State of Colorado

Department of Health Care Policy and Financing

2008 Annual Report

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LETTER FROM GOVERNOR BILL RITTER, JR.

The challenges facing our nation's health care system are significant and must be addressed to ensure the quality of life Americans deserve. In Colorado, we are dedicated to creating a quality health care system that is effective, affordable, and accessible.

Health care has been a top priority of mine since taking office, and together, we have taken important steps to expand access, control costs, and improve quality. In 2007, the Blue Ribbon Commission for Health Care undertook the study of health care reform models in Colorado. After months of careful deliberation and discussion with stakeholders, constituents, legislators, and executive officials, the Commission presented a comprehensive report that provides a bold and realistic blueprint for health care reform in Colorado. Drawing upon the Commission's recommendations, we successfully passed 100% of the Building Blocks to Health Care Reform agenda in the 2008 session.

A key focus of health care reform initiatives has been the improvement of public health insurance programs. Medicaid and the Child Health Plan *Plus* (CHP+) program cover over 500,000 Coloradans, making the Department one of the largest insurers in the state and central to health care reform. Public health insurance programs can be a catalyst for change in the private sector. Some of the innovative work Medicaid is undertaking, particularly around Medical Homes and Value Based Purchasing, is helping to effect change throughout our health care system. We are proud of the role that the Department of Health Care Policy and Financing is playing in health care reform and are excited to build upon our hard work and collaboration as we move forward.

Since 2007 we have undertaken a number of initiatives to help Medicaid and the CHP+ program better serve our residents' needs. A few of the accomplishments I'm most proud of include:

- Increasing the number of insured Coloradans by covering over 30,000 more children and 10,000 more parents in the Medicaid and CHP+ programs.
- Enrolling over 60,000 children in a Medical Home, ensuring they have access to comprehensive health care and social support programs.
- Establishing a Preferred Drug List for the purchase of prescription drugs, ensuring Colorado's most vulnerable Medicaid clients receive appropriate and less expensive prescription drugs.
- Providing over 6,000 clients with disease management programs to address heart disease, lung disease, high-risk pregnancy, diabetes, or weight management issues.
- Partnering with counties, providers, advocates and private vendors to decrease administrative burdens for families applying for public health insurance programs.

We are currently looking to the future with Building Blocks II, our 2009 legislative agenda that builds upon the success of the past and takes dramatic steps toward improving the access, quality, and affordability of health care in Colorado. It builds on the work that has already been done making public health insurance programs more family-centered, efficient and more effective.

I am proud to say that we are well on our way down the path to comprehensive health care reform. While the road may be challenging, I believe that working strategically and ardently in a collaborative manner, we can and we will achieve the changes we seek and succeed in giving the next generation of Coloradans the opportunity to be the healthiest they can be.

Bill Ritter, Jr.
Governor

LETTER FROM THE EXECUTIVE DIRECTOR

Two years ago we embarked on an amazing journey to improve access to cost-effective, quality health care services for Coloradans. Our mission was broadened to emphasize the need to improve overall quality in the health care system and to lead efforts to make the entire system more cost-effective. I am proud of what we have accomplished in such a short time and am energized about the opportunities the next few years will bring.

This first annual report tells the story of where we started and the milestones that have been achieved to cover more of the uninsured; enroll more eligible children and adults in public insurance programs; improve health outcomes; and address the needs for higher levels of quality in the health care service delivery systems.

The report covers calendar years 2007 and 2008 and gives the reader an overview of the myriad programs and services provided by the Department. We intend to issue updates each year that reflect progress as well as new initiatives. The accomplishments reflect the incredible work of the employees who serve the public with dedication and commitment to excellence.

As this report goes to print, one of the most dramatic and exciting policies on health reform in Colorado is about to be signed into law, HB 09-1293. Thanks to all of you who helped make this a reality. The ability to expand coverage, improve reimbursements, reduce cost-shifting, and focus on quality improvement will take the health care system and Colorado to a new level and position us well for engaging in the national discussion on health reform. This journey may be challenging, but it will only get better and more rewarding as we engage with our clients, the provider community, legislators, and other stakeholders working together to make Colorado the healthiest place to live, work and play.

Joan Henneberry
Executive Director

INTRODUCTION

There are 800,000 uninsured people in Colorado.

Children make up 28 percent —enough to fill the Pepsi Center twelve times. According to data from the Kaiser Family Foundation, Colorado has the 15th-highest number of uninsured in the country.

A staggering 86.7 million Americans—one out of three people under 65—were uninsured at some point during 2007–2008, according to a Families USA report, "Americans at Risk: One in Three Uninsured."

The average out-of-pocket medical debt for those who filed for bankruptcy was $12,000. The study found that 50 percent of all bankruptcy filings were partly the result of medical expenses. Every 30 seconds someone files for bankruptcy in the aftermath of a serious health problem.

The health care system is broken and the State of Colorado is making strides to fix it.

This report highlights the progress the Department has made in reforming health care in Colorado from January 2007 to December 2008.

A 1% INCREASE IN THE NATIONAL unemployment rate equals a decrease in state revenues of 3–4%, a 1 million increase in Medicaid and SCHIP enrollment, and a 1.1 million increase in the number of uninsured. *Medicaid, SCHIP and Economic Downturn: Policy Challenges and Policy Responses*

Department Mission, Goals and Principles

ONE IN NINE CHILDREN
in the U.S. is uninsured.

The mission of the Department of Health Care Policy and Financing is to improve access to cost-effective, quality health care services for Coloradans. The goals are to:

- Increase the Number of Insured Coloradans
- Improve Health Outcomes
- Increase Access to Health Care
- Contain Health Care Costs

The principles used by all Department leaders and employees that guide decision-making and policy development include:

- Empower clients to make good health care choices incorporating prevention and early intervention.
- Purchase and manage medically necessary and appropriate services to achieve value for the clients and the public.
- Treat providers, clients, advocacy groups, counties, and other units of government as partners.
- Provide honest and complete information to the public and to each other.
- Focus on the Colorado Promise with accountability and efficiency.
- Assess, evaluate, and continuously improve the quality of our work.

Federal Oversight

The Department of Health Care Policy and Financing is federally regulated by the Centers for Medicare and Medicaid Services (CMS). The Department is the federally designated Single State Agency to receive Medicaid (Title XIX) funding from the federal government and also receives State Children's Health Insurance Program (Title XXI) funding from the federal government for Colorado's Child Health Plan *Plus* program. The Medicaid State Plan and the Child Health Plan *Plus* State Plan are the agreements with the CMS as to what services are provided.

Increase the Number of Insured Coloradans

Sandeep Wadhwa, M.D., M.B.A., joined the Department in March 2008 making him the first physician to serve as the State Medicaid Director. Dr. Wadhwa comes to the Department with extensive clinical, health policy and management experience. Dr. Wadhwa oversees the statewide public health insurance programs and provides clinical and policy direction to improve the quality of care provided to the over 700,000 clients—including Medicaid, CHP+ and Colorado Indigent Care clients—served by the Department.

MEDICAID

Family Medicaid is an entitlement program that provides health care coverage to children and pregnant women of low-income families. To be eligible for Family Medicaid, an applicant must be a low-income child 18 or under or a low-income parent or pregnant woman. Eligibility is determined by family size, income and the age of the applicant. Family Medicaid offers doctor visits, hospital services, prescriptions, mental health services, dental services, hearing aids and glasses.

Medicaid children 20 and under receive special services through the Early, Periodic, Screening, Diagnostic and Treatment (EPSDT) program. The program provides the services of Outreach and Case Management staff who help the client and the families navigate the Medicaid system by helping them make appointments, assist them with transportation to appointments, refer them to appropriate community services or other public programs and help them coordinate care between primary care providers and specialists.

EPSDT Outreach Workers assisted 202,698 eligible Medicaid clients in 2008.

Providers are supported by the efforts of the Outreach and Case Management staff. Outreach staff provide ongoing training to providers in order to facilitate accurate billing and reporting and assist them with decreasing no-show rates by working with clients.

Effective January 2008 the Department implemented presumptive eligibility (PE) for children who appear elgible for either Medicaid or CHP+. PE allows children who appear to be eligible, but are not yet enrolled in the programs, the ability to seek health care immediately before final eligibility is determined.

There are 89 statewide PE sites who can determine PE and document identity and citizenship documents for applicants.

IMPLEMENTATION OF PE allowed immediate health care access for an average of approximately 4,000 children per month in 2008.

The implementation of PE allowed immediate health care access for an average of approximately 4,000 children per month in 2008.

Enrollment

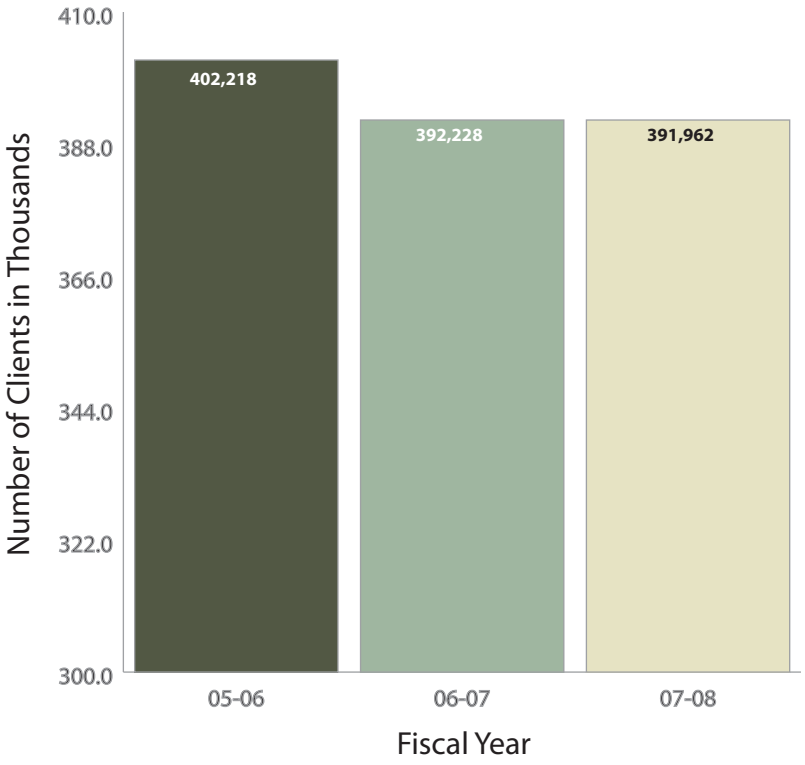
Medicaid enrollment trends are influenced by a number of factors including: population trends, in-state migration, age of the population, length of stay, economic conditions and state and federal policy changes.

Beginning with the August 15, 2008 report, the Department began using a new report for Medicaid enrollment. This report uses a more accurate methodology to measure enrollment and allows the Department to analyze enrollment by many other demographic characteristics.

As shown in Figure 1.1, enrollment in Medicaid remained relatively flat from Fiscal Year 2005-2006 through Fiscal Year 2006-2007. Responding to a change in the economic environment, Medicaid enrollment began to climb in January 2008.

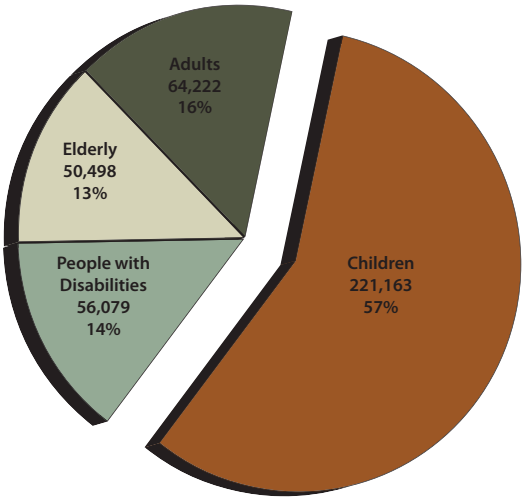
"MEDICAID HAS AFFORDED ME peace of mind knowing that we are covered if anything should happen. With two small children, that is worth more than words can describe." *Larissa Ortiz, mother*

FIGURE 1.1 – MEDICAID CLIENTS FISCAL YEARS 06-08



Source: FY 09-10 Department Budget Request, November 3, 2008

FIGURE 1.2 – MEDICAID CLIENTS FISCAL YEAR 07-08

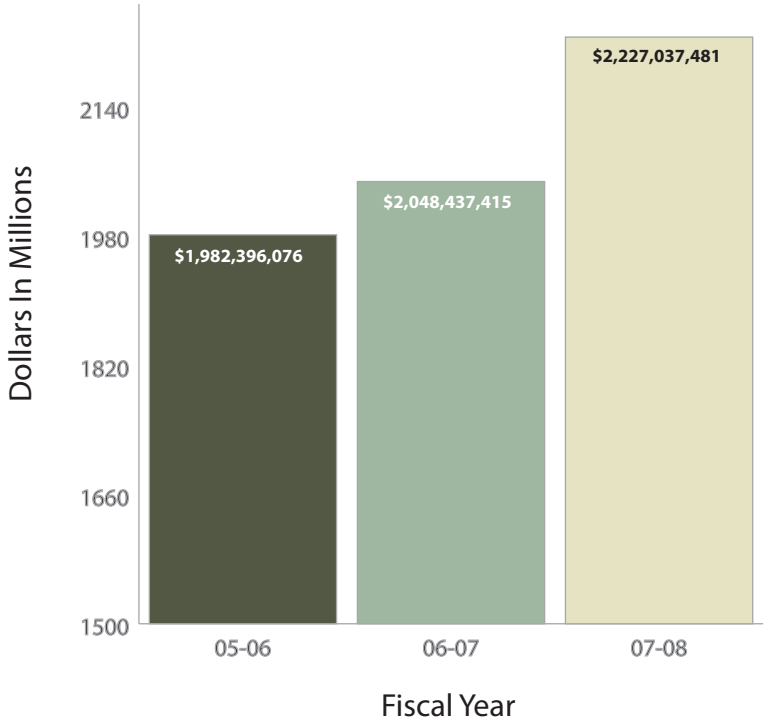


Source: FY 09-10 Department Budget Request, November 3, 2008

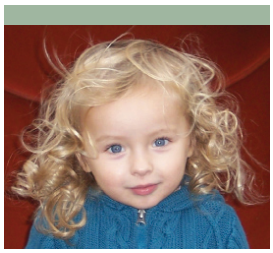
Expenditures

The recent history of declining to flat enrollment growth has been offset by increases in the average annual per capita cost and has resulted in total expenditures that continue to grow, albeit at a slower pace than was seen at higher enrollment growth rates.

FIGURE 1.3 – MEDICAID EXPENDITURES FISCAL YEARS 06 - 08



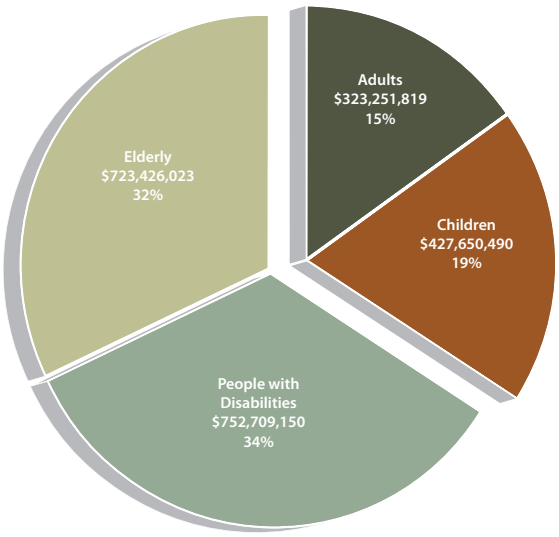
Source: FY 09-10 Department Budget Request, November 3, 2008



UNINSURED CHILDREN come from working families. The vast majority of uninsured children—88 percent—come from families where at least one parent works.

NEARLY 10 PERCENT of Coloradans are enrolled in public health insurance programs.

FIGURE 1.4 – MEDICAID EXPENDITURES FISCAL YEAR 07-08



Source: FY 09-10 Department Budget Request, November 3, 2008

OVER 30,000 MORE CHILDREN and 10,000 more parents were enrolled in the Medicaid and CHP+ programs from January 2007 to December 2008.

CHILD HEALTH PLAN *PLUS*

The Child Health Plan *Plus* (CHP+) program is Colorado's State Children's Health Insurance Program. It provides basic health insurance coverage for uninsured children and pregnant women of low-income families. CHP+ is a non-entitlement, non-Medicaid program that delivers coverage in a manner with the principles of private insurance. CHP+ offers a wide variety of benefits to children and pregnant women including check-ups, immunizations, doctor visits, hospital services, prescriptions, mental health services, dental services (children only), hearing aids and glasses.

Extensive marketing and outreach continued in 2008. The marketing and outreach strategy included advertising, media relations and outreach. A main focus of the advertising campaign was to reach the ethnically diverse and geographically remote areas of Colorado. Since January 2007, Lt. Governor Barbara O'Brien has served as the CHP+ spokesperson.

Key to the success of the CHP+ outreach strategy is the existence of eleven CHP+ Regional Outreach Coordinators (ROCs). These coordinators provided training to families, counties, and community partners and served as a conduit between the Department and local communities. Partnerships between the Department and the communities include schools, faith-based organizations, Head Start programs, recreation centers, childcare centers, counties, private providers, and community health centers.

Eligibility

Children are eligible for CHP+ for 12 months if they:

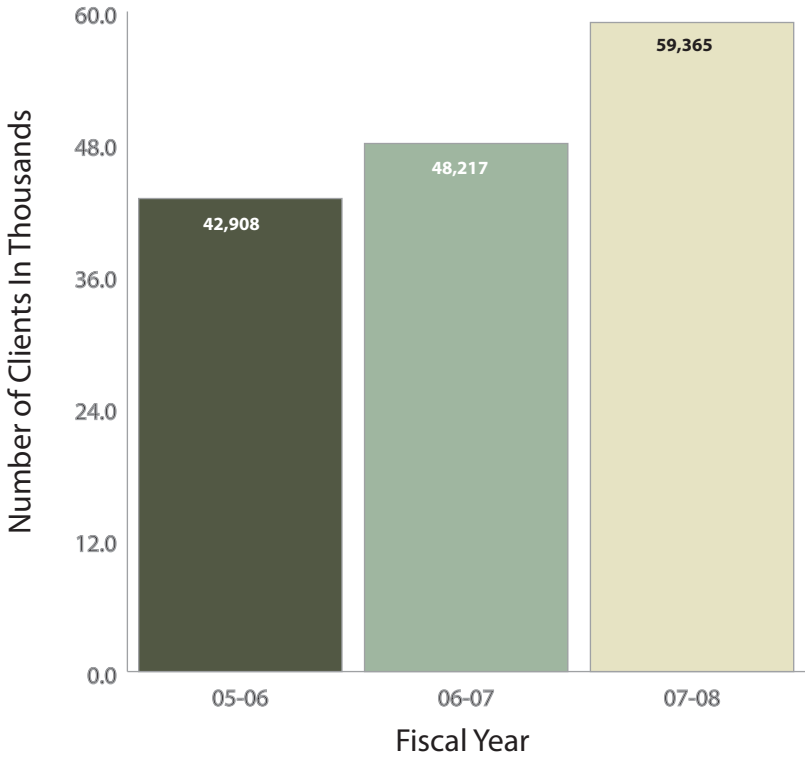
- Are U.S. citizens or legal permanent residents for at least five years;
- Are residents of Colorado;
- Have adjusted family incomes at or below 205 percent of Federal Poverty Level (FPL): $43,500 a year for a family of four;
- Do not qualify for Medicaid;
- Do not have other insurance; and
- Do not have access to state employee health benefits.

Pregnant women must also meet the above requirements, and are eligible for CHP+ during the length of their pregnancy and 60 days postpartum.

Enrollment

Enrollment in the CHP+ program has consistently increased due to increased outreach activities statewide.

FIGURE 1.5 – CHP+ CLIENTS FISCAL YEARS 06-08



Source: FY 09-10 Department Budget Request, November 3, 2008

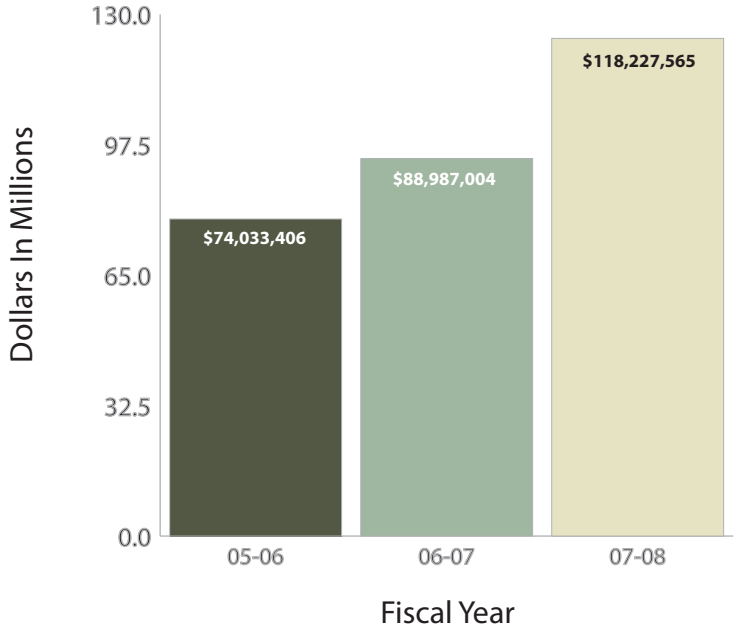
"I WORK FULL-TIME AND have health insurance for myself through my employer, but it would cost me an additional $1,200 a month to cover my kids. That is a cost I just cannot afford. I applied for CHP+ and now I am able to cover my three girls for just $35 a year. It really puts my mind at ease knowing that my children have the health and dental insurance they need. Not only are they covered in emergencies; they can also get the regular care they need to stay healthy."
— Monica Herrera, mother

Expenditures

Since CHP+ is not an entitlement program, an appropriation is made every year and the program manages to that appropriation. Appropriations are based on enrollment projections. If enrollment nears this projection, a cap may need to be implemented.

In 2008 Senate Bill 08-022, sponsored by Senator Sandoval and Representative Ferrandino, permitted the CHP+ program overexpenditure authority reducing the likelihood of imposing enrollment caps on the program in the future. The overexpenditure from the general fund is not to exceed $250,000 in any Fiscal Year. This legislation will allow more aggressive outreach to enroll more of the eligible but not enrolled children.

FIGURE 1.6 – CHP+ TOTAL EXPENDITURES FISCAL YEARS 06 - 08



Source: FY 09-10 Department Budget Request, November 3, 2008

COLORADO INDIGENT CARE PROGRAM

The Colorado Indigent Care Program (CICP) distributes federal and state funds to partially compensate qualified health care providers for uncompensated costs associated with services rendered to the indigent population. Qualified health care providers who receive this funding provide discounted health care services to Colorado citizens, migrant workers, and legal immigrants with limited financial resources. These individuals are uninsured or underinsured and not eligible for Medicaid or CHP+.

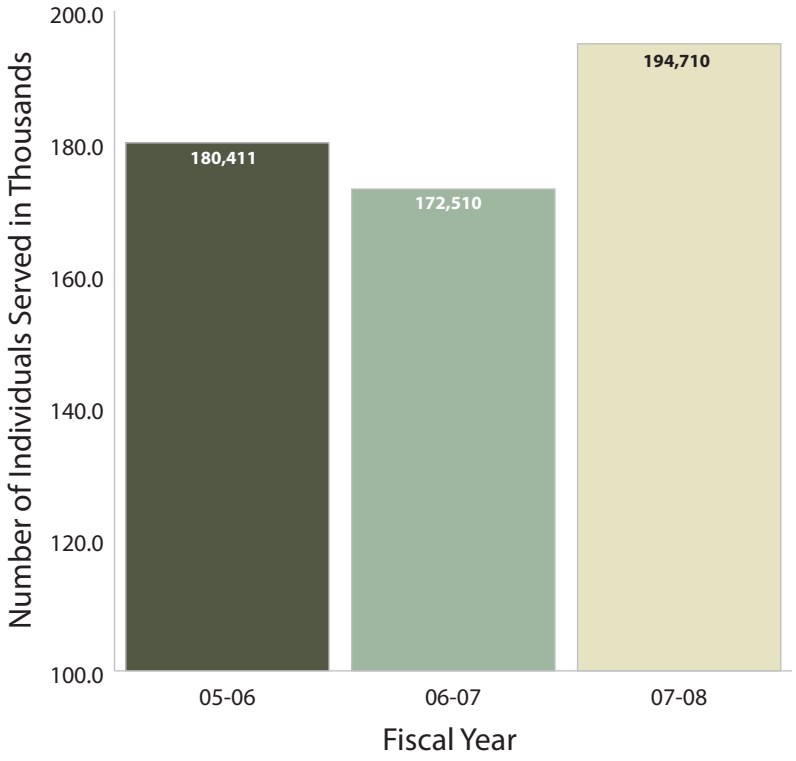
Effective July 1, 2006, CICP eligibility was expanded to 250 percent of the FPL. This expansion was implemented as a result of Senate Bill 06-044, sponsored by Senator Hagedorn and Representative Green. This bill also provided additional funding to CICP providers from the newly created Health Care Services Fund for providing primary care services to CICP clients.

Forty-six hospitals statewide, 61 contract providers and 16 clinics participated in the CICP in 2007. Most of the contracted clinic providers and several of the contracted hospital providers have multiple sites.

Incentives for efficient utilization of resources are built into the CICP by the very nature of the reimbursement level, and providers are contracted to prioritize their services of emergency and urgent care to CICP patients. Most CICP Hospital providers have limited services to provide only emergency and urgent care.

CICP participants increased by 13 percent—from 172,510 clients to 194,710—in Fiscal Year 2006-2007. In 2008, 91 percent of the clients served were adults at or below 250 percent of the FPL. The CICP is the only option for affordable health care services for uninsured or underinsured adults.

FIGURE 1.7 – CICP CLIENTS FISCAL YEARS 06-08



Source: Medically Indigent and Colorado Indigent Care Program Fiscal Year 2007-08 Annual Report; Medically Indigent and Colorado Indigent Care Program Fiscal Year 2005-06 Annual Report

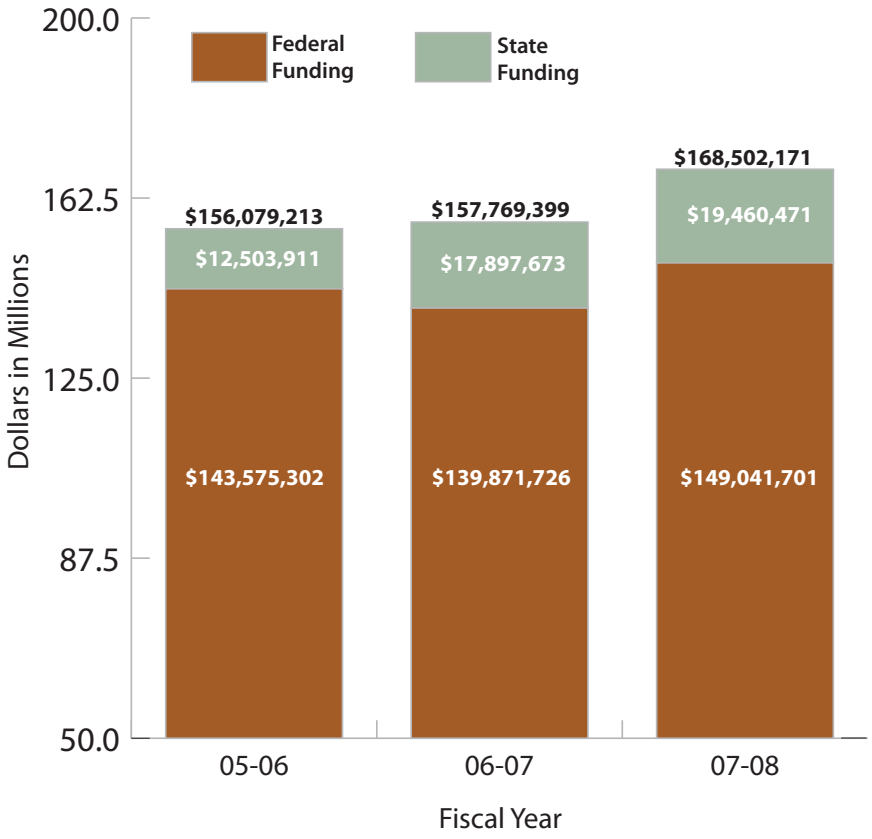
CICP FUNDING CONSISTED OF 88 percent federal funding and 12 percent state funding in Fiscal Year 2007-2008.

The CICP Stakeholder Forum was created in October 2007 to provide an informal environment for CICP client advocates, participating providers and other stakeholders to exchange ideas, review policies and make recommendations to the Department that address the CICP eligibility process, provider and client relations, and other pertinent issues. Based on issues raised at the first stakeholder forum, the Department is researching policies pertaining to the application process for clients receiving emergency care and rating and co-payment strategies for clients experiencing hardships.

Expenditures

The CICP consisted of 88 percent federal funding and 12 percent state funding in Fiscal Year 2007-2008. Hospital provider costs represent 60 percent of costs.

FIGURE 1.8 – CICP HOSPITAL PROVIDER PAYMENTS FISCAL YEARS 06-08



Source: Medically Indigent and Colorado Indigent Care Program Fiscal Year 2007-08 Annual Report

LONG-TERM CARE

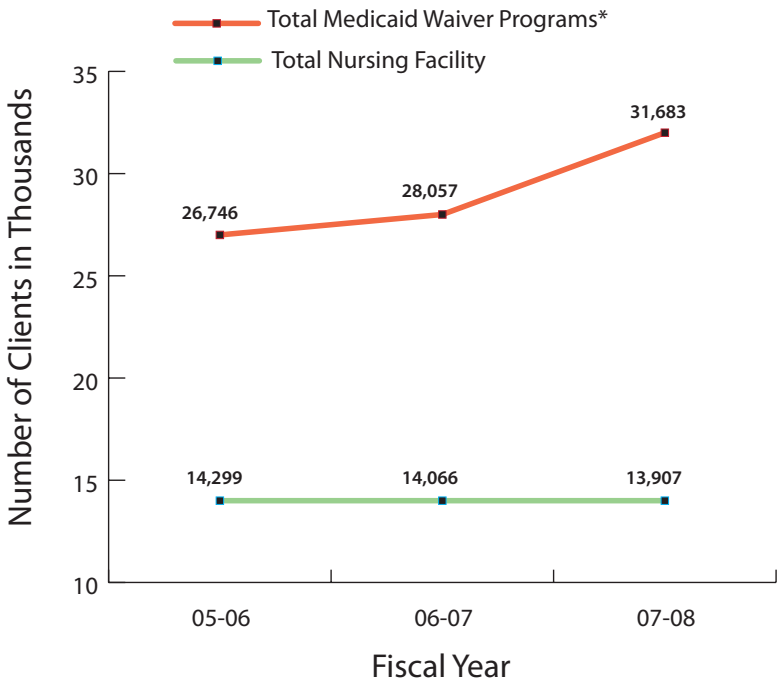
Community-based services are services provided in clients' homes, as well as in other types of residential care settings. Services for Medicaid clients include skilled services such as home health care, private duty nursing, and hospice care. The Medicaid Home and Community-Based waivers provide services in addition to those stated in Colorado's Medicaid State Plan. Through waivers, the Department is able to provide specialized services to targeted populations.

ALTHOUGH ADULTS, THE elderly, and people with disabilities make up less than half of all Medicaid clients, their health care needs are greater so expenditures for these populations are greater than for children or low-income parents.

Enrollment

Everything possible is done to keep clients comfortably in their homes and communities. As seen in Figure 1.6, the number of clients in nursing homes has remained fairly consistent while the number of clients in the Home and Community-Based Services Waiver (HCBS) has increased. This confirms the efforts of the Department to keep Medicaid clients in their own environments and near family and friends, which increases quality of life while receiving quality health care.

FIGURE 1.9 – NURSING FACILITY AND HOME AND COMMUNITY-BASED SERVICES CLIENTS FISCAL YEARS 06 - 08



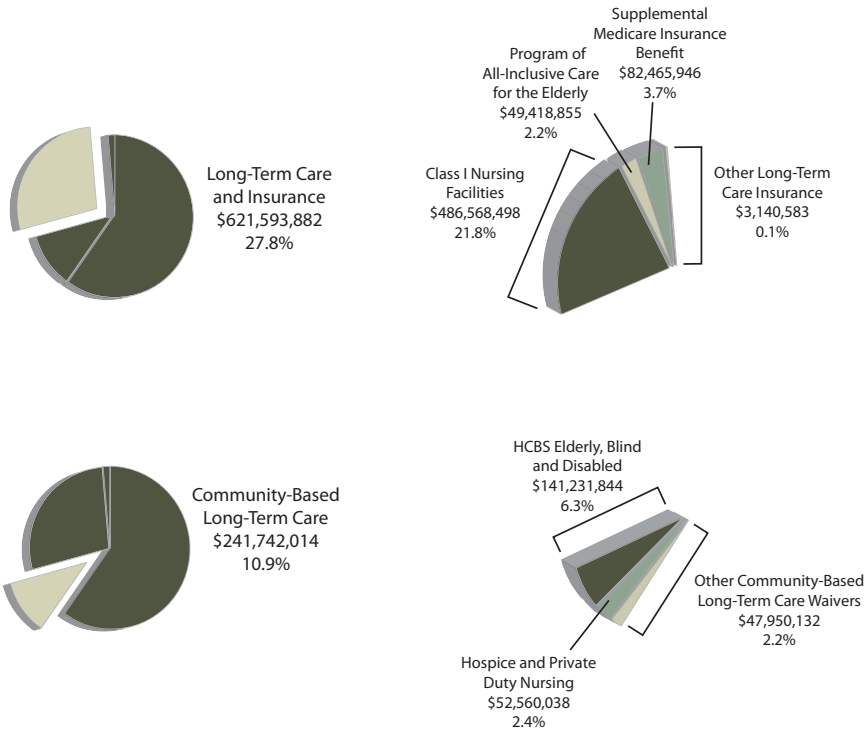
*includes Department of Health Care Policy and Financing / Department of Human Services programs

Source: Department Description section, FY 09-10 Department Budget Request, November 3, 2008

Expenditures

Although half of Medicaid clients are children, adults, the elderly and people with disabilities make up 43 percent of total Medicaid expenditures due to the cost of care. Analysis occurs on a regular basis to uncover ways to eliminate unnecessary costs while at the same time maintain quality standards.

FIGURE 1.10 – LONG-TERM CARE EXPENDITURES FISCAL YEAR 07-08



Source: FY 09-10 Department Budget Request, November 3, 2008

Program of All-Inclusive Care for the Elderly

COLORADO HAS FOUR PACE centers around the state including two in rural areas. As of December 2008, 1,500 clients were able to live comfortably in their communities supported by their friends and families.

The Program of All-Inclusive Care for the Elderly (PACE) is a unique capitated managed care benefit for the elderly provided by a not-for-profit or public entity. The PACE program features a comprehensive medical and social service delivery system using an interdisciplinary team approach in an adult day health center. It is supplemented by in-home and referral services in accordance with clients' needs.

The services provided by a PACE program include: primary care services, social services, restorative therapies, personal care and supportive services, nutritional counseling, recreational therapy and meals.

To be eligible for PACE services, a person must be age 55 or older; meet a Nursing Facility level of care; and live in a PACE organization service area. Persons must be able to live in a community setting without jeopardizing his or her health or safety.

Consumer Directed Attendant Support Services

Consumer Directed Attendant Support Services (CDASS) allow Medicaid clients with disabilities to manage their services and take greater control over their lives by providing choice and flexibility. The Department implemented this new service delivery option in the Home and Community-Based Services Elderly, Blind and Disabled Waiver and Persons with Mental Illness Waiver in January 2008.

The service design includes a comprehensive training component, personnel and financial management services and case management support to ensure that clients and their representatives can successfully handle all of the aspects of the service—recruiting, hiring and supervising their attendants.

Approximately 770 clients are receiving CDASS as of December 2008. Clients report increased independence and improved quality of care from the attendants they recruit, hire and train.

The Department continues to expand this service delivery option and received approval from CMS for the addition of CDASS in the HCBS-Persons with Brain Injury Waiver, the Persons Living with Aids Waiver and the Children's waiver. The projected implementation of the inclusion of CDASS in these waivers is January 2010.

Improve Health Outcomes

The department is committed to improving the health of clients, their quality of life and ability to function in their daily lives. Quality improvement programs ensure these goals.

Uninsured children are somewhat less likely to be in the best health compared to all children. While 81 percent of all children are reported to be in excellent or very good health, only 74 percent of uninsured children are in such good health, according to the Kaiser Family Foundation.

MEDICAL HOME

For children to remain healthy, they need to have access to a primary care physician that takes responsibility for the care of the whole child. A Medical Home is an approach to delivering care where comprehensive, continuous, coordinated, family-centered, accessible, compassionate, and culturally competent care is provided.

Providers enrolled as Medical Homes are responsible for ensuring health maintenance and preventive care; health education; acute and chronic illness care; coordination of medications, specialists, and therapies; participate in hospital care; and provide 24-hour telephone care for all clients enrolled.

Preliminary analysis demonstrates that children in Medical Homes visit emergency departments less often, have lower hospitalization rates and lower pharmacy costs.

Over 60,000 children are in a Medical Home. Sixty-eight certified provider practices provided accessible, continuous, family-centered, coordinated and culturally sensitive care.

COLORADO REGIONAL INTEGRATED CARE COLLABORATIVE

To address the complexity and high costs associated with fee-for-service Medicaid, Colorado is one of seven states participating in the "Rethinking Care Program for America's Highest Need, Highest Cost Populations" program. This program was started in January 2008 by the Center for Health Care Strategies

OVER 60,000 CHILDREN ARE in a Medical Home. Sixty-eight certified provider practices provide accessible, continuous, family-centered, coordinated and culturally sensitive care.

"THE DEPARTMENT LEADERS have been very supportive of the provider in the community and very creative in solving problems for patients and families." — *Steve Poole, M.D., Community Pediatrics, University of Colorado Denver Health Sciences Programs*

and is known in Colorado as the Colorado Regional Integrated Care Collaborative (CRICC). The goal of the program is to better manage the care and costs of the highest-need, highest-cost beneficiaries.

IMPROVED QUALITY OF CARE received by 2,000 of Medicaid's highest-need, highest-cost clients by providing intensive care-coordination and supplemental benefits through the CRICC program.

The Department partnered with the Center for Health Care Strategies, local health plans and providers, consumer organizations and other stakeholders to maximize the potential for CRICC to generate sustainable and replicable models that could ultimately reach thousands of Medicaid's most vulnerable clients.

A contract was implemented between the Department and Colorado Access in May 2008 in the following counties: Adams, Arapahoe, Boulder and Broomfield. Denver County was added in October 2008 and there are plans to add Weld County in 2009.

The CRICC program improved the quality of care received by Medicaid's highest-need, highest-cost clients by enrolling over 2,000 clients in a program.

DISEASE MANAGEMENT

Disease management programs are the use of multi-disciplinary efforts resulting in improved quality and cost-effectiveness of care. Services are for selected clients suffering from chronic conditions.

AS OF DECEMBER 2008 over 6,000 clients were enrolled in a disease management program. Outcomes will be measured in the next year after more data is received and analyzed.

Medicaid clients that are in the fee-for-service or Primary Care Physician Programs who have a diagnosis of asthma, congestive heart failure, chronic obstructive pulmonary disease, diabetes, high-risk pregnancy or obesity are eligible for the programs. Clients are either referred to the program by the provider, enrolled through self-referral, or are contacted after being identified as having a chronic condition.

Disease management programs provide education on self-care, symptom monitoring, individual coaching calls and the benefit of a nurse consultation call line.

Increase Access to Health Care

Calendar year 2008 baseline data shows that 80 percent of primary care providers for Medicaid are also CHP+ providers. It is the Department's goal to increase this to 95 percent. Providers who accept both Medicaid and CHP+ clients will improve continuity of care.

In an effort to both increase provider participation in public health insurance programs and retain current providers, rates for preventive visit codes were increased in January 2008 to 90 percent of the equivalent Medicare rate or 90 percent of the national average in the event that an equivalent Medicare rate does not exist. CICP Provider payments were also increased by eight percent in 2008.

COLORADO PRIMARY AND PREVENTIVE CARE GRANT PROGRAM

The Comprehensive Primary and Preventive Care Grant Program (CPPC) provides grants to health care providers in order to expand primary and preventive health care services to Colorado's low-income residents. Because primary and preventive care are two of the most cost-effective means of keeping people healthy, the CPPC program increases access to comprehensive primary care services and establishes new sites that offer comprehensive primary care services in medically underserved areas of the state.

In Fiscal Year 2007-2008 the CPPC expanded access to health care services to Colorado's low-income residents by awarding over $2 million to ten health care providers.

PRIMARY CARE FUND

The Primary Care Fund is a distribution of funding to qualified health care providers that provide comprehensive primary care services delivered in an outpatient setting to medically indigent residents of Colorado.

THE COLORADO PRIMARY and Preventive Care Grant Program expanded access to health care services to Colorado's low-income residents by awarding over $2 million to ten health care providers.

"THE CPPC PROGRAM FUNDING will allow us to provide at least 1,296 dental visits for 540 uninsured clients this year," says Jerry Brasher, executive director of Salud Family Health Centers. "Oral health has been proven to affect the health of the whole person. Providing oral health services decreases emergency room visits, keeps kids in school and employees on the job."

"THE PRIMARY CARE FUNDS have allowed Pueblo Community Health Center to provide health care services to about 2,500 additional uninsured people," says Byron Geer, retired executive director. "These funds have given us the ability to leverage local and statewide funds to expand facilities and serve an additional 6,000 Pueblo County low-income or uninsured residents. During calendar year 2007, Pueblo Community Health Center provided health care services for almost 20,000 people."

The Department awarded $32,365,298 to 32 health care facilities as part of the Primary Care Fund. This fund was established when voters approved an increase in Colorado's tobacco tax in 2004 and is to build infrastructure and provide health services to uninsured residents not eligible for Medicaid, CHP+ or any other insurance.

Contain Health Care Costs

PREFERRED DRUG LIST

In January 2007 Governor Ritter signed Executive Order D 004 07 establishing a Preferred Drug List for Colorado's Medicaid program. This program provides needed medications to Medicaid clients while decreasing costs.

The Pharmacy and Therapeutics Committee was established pursuant to Executive Order D 004 07 in order to provide clinical recommendations concerning implementation and maintenance of the Preferred Drug List. The Pharmacy and Therapeutics Committee became effective November 1, 2007 and is comprised of physicians, pharmacists and client representatives.

The Department has implemented nine drug classes on the Preferred Drug List including: proton pump inhibitors, sedative-hypnotics, statins, antihistamines, antihypertensives, opioids, skeletal muscle relaxants, respiratory inhalants, and attention deficit hyperactivity disorder drugs. The Department anticipates adding three to four more drug classes by the end of Fiscal Year 2008-09, and about eight new drug classes in Fiscal Year 2009-2010. The Department has also pursued supplemental rebates for the preferred agents in each of these classes to further facilitate providing pharmaceuticals for Medicaid clients at the lowest possible cost.

PROGRAM INTEGRITY

Through Program Integrity activities, potentially excessive or improper utilization, or improper billing of the Medicaid program by providers are identified. If a situation is identified, staff follow-up to investigate, classify, and recover payments and/or refer the providers to legal authorities for possible prosecution when appropriate.

In Fiscal Year 2007-2008 Program Integrity recovered $7,132,619.45 in overpayments from providers.

BENEFITS COORDINATION

The Department pursues responsible payment sources to recover costs for medical care paid for by Medicaid. Recovery payments are received from trusts, estate recoveries, and recovering any payments to clients who were discovered to be ineligible for Medicaid retroactively. The Department recovered $45 million of Medicaid payments from estate recovery efforts.

REDUCED PHARMACY COSTS
by an estimated annualized $4 million by implementing the Medicaid Preferred Drug List.

"THE PREFERRED DRUG LIST
policy enables the state to use evidence-based medicine to make decisions on pharmaceuticals that are safe, medically appropriate and cost-effective. This strategy will contribute to the efficiency and sustainability of Colorado's Medicaid program while preserving high quality standards."
— Lynn Parry, MD, Co-Chair, Colorado Medical Society Physicians' Congress for Health Care Reform

IN FISCAL YEAR 2007-2008
Program Integrity recovered $7,132,619.45 in overpayments from providers.

THE DEPARTMENT
recovered $45 million of Medicaid payments from ineligible persons from estate recovery efforts.

Health Care Innovations

CENTER FOR IMPROVING VALUE IN HEALTH CARE

The Center for Improving Value in Health Care was established by Executive Order D 005 08 signed by Governor Ritter on February 2008 as part of the Building Blocks to Health Care Reform plan. The Center was created to establish an interdisciplinary, multi-stakeholder entity to identify and pursue strategies for quality improvement and cost-containment. Led by Joan Henneberry, the Center will develop long-term strategies to identify, implement, and evaluate quality improvement mechanisms in the health care service delivery system.

In January 2008 the Department convened a group of health care providers, advocates, quality experts, and state officials to initiate the process of planning for the Center. The group identified current quality improvement initiatives underway throughout the state and opportunities for increased collaboration among these initiatives. The group addressed the areas in which Colorado health care is in greatest need of improved quality outcomes, and made recommendations to the Department to establish the governance structure, scope, and funding for the Center.

COLORADO REGIONAL HEALTH INFORMATION ORGANIZATION

In 2005 the U.S. Secretary of Health and Human Services formed the American Health Information Community to recommend ways to advance health information technology so that most Americans will have access to secure electronic health records by 2014. The Colorado Regional Health Information Organization (CORHIO) is part of a nationwide effort to oversee operations for a virtual national health information network and develop a statewide electronic health information exchange.

The Department participates in the development of appropriate policies and procedures for data exchange between the Department as the state Medicaid agency and health care providers that are participating in the CORHIO.

The Governor's Advisory Committee on Health Information Technology will consider the use of electronic medical records, computerized clinical support systems, and other methods of incorporating information technology in support of greater cost-effectiveness and better client outcomes in health care. The committee may also pursue an interstate agreement among western states to create internal state health information technology and health information exchange programs with the goal of connecting and exchanging information among the compact states to provide lower-cost, higher-quality, and accessible health care services and benefits.

COLORADO LONG-TERM CARE PARTNERSHIP

Colorado citizens who do not have long-term care insurance can have the state pay for their long-term care through the state's Medicaid program, but only if they meet certain resource and income limits in addition to a disability determination. This means they must first use all of their own income and resources to pay for their care before the state will begin paying. Once on Medicaid, a person is only able to keep some of their income for personal needs and for supporting certain family members, but must use remaining income to pay for care.

Colorado Long-Term Care Partnership policies enable Colorado residents who purchase policies to have more of their assets protected if they later need the state Medicaid program to help pay for their long-term care. Colorado is using this approach to give citizens greater control over how they finance their long-term care and to help shore up the public safety net against upcoming demographic pressures.

The Long-Term Care Partnership is comprised of partners from the Department, the Division of Insurance, the Department of Human Services, advocates and long-term care insurers.

OVER 2,000 MIDDLE-INCOME families purchase affordable, quality long-term care insurance, reducing the need for families to rely on public programs.

COLORADO ELIGIBILITY MODERNIZATION PROJECT

As part of Governor Ritter's "Building Blocks to Health Care Reform," the Department launched the "eligibility modernization" project in the spring of 2008. With the increased caseload and rising costs of health care, it makes sense to identify the ways that a person's eligibility determination can be made quickly and increase the likelihood that the person will seek health care services in the most appropriate setting. The goal of the eligibility modernization project is to find the best ways to enroll and retain children and families in public health insurance programs while providing excellent customer service with low application processing times.

Many other states are considering or implementing reforms to modernize their eligibility models. The models differ greatly, but include utilizing new technologies and procedures such as online applications, call centers, and document imaging, as well as looking at the ways to improve the current business processes.

The Department received funding to hire a contractor to conduct an assessment of the current administration of eligibility and enrollment, to present modernization options, and to gather requirements and draft the Request for Proposals for services to modernize the current eligibility and enrollment model. Public Knowledge was selected as the vendor to perform these tasks.

With the increasing number of people applying for benefits and the potential to expand health care coverage in the future, it is imperative that we identify new strategies in meeting this demand. By implementing many of the solutions identified as part of the eligibility modernization project, the eligibility process can be made more efficient and cost-effective. The Department is working with our county partners, clients and other stakeholders to create the optimal process and model for the clients we mutually serve.

"COLORADO'S COVERING KIDS and Families' mission is to increase access to health coverage and health care for all children and families in Colorado. Simplifying the enrollment and re-enrollment processes is a major goal toward achieving this mission. The Colorado Eligibility Modernization Project represents a tremendous opportunity to make enrollment and re-enrollment processes easier for clients ensuring faster access to health care. The Department has included partners through the entire process, giving us the opportunity to share the client experiences in the field and to help shape policies."
—Stacey Moody, Covering Kids and Families Project Director

Administrative Verification of Income

The passage of Senate Bill 08-161, sponsored by Senator Boyd and Representative Merrifield, authorized Medicaid and CHP+ to accept self-declaration of income from clients. Income would be able to be verified through the Colorado Department of Labor and Employment instead of collecting paycheck stubs or employer letters. Implementation of this legislation is expected in late 2009.

COLORADO HOUSEHOLD SURVEY

The Colorado Household Survey is an element of the Governor's Building Blocks to Health Care Reform. The Survey is being administered through a contract with the Department and the Colorado Health Institute and is funded by The Colorado Trust.

Administered statewide by telephone technology, the survey began in November 2008. An estimated 10,000 households in Colorado were called to answer the survey. The study is designed to include all ages, races, ethnicities and geographic areas. Of the 10,000 households called, 400 will be cell phone only households since this is a growing and important group in survey research.

Data collection is expected to be completed by the end of March 2009 with analysis available by the end of May 2009. The results of the survey will provide information about health insurance access, coverage, health care utilization and costs unique for Colorado.

CENTENNIAL CARE CHOICES

In response to the recommendations made by the Colorado Blue Ribbon Commission for Healthcare Reform, Senate Bill 08-217, sponsored by Senator Hagedorn and Representative McGihon, was passed to create a basic health insurance product that could be offered, with subsidies, in the individual insurance market.

The Department, in coordination with the Division of Insurance and a panel of Governor-appointed experts, prepared a request for information from health insurance carriers and other interested parties. Carriers were requested to provide information regarding the design of a new health insurance product, known as a Value Benefit Plan (VBP), to be offered in the individual market.

The VBPs are to be structured to allow sliding scale subsidies from the state for low-income individuals and families. The VBP will not be able to turn down an applicant due to health status and can only be based on location and age. They are to include wellness programs, use health information technology, encourage "pay-for-performance," and provide Web-based educational tools for consumers.

A final report was submitted to the governor and the legislature on March 2, 2009.

IMPROVING CLIENT AND COMMUNITY RELATIONS

Communication to and from stakeholders is vital to the success of the Department meeting the needs to all who need services. To this end, upon the arrival of Joan Henneberry, a Client and Community Relations Office was formed. The Client and Community Relations Office's mission is to improve communication and accountability with clients, providers, advocates, counties and other partners.

The office provides a high level of communication and assistance to all customers who contact the Department through the customer service telephone line. English-speaking and Spanish-speaking representatives are available for callers that require assistance with questions about eligibility and program information and who need help in navigating a complex health care system.

This office also works closely with the County Departments of Social/Human Services and the medical assistance sites to ensure that eligibility determinations are completed accurately and timely. Communication to and from the counties and medical assistance sites is accomplished through a county liaison and medical assistance site coordinator.

The office is committed to providing accurate, understandable and consistent information to the public, clients, providers, legislators, internal staff and advocates. It ensures that accurate communication is provided timely and in a consistent manner. Communication is conducted through the Web site, client correspondence, brochures, program newsletters and email blasts. The office works closely with the Governor's and Lieutenant Governor's Office in coordinating messages to the media.

WEB SITE REDESIGN

As more people access their information from the Internet, including the clients served by programs administered by the Department, the Department's Web site becomes a critical communication vehicle for updating information in a format that is easy to use.

In 2008 the Department launched a new Web site oriented to potential and existing clients—colorado.gov/hcpf. The Web site is now easier to find, more understandable and has the latest information on the Department's programs and policies as well as the initiatives underway to better serve our clients.

A Department-wide committee analyzed the existing site, gathered information from outside users and worked with Colorado.gov to create a new site. Testing of the Web site was conducted by funders, stakeholders, physicians and counties.

On the Horizon

COLORADO HEALTH CARE AFFORDABILITY ACT

As a result of a partnership between the Department and hospitals statewide, Colorado can leverage state funds to draw down federal funds at a dollar-for-dollar match to provide coverage to more than 100,000 uninsured Coloradans through passage of the Colorado Health Care Affordability Act House Bill 09-1293, sponsored by Representatives Riesberg and Ferrandino and Senators Keller and Boyd. More than 40 states utilize this financing strategy, including 20 states that assess a provider fee on hospitals.

The fee assessed on Colorado hospitals will generate approximately $600 million a year for the state and can be used to drawn down an equal amount in federal funds, for total new revenue of approximately $1.2 billion annually.

This new revenue can be used for only three purposes: 1) providing coverage to the uninsured by expanding eligibility for Medicaid and CHP+; 2) increasing hospital reimbursement rates under Medicaid and CICP; and 3) covering administrative costs of the Department for implementing the program.

- Medicaid expansions for parents and childless adults up to 100 percent FPL
- CHP+ expansions for kids and pregnant women up to 250 percent FPL
- Buy-in program for disabled adults and kids up to 450 percent FPL
- Continuous eligibility for Medicaid children
- Reimbursement for Medicaid inpatient and outpatient care increased to the upper payment limit
- CICP reimbursement increased up to 100 percent of cost

ACCOUNTABLE CARE COLLABORATIVE

The Accountable Care Collaborative is part of the Medicaid reform effort and is envisioned to consist of a statewide data organization and a number of regional care coordination organizations. These regional organizations will be charged to offer care-coordination services and to support the local participating providers and clients in the regions.

In exchange for the additional clinical support, providers will be asked to offer increased access to clients—for example, extended office hours, some same day appointments—and to begin to use state-supplied health information technology.

The Accountable Care Collaborative Request for Information will be posted in April 2009 in order to get more information from stakeholders to further develop the model. The Request for Proposals will go out later in 2009, and the Department will implement the program in April 2010 starting with 60,000 clients.

BENEFITS COLLABORATIVE

The Benefits Collaborative is a Department-led initiative for defining the amount, scope and duration of each Medicaid benefit. The Benefits Collaborative process involves defining current benefits based on the Medicaid State Plan, procedure codes, bulletins and provider manuals.

A review of other states' Medicaid coverage policies and private insurance policies will assist in benchmarking standard benefit policies. The Department will invite clients, advocates, providers, contractors and other interested stakeholders to participate in the process of defining Medicaid benefit coverage policy through public forums and email communications. All drafted benefit policies will be posted on the Department Web site for public comment; reviewed by the Children's Advisory Board and Medical Advisory Committee; and will then be recommended for adoption by the Advisory Group to the Medicaid Ddirector. The Department will implement the new policies by making system edits, sending bulletins and updating billing manuals. A process for authorization of services for exceptional/individual cases (Exception to the Rule) will also be determined.

Leadership

PROGRAM RULE MAKING AUTHORITY

The Medical Services Board has the authority to adopt rules that govern the Colorado Medicaid program, the Child Health Plan *Plus* program and the Colorado Indigent Care Program that are in compliance with state and federal regulations. The Board consists of eleven members appointed by the governor and confirmed by the Senate. Members have knowledge of public health care programs, experience with the delivery of health care and experience or expertise in caring for medically underserved children. The Medical Services Board serves as yet another opportunity for input from the state, assuring that all populations are served appropriately through all public health insurance programs.

Medical Services Board Fiscal Year 08-09 Members

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Chief of Family Medicine
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Sandeep Wadhwa, MD, MBA
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Sue Williamson
Deputy Director
Office of Client and
Community Relations

Jennifer Evans
Deputy Director
Office of Administration
and Operations

John Bartholomew
Deputy Director
Office of Budget and Finance

Janice Smuda
Human Resources Director

Ginny Brown
Legislative Liaison

Lindy Wallace
Project Management Director

Partners

Caring for Colorado Foundation
Gates Family Foundation
The Piton Foundation
Robert Wood Johnson Foundation
Rose Community Foundation
The Colorado Health Foundation
The Colorado Trust
The Commonwealth Fund
Agency for Healthcare Research and Quality
Centers for Medicare and Medicaid Services
Veterans Affairs
Colorado Department of Public Health and Environment
Colorado Department of Human Services
Colorado Department of Revenue
Colorado Department of Education
Colorado Department of Labor and Employment
Colorado Department of Public Administration
Colorado Department of Insurance
Denver Chamber of Commerce
Adams County
Alamosa County
Arapahoe County
Archuleta County
Baca County
Bent County
Boulder County
Broomfield County
Chaffee County
Cheyenne County
Clear Creek County
Conejos County
Costilla County
Crowley County
Custer County
Delta County
Denver County
Dolores County
Douglas County
Eagle County
El Paso County
Elbert County
Fremont County
Garfield County
Gilpin County
Grand County
Gunnison County
Hinsdale County
Huerfano County
Jackson County
Jefferson County
Kiowa County
Kit Carson County
La Plata County
Lake County
Larimer County
Las Animas County
Lincoln County
Logan County
Mesa County
Mineral County
Moffat County
Montezuma County
Montrose County
Morgan County
Otero County
Ouray County
Park County
Philips County
Pitkin County
Prowers County
Pueblo County
Rio Blanco County
Rio Grande County
Routt County
Saguache County
San Juan County
San Miguel County
Sedgwick County
Summit County
Teller County
Washington County
Weld County
Yuma County
Arkansas Regional Valley Medical Center
Aspen Valley Hospital
Banner Health
Boulder Community Hospital
Centura Health
The Children's Hospital
Colorado Acute Long Term Hospital
Deloitte Consulting, LLC
Colorado Plains Medical Center
Community Hospital
Conejos County Hospital Corporation
Craig Hospital
Delta County Memorial Hospital
Denver Health Medical Center
East Morgan County Hospital
Estes Park Medical Center
Exempla Good Samaritan Medical Center
Exempla Lutheran Medical Center
Exempla Saint Joseph Hospital
Family Health West
Grand River Medical Center
Gunnison Valley Hospital
Haxtun Hospital District
HealthONE
Heart of the Rockies Regional Medical Center
Keefe Memorial Hospital
Kit Carson County Memorial Hospital
Kremmling Memorial Hospital District
Lincoln Community Hospital and Nursing Home
Longmont United Hospital
McKee Medical Center
Medical Center of the Rockies
Melissa Memorial Hospital
Memorial Health System
Mercy Regional Medical Center
Montrose Memorial Hospital
Mount San Rafael Hospital
National Jewish Health
North Colorado Medical Center
Pagosa Mountain Hospital
Parkview Medical Center
Penrose-St. Francis Health Services
Pikes Peak Regional Hospital
Pioneers Medical Center
Platte Valley Medical Center
Poudre Valley Health System
Prowers Medical Center
Rangely District Hospital
Rio Grande Hospital
San Luis Valley Regional Medical Center
Sedgwick County Health Center
Southeast Colorado Hospital District
Southwest Memorial Hospital
Spanish Peaks Regional Health Center
St. Anthony Summit Medical Center
St. Mary-Corwin Medical Center
St. Mary's Hospital and Medical Center, Inc.
St. Thomas More Hospital
St. Vincent General Hospital District
Sterling Regional MedCenter
University of Colorado Hospital
Valley View Hospital
Weisbrod Memorial County Hospital and Nursing Home
Wray Community District Hospital
Yampa Valley Medical Center
Yuma District Hospital
Colorado Rural Health Center
Colorado Community Health Network
Clinica Family Health Services
Colorado Coalition for the Homeless
Denver Health's Community Health Services
Dove Creek Community Health Clinic
High Plains Community Health Center
Metro Community Provider Network
Mountain Family Health Centers
Northwest Colorado Community Health Center
Peak Vista Community Health Centers
Plains Medical Center
Pueblo Community Health Center
Salud Family Health Centers
Sunrise Community Health, Inc.
Uncompahgre Medical Center
Valley-Wide Health Systems, Inc.
American College of Physicians
Colorado Academy of Family Physicians
American Academy of Pediatrics, Colorado Chapter
Colorado Association of Alcohol and Drug Service Providers
Colorado Association of Dental Hygienists
Colorado Center for Hospice and Palliative Care
Colorado Community Managed Care Network
Colorado Dental Association
Colorado Health Care Association
Colorado Hospital Association
Colorado Medical Society
Colorado Nurses Association
Colorado Society of Osteopathic Medicine
Quality Health Network
MedSouth IPA
Northern Colorado IPA
Physician Health Partners
Oral Health Awareness Colorado
Western Colorado Individual Practice Association
Colorado Children's Healthcare Access Program
COPIC Insurance
Evolve Communications
Entravision
Center for Health Care Strategies
Colorado Health Institute
Colorado Health Outcomes Project
Public Knowledge
Bailit Health Purchasing
Rocky Mountain Health Plans
Colorado Access
Kaiser Permanente
MAXIMUS, Inc.
Affiliated Computer Services
Health Services Advisory Group
Colorado Foundation for Medical Care
Leif Associates
Colorado Health Partnerships
North CO Health Alliance
Exempla Healthcare
Insurance Integrity, Inc.
The Bawmann Group
All Kids Covered 2010
Center for African American Health
Denver Regional Council of Governments
Colorado Business Group on Health
Colorado Center on Law and Policy
Chronic Care Collaborative
Colorado Children's Campaign
Colorado Clinical Guidelines Collaborative
Colorado Coalition for the Medically Underserved
Colorado Consumer Health Initiative
Colorado Cross-Disability Coalition
Colorado Developmental Disabilities Council
Colorado Behavioral Healthcare Council
Colorado Regional Health Information Exchange Organization
Colorado Coalition for the Homeless
Colorado Patient Safety Coalition
Family Voices of Colorado
Mental Health America of Colorado
Tom Gilboy Information Design