



COLORADO

Department of Health Care
Policy & Financing

303 E. 17th Avenue
Denver, CO 80203

November 1, 2023

The Honorable Rhonda Fields, Chair
Senate Health and Human Services Committee
200 E. Colfax Avenue
Denver, CO 80203

Dear Senator Fields:

Enclosed please find a legislative report to the Senate Health & Human Services Committee from the Department of Health Care Policy and Financing on Performance-Based Payments.

Pursuant to section 25.5-4-401.2, C.R.S., on or before November 1, 2017, and on or before November 1 each year thereafter, the Department of Health Care Policy and Financing (HCPF) shall prepare a written report describing rules adopted by the state board and contract provisions approved by the Centers for Medicare and Medicaid Services in the preceding calendar year that authorize payments to providers based on performance.

Value-based payments are a mechanism to reimburse health care providers for cost-effective, high-quality, person-centered care that achieves shared goals. The Centers for Medicare and Medicaid Services has challenged states to have 50% of Medicaid provider payments through value-based payments by 2025. Hitting this goal is imperative for HCPF and is a cornerstone of our strategy to improve outcomes for members, close persistent health disparities, and control costs through innovative provider collaborative arrangements in light of the looming fiscal cliff.

This report provides an update of HCPF's value-based payment programs in primary care, perinatal care, behavioral health, and the Prescription Drug Tool.

Detailed information on the ACC pay-for-performance programs and the Hospital Transformation Program (HTP) - two broader value-based payment models - can be found in their respective annual legislative reports [on HCPF's website](#).

If you require further information or have additional questions, please contact HCPF's Legislative Liaison, Jo Donlin, at Jo.Donlin@state.co.us or 720-610-7796.

Sincerely,

Kim Bimestefer
Executive Director

Enclosure(s): 2023 Report on Value-Based Payments

Cc: Senator Joann Ginal, Vice Chair, Senate Health and Human Services Committee
Senator Janet Buckner, Senate Health and Human Services Committee
Senator Sonya Jaquez Lewis, Senate Health and Human Services Committee
Senator Lisa Cutter, Senate Health and Human Services Committee
Senator Kyle Mullica, Senate Health and Human Services Committee
Senator Janice Rich, Senate Health and Human Services Committee
Senator Jim Smallwood, Senate Health and Human Services Committee
Senator Perry Will, Senate Health and Human Services Committee
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Ralph Choate, Medicaid Operations Office Director, HCPF
Charlotte Crist, Cost Control & Quality Improvement Office Director, HCPF
Adela Flores-Brennan, Medicaid Director, HCPF
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Rachel Reiter, Policy, Communications, and Administration Office Director, HCPF
Bettina Schneider, Finance Office Director, HCPF
Bonnie Silva, Office of Community Living Director, HCPF
Parrish Steinbrecher, Health Information Office Director, HCPF
Jo Donlin, Legislative Liaison, HCPF



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Department of Health Care
Policy & Financing

303 E. 17th Avenue
Denver, CO 80203

November 1, 2023

The Honorable Dafna Michaelson Jenet, Chair
House Public & Behavioral Health & Human Services Committee
200 E. Colfax Avenue
Denver, CO 80203

Dear Representative Michaelson Jenet:

Enclosed please find a legislative report to the Senate Health & Human Services Committee from the Department of Health Care Policy and Financing on Performance-Based Payments.

Pursuant to section 25.5-4-401.2, C.R.S., on or before November 1, 2017, and on or before November 1 each year thereafter, the Department of Health Care Policy and Financing (HCPF) shall prepare a written report describing rules adopted by the state board and contract provisions approved by the Centers for Medicare and Medicaid Services in the preceding calendar year that authorize payments to providers based on performance.

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Sincerely,

Kim Bimestefer
Executive Director

Enclosure(s): 2023 Report on Value-Based Payments

Cc: Representative Mary Young, Vice Chair, House Public & Behavioral Health & Human Services Committee
Representative Judy Amabile, House Public & Behavioral Health & Human Services Committee
Representative Mary Bradfield, House Public & Behavioral Health & Human Services Committee
Representative Brandi Bradley, House Public & Behavioral Health & Human Services Committee
Representative Regina English, House Public & Behavioral Health & Human Services Committee
Representative Serena Gonzales-Gutierrez, House Public & Behavioral Health & Human Services Committee
Representative Eliza Hamrick, House Public & Behavioral Health & Human Services Committee
Representative Richard Holtorf, House Public & Behavioral Health & Human Services Committee
Representative Iman Jodeh, House Public & Behavioral Health & Human Services Committee
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Jo Donlin, Legislative Liaison, HCPF



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Department of Health Care
Policy & Financing

303 E. 17th Avenue
Denver, CO 80203

November 1, 2023

The Honorable Lindsey Daugherty, Chair
House Health & Insurance Committee
200 E. Colfax Avenue
Denver, CO 80203

Dear Representative Daugherty:

Enclosed please find a legislative report to the Senate Health & Human Services Committee from the Department of Health Care Policy and Financing on Performance-Based Payments.

Pursuant to section 25.5-4-401.2, C.R.S., on or before November 1, 2017, and on or before November 1 each year thereafter, the Department of Health Care Policy and Financing (HCPF) shall prepare a written report describing rules adopted by the state board and contract provisions approved by the Centers for Medicare and Medicaid Services in the preceding calendar year that authorize payments to providers based on performance.

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Sincerely,

Kim Bimestefer
Executive Director

Enclosure(s): 2023 Report on Value-Based Payments

Cc: Representative Chris DeGruy Kennedy, Vice Chair, House Health & Insurance Committee
Representative Kyle Brown, House Health & Insurance Committee
Representative Lorena Garcia, House Health & Insurance Committee
Representative Anthony Hartsook, House Health & Insurance Committee
Representative Sheila Lieder, House Health & Insurance Committee
Representative Karen McCormick, House Health & Insurance Committee
Representative David Ortiz, House Health & Insurance Committee
Representative Matt Soper, House Health & Insurance Committee
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Jo Donlin, Legislative Liaison, HCPF



COLORADO

Department of Health Care
Policy & Financing

303 E. 17th Avenue
Denver, CO 80203

November 1, 2023

The Honorable Rachel Zenzinger, Chair
Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, CO 80203

Dear Senator Zenzinger:

Enclosed please find a legislative report to the Senate Health & Human Services Committee from the Department of Health Care Policy and Financing on Performance-Based Payments.

Pursuant to section 25.5-4-401.2, C.R.S., on or before November 1, 2017, and on or before November 1 each year thereafter, the Department of Health Care Policy and Financing (HCPF) shall prepare a written report describing rules adopted by the state board and contract provisions approved by the Centers for Medicare and Medicaid Services in the preceding calendar year that authorize payments to providers based on performance.

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Sincerely,

Kim Bimestefer
Executive Director

Enclosure(s): 2023 Report on Value-Based Payments

Cc: Representative Shannon Bird, Vice-chair, Joint Budget Committee
Representative Rod Bockenfeld, Joint Budget Committee
Senator Jeff Bridges, Joint Budget Committee
Senator Barbara Kirkmeyer, Joint Budget Committee
Representative Emily Sirota, Joint Budget Committee
Carolyn Kampman, Staff Director, JBC
Eric Kurtz, JBC Analyst
Mark Ferrandino, Director, Office of State Planning and Budgeting
Noah Straayer, Budget Analyst, Office of State Planning and Budgeting
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Value-Based Payments Legislative Report

Value-Based Payments Legislative Report

- I. Introduction
- II. Alternative Payment Model 1
- III. Alternative Payment Model 2
- IV. Payment Alternative for Colorado Kids
- V. Prescriber Tool Alternative Payment Model
- VI. Maternity Bundled Payment Program
- VII. Essential and Comprehensive Safety Net Behavioral Health Provider Alternative Payment Program
- VIII. Conclusion

I. Introduction

Value-based payment is a reimbursement methodology that rewards providers for achieving shared goals like improving affordability and patient outcomes, reducing health care disparities, and providing cost-effective treatment. The Centers for Medicare and Medicaid Services (CMS) is challenging states to have 50% of Medicaid payments tied to a value-based arrangement by 2025, and has stated their intention to have the majority of Medicaid beneficiaries in a care relationship with accountability for quality and total cost of care by 2030.¹ HCPF is firmly committed to reaching this target as part of its mission to provide high-quality, equitable, and accessible care, while saving money for Coloradans.

Value-based payment programs are a critical benchmark of HCPF's [Health Equity Plan](#) and have been implemented across the care spectrum including primary care, behavioral health, and maternal health environments. Achieving this goal is imperative for HCPF and is a cornerstone of our strategy to improve quality outcomes for members, close persistent health disparities, and control costs through innovative, collaborative provider arrangements. If HCPF does not shift to value-based payments,

¹<https://www.cms.gov/priorities/innovation/strategic-direction-whitepaper>

HCPF's ability to improve member outcomes, reduce health disparities and drive affordability will be considerably limited. Further, as Medicaid costs continue to grow without innovations to better manage them, the General Assembly may be forced to either reduce member benefits or provider reimbursement rates, which would undermine HCPF's mission to improve health care equity, access, and outcomes.

Section 25.5-4-401.2, C.R.S. requires HCPF to submit an annual report "...describing rules adopted by the state board and contract provisions approved by CMS in the preceding calendar year that authorize payments to providers based on performance." This statute requires that HCPF include:

- A description of performance-based payments included in state board rules, including which performance standards are targeted with each performance-based payment;
- A description of the goals and objectives of the performance-based payments, and how those goals and objectives align with other quality improvement initiatives;
- A summary of the research-based evidence for the performance-based payments, to the extent such evidence is available;
- A summary of the anticipated impact and clinical and nonclinical outcomes of implementing the performance-based payments;
- A description of how the impact or outcomes will be evaluated;
- An explanation of steps taken by the state department to limit the administrative burden on providers;
- A summary of the stakeholder engagement process with respect to each performance-based payment, including major concerns raised through the stakeholder process and how those concerns were remediated;
- When available, evaluation results for performance-based payments that were implemented in prior years; and
- A description of proposed modifications to current performance-based payments.

This report features six value-based payment models pursuant to section 25.5-4-401.2, C.R.S. Unless otherwise specified, details of HCPF's value-based payment

pertain to work completed in calendar year 2022. The six programs highlighted in this report include:

1. **Alternative Payment Model 1 (APM 1):** a primary care value-based payment that uses a points system to evaluate provider performance and improvement on three types of quality metrics: administrative, structural, and electronic clinical quality measures (eCQMs). Enhanced payment rates are adjusted based on points earned.
2. **Alternative Payment Model 2 (APM 2):** operates under the APM 1 quality framework with advanced payment, including per member per month (PMPM) partial capitation and shared savings incentive payments for chronic care management of 12 conditions considered to be major cost drivers for the state.
3. **Payment Alternatives for Colorado Kids (PACK):** a subset of APM 2 tailored to the distinctive needs of the pediatric population.
4. **Prescriber Tool Alternative Payment Model:** a shared savings model for prescribers utilizing modules of the Prescriber Tool to make prescription therapy more affordable and improve service delivery.
5. **Maternity Bundled Payment:** an episode-based payment model for pregnant and birthing people as well as their newborns, specifically emphasizing mental health conditions and substance use disorders.
6. **Essential and Comprehensive Safety Net Behavioral Health Provider Alternative Payment Model (APM):** a behavioral health value-based payment that uses quality measures for safety net provider accountability and a prospective payment system for reimbursement.

Not included in this report are the Accountable Care Collaborative (ACC) pay-for-performance programs, skilled nursing facility pay-for-performance programs, and the Hospital Transformation Program (HTP), which can be found in their respective annual legislative reports located on the [Department's website](#).

HCPF's broad adoption of value-based payments has constructed a clear path for improving member health, increasing affordability, and closing the health disparity gap. In addition to the programs discussed in this report, HCPF is partnering with subject matter experts and stakeholders to initiate value-based payment programs in key areas such as home health, Colorado Providers of Distinction, dental care, and the Program of All-inclusive Care for the Elderly (PACE). These programs will be included

in future reports when they meet the reporting requirements of Section 25.5-4-401.2, C.R.S.

II. Alternative Payment Model 1

Representing the first step of HCPF's shift from paying for volume to value, Alternative Payment Model 1 modifies traditional fee-for-service (FFS) to reward improved quality of care while containing costs for Primary Care Medical Providers (PCMPs). APM 1 was created due to the increasing need for sustainability and affordability in Medicaid. HCPF continues to collaborate with stakeholders to ensure the success of the program and close alignment with payment reforms across the delivery system.

HCPF, in direct and continuous partnership with stakeholders, has advanced three goals for the APM:

1. Provide long-term, sustainable investments into primary care,
2. Reward performance and introduce accountability for outcomes and access to care while granting flexibility of choice to providers, and,
3. Align with other payment reforms across the delivery system.

These goals work in tandem with the next phase of HCPF's Accountable Care Collaborative (ACC) and support HCPF's foundational principles of strengthening and transforming care.

APM 1 is designed to improve member outcomes, introduce accountability, and reward participating PCMPs for quality care. The model is a points-based system in which PCMPs aim to meet a quality threshold by reporting on quality measures and demonstrating high performance or improvement. The number of points earned by each PCMP determines the payment for that practice. Participating providers who demonstrate high performance on quality measures receive higher payments than providers who have lower performance and do not meet quality thresholds. Foregone incentive payments from practices who do not meet their quality thresholds are re-distributed to providers who do meet quality thresholds. Points are earned through achieving standards of the APM 1 Measure Set, which is categorized into the following

types: structural measures, administrative measures, and electronic clinical quality measures (eCQMs). Each type of measure in the APM 1 Measure Set incentivizes mutually beneficial clinical and non-clinical outcomes that promote better service and access for Health First Colorado members. Measure selection minimizes administrative burden by offering primary care practices the flexibility to tailor reporting to the needs and capacity of their particular practice.

In the first program year, 2021, 95% of participating PCMPs reached or surpassed the quality threshold and were eligible to receive the enhanced rate. PCMPs who achieved the threshold either achieved HCPF goals or showed improvement on some or all their quality measures. In APM 1's second program year, 2022, 87% of participating PCMPs received an enhanced rate for meeting or exceeding quality thresholds. Due to program changes that emerged from 2021 stakeholder engagement, APM 1 quality thresholds became more difficult for PCMPs to achieve. Key program year 2022 program changes included more measure selection and point calculation restrictions as well as changes in point totals used to calculate quality scores. As a result, 42 PCMPs make up the 13% that received a reduced enhanced rate. The other 278 PCMPs achieved higher rates due to the redistributive nature of the APM 1 model.

After the completion of APM 1's second program year, HCPF maintains its focus and efforts on stakeholder engagement for necessary program improvements. HCPF continues to engage and solicit feedback from PCMPs throughout the state as well as their Regional Accountable Entities to further support APM 1 programmatic improvements and provider quality measure performance. Technical support and measurement selection assistance, supplemented by tools and resources posted to HCPF's website, remain available for current and new practices. Quality model design for APM 1 continually evolves, adapting to the needs of different practice sizes facing diverse sets of barriers.

III. Alternative Payment Model 2

APM 2 is a voluntary payment model launched in 2022 and builds upon the existing quality framework of the APM 1 model. The goal of the APM 2 model is to give PCMPs revenue stability and flexibility so that they can provide additional support in managing members' health and improving care outcomes while reducing disparities. To achieve these goals, participating providers in APM 2 receive fee-for-service

payments, partial capitation payments, and incentive payments.² Partial capitation is an up-front payment that replaces part or all of a PCMP's utilization-based revenue. Through evidence-based recommendations, the National Academy of Sciences validated this hybrid payment methodology as a mechanism that supports high-quality primary care.³ PCMPs have the option to receive up to 100% of their expected revenue as a partial capitation payment to provide stable and consistent revenue. Partial capitation also gives flexibility in service delivery with opportunities for investment in forms of care, like outreach and care coordination, that are not tied to a specific visit, and would not be reimbursable with traditional fee-for-service. Shared savings incentive payments allow for practices to share in the cost savings resulting from enhanced chronic care management. The model features different tracks for FQHCs and non-FQHCs due to the federally mandated FQHC reimbursement methodology. Participation is risk-free for the first year of program enrollment. In subsequent years, providers are only eligible for incentive payments if they meet or surpass the quality threshold set by the APM 1 quality framework.

Approval of the FY 2023-24 budget request R-6 “Supporting Primary Care Medical Providers’ (PCMPs) Transition with Value-Based Payments,” authorized HCPF to increase rates by 16% for APM 2 providers participating in per member per month (PMPM) partial capitation payments. The 16% rate increase is intended to bring parity with Medicare payment rates, further stimulate program growth, and ensure long-term financial viability of PCMPs who oversee the care of Health First Colorado members.

HCPF is currently calculating performance results for the APM 2 program and will include these in next year’s legislative report. Participation numbers indicate a successful start to the program with expansive support by PCMPs. Practice enrollment exceeded the FY 2022-23 Governor’s Office Wildly Important Goal (WIG) for the model growth by 117%. The program grew during the last fiscal year from a starting value of approximately 2% of Medicaid members attributed to participating PCMPs to more than 30% of Medicaid members attributed to a participating primary care practice across more than 190 primary care locations.

2

<https://hcpf.colorado.gov/sites/hcpf/files/Alternative%20Payment%20Model%20%20Guidebook%202023.pdf>

³ <https://www.nationalacademies.org/our-work/implementing-high-quality-primary-care>

The APM 2 payment model has been guided by an iterative approach to stakeholder feedback, empowering providers, members, and advocates to shape the future of the program. HCPF concluded design stakeholder meetings in 2021 with numerous public listening sessions and workshops, transitioning to recruitment and engagement in 2022. In the most recent fiscal year, HCPF hosted three public stakeholder engagement meetings with primary care providers, leveraged Regional Accountable Entity (RAE) meetings to educate RAE coaches, and conducted practice-specific meetings including workbook sessions with actuaries and data review sessions with analysts. HCPF will pursue further stakeholder engagement activities to refine and update the model, considering every perspective that is affected by the APM 2 model. HCPF is also an active participant in the Primary Care Payment Reform Collaborative, partnering with the Division of Insurance (DOI) and the Department of Personnel and Administration (DPA) to align value-based payment approaches across public and private payers in Colorado.⁴

IV. Payment Alternative for Colorado Kids

The Payment Alternatives for Colorado Kids (PACK) APM is currently in development with a planned go-live in July 2024. PACK represents a revised version of APM 2 meant to accommodate the unique needs of the pediatric population. In response to stakeholder feedback, HCPF learned APM 2 better represented an adult primary care APM, and that subsequent model design for PACK needs to tailor incentives to pediatric primary care and develop payments that prioritize and reward wellness care, prevention, care coordination, and integrated care. HCPF staff visited pediatric practices throughout Colorado to learn more about these types of high value activities in pediatrics and how these services could inform model design. The Joint Budget Committee approved HCPF's FY 2022-23 budget request R-6 "Value-Based Payments," authorizing HCPF to begin creating a pediatric-specific APM in partnership with pediatric primary care stakeholders and a contracted vendor. Through the design process, HCPF will align quality metrics with recommendations put forward by the Colorado Primary Care Payment Reform Collaborative and solicit feedback from pediatricians who treat Health First Colorado kids. The legislatively approved 16% rate increase applicable to PCMPs in APM 2 will be integrated into PACK's to-be-developed payment model. PACK will incentivize clinical activities that drive the most value for

⁴ <https://doi.colorado.gov/insurance-products/health-insurance/health-insurance-initiatives/primary-care-payment-reform>

children and their families such as well-child care, immunizations, screenings, and anticipatory guidance, so that pediatricians may provide high-quality, comprehensive care. This is aligned with a number of HCPF youth-focused programs that recognize the importance of specially designed measures, policies, payments, and priorities that are unique to children.

V. Prescriber Tool Alternative Payment Model

The Prescriber Tool Alternative Payment Model (APM) went live on October 1, 2023, with the intention of making providers part of the drug cost affordability solution. The Prescriber Tool is a versatile platform accessible to prescribers through most electronic health record (EHR) systems consisting of four modules: electronic prescribing (eRx), electronic prior authorization (ePA), real-time benefits inquiry (RTBI), and an opioid misuse risk module.⁵ With these resources, providers can make rapid and transparent decisions with ease, translating to a more convenient experience for members and ease of administrative for providers, while enabling providers to be part of the affordability solution.

As a leading contributor of rising health care expenditure, management of prescription drug utilization is a top priority for Colorado and the nation at large.⁶ The Prescriber Tool is one component of HCPF's strategic plan for controlling prescription drug costs and aligns closely with related initiatives. Development of the Prescriber Tool APM was directed by three main goals: expand prescription drug affordability, reduce administrative burden for prescribers, and improve patient health outcomes and service. The Prescriber Tool APM supports uptake and raises awareness of the Prescriber Tool by rewarding providers for engaging with HCPF's data validation efforts and prescribing preferred medications through incentive payments. The incentive payment is generated by savings from providers' use of the Prescriber Tool. Anticipated performance metrics will be displayed in a user-friendly, interactive, and practice-specific dashboard. Patients, providers, and HCPF mutually benefit from reduced spending, safer prescribing including prevention of opioid abuse and misuse, and reliable prescription drug information.

⁵ <https://hcpf.colorado.gov/prescriber-tool-alternative-payment-model>

⁶

<https://hcpf.colorado.gov/sites/hcpf/files/Reducing%20Prescription%20Drug%20Costs%20in%20Colorado%20Second%20Edition.pdf>

The RTBI module of the Prescriber Tool was introduced in June 2021 which allowed time to assess its functionality among different EHRs around the state prior to implementation of the APM. Design of the Prescriber Tool APM began shortly after the launch of the RTBI module. This process involved a host of subject matter experts and stakeholders contributing to refinement of the performance dashboard and program design. HCPF hosted two stakeholder engagement sessions presenting a proposed finalized design before commencing a dashboard piloting period in March 2022. User feedback and concerns were used to revise the program design, ensuring it enables provider success and effective program evolution. HCPF has provided personalized support for navigation and workflow integration of the RTBI module with plans to extend end-user technical assistance for performance dashboards in collaboration with a contracted vendor.

VI. Maternity Bundled Payment Program

The Maternity Bundled Payment program is HCPF's first episode-based payment program, targeting the two leading causes of maternal morbidity and mortality in Colorado, mental health conditions and substance use disorders.⁷ Now in its third year of operation, this innovative program addresses health disparities, service quality, and continuity of care for pregnant and birthing members as well as their newborns by paying participating obstetrical providers for outcomes and costs rather than paying for services.⁸ Bundled payments entail issuing a single, comprehensive payment that covers all services within an episode of care and hinges on principal accountable providers (PAPs), who have the greatest ability to influence the cost and quality of care of the episode. In this model, obstetrical providers serve as PAPs, responsible for all outcomes across a mother's prenatal, delivery, and postpartum care with incentives to improve patient experience, mitigate unnecessary spending, and reward affordability.

Participating PAPs are rewarded through shared savings accrued from meeting practice-specific budget thresholds for episodes of care. HCPF calculates shared savings by retrospectively reconciling actual episode expenditure against the prospective threshold target. After the first year of participation, PAPs are only

⁷ <https://drive.google.com/file/d/11sB0qnM1DmfCA-Z87el3KMHN6oBy5t2y/view>

⁸ <https://hcpf.colorado.gov/bundled-payments>

eligible to earn their portion of the gained savings if they meet performance standards for validated quality metrics. In order to yield maximum provider enrollment and allocate an administrative adjustment period for enrolled providers, HCPF does not financially penalize providers who exceed budget threshold targets. This incentive structure builds on existing FFS procedures so as not to disrupt provider billing processes and offers providers financial resources to confront key determinants of birth outcomes.

In response to stakeholder feedback, the Department is pursuing changes to the maternity APM to better target improving health outcomes and close health disparities. The Department conducted interviews to determine how stakeholder engagement could be improved and to solicit feedback on issues with maternal care reimbursement. The Department invited nineteen providers, advocates, and stakeholders to participate in the semi-structured interviews, all of whom had been involved in the development and iteration of the Maternity Bundled Payment program. The Department is developing a stakeholder engagement strategy that will incorporate feedback from those interviews, such as holding additional public meetings, tailoring meeting content to address areas of stakeholder expertise, and varying the forums in which stakeholders can provide feedback, as it begins external design meetings in early 2024. The concerns shared about maternal care reimbursement will also be assessed throughout the model design process to respond to stakeholder feedback around supporting investments in care delivery, member choice and experience, and flexibility to provide patient-centered care, among other areas. The Department will also consider how this program can best align with Department policies like the doula benefit and extended postpartum coverage, that have been developed to support equity in access, outcomes, and experience. The Department is also conducting a program evaluation of the Maternity Bundled Payment program to identify design elements to consider for the new program.

The Maternity Bundled Payment program concluded its first year of operation in October 2021 with three obstetrical practices enrolled, representing approximately 10% of Health First Colorado births in the state. In accordance with program design and rules, the three participating PAPs were not subjected to meeting performance standards for the program's validated quality metrics, as they were in their first year of participation. They were subjected only to a comparison of actual average cost per episode over the performance year in their Behavioral Health and non-Behavioral

Health cohorts to their respective threshold targets. One PAP earned shared savings by meeting the Commendable Threshold test in both cohorts, one PAP earned shared savings by meeting the Commendable Threshold test in one of its two cohorts, and the third PAP did not meet the test in either of its cohorts, so it did not earn shared savings.

Upon completion of the program's second year in October 2022, participation numbers more than doubled with seven obstetrical practices enrolled, representing approximately 25% of Health First Colorado births in the state. HCPF has already provided historical performance reports and thresholds to each of the seven participating providers and will include results from the second performance year in next year's legislative report. All three Program Year One PAPs chose to remain as participants in the program's second year, and accordingly, will be subjected to meeting performance standards for the program's validated quality metrics to earn shared savings. The other four will not, as the program's second year will be their first year of participation.

VII. Essential and Comprehensive Safety Net Behavioral Health Provider Alternative Payment Program

Pursuant to HB 22-1278, HCPF, in collaboration with the Behavioral Health Administration (BHA), is updating safety net provider definitions to reflect statutory changes and will construct a corresponding Essential and Comprehensive Safety Net Behavioral Health Provider APM to introduce greater accountability to the community and reward better member outcomes and timeliness of care.⁹ HCPF will seek federal authority to direct RAEs to pay safety net providers using value-based arrangements and financial incentives with some flexibility in the specific risk parameters applied to each RAE. As of July 1, 2024, safety net providers will be reimbursed in a prospective payment system, which has proven successful in Community Mental Health Center (CMHC) settings, and required to report on a set of quality measures based on a review of national behavioral health quality sets such as CMS' behavioral health core set measures and the Substance Abuse Mental Health Services Administration

⁹ <https://hcpf.colorado.gov/bhreform>

(SAMHSA) Certified Community Behavioral Health Clinic (CCBHC) quality measures.¹⁰ The Prospective Payment System (PPS) rate model is predicated on an amended cost reporting template with updated cost categories for increased transparency and new limitations on reasonable allowable costs. Drafted quality metrics for the program include depression and suicide risk assessments, time to services, and follow-up after emergency department visits or hospitalizations for mental illness. Set to take effect on July 1, 2024, the Essential and Comprehensive Safety Net Behavioral Health Provider APM will bolster safety net providers' efforts to sustain health equity, make services accessible to priority populations, and tackle emerging behavioral health challenges. To better support the achievement of these aims, HCPF will provide extensive safety net provider training, encompassing core elements of behavioral health reform and technical assistance based on provider readiness.

Cross-sector stakeholders are gathered at every step of the Essential and Comprehensive Safety Net Behavioral Health Provider APM design, grounding model development in practical and productive goals. From the spring of 2020 to July 2022, HCPF convened a broad group of collaborators including CMHC and safety net providers, RAEs, independent consultants, and advocates who met and collaborated on the design of the APM for safety net providers. After this series of working group sessions, HCPF and BHA assembled for discussions on a shared vision for a behavioral health quality framework. Stakeholder engagement processes gave way to various planning considerations undertaken by HCPF such as accommodating provider variation, minimizing administrative complexity, and scoping service delivery outside of member regions.

VIII. Conclusion

This report has summarized HCPF's ongoing efforts to introduce value-based payments that benefit Health First Colorado members and providers. Value-based payments are a cornerstone in HCPF's strategy to improve member outcomes, close health disparities, and increase affordability. Stakeholders are fundamental to achievement of the above-mentioned strategy of these programs and HCPF relies on collaboration with stakeholders to ensure these goals are achieved. HCPF strives to be a market

¹⁰ <https://aspe.hhs.gov/sites/default/files/documents/60f121a777ee63b20008e43ad45518bf/ccbhc-implementation-impacts-findings.pdf>

leader in the shift to value-based payments by ensuring providers have the tools and resources they need to be successful in improving member outcomes, closing health disparities, and improving affordability.