

Health Care Policy & Financing

FY 2020-21 PERFORMANCE PLAN



COLORADO
Department of Health Care
Policy & Financing

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Introduction

The Colorado Department of Health Care Policy & Financing FY 2020-21 performance plan is the Department's annual report on the progress toward achieving our mission and supporting goals. It begins with an overview of our strategic framework and the performance measures we have selected to gauge progress for the upcoming fiscal year. It concludes with an evaluation of our goals as of the end of the third quarter for FY 2019-20. The audience for this report is the Colorado General Assembly; the Department's stakeholders, providers, and contractors; the people of Colorado and staff of the Department of Health Care Policy & Financing (herein referred to as "the Department" or "HCPF").

For reference, a glossary of acronyms and relevant terms is provided at the end of this document.

Department Overview

The Department is the single Colorado state agency responsible for administering the Medicaid program (Title XIX of the Social Security Act) and the Children's Health Insurance Program (Title XXI of the Social Security Act). Colorado's Medicaid program is called Health First Colorado and our Children's Health Insurance Program is called Child Health Plan *Plus* (CHP+). In addition to these programs, HCPF administers the Colorado Indigent Care Program (CICP), the Old Age Pension State Medical Program, the Primary Care Fund and the School Health Services Program. We also provide health care policy leadership – affordability best practices, health care innovation opportunities, policy guidance, and subject matter expertise – for the state's executive branch, legislative branch, and to purchasers at large.

We serve Coloradans who are eligible for and/or enrolled in Health First Colorado and CHP+, and those who receive services through the other programs described above. In serving these customers, we partner with medical, dental, behavioral health and long-term services and supports providers; other state agencies; the Centers for Medicare & Medicaid Services (CMS); groups that advocate for member populations; the Governor's Office and the Colorado General Assembly; service contractors; expert consultants and advisors; various nonprofit entities; commercial carriers; and entities that help eligible individuals apply for benefits such as Colorado counties, local government agencies and medical assistance sites.

Health First Colorado receives approximately 59% of its funding from the federal government, while CHP+ is approximately 79% federally funded.

Environmental Factors

The novel coronavirus (COVID-19) pandemic that emerged in early 2020 had an unprecedented impact on the health care sector, the economy, and our most vulnerable Coloradans. The public health crisis and the secondary and tertiary crises that followed are the largest factors shaping our FY 2020-21 priorities. Residential settings - like nursing homes, assisted living facilities and group homes - present the highest risk for COVID19 spread. These sites also care for the members who are most vulnerable to the negative impact of the virus, including older adults and individuals with disabilities. Consequently, the Department has partnered with sister agencies CDPHE and DPS care providers and the industry at large to address specific procedures and emerging best practices at these facilities to reduce spread and save lives, including infectious disease control capabilities, testing capacity and methodologies, staffing, operational guidance, and personal protective equipment (PPE)

supply and use. The Department has also provided leadership and support to stand up alternative care sites should the spread of the virus cause our health system to breach; source personal protective equipment to protect care providers, and project the impact of the downturn on the economy on the emerging healthcare needs of Coloradans.

In the initial weeks of the public health emergency, the state and the federal government passed a number of policy changes related to provider enrollment, payment, prior authorization, telemedicine and care delivery. The Department anticipates that some of these changes will be reversed, but others – in whole or in part - may evolve into a permanent policy. The Department is actively studying emerging best practices in an effort to drive “a new normal in healthcare” to the betterment of the health and well-being of Coloradans and the affordability of our safety net programs and the cost of healthcare to all Coloradans.

The Department’s performance plan is built to ensure we are ready and able to support Coloradans who need our services, providers who deliver care to our members, and the contractors who help us deliver our safety net programs during this unprecedented time. Given the economic downturn, the state budget crisis, combined with the increasing number of Coloradans who need our healthcare services, the challenge presented by the Coronavirus may seem daunting. Coloradans should take comfort in the fact that the Department has the leadership, expertise, and experience to meet these unprecedented needs.

In addition, after 128 months of continuous economic growth, the National Bureau of Economic Research officially declared the United States’ economy in a recession based on the “unprecedented magnitude of the decline in employment and production.” The shutdown of businesses, halting of travel, and stay home orders at the city, county, state, and national levels to protect citizens from the novel coronavirus (COVID-19) resulted in job losses and lowered income nationally and across Colorado. To underscore the magnitude and speed of the economic shift to Colorado, in February 2020, the state’s unemployment rate was 2.5%; by April, it was 11.3% - the highest on record. Between March and May, more than 500,000 Coloradans applied for unemployment insurance.

This unprecedented economic downturn directly impacted the state budget through significant reductions to state tax income revenue, with estimated revenue shortfalls of \$3.4B in 2020-2021 and \$4.9B in 2021-2022. Given the Department’s historic consumption of 26% of state general funds and 33% of total funds, these revenue shortfalls are of particular concern. The financial impact to the Department is further magnified by an increased need for healthcare coverage and benefits caused by the loss of employer-sponsored health coverage. Specifically, the Department estimates a significant increase in individuals and families who will qualify for Health First Colorado and CHP+ with as many as 500,000 more Coloradans expected to be served by the Department, representing as much as a 40% increase in members from the 1.3 million served in March 2020.

In our state’s health care system, COVID-19 has changed the way patients seek care and how that care is delivered. It has also exposed systematic limitations as well as opportunities. The Department’s strategy was adjusted to recognize the emerging “new normal in healthcare,” with a focus on sustaining and driving positive changes to the system. For example, telemedicine visits have increased and inappropriate emergency room visits have decreased as Coloradans avoid unnecessary interactions that increase the risk of COVID-19 transmission. By driving a new normal in healthcare, the Department can also leverage telemedicine services to reduce barriers to care like transportation, child care, or inclement weather. Telemedicine can also be used to address traditional care access concerns for people with disabilities, older adults, or rural Coloradans, while also

helping to overcome the stigma of accessing behavioral health care by enabling care from the privacy of one's own home.

The affordability of health care in Colorado continues to be one of the most significant challenges facing the Department, the state and the nation. With the economic downturn, all payers – self-funded employers and Medicaid alike – benefit from a solid affordability strategy. Specific to the Department, the increased need for HCPF programs and services combined with the state's budget crisis makes the implementation of effective affordability policy more important than ever. The alternative is cuts to Department programs, provider reimbursements, and the like – certainly less preferred alternatives. As a trusted health care expert, and in partnership with other health care thought leaders, the Department is focused on research, analytics and reporting that identifies the drivers of rising health care costs and alternatives to address them. Leveraging insights from this effort serves to support not only Health First Colorado and CHP+ members, but all Coloradans as we drive down the cost of health care. In the FY 2019-2020, the Department released insightful reports on both prescription drug and hospital affordability opportunities. Both of those reports will be used to propel solid affordability policy in this next fiscal year, as noted below.

Below are some of the most prominent affordability environmental factors the Department is focused on addressing.

- **Prescription drug costs:** The high cost of prescription drugs, especially specialty drugs, is a challenge for Health First Colorado, CHP+ and all health plans. In December 2019, the Department prepared a report titled "[Reducing the Cost of Prescription Drugs](#)." While the Department is working on key initiatives to help inform prescribers and update our payment structures, this remains a challenge for all Coloradans. The report lays out a set of comprehensive changes that would favorably impact prescription drug costs and the out-of-pocket costs for families covered by commercial insurance, while achieving a meaningful reduction in the total cost of prescription drugs for Health First Colorado and CHP+.
- **Hospital delivery system:** Colorado's hospital prices are some of the highest in the country. While we are fortunate to have strong health outcomes and health coverage that both contribute to low per-capita costs, the prices for individual procedures, inpatient and outpatient care, vary widely from hospital to hospital. The [Cost Shift Report](#) published by the Department in January 2020 provided a thorough analysis of the price, costs and profits across the hospital industry in Colorado. The Department will leverage the insights from this report, as well as the emerging insights from Department bills on financial transparency and not-for-profit hospital community investments to drive improved hospital affordability policy to the betterment of Coloradans, their employers, the state and taxpayers.
- **Population health and health outcomes:** The Department has developed data capture infrastructure and analytics to better understand care delivery, utilization, health outcomes and costs. The Department is able to leverage these insights to identify populations that would benefit from increased care supports and coordination. Concurrently, the Department has worked with its Regional Accountable Entity (RAE) partners to craft new programs to address these health improvement and affordability opportunities. The state's Behavioral Health Task Force, in which the Department actively participates, is also preparing a blueprint that will include bold changes that improve patient outcomes, experience, quality and access.

Mission and Vision

HCPF's vision for its members and Colorado citizens at large is that "Coloradans have integrated health care and enjoy physical, mental and social well-being." As a department, our mission is "improving health care access and

outcomes for the people we serve while demonstrating sound stewardship of financial resources.” With the responsibility of the largest budget for the state of Colorado, and the duty to care for our state’s most vulnerable. This vision and mission, as well as our goals, inform our work on a day to day basis.

Core Values

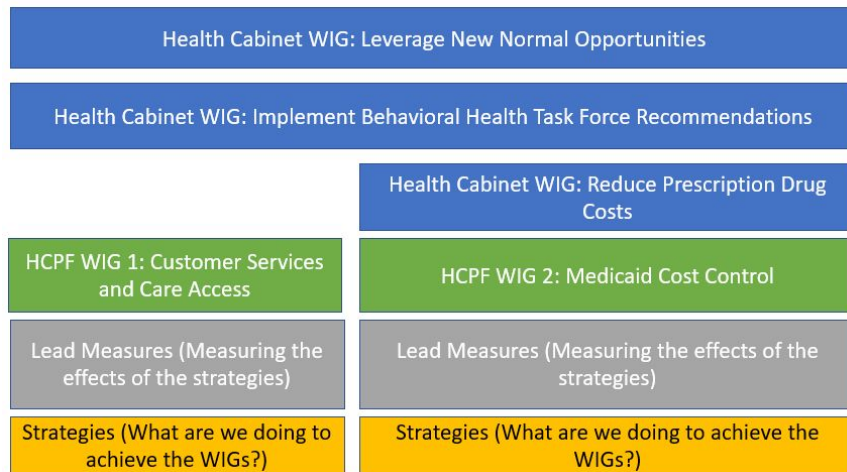
- **Person-Centeredness:** Adapting to the needs of those we serve is at the forefront of our strategic planning, operational enhancements and priority management. Person-Centeredness guides efforts across the Department from member health improvement programs, operational focus, or affordability programs.
- **Fiscal responsibility.** We hold ourselves accountable to prudently spending administrative and claim dollars. We manage our resources to ensure we can meet the needs of those who rely on our programs.
- **Health Care Expertise, Credibility and Leadership:** As a trusted partner to legislators, Coloradans, members and stakeholders, we produce fact-based reports and insights to inform effective health care policy to the benefit of Coloradans and the people we serve through our programs.
- **Employee Engagement:** We attract and retain talented people by creating a positive work environment and empowering them to shape our strategies and fulfill our mission. We invest in our employees to help them thrive.
- **Integrity:** We behave ethically, treat others with dignity and respect, and align our actions with our mission and vision.
- **Diversity:** We value diversity of thought, experience, and background, including race, gender, ethnicity, geography, sexual orientation, identity, and socio-economic status. This contributes to better decisions, programs, outcomes and services to our customers.
- **Passion to Serve:** Department staff come to work each day to help our members rise and thrive.

Wildly Important Goals (WIG)

HCPF’s “Wildly Important Goals” (WIGs) reflect the major goals of the Department, developed in collaboration with the Governor’s Office. WIGs adhere to the “SMART” goal format, meaning that they are specific, measurable, achievable, relevant, and time-bound. There are two types of WIGs referenced in this plan. The first are HCPF’s WIGs, for which the Department is solely responsible. There are two HCPF WIGs: 1) Access to Care and Customer Service, and 2) Medicaid Cost Control. In addition, HCPF will also be working in support of three WIGs that are the shared responsibility of the Health Cabinet. These WIGs are 1) Implementing the Behavioral Health Task Force Recommendations, 2) Reducing Prescription Drug Costs, and 3) Leveraging “New Normal in Healthcare” Opportunities.

For the two HCPF WIGs, this plan provides further detail on the lead measures that will be used to help assess progress towards completion of the WIGs. This plan also articulates additional discrete strategies that drive achievement of the WIGs. Used in this context, strategies are generally synonymous with initiatives or projects.

Aligning Health Cabinet WIGs, Department WIGs, Lead Measures, and Strategies



WIG 1: Access to Care and Customer Service

The economic downturn has caused an unprecedented number of Coloradans to lose their employer-sponsored health coverage. As noted earlier, as many as 500,000 more Coloradans will be served by the Department through Health First Colorado and CHP+, a 40% increase in members from the 1.3 million in March 2020. Clearly, Coloradans will need support through this challenging time. We have focused our WIGs on the areas that are visible and meaningful to Coloradans, including enrollment support (call center response and application processing time), member call center, provider call center and payment turnaround time, provider recruitment and access, and connecting members who do not qualify for Health First Colorado or CHP+ to other coverage options through Connect for Health Colorado, the state’s insurance marketplace.

WIG #1: Deliver health care coverage, service and access support to Coloradans during this economic downturn. By June 30, 2021, out-perform average monthly targets as measured by the number of new Medicaid providers, member application processing times, call center speed-of-answer time, provider payment turnaround time, and timeliness of application referrals to Connect for Health.

Successful completion of this goal will ensure Colorado’s most vulnerable residents are able to get coverage in a timely manner, get their questions answered and access providers to meet their needs. Part of achieving this goal is also supporting our providers by answering their questions and paying for care in a timely manner.

Lead Measures

- Process 95% of eligibility applications within 45 days through June 30, 2021.
- Answer calls at the provider call center, member call center, and enrollment call center in an average of less than 150 seconds through June 30, 2021.

- Enroll 10,000 new Health First Colorado providers by June 30, 2021.
- Pay 90% of Medicaid medical and pharmacy claims in an average of less than six days through June 30, 2021.
- Refer 90% of eligible applications (those determined not eligible for Health First Colorado or CHP+) to Connect For Health Colorado within three days of authorization date through June 30, 2021.

Additional Strategies

Improve processes related to eligibility denials to capture applicant data for future resubmission.

- By partnering with the counties who process our Medical Assistance applications and by leveraging the CBMS system used to process applications, we can improve the accuracy of eligibility processing.
- By looking at why people are denied or disenrolled, we can find gaps in policy, spot potential fraud, and/or identify flaws in processes between Medical Assistance Sites, Presumptive Eligibility Sites, and counties.

For uninsured Coloradans who apply for Health First Colorado but don't meet eligibility requirements, develop processes for handoffs and outreach from Connect for Health Colorado, the state's insurance exchange, to support people getting coverage and subsidies if they qualify.

- This strategy supports care access and customer service by connecting applicants in an efficient way to Connect for Health Colorado insurance options which could provide subsidized health insurance coverage for Coloradans not otherwise eligible for Health First Colorado or CHP+. This helps ensure Coloradans stay covered and connected to care, a critically important issue during the pandemic and subsequent economic downturn.

Leverage County Incentives Program and performance scorecards to ensure quality throughout the enrollment surge.

- By leveraging the County Incentives Program, a program that provides incentive payments if counties meet or exceed benchmarks set forth in annual contracts, the Department can reward accuracy in eligibility determinations, address audit findings to improve our programs, improve the training of county workers and address disenrollments at the end of the COVID-19 public health emergency to protect the state from future potential federal clawbacks in funding due to quality issues with determinations.
- By launching scorecards, the Department will improve accountability and transparency in county performance by looking at and comparing counties on key metrics, including service to our members, timely and accurate determinations, and other measures.

Implement a provider enrollment outreach strategy.

- To ensure care access during the surge of enrollment due to the COVID-19 pandemic and subsequent economic downturn, the Department is reaching out to encourage providers to enroll with Health First Colorado.
- The Department is also taking the following steps to increase provider enrollment:
 - Allowing temporary enrollment for providers during the federally-designated COVID-19 public health emergency
 - Postponing the application fee for applicable providers until the conclusion of the public health emergency.

Implement the Colorado Department of Public Health & Environment (CDPHE) tool to increase visibility into provider shortages by type and geographic location and address those shortages.

- Benchmark data in the Colorado Health Systems Directory (CHSD) and the National Plan and Provider Enumeration System (NPPES) will be compared to the 80,000 providers currently enrolled in Health First Colorado to pinpoint underserved areas of the state. The results will be used to develop a targeted approach to recruit specific provider types and specialties.
- Once implemented, the statistical analysis process will be completed quarterly to identify new providers in the CHSD or NPPES for outreach.
- Provider recruitment outreach will be targeted beginning January 2021. This will include related specialist recruitment to close identified gaps by region.

Address other provider shortages by participating in the Long-Term Direct Care Workforce Group (LTC CWG), Connect for Care tool, which matches potential employees to facilities, and conducting quarterly surveys to count staff shortages and new hires at nursing facilities.

- Measuring Connect to Care metrics, including:
 - Number of agencies respond to surveys on staffing shortages
 - Number of Direct Care Workers (DCWs) availability
 - Number of connections between the aforementioned parties are made=
- Continuation of collaboration within the LTC CWG regarding the Colorado Department of Higher Education, the Colorado Community College System (CCCS), union partners and trade organizations to expand the reach of ongoing workforce and policy support.
 - Coordination between LTC DCW and CCCS grant program to solidify a base-line training is occurring and being distributed amongst home care agencies throughout rural and urban regions.
- Focus on underserved populations and areas within Home and Community Based Services and Long Term Care.

WIG 2: Medicaid Cost Control

Cost control for Health First Colorado (Colorado's Medicaid program) continues to be a high priority for the Department, and being an effective steward of Coloradans' valuable financial resources remains paramount. Given the economic downturn and the resulting impact on the state budget, of which Health First Colorado is a

major portion, as well as the projected growth in Health First Colorado and CHP+ enrollment, controlling costs will be even more critical in the months and years ahead. Successful completion of this goal will ensure effective stewardship of Colorado's financial resources while maintaining our commitment to member care access and health outcomes. For example, one of the leading indicators for this WIG is the implementation of condition management and care support programs. Proactive engagement with our highest risk and highest cost patients can improve outcomes and quality of life for these members while simultaneously lowering the costs to the state.

WIG #2: Responsibly manage healthcare costs to achieve an annual Medicaid trend* of no more than 2.0% by June 30, 2021.

**Trend will be defined as the growth from FY 2019-20 to FY 2020-21 in the total amount paid for Medicaid services, not including supplemental financing payments, divided by average monthly caseload.*

Lead Measures

- Reduce ED visits per thousand an average of 1.5% by June 30, 2021 by helping members maximize telemedicine and the right settings for care.
- Complete implementation of the Maximum Allowable Cost reimbursement model by April 1, 2021 to control specialty prescription drug costs.
- Implement the diabetes, case management for complex members, and maternity support programs across all RAEs by December 31, 2020 to improve health and better control high cost claims.
- Complete the study and policy design for telemedicine by December 31, 2020 in preparation for implementation in the following fiscal year.

Additional Strategies

Continue implementation of the Hospital Transformation Program (HTP) with potential additional strategies around program integrity to be developed. HTP is a hospital-focused program that supports initiatives/programs for operational changes, measures and evaluates each hospital, and supports alternative payment and value-based purchasing.

Finalize implementation of Alternative Payment Models (APM).

- Develop bundled payments that create specialist accountability for patient outcomes while rewarding innovations that improve quality and keep the total cost of care low for targeted episodes.
 - The Department's voluntary maternity episode goes live on Oct. 1, 2020. This episode holds obstetricians and gynecologists (OB/GYNs) accountable for mothers' prenatal, delivery and postpartum care.
 - The Department plans to implement two other high-value voluntary bundles on July 1, 2021, which will decrease expenditures for those episodes.
- Alternative Payment Methodology (APM) 1 is a pay for performance model which rewards primary care medical providers with financial incentives for meeting quality goals. High quality primary care has been shown to improve health outcomes in a low-cost setting and APM 1 is designed to reward high

performing primary care practices. This will reduce unnecessary acute care utilization which lowers overall spending for the Department.

- Alternative Payment Methodology (APM) 2 pays primary care doctors part of their historical Health First Colorado revenue as a capitation payment and they can earn extra reimbursement for meeting quality goals. This is modeled after Medicare's Comprehensive Primary Care (CPC) Track 2 program. Having stable revenue allows primary care medical providers to innovate in their care delivery to improve member outcomes while decreasing unnecessary acute care utilization. The extra reimbursement will be tied to a primary care doctors' ability to reduce unnecessary acute care utilization. The Department plans to implement this program on July 1, 2020.

Develop and conduct eligibility site reviews to ensure eligibility determinations are accurate and timely. The results of the eligibility review will be used to support the county incentive program and performance scorecards.

Creating the Provider Integrity Unit to improve efficiencies in ensuring only eligible providers are actively enrolled, addressing provider noncompliance through requests for a written response, and increasing efforts on identifying credible allegations of fraud for a referral to the Medicaid Fraud Control Unit or other appropriate law enforcement agency.

Create a primary care dashboard to track essential data on patient outcomes and cost in primary care.

- Provide the capability to compare and evaluate Primary Care Medical Providers (PCMPs) -- as well as different types of PCMPs, such as but not limited to independents, hospital-affiliated practices, rural health centers, Kaiser clinics, non-FQ safety net providers and Federally Qualified Health Centers (FQHCs) -- around health care costs and utilization and quality outcomes.
- The dashboard will provide insight into both quality and utilization metrics, will allow comparison by risk strata (eligibility groups, budget categories, Department-defined risk strata), and allow comparison and evaluation by RAE to assess and promote effective RAE-level activities.

Create a Total Cost of Care dashboard (inclusive of behavioral health costs) to identify cost trends and need.

- Provide the capability to monitor and review physical and behavioral health care cost trends and associative effects concurrently. It will allow two different views, one that models behavioral health capitation costs and one that includes behavioral health (BH) priced utilization.
- The dashboard will provide insight into the effect on cost trends of the integration of physical and behavioral health care, with a focus on RAE-level activities to determine the effectiveness of approaches.

Expand Home and Community-Based Services (HCBS)-specific reviews where internal staff will conduct multi-pronged reviews of the Intellectual Developmental Disabilities (IDD) program, targeted case management, hospice and billing trend changes during the COVID-19 pandemic

Shared Agency WIGs: Governor’s Health Cabinet

In addition to the two Department-specific WIGs above, HCPF is partnering with Governor’s Office of Saving People Money on Health Care, Colorado Departments of Human Service, Public Health & Environment, and Regulatory Agencies (CDHS, CDPHE, and DORA) to accomplish shared agency WIGs that Governor Jared Polis and his health cabinet have prioritized. All of the agencies within the Health Cabinet have different responsibilities related to achieving these affordability WIGs. The strategies and measures that are outlined in this Performance Plan support both the Department WIGs and the Health Cabinet WIGs.

Health Cabinet WIG 1: Implement BH Task Force Recommendations

On April 8, 2019, Gov. Jared Polis directed the Colorado Department of Human Services to spearhead Colorado’s Behavioral Health Task Force, which was further supported by two bills passed in the 2019 Legislative Session (SB. 19-222 and SB 19-223). The mission of the task force was to evaluate and set the roadmap to improve the current behavioral health system in the state. The Task Force has drafted the “Behavioral Health Blueprint” with the anticipated implementation of recommendations starting in August 2020. Executive Director Bimestefer is a member of the Executive Committee and the Department is represented on each of the four subcommittees. The recommendations are focused on improving access to prevention and treatment, improving quality and accountability, re-designing state financing, and aligning technology, policy, and innovation. Currently, behavioral health services and funding is scattered across multiple Departments, programs, and populations, each with separate eligibility, data reporting, and funding. The Department will be an active partner in leading the state’s coordinated efforts to improve services and outcomes for those in need.

Health Cabinet WIG 2: Reduce Prescription Drug Costs

Prescription drug costs are the fastest-growing consumer health care expense in the U.S., a trend that is unlikely to change in the coming years without changes to the industry. Brand and specialty drug costs are growing significantly faster than inflation rates, and industry profits are disproportionately high compared to others in health care. Rising prescription drug costs impact the Department as the state’s largest payer; employers including the State of Colorado, who provide healthcare benefits for their employees; and patients and families who are paying out of pocket for some or all of their drug costs. The cost burden of prescriptions is not just taking a toll on the financial wellbeing of Colorado families, employers and the government, it also has the tragic effect of people foregoing their medications because they can’t afford them. The Department is working on cost control for Medicaid while and supporting a multitude of strategies that can benefit all payers including the state. These strategies include but are not limited to: prescription drug transparency; drug importation from Canada and other countries; rebate pass through; implementing a Prescription Drug Affordability Board; implementation of tools that help physicians and others prescribe more cost-effectively while reducing the inappropriate prescribing of opioids.

Health Cabinet WIG 3: Leverage New Normal Opportunities

The lasting impact of COVID-19 on modern society is still being formed. These are historic times and changes are coming fast. The Health Cabinet is studying what positive industry changes the virus caused and what challenges the virus revealed within Colorado's health care system. Which changes are here to stay? What lessons have we learned? How can we drive a "new normal" that improves the healthcare system to the betterment of all Coloradans?

Leveraging the New Normal Opportunities may include enhancements to health access, telehealth, and emergency preparedness; reductions in operational expenses across the industry; reductions in unnecessary or low value services; increased public health initiatives; gap closures in health equity and disparities across race and geography; and more accountability across the healthcare system. The Department will support these changes by leveraging our cost data and analysis, policy expertise, staff, systems, and value based payment reforms to incent system change.

Department Description

The Department of Health Care Policy & Financing employs more than 600 full time employees and oversees and operates Health First Colorado (Colorado's Medicaid Program), Child Health Plan Plus (CHP+), and other public health care programs for Coloradans who qualify. Across the nine offices, the Department is organized to manage the state's largest health benefit payer. The Department's benefits coverage is designed to serve those who are low income, have a disability, older Americans and other vulnerable populations. Some people rely on HealthFirst Colorado to maintain health coverage during a break in employment until they are able to get back on their feet, others will have coverage for long term care that may last their entire life. The Department is responsible for managing health coverage for these individuals and families in accordance with federal and state laws and regulations. The [Medical Services Board](#) is responsible for adopting rules that govern the Department's programs and the [Colorado Healthcare Affordability and Sustainability Enterprise Board](#) makes recommendations to the Medical Services Board regarding the implementation of the health care affordability and sustainability fee.

Department operations and staff are organized into nine offices, each reporting to the Executive Director as described below.



Executive Director's Office

Kim Bimestefer was appointed Executive Director of the Department effective Jan. 8, 2018, and was reappointed to this position by Governor Jared Polis. The executive director is responsible for setting the strategic direction of the Department; defining its vision, mission, and annual goals; leading the Department to achieve its vision, mission and goals; and ensuring the Department operates in an efficient and effective manner. The office also leads collaborative efforts to drive down health care costs and prices to the benefit of Coloradans, their employers, Medicaid, CHP+, and the state. The executive director also creates alignment between Department initiatives and collaborates with other State agencies to achieve the health care agenda of the governor.

Cost Control & Quality Improvement Office

The Cost Control & Quality Improvement Office was established July 1, 2018, by the Medicaid Cost Containment bill (SB18-266). This office analyzes utilization, unit cost, quality, and overall cost trends for Health First Colorado, CHP+, and other health safety net programs administered by HCPF. This includes utilization review, population management, case and disease management, analysis supporting interpretations, and quality scorecard metrics. The office works collaboratively with other areas of the Department to secure insights into cost trend drivers and evolving utilization patterns. The office crafts cost management strategy, selects cost management vendor partners, and oversees cost management program effectiveness and return on investment for the Department.

Finance Office

The Finance Office is responsible for the financial and risk management operations of the Department. Its divisions and functions are as follows: The Budget Division presents and defends our budgetary needs to Colorado executive and legislative authorities and monitors our caseload and expenditures throughout the fiscal year. The Controller Division oversees the Department's accounting functions. The Rates and Payment Reform Section is responsible for monitoring, developing, and implementing rates for payments to providers, including value-based payments and managed care rate setting (PACE, managed care organizations, behavioral health care capitation, etc.). The Special Financing Division administers funding to qualified medical providers who serve low-income Coloradans and researches methods for leveraging federal funds and funds from other sources to offset the expenditure of state General Fund dollars. One significant responsibility is the administration of the CHASE fee. The Audits and Compliance Division assists in ensuring Department compliance with state and federal law, identifies and recovers improper payments to providers, and conducts preliminary investigations of fraud. The CFO is responsible and accountable for our financial strategy, financial data and reporting, and for use of data analytics to define value and measure quality with regard to Department operations.

Health Information Office

The Health Information Office develops, implements and maintains the Department's Health Information Technology (HIT) and related Information Technology (IT) infrastructure, while coordinating with the Governor's Office of Information Technology, the Office of eHealth Innovation (OeHI) and other stakeholders on health IT and IT projects that impact the Department. Major responsibilities of the Health Information Office include enhancing and maintaining the Department's IT infrastructure and data flow as they impact its health care claims payment system (Medicaid Management Information System or MMIS), member eligibility system (Colorado Benefits Management System or CBMS), Business Intelligence Data Management System (BIDM) and supporting Department operations related to claims processing and member eligibility.

Health Programs Office

The Health Programs Office oversees Health First Colorado and CHP+ acute care physical and behavioral health programs. The Office manages benefit policy development and oversight and is responsible for key functions including benefit coverage appeals, federal and state compliance activities, and the Accountable Care Collaborative.

Medicaid Operations Office

The Medicaid Operations Office oversees health plan operations administered by the Department. This office is responsible for the overall operations of Health First Colorado and CHP+. This office manages the daily operations of Health First Colorado. In addition, this office is responsible for establishing and monitoring the operational performance standards (e.g., call center performance standards, claims payment standards, enrollment processing standard, compliance, etc.) for internal operations as well as for contractors working for the Department. This includes claims payment operations, the member and provider call centers; the member identification card contractor and new member enrollment; eligibility determinations made by contracted partners; and critical compliance to include fraud, waste, and abuse and program integrity.

Office of Community Living

The Office of Community Living oversees Health First Colorado's long-term services and supports (LTSS) programs and manages efforts to transform Colorado's LTSS system to ensure responsiveness, flexibility, accountability and person-centered supports for all eligible persons.

Pharmacy Office

The Pharmacy Office oversees the prescription drug benefits provided to our Health First Colorado and CHP+ members. The office is responsible for ensuring strong prescription drug policy and clinically appropriate and cost-effective use of medications. Focus areas include the Colorado Preferred Drug List Program; drug-utilization analysis and input from the Colorado Drug Utilization Review Board; value-based contracting; prescription drug affordability policy for the state, Health First Colorado and CHP+; reimbursement strategy, and contracting, including rebate contracting and more. The office also manages the Pharmacy Benefit Management System (PBMS), the adjudication system that processes the point-of-sale pharmacy claims, and the contract with the Pharmacy Benefit Management vendor. Additional responsibilities include collecting federal and supplemental drug rebates from pharmaceutical manufacturers, ensuring pharmacy benefit compliance with federal and state statutes and regulations, and providing pharmacy benefits information and assistance to members, pharmacies and prescribers.

Policy, Communications and Administration Office

The Policy, Communications and Administration Office manages Department functions associated with the legislative agenda, government affairs, communications and media relations, legal affairs, human resources and workforce development. Office staff represents the Department in stakeholders engagement with members, legislators, county partners, advocates and the press.

FY 2019–20 Performance Evaluation

Below is a summary of the Department’s most recent performance evaluation submitted in accordance with SMART Act requirements in 2-7- 204(3)(c)(VI), C.R.S. (2020).



Department of Health Care Policy & Financing Q3 FY 2019-20 Performance Evaluation (April 2020)

Strategic Pillars

The Department of Health Care Policy and Financing identified five significant objectives, or pillars, to be accomplished in FY 2019-20. The Department’s strategic pillars and supporting initiatives described below are new as of FY 2019-20. Current year ramp-up efforts are creating a foundation to achieve Governor Polis’ health related goals, and new data will help set a baseline to evaluate performance. Many of these initiatives are project-based activities with short term milestones gauging performance. As a result, year-over-year performance data beyond what is provided below is not yet available.

Due to reporting lag time for some of the measures below, results from the third quarter SMART report are shown for the prior year evaluation in the Department’s FY 2020-21 performance plan. The final evaluation for FY 2019-20 will be available and submitted by Nov 1, 2020.

Pillar 1: Health Care Affordability for Coloradans: Reduce the cost of care in Colorado

The Department created a Health Care Affordability Roadmap that identifies cost drivers and cost control policies to address them. The Roadmap is intended to inform the State’s and Medicaid’s affordability strategy and align the two. This pillar is formulated to achieve improvement in the areas of price constraint, alternative payment models, data infrastructure, innovation, and population health, as reflected by the following performance measures.

Performance Measures	FY 19 YE	FY 20 Q3	1-Year Goal
# State thought leaders, industry influencers and stakeholders who are aware of, engaged to develop, or supporting the execution of the 3-5+ Year Health Care Affordability Road Map	2,220	4,310	3,500
% Complete: Prescription Cost Drivers Report	N/A	100%	100%
% Complete: Payer Prescription Tool implementation	N/A	21%	100%
% Complete: CMS Approval for HTP Waiver	N/A	82%	100%
# HTP measures implemented	N/A	9	10

The Department met or exceeded all but one of the measures above by the end of FY 2019-20. Implementation of the Payer Prescription Tool is on track for completion in FY 2020-21.

Pillar 2: Medicaid Cost Control: Ensure the right services for the right people at the right price

Since the passage of Colorado’s Senate Bill 18-266, Controlling Medicaid Costs, the Department has been focusing resources to meet the intent of the legislation and the affordability goals of Governor Polis. In addition to many cost control initiatives to better manage Medicaid expenditures, such as curbing fraud and evolving Accountable Care Collaborative strategies, there are more than 15 workstreams inside the Department focused on Medicaid claim trend management. Most of the appropriations received by the Department are for the purpose of funding the State’s Medicaid program. As such, it is critical that the Department demonstrate sound stewardship of the financial resources that have been allocated to its programs.

Performance Measures	FY 19 YE	FY 20 Q3	1-Year Goal
\$ Medicaid per-capita total cost of care (PMPY) ¹	\$6,378	\$589 ^A	\$570 (\$6,839) ²
% Complete: Managing rising trends and high-risk, high-cost Medicaid members	N/A	70%	100%

¹ Annual goal is per member per year (PMPY). Quarterly data is per member per month for February 2020. The PMPY actual for FY20 will be calculated after the end of the FY.

² 1-year goal adjusted in October 2019 based on changes in the November budget forecast for FY 2019-20

^A \$589 pmpm through February vs target of \$570 pmpm (2.7% over, before applications of rebates). Monthly Medicaid per capita fluctuates based on the number of weeks in a month, sudden changes in caseload (due to retroactive payments), what part of the year a month falls in, the timing of lump-sum payments, and other reasons based on provider billing fluctuations. Therefore, fluctuations in monthly cost per capita are normal in most cases.

The Department’s Medicaid per capita expenditure was overstated at the end of the third quarter (shown above) because expenditure and utilization of services decreased due to the COVID-19 pandemic. Given the more recent forecast of reduced utilization due to the pandemic, per capita cost is likely to be on track with the target by the end of FY 2019-20.

The Department met its goal to complete implementation of a plan to manage rising trends and high-risk, high-cost Medicaid members.

Pillar 3: Member Health: Improve member health

The Department seeks to improve the health and well-being of Coloradans served by the Medicaid program. Appropriate health care must be complemented by addressing chronic disease, mental health and substance abuse. The impact of the opioid crisis has devastated many American families and Colorado is no exception. The Department is implementing strategies to battle overprescribing behaviors and reduce patient addiction in the Medicaid and CHIP populations.

Performance Measures	FY 19 YE	FY 20 Q3	1-Year Goal
Decrease # opioid pills dispensed among members who use the Rx benefit	8.26	7.60 ¹	7.46
% Complete: Baseline Risk Score for every member	N/A	80%	100%

¹ Data lagging—updated through December 2019.

The Department exceeded the target for both measures above by the end of FY 2019-20.

Pillar 4: Customer Service: Improve service to members, care providers, and partners

Our focus for this pillar is on improving service to our members and providers to reach levels that parallel that of the private or commercial sector. We want to be diligent and thoughtful in finding ways to do more with less across all our operations in order to match the service levels associated with commercial payers.

Performance Measures	FY 19 YE	FY 20 Q3	1-Year Goal
Provider call average speed of answer (ASA) in seconds	52	180 ¹	61

¹ Quarterly data is from February 2020.

The Department achieved its customer service goal by the end of FY 2019-20 by adding more staff. By the end of April 2020, ASA returned to less than 61 seconds.

Glossary

Accountable Care Collaborative (ACC) — The health care delivery system for Health First Colorado, designed to affordably optimize member health, functioning, and self-sufficiency. Regional Accountable Entities (RAEs) and Primary Care Medical Providers (PCMPs) that serve as medical homes work together in collaboration with other health providers and members to optimize the delivery of outcomes-based, cost-effective health care services.

All-Payer Claims Database (APCD) — A statewide information repository that collects health insurance claims information from health care payers. APCDs exist in multiple states and are designed to inform cost containment and quality improvement efforts.

Capitation — provider payment arrangement based on the number of enrolled individuals assigned to the provider, per period of time, whether or not those individuals seek care.

CHIP or CHP+ — The Children’s Health Insurance Plan. CHIP provides low-cost health coverage to children in families that earn too much money to qualify for Health First Colorado.

CIVHC — The Center for Improving Value in Health Care, a not-for-profit organization that manages Colorado’s All-Payer Claims Database (APCD) under the direction of the Department and the APCD Advisory Committee, which is appointed by the Department’s Executive Director.

CMS — The Centers for Medicare & Medicaid Services, the federal agency overseeing the Medicaid program. CMS works in partnership with state governments to administer the Medicaid and the state Child Health Insurance Plan programs.

FY — fiscal year. The State of Colorado’s fiscal year is July 1-June 30.

MMIS — Medicaid Management Information System; the hardware, software, and business process workflows that processes the Department’s medical claims and payments. Additional functions include provider enrollment and management, certain member management functions, analytics, and reporting repository, and the Prescription Drug Benefit Management System.

Primary Care Medical Provider (PCMP) — A primary care provider contracted with a RAE to participate in the ACC as a medical home.

Regional Accountable Entity (RAE) —The ACC health care delivery system is administered by seven Regional Accountable Entities or RAEs, which also contract the ACC’s behavioral health care delivery system. Each of the seven is responsible for coordinating physical and behavioral health for its enrolled members and supporting care coordination.

Medicaid State Plan — An agreement between a state and the federal government describing how that state administers its Medicaid and CHIP programs. The state plan sets out groups of individuals to be covered, services provided, provider reimbursement methodologies, and related administrative activities.

Waiver – A program that sets aside Medicaid State Plan requirements in order to provide a specific member population with needed service.