Thank You for Your Leadership

Thank You for Our Partnership
Colorado Medicaid: Influencing Cost and Quality

Hospitals $2.7B 30.0%

- Home & Community Based Services $987.8M 11.1%
- Behavioral Health Organizations & Behavioral Cap $572.7M 6.4%
- Nursing Facilities $790.0M 8.9%
- Pharmacy $978.5M 11.0%
  (-$540.5M in rebates)
- Home Health, Private Duty Nursing & Hospice $494.2M 5.5%
- Dental $220.2M 2.5%
- Intermediate Care Facility $44.8M 0.5%
- Federally Qualified Health Centers & Regional Health Centers $207.7M 2.3%
  - Telehealth $44.3M 0.7%
  - Hospice $166.0M 2.1%
  - Medical $156.8M 1.9%
- Professional Services $835.1M 9.4%
  - Federal $146.2M 1.7%
  - Independent Lab $154.7M 1.9%
  - Transportation $60.1M 0.7%
  - ACC $120.5M 1.4%

Health First Colorado: Who is Covered and What Does it Cost?

Caseload by Population

- People with Disabilities 15%
- Older Adults (65 or older) 32%
- Non-Expansion Adults 25%
- Expansion Adults 28%
- Children and Adolescents 11%
- Other 40%

Expenditures by Population

- People with Disabilities 7%
- Older Adults (65 or older) 3%
- Non-Expansion Adults 15%
- Expansion Adults 32%
- Children and Adolescents 40%
- Other 3%
HCPF: Enhanced Our Focus on Medicaid Cost Management

12+ Teams Actively Strategizing and Implementing Cost Control and Quality Improvement Solutions:
- Hospital Costs, Claim System, Rx, PACE / Seniors, Fraud-Waste-Abuse, FQHC/PCP, etc.

Medicaid Cost Control Bill SB18-266 passed unanimously, signed into law May 2018.

- Innovations that Improve Quality Outcomes and Costs:
  - Prometheus
  - Physician Rx Prescriber Tool

- Medicaid Catch-up with Colorado’s Commercial Carriers
  - Hospital Review
  - Modernize Medicaid Claim Edits

- New HCPF Cost Control & Quality Improvement Office
  - HCPF Medicaid Quality analytics and reporting
  - HCPF Care Support and Cost Control analytics and programs
  - Affordability Roadmap for Coloradans
APCD Single Source of Truth on CO Healthcare Data

• **Goal:** More Robust APCD, Providing More Insights to Drive Health Policy and Solutions
• **Enabler:** Employer Data into CIVHC
• **Pathway:** HCPF Budget Request
• **Tactical Steps:**
  - Forms to secure data (contractual requirements) and payer collaboration
  - Standard employer reports that will be provided
  - Process to improve awareness and communications to get employer engagement
  - New Contract Committee established and engaged
  - Oct 2018 Executive Director Rule: Prepare new reporting for agencies, including HCPF
    - APM analytics that identify most effective approaches
    - SRx analytics and Rx compensation analytics (rebates +)
  - Prepare new reporting for the Affordability Roadmap, including
    - Community reports that identify affordability opportunities
    - Provider (hospital and Prometheus Episode) cost/quality comparisons by community
    - Efficient clinical pathways
• Improve data integrity and reporting accuracy
Medicaid Catch-Up: Health Plan Analytics and Programs

Identifying At Risk Members to Better Support

- Stratification Tool Completion, including:
  - Predictive modeling risks that drive stratification
  - Gaps in care that drive stratification
  - Claim and Lab data

- Detailed Provider Analysis
  - Clinical Pathways
  - Cost, Quality
  - APCD all-payer information

- Identify key health improvement and program opportunities
### What opportunities can we maximize?

- New Administration Health Care Focus, Energy, Bold Leadership and Intentions
- Hospital and Big Pharma Accountability
- Quality/Cost Performance Variance
- Rural Hospital Sustainability
- Maximize Innovation
- Reduce Healthcare Costs
- Reduce Uninsured Rate, Achieve Universal Coverage
- Prevent and Treat Substance Abuse
- Reduce Waiver Wait Lists
- Help Medicaid Members Rise
- Better address social determinants of health
- Aging population

### What threats must we prepare for?

- Rising Deficits, Economic Downturn
- Federal Policies, such as:
  - Texas ruling against ACA
  - Possible block grants
- Rising Health Care Costs
- High Cost Specialty Rx cost
- Declining health of the population
- Healthcare Workforce Adequacy
- Provider/CHASE Fee Lawsuit
New Focus: Getting Colorado Covered
A Quest for Universal Healthcare

A record 93.5% of Coloradans are Insured

Private Insurance 58.2%
Medicaid and CHP+ 20.2%
Medicare 14.4%
Uninsured 6.5%

**National Uninsured: 8.8%

Sources:
Colorado insurance coverage percentages are from the Colorado Health Access Survey, September 2017.
Some Details (US Census Bureau):
According to U.S. Census data, in 2013:
✓ 36.3M adults (18-64) in the US working for a business with fewer than 50 employees
✓ 28.1% were uninsured
✓ Uninsured small-business employees accounted for 40% of all uninsured workers in the U.S.³

ACA Impact, Nationally:
✓ In 2016, there were 36.1M people working at a business with fewer than 50 employees.
✓ Of those, 19.4% were uninsured.⁴

CO Uninsured (CHI): 6.5%
✓ 32% insured part of year
✓ 4.4% more than a year
✓ 10.4% Hispanic are uninsured
✓ 5.6% non-Hispanic other race are uninsured
✓ 5.4% white are uninsured
✓ 19-29 highest uninsured rate at 12.3%
✓ 8.1% income at or near poverty line
✓ 9.1% Near poor, meaning their household income was less than roughly $25k for an individual or $50k for a family of 4
✓ 9% of employed people are uninsured

Analyzing Individual Churn to Better Serve Constituents

• **Goal:** Intimately understand health care program utilization churn to better serve Coloradans

• **Opportunities to pursue:**
  - Churn btw Medicaid, Children’s Health Insurance Plan, Exchange, Uninsured
  - Corrections
  - Veterans, Students, Homeless
  - Cliff effect
  - Small employer uninsured and industry outsourcing contributors
  - Other

• **Needs of Seniors and Our Disabled Population**
  - Budget request

• **The answers help us understand what we are solving for with new policy**
Healthcare Affordability - Key to Universal Coverage

Health Care is **32%**

of median household income

**Medicaid consumes 33%**

State’s Total Budget (25% of General Fund)

---

1 Source: Income data from Colorado DOLA LMI Gateway, US Census Median Household Income
2. CO Department of Health Care Policy and Financing
Good news: The ACA reduced bad debt and charity care.

Source: CHASE 2017 Report, CHA DATABANK
Hospital Construction - 2nd highest in the nation
Colorado’s overhead costs are increasing at double the national rate.

Growth in Overhead Costs per Adjusted Discharge, 2009-16

2009: Six entities owned or were affiliated with 23 hospitals.

2018: Seven entities owned or were affiliated with 41 hospitals.

- UCHealth grew from 1 to 11
- Centura grew from 10 to 17
- Banner grew from 2 to 5

Overhead Cost per Adjusted Discharge:

- Colorado: 9.2% per year over 7 years
- National: 4.7% per year over 7 years
Cost Shift Analysis Key Findings

Between 2009 to 2017

➢ Hospital costs increased, payments increased more, leading to increased margins
  ▪ Hospital costs grew more than 58%
  ▪ Patient volume only grew 14%
  ▪ Hospital margins increased 250%

➢ Cost shifting increased
  ▪ Health care premiums increased
  ▪ Summit, Eagle and Pitkin counties have some of the highest in the nation
## Payment-to-Cost Ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Medicare</th>
<th>Medicaid</th>
<th>Insurance</th>
<th>CICP/Self Pay/Other</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pre-ACA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CY 2009</td>
<td>0.78</td>
<td>0.54</td>
<td>1.55</td>
<td>0.52</td>
<td>1.05</td>
</tr>
<tr>
<td>CY 2010</td>
<td>0.76</td>
<td>0.74</td>
<td>1.49</td>
<td>0.72</td>
<td>1.06</td>
</tr>
<tr>
<td>CY 2011</td>
<td>0.77</td>
<td>0.76</td>
<td>1.54</td>
<td>0.65</td>
<td>1.07</td>
</tr>
<tr>
<td>CY 2012</td>
<td>0.74</td>
<td>0.79</td>
<td>1.54</td>
<td>0.67</td>
<td>1.07</td>
</tr>
<tr>
<td>CY 2013</td>
<td>0.66</td>
<td>0.80</td>
<td>1.52</td>
<td>0.84</td>
<td>1.05</td>
</tr>
<tr>
<td><strong>Post-ACA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CY 2014</td>
<td>0.71</td>
<td>0.72</td>
<td>1.59</td>
<td>0.93</td>
<td>1.07</td>
</tr>
<tr>
<td>CY 2015</td>
<td>0.72</td>
<td>0.75</td>
<td>1.58</td>
<td>1.11</td>
<td>1.08</td>
</tr>
<tr>
<td>CY 2016</td>
<td>0.71</td>
<td>0.71</td>
<td>1.64</td>
<td>1.08</td>
<td>1.09</td>
</tr>
<tr>
<td>CY 2017</td>
<td>0.69</td>
<td>0.69</td>
<td>1.66</td>
<td>1.14</td>
<td>1.08</td>
</tr>
</tbody>
</table>
## Cost Shift $1.2B More than Needed

<table>
<thead>
<tr>
<th>Year</th>
<th>Medicare</th>
<th>Medicaid + CICP/Self Pay/Other*</th>
<th>Under-compensation</th>
<th>Commercial</th>
<th>Cost Shift</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY 2009</td>
<td>(625.1M)</td>
<td>(1,098.0M)</td>
<td>(1,723.1M)</td>
<td>2,140.2M</td>
<td>417.0M</td>
</tr>
<tr>
<td>CY 2010</td>
<td>(756.7M)</td>
<td>(695.6M)</td>
<td>(1,452.3M)</td>
<td>1,997.9M</td>
<td>545.7M</td>
</tr>
<tr>
<td>CY 2011</td>
<td>(732.2M)</td>
<td>(823.2M)</td>
<td>(1,555.5M)</td>
<td>2,287.4M</td>
<td>731.9M</td>
</tr>
<tr>
<td>CY 2012</td>
<td>(918.0M)</td>
<td>(811.0M)</td>
<td>(1,729.0M)</td>
<td>2,450.1M</td>
<td>721.1M</td>
</tr>
<tr>
<td>CY 2013</td>
<td>(1,240.6M)</td>
<td>(576.3M)</td>
<td>(1,817.0M)</td>
<td>2,411.4M</td>
<td>594.5M</td>
</tr>
<tr>
<td>CY 2014</td>
<td>(1,121.7M)</td>
<td>(765.5M)</td>
<td>(1,887.1M)</td>
<td>2,737.7M</td>
<td>850.6M</td>
</tr>
<tr>
<td>CY 2015</td>
<td>(1,112.3M)</td>
<td>(564.9M)</td>
<td>(1,677.2M)</td>
<td>2,717.4M</td>
<td>1,040.2M</td>
</tr>
<tr>
<td>CY 2016</td>
<td>(1,289.7M)</td>
<td>(783.8M)</td>
<td>(2,073.5M)</td>
<td>3,226.2M</td>
<td>1,152.7M</td>
</tr>
<tr>
<td>CY 2017</td>
<td>(1,495.1M)</td>
<td>(811.9M)</td>
<td>(2,307.0M)</td>
<td>3,509.8M</td>
<td>1,202.7M</td>
</tr>
</tbody>
</table>

* The two groups were combined to simplify under-compensation from Medicaid, the uninsured, and other insurance types.
Specialty Drugs: *Where is all the Rx money going?*

- **42** new drugs launched in 2017.
- **75%** were specialty drugs
- **$12 billion** spent on new drugs in 2017.
- **80%** was spent on specialty drugs
- **700** specialty drugs in the pipeline.

1.25% of CO Medicaid scripts are consuming 40% of Medicaid’s Rx resources - *Projected to hit 50% by 2020 (same as Nat’l trends)*

Health Care Affordability Roadmap
Our Initial 5 Focus Areas

1. **Constrain prices**, especially hospital and prescription drugs.

2. Champion **alternative payment** models.
   - Hospital Transformation Project or New Governor Priorities

3. Align and **strengthen data** infrastructure.
   - Employer Data into the All Payer Claim Database (CIVHC)

4. Improve our **population health**.
   - Addiction/Opioids, Suicide, Mental Health

5. Maximize **innovation**.
   - Provider Prescribing Tool or the Shared HCPF/CDHS Care Support Tool

---

**Why Such Vocal, Empowered HCPF Leadership?**
Alternate Payment Methodologies From Medicaid

- Bundles - New Administration Priority
- Primary Care Evolution, *clinical outcomes* rewards
  - Clinical Pathways to PCMPs
- Hospital Transformation Program
- Other
Solutions to Rising Rx Costs

• Unique Opportunity: Importing Rx
  ▪ Purchase drugs from Canada - learn from VT and UT
  ▪ Outline “magic wand” approach vs Current Federal Restrictions
  ▪ Legislation

• Mercer review of all cost control opportunities, with implementation in process

• Implementation of the new Rx RFI
  ▪ Focus on cost control, member health and quality improvement, not profitability
  ▪ Added Modules that address quality and physician support opportunities (i.e.: opioids)

• Specialty Rx VBC

• Other
Legislative Agenda and Engagement