COLORADO
Department of Health Care Policy & Financing

Primary Care Workgroup Feedback Sessions
Prospective Payments Session 1
Meeting Minutes

Date: June 4, 2025
Time: 12:00 PM to 1:00 PM
Session Topic: Proposed Updates to Primary Care Prospective Payments

Agenda

1. Welcome and Introductions
2. Current State Overview of APM 2 Primary Care Payments
3. Changes for Primary Care Prospective Payments Program Year 26
4. Looking Ahead

1. Welcome and Introductions

Taylor Kelley welcomed the group and reviewed the logistics for the workgroup. Workgroup members introduced themselves through the chat.

Workgroup members were representatives of providers and Regional Accountable Entities (RAEs).

Other attendees included Araceli Santistevan (HCPF), Devin Kepler (HCPF), Dawson LaRance (HCPF), Madisen Frederick (HCPF), Katie Price (HCPF), Suman Mathur (Stakeholder Engagement Team), Taylor Kelley (Stakeholder Engagement Team), Lauren Bell (Stakeholder Engagement Team), Puja Patel (Support Team), and Cally Prutting (Support Team).

2. Current State Overview of APM 2 Primary Care Payment

Araceli Santistevan introduced herself and reminded workgroup members of how primary care services payment is currently administered through the Alternative Payment Model (APM) 2 program. Araceli then shared more details about how prospective payment reconciliation works and described the current shadow billing process for Primary Care Medical Providers (PCMPs) that select to receive any portion of their revenue as a prospective per member per month (PMPM) payment.

Araceli also shared feedback that HCPF has received about the historical APM 2 payment structure. This feedback included appreciation for the consistency and stability of the payments, as well as the option for a hybrid approach. HCPF acknowledged that challenges related to reconciliation and the lack of transparency around rate setting and reconciliation remain. Araceli also acknowledged systemic changes that impact attribution, which negatively affect payment.

3. Changes for Primary Care Prospective Payments Program Year 26

Devin Kepler introduced himself and noted his role in leading the prospective payment redesign. He invited his HCPF colleagues to also jump in and participate in the conversation. He reiterated HCPF's focus on redesigning the primary care payment structure in alignment with Phase III of the Accountable Care Collaborative and briefly described the different payments primary care providers will receive from both HCPF and the Regional Accountable Entities (RAEs).

Devin emphasized that the focus of the prospective payment redesign is to improve accuracy of rate setting by updating member mix and reconciliation processes. Devin shared it is important to right-size the payment rates to mitigate the potential for over and/or underpayment. To truly move towards authentic capitation, it is critical that HCPF sets rates accurately.

- A participant offered that even though HCPF has been overpaying, one of the goals of prospective payments is to encourage non-traditional engagement with patients, which cannot be billed through traditional fee for service (FFS). These services include checking in with high cost or high utilizing members (e.g., medication management or transportation) which are sometimes delivered by community health workers, peer staff, or medical assistants. The participant emphasized that it's more important to look at the outcomes and behavior change (e.g., patient experience) as a result of prospective payments.

Updating Member Mix

Devin explained that member mix describes a type of risk classification and is based on risk characteristics that are related to differences in primary care cost and utilization. HCPF currently uses just two age groups, child and adult, to determine an overall blended rate. In Program Year (PY) 2026, HCPF is proposing to update the four rates for member mix to include infant, toddler, child, and adult rates.

- Participants agreed with the changes to the member mix.
- Participants noted challenges with not receiving timely feedback about their shadow billing utilization and the differences between their PMPM and their utilization. Currently, they are asked to make financial decisions selecting PMPM versus FFS without enough information about the potential impact.
    - Devin acknowledged this was a valid concern.
    - Araceli added that HCPF will soon start the 2024 reconciliation and that practices should get that information soon but recognizes the feedback loop needs to be shorter to inform decision making.

- Participants express support for the new mix, especially given the cost-drivers related to infant and toddler care, and the way behavioral health drives cost beyond just disability. A participant shared that Health Related Social Needs (HRSN) are a major cost and clinical care driver and wondered how that could be captured in claims.
    - Devin responded and agreed HRSNs are a cost-driver. HCPF is unsure how to consistently and accurately extract this from claims other than through Z-codes.
    - Araceli noted that the member mix changes are an improvement on the current state, but the Department would be interested in including data points around HRSNs to further improve the rate setting process.
- A participant shared that the new member mix is helpful in recognizing that compensation for practices should not be based solely on utilization but on actual risk. Including behavioral health and chronic conditions is a step in a positive direction.
- A participant called out that the care coordination complexity tiers that RAEs will be using in ACC Phase III could be used as a data point for measuring complexity in a future state. The tiers do not account for health related social needs, but practices do have complexity tiering. They suggested that there are manual components to these operations which would give practices more control in accurately describing their member mix or with attribution in their patient panel.

Updating Reconciliation Process – PMPM Rebasing

Devin provided an update on PMPM rebasing, which is the process of adjusting the prospective payment PMPM after the performance year to reflect the actual member mix during the performance year. The rebasing trues up the rate of who was actually in the member mix following the conclusion of a program year. HCPF is proposing to conduct rebasing at the end of the program year during the claims run-out period to identify what the actual member mix was. After this, there would be the usual reconciliation process to shadow billed FFS.

Devin shared an example scenario where a PCMP has 10,000 child member months and they were originally paid $31.00 PMPM rate based on a member mix of 75% healthy children and 25% children with a behavioral health condition. In this example scenario, when rebasing occurs, the actual member mix changed and the PCMP had a member mix of 40% healthy children and 60% children with a behavioral health condition. This caused the rebased PMPM rate to increase to $35.00.

- Participants wanted clarification on which data is used to determine the member status (Hierarchical Condition Category (HCC) codes, or utilization Current Procedural Terminology (CPT) codes) for rebasing?
    - Devin responded that it is the utilization CPT codes.

- A participant followed up to ask about billing using an Evaluation and Management (E&M) code.
    - Araceli noted that HCPF will be using logic similar to how members are identified through the chronic conditions shared savings code. So, it is not just CPT codes, there are other codes that are used to determine whether someone has a condition, etc.
    - Participants noted that the HCC codes are important in addressing risk stratification in the Medicare world and may be applicable to this situation as well.
- A participant wondered how this is different from the current rebasing process.
    - Devin noted that in the current model, there is just one rate that determines the PMPM rate, and at the end of the year that rate is compared to the shadow billed FFS. This is an additional step to correct for the actual member mix.
    - The participant responded that this added nuance is important since one of the issues with APM 2 is the timelapse for the claims run out after the performance year ends. Practices have a difficult time with this since there is so much uncertainty about what will happen.
- Participants asked if attribution is still going to be based on claims.
    - Devin noted that in ACC Phase III, due to the removal of geographic attribution, members will be attributed to a PCMP based on their claims history. More information on the ACC Phase III attribution methodology is available in this fact sheet.
- A participant asked for clarification on whether there will still be a comparison to shadow billing, or whether it is only a true up on member mix.
    - Devin clarified that there will still be a reconciliation of PMPM payments to shadow billed FFS following PMPM rebasing, and that we will discuss all reconciliation changes next week.
- A participant asked whether the rebasing is upside only for practices? If, after rebasing, a PCMP PMPM should have been lower based on the member mix, then what?
    - Devin noted that the rebasing and reconciliation to shadow billed FFS claims happen sequentially. The new reconciliation methodology does introduce a little bit of risk for providers, which HCPF will go into detail about in the next session.

- Participants asked if the rebasing process will take into account unexpected changes in enrollment such as the public health emergency (PHE) unwind or potential federal changes to Medicaid.
    - Devin noted that the rebasing will happen at the end of the year based on actual attribution.
    - Participants express concern about proposed federal changes going into effect that may dramatically drop enrollment, causing a risk to the PMPM payment.
        - Araceli noted that since it is a per member rate, providers would see that attribution fall off. If the proportion of those members changes dramatically, that would be picked up by this rebasing process. Araceli noted that there are events, like COVID, that have the potential to shift the way members are categorized significantly, and that HCPF, internally, has been discussing how they would address these types of situations.

4. Looking Ahead

Taylor closed the session by reminding the workgroup of next week's session and noted that materials will be sent in advance.