COLORADO
Department of Health Care Policy & Financing

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Maternity Bundled Payment Program Specifications

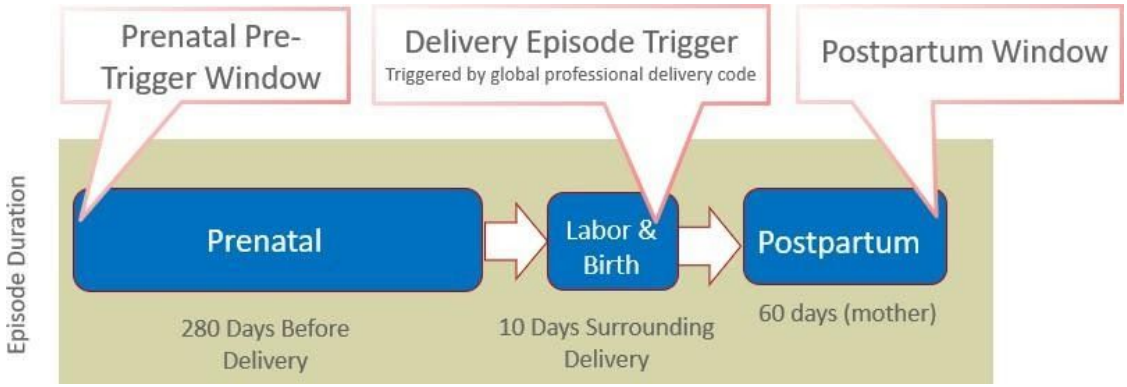
October 2020

The Department of Health Care Policy & Financing (Department) has adopted innovative alternative payment models that support a transition from the traditional fee-for-service (FFS) to value-based payments. Bundled payments are one alternative payment program offered to providers caring for Health First Colorado (Colorado's Medicaid program) members. Bundled payments involve providing a single, comprehensive payment that covers all of the services within an episode of care.

Maternal health is a priority for the State of Colorado and the Department is focusing its first episode-of-care bundle on maternity care. The Maternity Bundled Payment Program is an opportunity for obstetricians and gynecologists (OB-GYN providers) to earn financial incentives for influencing continuity of care and health outcomes for mothers and their babies.

Maternity Episode Definition

The maternity episode is inclusive of a patient's prenatal, delivery, and postpartum care as seen below:



The episode definition and final code set were determined by analyzing the codes billed for patients within a maternity episode. The Department identified episodes triggered using a delivery diagnosis-related group (DRG) and then searched for any code with a pregnancy-related diagnosis code in two years of Medicaid claims. The Department then narrowed down the code set by removing all codes with low utilization (>$1000 spend). The Department's Chief Medical Officer (CMO) and clinical review team also determined it is necessary to include substance use disorders (SUD) services in the maternity episode based

on the impact SUD has on the patients and neonates. Therefore, the Department created a separate SUD flag to identify codes billed for patients experiencing SUD. The final code set was approved by the internal clinical review team and CMO.

The postpartum period of the episode extends to beyond 60 days if an inpatient hospitalization began during this period. If there is no inpatient claim which began in the 60-day postpartum period the episode closes at 60 days after delivery.

Principal Accountable Provider

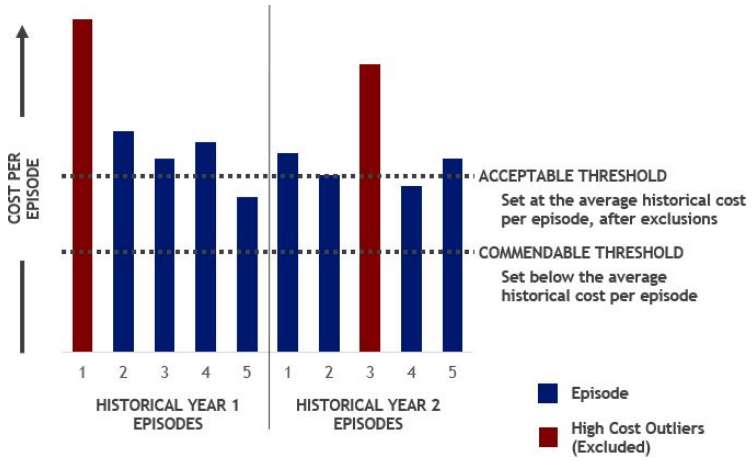
In a bundled payment model, a principal accountable provider (PAP) is the provider who has the greatest ability to influence the cost and quality of care of the episode. PAPs hold the risk-reward relationship with the Department for the episode. PAPs can elect to participate in one of the following two tracks:

Track	**Track Description**	**Track Identification Method**
One	OB-Gyn who delivers the baby	Identified by the billing of the professional component of the delivery
Two	OB-Gyn who provided at least some prenatal services but does not deliver the baby	Identified by the billing of prenatal services

The second track was created based on stakeholder feedback about including PAPs who do not perform the delivery themselves but provide prenatal and postpartum care. Regardless of which track a PAP chooses, the provider is accountable for all of the services provided across the maternity definition, even the ones they do not provide themselves.

Thresholds

Thresholds are the prospective targets for both positive and negative incentives. The Department's actuary will calculate a PAP's threshold by using two years worth of claims to determine historical episode performance. The base thresholds were calculated using data between July 1, 2017 and June 30, 2019. Each year the Department will add the next fiscal year data and will calculate the thresholds based on the previous two years of data. High-cost outliers above the 95th percentile will be removed from the threshold calculations.



The Acceptable Threshold is set at the average historical cost per episode with a trend applied by the actuary after all calculation exclusions. The following episodes are removed from the Acceptable Threshold calculations:

Exclusion
Member Dually Eligible for Medicare and Medicaid
Third-Party Liability on Claims
PAP Provided No Prenatal Services to Member
Member Expired During Episode
No Professional Claim for Delivery
Member Left PAPs Care During Prenatal Period
High Cost Outliers Above the 95th Percentile

The Commendable Threshold is set below the historical average cost per episode and has a minimum savings rate built into it. The Department included a minimum savings rate to ensure PAPs are performing clinical interventions to reduce the episode cost of care rather than earning savings based purely on chance. The Bundled Payment Program site lists the thresholds for review.

Substance Use Disorder (SUD)/Non-SUD Thresholds

The Department's actuary of record found that episodes in which the patient experiences SUD are significantly costlier than episodes without SUD involved. Therefore, each PAP will have two distinct sets of thresholds calculated: A SUD threshold set and non-SUD threshold for episodes. The application of two sets of thresholds within the program emphasizes the importance of promoting SUD screening and treatment.

Threshold Time Period

Thresholds remain in place for one performance year. For example, PAPs joining the program on the launch date (Nov. 1, 2020) will see their threshold sets expire on Oct. 31, 2021.

Reconciliation Methodology

The Department will retrospectively reconcile a PAP's episode performance once per year for each performance period. Performance periods are as follows:

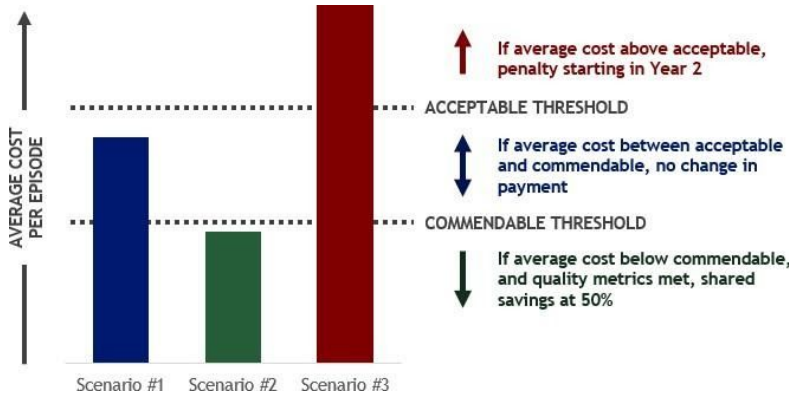
Performance Period	Start Date	End Date
Year One	Nov. 1, 2020	Oct. 31, 2021
Year Two	Nov. 1, 2021	Oct. 31, 2022

The Department will determine a PAP's episode performance calculation by aggregating the PAP's episodes into two episode cohorts. The first cohort will include episodes with a flag of SUD based on the SUD definition in the maternity episode. The second cohort will include episodes without a SUD flag. Each episode cohort will then be aggregated to calculate average episode spend. The average episode spend for each cohort will be reconciled against each set of thresholds (SUD and non-SUD). The following will be excluded from the PAPs episode cohort:

Exclusion
Member Dually Eligible for Medicare and Medicaid
Third-Party Liability on Claims
PAP Provided No Prenatal Services to Member
Member Expired During Episode
No Professional Claim for Delivery
Member Left PAP's Care During Prenatal Period
High-Cost Outliers above the 95th percentile

Distribution of Positive or Negative Incentives

PAPs will receive a positive incentive payment if their average episode performance is below the Commendable Threshold. (See the chart below.) The Department will reconcile the incentives within 90 days following the end of the performance period. Payment will be made via the Medicaid Management Information System. It is the PAP's responsibility to review the incentive and notify the Department if there is any disagreement with the calculation.



Negative incentives will apply during a PAP's second year of program participation. A negative incentive will be incurred if a PAP's average episode performance is above the Acceptable Thresholds. (See the chart above.) The Department will reconcile the negative incentives within 90 days following the performance period. The Department will set up an Account Receivable and recoup the incentive amount from the PAP's future claim payments. It is the PAP's responsibility to review the negative incentive determination. If the PAP disagrees with the determination, they may protest in accordance with the administrative rule at 8.707.7 Maternity Episodes of Care.

Quality Measures

During the first year, the Department will give PAPs credit for reporting on quality measures. This creates a quality baseline before measures are tied to payment during subsequent years. The following measures will be tied to payment during the second year of the program:

Measures Tied to Payment in Year 2
Prenatal Behavioral Risk Assessment
Postpartum Depression Screening
Caesarean Birth
Postpartum Contraceptive Care
Elective Delivery

The following measures will be tracked during the program's first and second years to ensure pregnant persons and their babies receive high-quality care:

Tracking Measures
Prenatal HIV Screening
Screenings: Group B Strep, Gestational Diabetes, Hep B
Prenatal Immunization Status
Prenatal and Postpartum Care (PPC)
Unexpected Complications in Term Newborns
Percentage of Low Birthweight Babies
Exclusive Breastmilk Feeding