



Bundled Payments, Covered Benefits & Prescription Drugs: Member FAQs

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To understand reimbursement for high-cost drugs provided by hospitals, it is important to understand how hospitals are reimbursed. Hospitals are compensated using methodologies that give hospitals a single payment for groups of services, or bundled services. These methodologies do not compensate hospitals for the very high costs that drug manufacturers are charging to acquire the drugs which may be \$500,000 per treatment, or as much as tens of millions of dollars over the lifetime of a client.

Bundled Payments

What is a “bundled” payment?

A bundled payment is a payment for an episode of care rather than a payment for each individual piece of that episode. For example, instead of a hospital being reimbursed for each service or supply, a bundled payment reimburses for everything provided to the patient including labs, hospital beds, vital sign monitoring, and medications.

What is an episode of care?

An episode of care is the entire set of services, supplies, and procedures provided to a patient to treat a clinical condition.

What are the various payments that Health First Colorado sends to hospitals?

- Enhanced Ambulatory Patient Grouping (EAPG) is a methodology used to pay outpatient hospital services. The Department moved to this methodology in October 2016. This methodology pays a bundled rate based on the type of services rendered.
- The All Patients Refined Diagnosis Related Groups (APR-DRG) is a methodology for inpatient hospital services that classifies patients according to their reason of admission and incorporates the severity of illness.
- Other payments made to hospitals by Health First Colorado include supplemental payments, Disproportionate Share Hospital (DSH) payments, and Hospital Quality Incentive Payments (HQIP) payments. Supplemental payments are lump sum payments made directly to hospitals in addition to the claims-based payments made to hospitals for inpatient and outpatient services. DSH payments are lump sum

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payments made to hospitals that serve a disproportionate share of Health First Colorado members and uninsured patients. HQIP payments are made to hospitals for performance on select quality standards.

- APR-DRG and EAPG payments to hospitals for inpatient and outpatient services total approximately \$1.3 billion per year. Supplemental payments, DSH, and HQIP payments total approximately \$955 million, \$190 million, and \$94 million, respectively, bringing total hospital reimbursement from Health First Colorado to approximately \$2.5 billion per year.

Bundled Payments & Covered Benefits

Does a bundled payment change benefits or prescription drugs covered by Health First Colorado?

No. The covered benefits, services and prescription drugs covered stay the same for Health First Colorado members. A bundled payment just means we pay the provider differently. We pay a rate for an episode of care rather than for individual services, supplies, or medications given within that episode.

Can providers with bundled payments refuse members' treatment?

No. Providers who are enrolled as a Health First Colorado provider cannot refuse to provide medically necessary services to Health First Colorado Members under their care because of reimbursement.

Prescription Drugs

Does the Department have a "cap" on high cost prescription drugs, like Spinraza for Spinal Muscular Atrophy (SMA)?

Health First Colorado does not have a cap for any medication or service and in fact, we do not require a prior authorization or pay separately for any drugs as they are included in the bundled payment. Providers can and should give Spinraza, or other physician administered medications, if they deem them medically necessary.

What do I do if a hospital or other provider is refusing me or my family member treatment due to Health First Colorado payment levels?

The Department recommends that any Health First Colorado Member who thinks they are not receiving appropriate care should immediately [contact their Primary Care Provider and regional organization](#) (also known as Regional Accountable Entity). It is the responsibility of these providers to deliver care coordination services and identify appropriate providers for all Health First Colorado members.

Individual providers can choose which types of health insurance coverage they take; this is true for any type of insurance, including Health First Colorado coverage. More

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than 56,000 providers statewide are Health First Colorado providers, and this includes many hospital providers. Providers who contract with insurers agree to accept that insurer's payment rates. Providers who are enrolled as Health First Colorado Providers must agree to our rates and bundled payment methodologies.

For more information about Health First Colorado benefits and finding a provider visit [HealthFirstColorado.com](https://www.healthfirstcolorado.com).

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