



# Department of Health Care Policy and Financing

## Hot Topics

Prepared for the Colorado General Assembly

MARCH 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.*

### ***2009 Department Annual Report Released***

The Department of Health Care Policy and Financing has released its [2009 Annual Report](#). The report includes updates on program implementations, data from 2007-2009 and the future direction of the Department.

### ***Efficiencies and Cost-Containment Initiatives***

The Department has released a detailed summary highlighting a number of efficiencies accomplished over the past three years. You can access the summary here: [Efficiencies and Cost-Containment Initiatives March 2010](#).

### ***Stakeholder Outreach Training***

The Department hosted Hans and Annemarie Bleiker from the [Institute for Participatory Management and Planning](#) (IPMP) in March for a training course on the Systematic Development of Informed Consent (SDIC). The training is being funded by grant dollars from the Health Resources and Services Administration (HRSA) grant, awarded to the Department by the federal government as one of 13 states who received federal grant dollars for state-level efforts to significantly increase health care coverage as part of a plan for comprehensive health care reform. This course will help educate staff on effective and responsible ways of engaging with stakeholders on many of the Department's initiatives.

### ***Colorado Medicaid Receives \$7.7M Federal Grant to Improve Health Care Quality for Children***

Colorado Medicaid and New Mexico Medicaid have been awarded a total of \$7.7 million by the U.S. Department of Health & Human Services. The grants are awarded over a five-year period through the Children's Health Insurance Program Reauthorization Act, or [CHIPRA](#).

The award of the federal grant is the result of collaboration between the department and the [Colorado Department of Public Health and Environment](#). The grant's main objective is to evaluate the school-based health center model of comprehensive health care service delivery to determine if the model can be replicated on a broader scale. The grant will not provide direct service funds to the school-based health centers in Colorado or New Mexico.

Colorado's award is one of ten granted nationwide to improve health care quality and delivery systems for children enrolled in Medicaid and Child Health Plan Plus, or CHP+.

[School-Based Health Centers](#), or SBHCs, play an important role in the health care landscape for school-aged children and adolescents in Colorado. Urban and rural regions present distinct health care and access needs, and SBHCs are increasingly relied upon to provide those services to students who lack care elsewhere.

School-Based Health Centers address health concerns and:

- Enroll children in Medicaid and CHP+; decreasing the number of uninsured children;
- Improve levels of immunization and well-child and adolescent care;

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- Reduce the use of expensive emergency room care;
- Reduce behavioral health risks among vulnerable populations of students;
- Engage a broad local community constituency in health planning for children; and
- Involve local school and public health with the private sector, improving comprehensiveness, quality and access to health care.

### **Colorado Health Care Affordability Act Program Implementations**

We are pleased to announce that the first two programs made possible through the [Colorado Health Care Affordability Act](#) (HB09-1293, Reps Riesberg and Ferrandino and Senators Keller and Boyd) will be implemented on May 1, 2010.

It is important to remember that all program implementations are dependent upon the Centers for Medicare and Medicaid Services, or CMS, approval of the hospital provider fee. The Department, through informal conversations with CMS, expects to receive approval of the hospital provider fee around the first week of April. Therefore, the Department does not expect any delay to the approval process or the May 1, 2010 population expansions.

The first expansion will increase coverage for low-income adults by increasing Medicaid to 100% of the FPL for the parents of Medicaid eligible children through the Medicaid Parent Expansion. Currently, Medicaid covers parents with dependent children living in the household up to 60% of the FPL. The second expansion will increase coverage for children and pregnant women under CHP+ to 250% of the FPL.

The Department expects to bring rules authorizing these program expansions to the Medical Services Board in April 2010. We will begin training the beginning of April that will include policy guidance.

There are a total of five program expansions as part of the Colorado Health Care Affordability Act:

- [Medicaid Parent Expansion](#)
- [CHP+ to 250% FPL](#)
- [Benefits for Adults without Dependent Children](#)
- [Buy-In Programs for People with Disabilities](#)
- [Medicaid Continuous Eligibility](#)

### **Rx Review Program**

As a result of [HB07-1021](#), sponsored by Representative Frangas and Senator Keller, the Department created a medication management therapy program known as the Rx Review Program. The program is for Medicaid fee-for-service clients who are classified as high drug utilizers; those clients prescribed with five or more drugs each month for three months in a row. The Department contracts with pharmacists within the client's community to provide a comprehensive medication evaluation as a means of support for providers and clients by:

- 1) Achieving drug therapy treatment goals
- 2) Minimizing undesirable medication effects
- 3) Improving client medication adherence
- 4) Enhancing medication safety
- 5) Reducing health expenditures.

Upon completion, a recommendation letter will be sent to all prescribers and the client. Since inception, all counseled clients were surveyed and the Department received a 24 percent response rate. Of those responses:

- Felt better about their medications – 71 percent
- Learned something about their medications – 82 percent
- Thought the Rx Review program was helpful – 85 percent

### ***State Maximum Allowable Cost List***

The Department has developed a State Maximum Allowable Cost list that become effective in March. The State MAC list will become one of the pricing methodologies referenced when determining the Medicaid reimbursement rate paid to pharmacies for dispensing prescription drugs to Colorado Medicaid clients. In February 2010, the Department surveyed pharmacies in order to obtain the prices paid by the pharmacies for a specific list of drugs. The Department reviewed the survey responses and, in accordance with the Department's rules, developed the pricing for the State MAC list by basing the rate on actual acquisition costs paid by pharmacies plus 18 percent. The State MAC list is available in the [Pharmacy](#) section of the Department's Web site.

Please contact Kerri Coffey at [kerri.coffey@state.co.us](mailto:kerri.coffey@state.co.us) or 303-866-4131 if you have any questions.

### ***HCPF Figure Setting***

This month the Joint Budget Committee heard recommendations from the JBC Legislative Analyst for figure setting in the Long Bill. The Department requested and the JBC approved the following policy adjustments: an *Evidence Guided Utilization and Quality Review of Contracts* geared at improving efficiencies in hospital outlier days and frequent emergency department visits; *Coordinated Payment and Payment Reform*, resulting in a savings from several payment reform initiatives; *Expansion of State Maximum Allowable Cost Pharmacy Rate Methodology*, where additional savings can be achieved from increasing the number of drugs in the pharmacy reimbursement schedule; and *Medicaid Program Reductions* to include restrictions to durable medical equipment and provider rate reductions. The JBC also voted for the removal of 5.7 FTE for implementation of the Colorado Health Care Affordability Act and to delay the implementation of the Accountable Care Collaborative by two months from November to January of 2011. Under this program, the Department would contract with five Regional Care Collaborative Organizations (RCCOs) in order to provide enhanced primary care case management services for non-dual eligible clients.

### ***Medical Foods***

Effective April 1, 2010, Medical Foods will be a covered pharmacy benefit. Medical Foods have not been a pharmacy benefit since July 1, 2009; however, it was determined by the Department that these products are an allowable pharmacy benefit as a prescription vitamin. The previous prior authorization criteria for these products will be reinstated. To review the criteria or to request a prior authorization, go to the Department's Web page at:

<http://www.colorado.gov/cs/Satellite/HCPF/HCPF/1201542571132>

If you have any questions about Medical Foods, contact Kim Eggert at [Kimberly.eggert@state.co.us](mailto:Kimberly.eggert@state.co.us)

### ***Preferred Atypical Antipsychotic Medications will Require Prior Authorization Effective April 1, 2010***

Effective April 1, 2010, the following atypical antipsychotics will be preferred drugs on the Medicaid Preferred Drug List: Abilify, clozapine, Clozaril, Geodon, Risperdal, risperidone, Seroquel, Seroquel XR and Zyprexa. All other atypical antipsychotics will be considered non-preferred, for example Saphris, Fanapt and Invega.

All clients currently stabilized on preferred or non-preferred drugs will receive authorization to continue on their treatment for up to 2 years under the grandfathering clause. At that time, the Department expects we will have a computerized automatic prior authorization process in place to streamline approvals.

Clients stabilized on a non-preferred drug will receive authorization automatically from the Department by April 1, 2010. Providers will not need to submit a prior authorization request (PAR)

for these clients even if the quantity limits have been exceeded.

Clients stabilized on a preferred drug will only require a PAR if the quantity limits for the preferred atypical antipsychotic drugs has been exceeded. For example, if a client takes a medication more frequently in a day than the quantity limits allow, that client must have a prior authorization. Please click [here](#) for the quantity limits listed in the PDL effective April 1, 2010.

Providers will need to request the prior authorization through the Department's help desk at 1-800-365-4944 or by faxing the PAR form to 1-888-772-9696. Please click [here](#) for the PAR form to fax in the request. In the Medical Justification section of the PAR form, you must write that the client is currently stabilized on their medication and qualifies for grandfathering.

If you have any questions regarding the prior authorization criteria, or procedure for obtaining a prior authorization, please contact Kim Eggert at [kimberly.eggert@state.co.us](mailto:kimberly.eggert@state.co.us)

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