



COLORADO

Department of Health Care
Policy & Financing

1570 Grant Street
Denver, CO 80203

Supporting Value Based Payments to Improve Health Outcomes

March 2023

The Department is committed to **reimbursing providers through value based payments to incent improvements in Medicaid patient quality outcomes, health equity (closing disparities), and increasing affordability. Rewarding volume - what we do today - does not motivate any providers to control trend or achieve our quality/equity goals. We need the JBC's help in driving a more modern payment model, which CMS is driving ALL Medicaid programs towards, nationally** (we all share the same challenges).

- We have submitted several budget requests supporting this direction starting with HCPF's FY 2022-23 R6 budget request, Value Based Payments and Colorado Providers of Distinction. This request was fully funded for adult and pediatric alternative payment models (APMs), the prescriber tool shared savings model, and for further stakeholder engagement for maternity and Colorado Providers of Distinction.
- **This year, for FY 2023-24, we submitted two budget proposals for your approval to continue down this important path:**
 - **R6 - Supporting Primary Care Medical Providers (also called PCPs) with Value Based Payments**
 - **Why this request:** PCMPs/PCPs are the most tightly connected and prominent influencer of a Medicaid patient's overall health and wellbeing; they also control the specialist referrals, which massively influences affordability and outcomes. Concurrently, primary care is also in crisis - herein Colorado and nationally. Further, almost all of HCPF's quality metrics measured by CMS are in red status.
 - HCPF requests \$8,679,810 total funds in FY 2023-24 to increase the reimbursement paid under the partial capitations to Primary Care Medical Providers (PCMPs) participating in the Alternative Payment Model for Primary Care (APM) 2, increasing the partial capitation rate to match the 2022 Medicaid Provider Rate Review Analysis Report (16%) and to match Medicare reimbursements.
 - This increased reimbursement through the APM incepts/rewards better care, healthier outcomes, avoiding costlier care and driving affordability. This program pays PCMPs a partial capitation payment and allows PCMPs to earn incentive payments for managing care for members with

Improving health care equity, access and outcomes for the people we serve while saving Coloradans money on health care and driving value for Colorado.

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chronic conditions - which drive the most claims for Medicaid (<5% of Medicaid members are driving >50% of our spend)

- The request also asks for additional funding for training for primary care medical providers to ensure their success under a value based payment model. PCMPs who participate in APM 2 will receive data from the Department on patients with chronic conditions, which they may not immediately understand how to use. The funding delivers training and peer-to-peer learning collaboratives for participating providers, based on feedback from PCMPs.
- **S-19, BA-19- True Up Funding to Implement Alternative Payment Models (APMs)**
 - **Why this request (ITN):** The reason for this supplemental request is that the Department has experienced delays in negotiating our Value Based Payments Invitation to Negotiate which includes all of the FY 2022-23 R6 work already approved by the JBC and we need rollforward authority to ensure we can support Medicaid providers and members with value based payment.
 - **Quote from Request:** The Department requests authority to allow for more flexibility to develop the Alternative Payment Models (APM) approved in the Department’s FY 2022-23 R-6, “Value Based Payments”. The Department requests \$2,948,850 in roll-forward authority from FY 2022-23 to FY 2023-24, and \$2,921,500 in roll-forward authority from FY 2023-24 to FY 2024-25, which will provide the Department with flexibility to complete the stakeholder engagement and development phase for the Maternity Bundle, the Primary Care APMs, and the Colorado Providers of Distinction if some of the work is delayed under the existing budget.
 - **Why this request (Prescriber Tool):** The Department is requesting to increase the shared savings payments from 25% to 100% for the first year of the Prescriber Shared Savings Model. This change is extremely important to incentivize prescribers to incorporate the tool into their workflow. We ask for your approval of this because this will help us to control costs for the ever increasing amount the Department is spending on prescriber drugs by changing prescriber’s behavior towards lower cost drugs.
 - **Quote from Request:** The Department is also requesting to true up funding related to the anticipated savings for the prescriber tool and to increase the incentive paid to providers using the tool as



part of the Pharmacy Prescriber Tool APM from 25% of shared savings to 100% in the first year of the program.

- **Why This Is Important:** Without rollforward authority, the Department is at risk of being unable to fully support our primary care medical providers with value based payments, undermining much needed reimbursement and certainty for our providers. The Department also risks being unable to engage stakeholders for the stakeholder engagement approved for the maternity APM and Colorado Providers of Distinction.

The Department respectfully requests the JBC's approval of these two requests to further support our joint work already in progress in advancing on Medicaid's path toward payment methodologies that incent improved outcomes, close health disparities, support providers, and increase affordability for the state.

More information can be found on our [Legislator Resource Center website](#).

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