Medicaid Reform: Colorado’s Accountable Care Collaborative

ALASKA HEALTH & HOSPITAL ASSOCIATION

SEPTEMBER 2015
Colorado Hospitals At-A-Glance

29 CRITICAL ACCESS HOSPITALS
Colorado has 29 critical access hospitals which provide essential medical services to rural and remote areas of the state.

73 DESIGNATED TRAUMA CENTERS
There are 73 designated trauma centers in Colorado that provide expert care to patients with life-threatening and complex medical conditions 24/7.

57% OF HOSPITALS ARE IN URBAN AREAS

43% OF HOSPITALS ARE IN RURAL AREAS
Rural hospitals are typically smaller and have fewer patients, but must still provide the same quality and a broad range of services to meet the needs of their communities.

PATIENT CARE AT COLORADO HOSPITALS IN 2013
414K Approximately 414,000 inpatient visits
9.4M More than 9.4 million outpatient visits
62K Nearly 62,000 babies delivered
1.9M Close to 1.9 million emergency department visits

cha Colorado Hospital Association
Statewide Context: Reform History

Decade of Health Policy Leadership

- **Executive & Legislative Branch Leadership**
  - Governor’s Blue Ribbon Commission on Health Care Reform (2006-2008)
  - The State of Health: Colorado’s Commitment to Become the Healthiest State (2013)
  - Colorado Commission on Affordable Health Care (2014-)

- **Hospital Provider Fee**

- **Full Adoption of ACA Reforms**
  - State-Based Health Insurance Exchange/Marketplace (Connect for Health Colorado)
  - Medicaid expansion
  - Commercial insurance market alignment with federal law

- **Health Information Technology Investments**
  - Strong Health Information Exchange Infrastructure
  - All-Payer Claims Database

- **Active Participation in Federal Initiatives** (CMS Innovation Center)
  - Comprehensive Primary Care Initiative
  - State Innovation Model Grant
  - Medicare-Medicaid Dual-Eligible Demonstration
  - Bundled Payments for Care Initiative
  - Medicare ACO Programs

Political Factors

- Red State or Blue State? Colorado is “Deep Purple”
- Strong “local control” dynamic with 64 counties
- Multiple state health agencies
Statewide Context: Demographics

2014 Key Statistics

<table>
<thead>
<tr>
<th>Category</th>
<th>Statewide: 5.3 million</th>
<th>Medicaid: 1.2 million</th>
</tr>
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<tbody>
<tr>
<td>Population</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Budget Spend</td>
<td>Statewide: $7.96 billion</td>
<td>H&amp;HS: $3.4 billion</td>
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2014 Medicaid Hospital Visits

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>ER</td>
<td>404,845</td>
</tr>
<tr>
<td>Inpatient</td>
<td>94,852</td>
</tr>
<tr>
<td>Outpatient</td>
<td>78,628</td>
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ACC Overview & Philosophy

Regional vs. Statewide Balance

<table>
<thead>
<tr>
<th></th>
<th>Regional</th>
<th>Statewide</th>
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</thead>
<tbody>
<tr>
<td>Providers</td>
<td>Contracting, Networks</td>
<td>Payments, Benefits</td>
</tr>
<tr>
<td>Clients</td>
<td>Care Coordination, Social Services</td>
<td>Data Analytics, Policymaking</td>
</tr>
</tbody>
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“Volume to Value” on a FFS Platform

$ $$$

FFS + Care Coordination Payment ($20 PMPM)
ACC 1.0 Purpose & Function

Formal Goals
- Improve member health
- Improve the member and provider experience
- Contain costs

Procedural and “Soft” Objectives
- Establish state and regional infrastructure
- Coordinate with other reforms
- Test Key Performance Indicators
ACC 1.0 Performance

**Annual Figures** (millions)

<table>
<thead>
<tr>
<th>Period</th>
<th>Medical Expenses Savings</th>
<th>Administrative Costs</th>
<th>Net Savings</th>
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</thead>
<tbody>
<tr>
<td>2011-2012</td>
<td>$162-166 MILLION</td>
<td>$18</td>
<td>$2</td>
</tr>
<tr>
<td>2012-2013</td>
<td>$44</td>
<td>$38</td>
<td>$6</td>
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<tr>
<td>2013-2014</td>
<td>$98-102</td>
<td>$69</td>
<td>$29-33</td>
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</table>
ACC 2.0 Directionality

ACC 1.0

• Primary Care Centric
• Heavy Focus on Client Attribution and Provider Recruitment
• Minor Incremental Changes in Risk-Free Payment
• Building Statewide Buy-In

ACC 2.0

• Merging RCCOs + BHOs = Regional Accountable Entities
• Modifying Regional Map
• New Payment Models:
  • Integrating care at local provider level
  • Better align payment structures to incent value and quality of care
  • Payment may differ between regions, including variation in risk
ACC 2.0 Opportunity & Potential

ACC 1.0
2011-2016

Significant Political Unknowns
Coordination Challenges
Implementation Hurdles

ACC 2.0
2017-2022

Cement the Vision
Leverage Market Power
Incentivize Positive Change
ACC 2.0 Risk Factors

ACC 1.0
2011-2016

Minor Impact on Hospitals
Consistency of Payments
Higher Priority Initiatives

ACC 2.0
2017-2022

Loss of Control/Certainty
Administrative Complexity
More Regional Variation
Regional Utilization Patterns

Health Care is Regional, Not Local

Like commercially-insured populations, Medicaid patients often travel to different areas of the state to receive health care.

In 2014, more than 33,000 Medicaid inpatients were RCCO “migrants,” representing $280 million of care.
ACC 2.0 Risk Assessment

Risk 1: Loss of Control & Certainty
- **Concern:** For the RAEs to have significant shared risk without provider “skin in the game” or buy-in may jeopardize access to and quality of care.
- **Recommendation:** Invest in strong statewide controls to ensure provider network adequacy, evaluate client utilization and outcomes, and establish common standards for provider-RAE conflict resolution.

Risk 2: Administrative Complexity
- **Concern:** Divergent payment systems for physical and behavioral health increases administrative complexity for RAEs and providers and undercuts the commitment to integrating care.
- **Recommendation:** Commit to a strong, statewide payment vision and glidepath that aligns physical and behavioral health payments and sends clear market signals to establish certainty.

Risk 3: More Regional Variation
- **Concern:** Varying payment methods by region causes significant problems for downstream providers coping with multiple systems.
- **Recommendation:** Commit to a strong, statewide payment vision and glidepath that aligns physical and behavioral health payments and sends clear market signals to establish certainty.