



Department of Health Care Policy and Financing

Hot Topics

Prepared for the Colorado General Assembly

JANUARY 29, 2010

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

2010 Legislative Agenda

The Department received permission from the Governor's Office to submit 5 legislative proposals for the 2010 legislative session. They are as follows:

Medicaid Efficiencies Act (MEA) (Senator Boyd, Representative Riesberg) – This proposal combines a number of efficiencies aimed at strengthening our programs and processes in Medicaid. Some elements include: a state false claims act, which allows the Department to achieve a greater share from Qui Tam (whistleblower) and overpayment recoveries paid by the federal government; a National Correct Coding Initiative that will automatically check provider claim requests to determine if they include contradictory service codes, which will help mitigate a time-consuming and complicated review process which locates the error after the fact; and an internal audit unit to assure compliance with the Department's many responsibilities to the state and federal government.

Removal of AFDC Income Standards (Representative Apuan, Senate sponsor pending) – Currently, our statute requires us to use a more restrictive practice of calculating income when determining eligibility for Family Medicaid than the Social Security Act allows for. The Department is seeking to realign the State Plan and the Colorado Revised Statutes to mirror existing operations of the Family Medicaid program, which is to disregard \$90 per month, per person whose earned income is used to determine program eligibility.

Case Management for Children with Autism (Senator Hudak, Representative Rice) – The proposed legislation would allow for more case management options for HCBS Children with Autism Waiver. Expanding the current language, which designates Community Centered Boards (CCBs) as the Single Entry Point (SEP), to include CCBs, SEPs, or other department-approved case management agency.

All-Payer Claims Database (APCD)(Representatives Kefalas and Kagan, Senator Morse) – This proposal is aimed at bringing down health care costs and improving the value of the care received by all Coloradans by implementing an all-payer claims database to provide consistent, transparent, and comprehensive data that captures the utilization and cost of health care services for the benefit of all stakeholders. Uses for an APCD include answering a wide variety of research, policy and stakeholder questions about health and health care by: determining utilization patterns and rates; assisting physicians in evaluating their performance relative to peers; and measuring performance relative to established guidelines accepted by key stakeholders.

HCPF Awarded Medicaid Infrastructure Grant

It is with great excitement that we announce that Colorado's Department of Health Care Policy and Financing (the Department) was recently awarded a Medicaid Infrastructure Grant (MIG) from the Centers for Medicare and Medicaid Services (CMS).

This two-year grant begins on January 1, 2010 and provides funding for the Department, in collaboration with the Division of Vocational Rehabilitation and several community-based organizations, to develop a strong infrastructure to support employment and health care coverage for people with disabilities, including the development of a Medicaid Buy In program for working adults with disabilities.

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Additional information about the MIG is available to stakeholders and the general public via the Department's website (<http://www.colorado.gov/hcpf>). This information includes contact information for Departmental staff working on the grant, as well as information about upcoming stakeholder meetings, public forums, and other opportunities for interested parties to be involved.

Colorado Medicaid Recovers \$363 Million through Fraud, Waste, Abuse Recovery Efforts

Colorado Medicaid has recovered \$363 million through aggressive recovery and best pricing activities from July 2007 through June 2009.

Colorado Medicaid has a team responsible for assuring that Medicaid payments to providers are accurate and that Medicaid is the payor of last resort when clients have access to third-party funds, private insurance or Medicare. The department monitors all providers for appropriate use of the federal and state funds used to provide services to Medicaid clients. Post-payment reviews are conducted to identify fraud, waste and abuse and to recover identified overpayments. Any suspected fraud is referred to the Medicaid Fraud Control Unit in the Department of Law for criminal investigation and prosecution.

The department aggressively pursues funds to which it is entitled under state and federal law and regulation. This includes cost settlements with hospitals, and estate and trust recoveries from clients. The department also seeks and collects drug rebates from manufacturers participating in the Federal Drug Rebate Program ensuring that Medicaid pays the best price for drugs and avoids waste. Drug rebates alone account for \$150 million in recoveries from July 2007 through June 2009.

Colorado's demonstrated success in monitoring Medicaid provider fraud, waste and abuse has been recognized by the federal government. Colorado has been selected by the federal government to participate in a matching project that identifies provider fraud and improves the efficiency of recoveries by matching Medicare and Medicaid paid claims data.

RRR Packets Simplified

The Colorado Department of Human Services, the Department of Health Care Policy and Financing and the Office of Information Technology have been working together to simplify the redetermination packets and reduce costs. We are pleased to announce that clients began receiving a new RRR Packet on December 1, 2009. The redesigned RRR Packet is shorter – down from 12 pages to 9 – will be easier to understand because the questions have been reworded, it does not require a signature, and is more cost-effective; there will be a savings of an estimated \$700,000 per year.

If you have any questions, please contact Tammy Costello at Tammy.Costello@state.co.us.

Outreach, Retention and Enrollment Grants – "MORE"

On September 1, 2009 the Department received notice of funding from the Health Resources and Services Administration (HRSA) State Health Access Program (SHAP) – the Colorado Comprehensive Health Access Modernization Program or [CO-CHAMP](#). A portion of CO-CHAMP funding will be used to implement the Maximum Outreach, Retention and Enrollment (MORE) Grant Program to design, develop, and implement outreach for expansion populations identified in the [Health Care Affordability Act](#).

The focus for the first year of funding is to provide outreach, enrollment and/or application assistance to enroll children and pregnant women qualifying for CHP+ up to 250% of the FPL and low-income parents qualifying for Medicaid up to 100% of the FPL. The first year of funding for the MORE Grant Program is \$640,000, with up to \$100,000 available for individual grants. If you are interested in applying for MORE Grant Program funding, please watch the Department's Web site ["What's New"](#) page for the application.

If you have any questions, please contact Carol Rieder at Carol.Rieder@state.co.us.

State Maximum Allowable Cost List

The Department is developing a State Maximum Allowable Cost (SMAC) list. The SMAC list will become one of the pricing methodologies referenced when determining the reimbursement rate paid to pharmacies for dispensing prescription drugs to Colorado Medicaid clients. The SMAC list will be comprised of specific prescription drugs that have a reimbursement rate based on the actual acquisition costs paid by pharmacies plus 18%, in accordance with the Department's rules. Although a SMAC list has been a reimbursement methodology option available to the Department for several years, a SMAC list has not been developed up to this point.

Pharmacies will be surveyed on the specific list of drugs and requested to submit acquisition cost data to the Department. The Department will analyze the data received along with other marketplace data in order to determine the reimbursement rate for the SMAC list.

The survey is available on the Department's web site at <http://www.colorado.gov/cs/Satellite/HCPF/HCPF/1197969485891>. In addition, details about the survey are listed in the Provider Claim Report.

Please contact Kerri Coffey at or kerri.coffey@state.co.us or 303-866-4131 if you have any questions.

Rules concerning client appeals at 10 CCR 2505-10, Section 8.057.4

Effective December 30, 2009, HCPF rule 8.057.4.B.1 was amended to allow all Medicaid applicants and clients 30 calendar days from the date on the notice of action to file an appeal at the Office of Administrative Courts, regardless of the issues involved. Please note that the new rule does not apply to notices of action dated prior to December 30, 2009.

Status Update on Implementation of Colorado Health Care Affordability Act

Governor Ritter signed House Bill 1293, the [Colorado Health Care Affordability Act](#) on April 21, 2009. The Act authorizes the Department to collect a hospital provider fee. The Act will expand health care coverage to more than 100,000 Coloradans.

In September, the state plan amendment (SPA) for the fee structure was submitted to CMS. CMS has asked that we revise our submission and we continue to work with the Colorado Hospital Association on the revision. It will be submitted to the Oversight Advisory Board (OAB) by the middle of this month. If approved, it will go to CMS.

The Diagnostic Related Groups Diagnosis codes (DRGs) must be updated (a federal requirement). We have selected the new system and it was approved by the OAB in October.

The OAB submitted its Annual Report to the legislature on January 15, 2010.

For more information on any of these topics, please contact Nicole Storm at 303-866-3180 or Nicole.Storm@state.co.us