



**COLORADO**

Department of Health Care  
Policy & Financing

## R-06 Supporting PCMP Transition with Value Based Payments

The Department's FY 23-24 R-6 budget request to support Primary Care Medical Providers (PCMPs) and Value-Based Payment initiatives has been approved. The Department aims to utilize this funding for practice transformation training initiatives as well as a 16% rate increase for participating providers in Alternative Payment Model (APM) 2 Per-Member-Per-Month (PMPM) Partial Capitation Payments. The official R-06 Supporting PCMP Transition with Value Based Payments document can be found on the Colorado Department of Healthcare Policy and Financing FY 23-24 Requests webpage (<https://hcpf.colorado.gov/fy-2023-24-requests>).

### Practice Transformation

The Department plans to provide training and support for PCMPs as they transition to value-based payments to manage patients with chronic conditions and well child visits through the RAEs. This will include establishing a support and alignment network that will define criteria by which successful implementation of the Primary Care and Pediatric Care APMs will be measured. In addition, the support and alignment network will develop a structured process for defining service delivery challenges that PCMPs face when implementing the APMs and for presenting solutions that have been successfully implemented by practices. By helping PCMPs with practice transformation and support, the Department aims to reduce avoidable spending related to chronic conditions and well-child visits by reducing avoidable admissions and improving quality. More detail is to come in the future from the Department on practice transformation initiatives.

### 16% Rate Increase for APM 2 Participating Providers

The Department requested funding to increase the reimbursement paid under the partial capitations PCMPs participating in the APM 2. The partial capitation rate increase is meant to match the 2022 Medicaid Provider Rate Review Analysis Report. Based on this report, the Department will increase the current rates paid to PCMPs for adult primary care and pediatricians in a non-FQHC setting by 16%. The increases in payments to PCMPs will help incentivize PCMPs to participate in value-based payments, which will help to close health disparities and improve health outcomes for Medicaid members.

The Department plans to give the full rate increase to PCMPs who elect to earn at least 25% of their revenue as a partial capitation payment in FY 2023-24. PCMPs may calculate their increase by multiplying their base APM 2 PMPM by 1.16, representing a total increase of 16%. PCMPs who elect to earn lower than the targeted (25%) percentage of their revenue as a partial capitation payment will still be eligible for a reduced rate increase proportional to the amount of partial capitation they select. PCMPs can calculate a reduced rate increase by using the example of a PCMP electing to earn 12.5% partial capitation. For example, a 12.5% partial capitation would mean that a PCMP would receive a proportional 8% rate increase.

The rate increase will take effect on July 1st, 2023, and all PCMPs joining on or after that date will be given information about their capitation rate prior to their start date. PCMPs participating in APM 2 prior to July 1st, 2023 will have a rate increase applied automatically to their current capitation rates, and will also be given the option to adjust their level of participation if desired.

