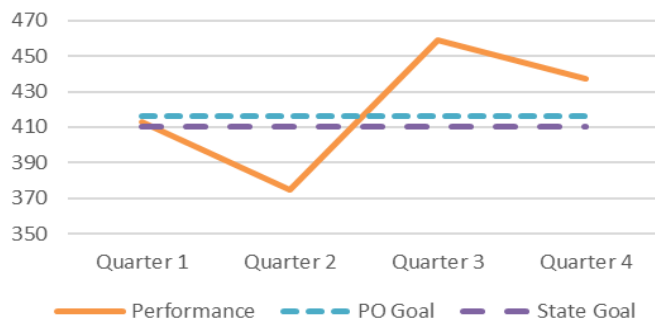
Measure 5 Performance by each Quarter compared to goal



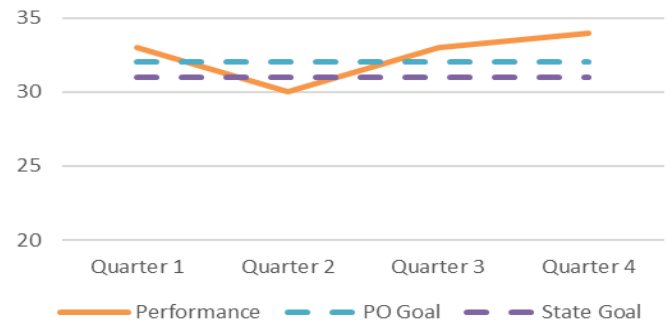
Measure 6 Performance by each Quarter compared to goal



Measure 7 Performance by each Quarter compared to goal



Measure 8 Performance by each Quarter compared to goal



June 15, 2023

RE: Colorado PACE Value Based Payment Program Quality Results and Payment Rate Impact Notification Letter—SFY 2025-2026 Performance Year. PACE organizations will receive their Program Quality Results and Payment Rate Impact letters upon submission and evaluation of quarterly performance data.

PACE Organization: [INSERT PACE ORGANIZATION NAME HERE]

The American Rescue Plan Act (ARPA) of 2021, Section 9817 temporarily increased the federal medical assistance percentage (FMAP) by 10 percentage points for certain Medicaid and Home and Community Based Services (HCBS) expenditures for qualifying states. As part of Colorado's enhanced federal match initiatives—approved by both the Colorado General Assembly and the Centers for Medicare & Medicaid Services (CMS)—the Department of Health Care Policy & Financing (HCPF or the Department) prioritized enhancing quality outcomes. This priority included developing and implementing a pay-for-performance program for the Program for All Inclusive Care for the Elderly (PACE), under ARPA Initiative 8.04. The CO PACE Value Based Payment (VBP) program is that pay-for-performance program.

The CO PACE VBP program allows PACE organizations in the state to have the opportunity to earn payment above their current rate arrangement by meeting achievement benchmarks on selected measures. Depending on the individual PACE organizations' performance, providers may earn a performance-based lump sum incentive payment, or the organization could end fiscally neutral at the end of the fiscal year. The POs achievement on selected measures determines the portion of the VBP performance payment the provider will receive, up to +1% above the provider's negotiated base contract rate.

PACE organizations submit required data on all eight VBP metrics; however, only five metrics (the three Tier 1 (Department-selected) and two Tier 2 (PO-selected) measures) are linked to payment during performance years. Tier 1 measures are weighted at 0.25% each (0.75% total) and Tier 2 measures are weighted at 0.125% each (0.25% total) to account for a performance range of 1.00%. Achievement for each measure result is evaluated against the established benchmarks and provided a score of met/not met.

The Department engaged an independent assessor to review submitted data and determine the 2025-2026 program year (PY) quality results and resulting rate impact for all CO PACE organizations. A summary of the PY 2025-2026 quality results and payment rate impact is included below. Detailed results are included on subsequent pages of this letter.

The VBP Payment Rate Impact indicates the percentage of the PMPM that will be applied as an incentive payment as a result of meeting performance benchmarks during the year.

PY 2025-2026 Summary of the VBP Quality Results and Rate Impact

Program Year	PACE Organization Name	Tier 1 Measures Met	Tier 2 Measures Met	VBP Payment Rate Impact
2025-2026	Name	2	2	+0.75%

Performance scores for each measure were calculated on a quarterly basis. Once the scores were calculated, it was then determined whether the performance adhered to the goals or not. Your performance was calculated following the [insert guidance reference if applicable or design document reference here].

Formal Appeals:

If the CO PACE VBP Program will provide for a formal appeals process, insert relevant regulation and request language here, including contact information.

Performance is collected quarterly from PACE Organization submissions of the Quarterly Report Template and performance data is aggregated from those reports leading to a final score. Year-to-date performance results and scoring and achievement information are reflected below:

Measure Name	Measure Specifics	Q1 (SFY 25-26)	Q2 (SFY 25-26)	Q3 (SFY 25-26)	Q4 (SFY 25-26)	SFY 25-26 Total	PO Goal	State Goal	Goal Met/Not Met^
1. Number of Falls per 1000 member months	Numerator								
	Denominator								
	Rate (count*1000)								
2. Plan All-Cause Readmissions	Numerator								
	Denominator								
	Ratio								
3. PACE Participant Satisfaction Survey Report	Numerator								
	Denominator								
	Percentage								
4a. Falls: Screening	Numerator								
	Denominator								
	Rate								
4b-1. Falls: Risk Assessment	Numerator								
	Denominator								
	Rate								
4b-2. Falls: Plan of Care	Numerator								
	Denominator								
	Rate								
5a. Transitions of Care: Notification Of Inpatient Admission	Numerator								
	Denominator								
	Rate								
5b. Transitions of Care: Receipt of Discharge Information	Numerator								
	Denominator								
	Rate								
5c. Transitions of Care: Patient Engagement after Inpatient Discharge	Numerator								
	Denominator								
	Rate								
5d. Transitions of Care: Medication Reconciliation	Numerator								
	Denominator								
	Rate								
6. Percentage of Participants Not in Nursing Homes	Numerator								
	Denominator								
	Percentage								
7. Percentage of Voluntary Disenrollment	Numerator								
	Denominator								
	Percentage								
8a. Depression: Screening for Depression	Numerator								
	Denominator								
	Percentage								
	Numerator								

8b. Depression: Follow-Up Plan	Denominator								
	Percentage								

^Determination of a whether a goal is met or not is based on the POs goal. The State Goal is included for information purposes.

*Table may be modified as benchmarking and scoring calculation determinations are finalized.

Measure Type	Number of Measures Met	Total Measure Weight	VBP Incentive Payment Rate
Department Measure	2	0.50%	+0.75%
Provider Option Measure	2	0.25%	
Total	4	0.75%	

*Data in the table is for demonstration purposes.

Below shows the organization's performance over each quarter and how it compares to both the individual POs goal and the State goal for each measure.

