



# Department of Health Care Policy and Financing

## Hot Topics

Prepared for the Colorado General Assembly

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*The Mission of  
the Department  
of Health Care  
Policy and  
Financing is to  
provide cost-  
effective, quality  
health care  
services to  
Coloradans.*

### ***Alternative Care Facility vs Institution for Mental Disease***

Concerns have recently been raised regarding alternative care facility (ACF) services for long-term care clients in the community and institutions for mental disease (IMD) in the Medicaid program.

In early August 2008 the federal Centers for Medicare and Medicaid Services (CMS) sent a letter to the Department of Health Care Policy and Financing reiterating concern that some alternative care facilities in the Medicaid program may meet the criteria for being considered an IMD, reinforcing that Medicaid payment to any such IMD is in violation of federal law, and notifying the Department that we have until December 31, 2008 to end any such payments.

Since September 2007, the Department has been working to complete the necessary assessments of ACFs to refute concerns expressed by CMS that some ACFs in Colorado may meet federal definitions for being an IMD. The Department has been engaged in working with stakeholders to develop some best practices around alternative care facility services, to develop a tool to help determine whether an alternative care facility meets the IMD criteria, to develop a protocol around the relocation of residents if that's needed and to strategize around how best to meet client needs and maintain compliance with Medicaid law and regulations. In the event that the Department determines that an ACF meets the criteria for being an IMD and the State risks losing its 50% federal funding match for clients in that ACF, the Department will advocate with CMS for a longer transition timeline beyond the current December 31, 2008 date, so that the State and community partners can develop an appropriate transition plan and so that any transition can occur safely and with minimal disruption to our clients. The Department and stakeholders will be meeting with CMS staff on October 9, 2008 and hope to reach a solution at that time.

### ***Federal Upper Limits***

On July 15, 2008, the Medicare Improvements for Patients and Providers Act of 2008 was enacted. In accordance with the law, CMS will resume publishing the Federal Upper Limits (FULs) for multiple source drugs based on the Average Wholesale Price submitted by pharmaceutical manufacturers. CMS will not be using the new methodology created under the DRA which is based on the AMP (Average Manufacturer Price). The Department should receive the first new FULs no later than September 20, 2008.

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### ***Preferred Drug List (PDL) Moratorium***

In January of 2007, Governor Ritter signed an Executive Order to implement a Preferred Drug List (PDL) for Colorado Medicaid. Since that time, the Department of Health Care Policy and Financing (Department) has begun creating a PDL with the intention to promote clinically appropriate utilization of pharmaceuticals in a cost-effective manner. The current PDL has been developed based on safety, effectiveness, and clinical outcomes from classes of medications where there are multiple drug alternatives available and supplemental rebates from drug companies, allowing Colorado the ability to provide medications at the lowest possible costs.

Rules for the PDL were presented to the Medical Services Board over several months in the second half of 2007. A decision was made by the Department during that time to implement a one year moratorium for select drug classes, including: atypical and typical antipsychotics; drugs used for the treatment of HIV/AIDS; anticonvulsant drugs; immunosuppressants; drugs used for the treatment of hemophilia; and drugs used for the treatment of cancer. This moratorium will expire December 31, 2008.

***Current Policy Status:*** At the October 10, 2008 Medical Services Board meeting, the Department will propose a rule which will extend the moratorium from inclusion on the PDL until December 31, 2009 for the following drug classes: atypical and typical antipsychotics; drugs used for the treatment of HIV/AIDS; drugs used for the treatment of hemophilia; and drugs used for the treatment of cancer.

***Change in Policy:*** The Department will consider the following two drug classes for inclusion on the PDL: immunosuppressants and anticonvulsants. These two drug classes will not be included on the moratorium because of the expansive nature of the immunosuppressant and anticonvulsant classes.

The Department plans to review the proposed new categories no earlier than July 2009.

### ***SB08-118, Making an Annual Transfer of Moneys to Pay for Medicaid Disease Management Programs (Sen Keller, Rep Buescher)***

SB08-118, signed by the Governor May 14<sup>th</sup>, 2008, addresses the annual transfer of moneys from the Prevention, Early Detection, and Treatment Fund to the Department.

Specifically, SB08-118 requires that for fiscal year 2008-09 up to and including fiscal year 2012-2013, the transfer of two million dollars to the Department for, "...Medicaid Disease Management and Treatment programs, authorized by section 25.5-5-316, C.R.S. that address cancer, heart disease, and lung disease or the risk factors associated with such diseases." SB08-118

The Department currently has the following disease management programs in place as a result of this funding:

- Congestive Heart Failure-**Direct contract began July 2007 with approximately 592 clients enrolled**
- Chronic Obstructive Pulmonary Disease-**Direct contract began October 2007 with approximately 186 clients enrolled**
- High risk obstetrics-**Direct contract began December 2008 with approximately 3,950**

- Weight Management –**Direct contract began February 2008 with approximately 1,000 clients enrolled**
- The Department is currently reviewing a proposal to implement an oncology/complex care management program

The programs address three key managed care principles: appropriate and timely access to health care services, evaluation and support for adherence to appropriate medical regimens/treatments and provision of nationally recommended practice guidelines for each chronic disease.

Each program vendor will provide the Department with the following annual reports:

- A financial report
- An enrollee satisfaction report

These reports will be available in December 2008.

For more information on these or other topics, please contact Nicole Storm, Legislative Analyst, at 303-866-3180 or [Nicole.Storm@state.co.us](mailto:Nicole.Storm@state.co.us)