

# Fiscal Year 2023-24 HCPF Performance Plan

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July 1, 2023

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## HCPF Overview

The Colorado Department of Health Care Policy & Financing (HCPF) fiscal year FY 2023-24 performance plan is an annual report on progress made toward achieving our mission and supporting goals. This report includes accomplishments, project status, findings, data and policy, and administrative difficulties in the operations of our programs as of FY 2022-23, Quarter 3. This report is completed for the Colorado General Assembly; stakeholders, providers and contractors; the people of Colorado; and HCPF staff.

HCPF 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, such as affordability best practices, innovation opportunities, policy guidance and subject matter expertise, for the state’s executive branch, legislative branch and purchasers. As the largest health payer in the state - now covering one in four Coloradans - we collaborate with the state’s largest health plans to create best practices on shared initiatives to the benefit of Coloradans. HCPF also oversees the state’s All Payer Claims Database (APCD). HCPF is the fiscal agent for the Office of eHealth Information (OeHI), houses the OeHI and provides support services to OeHI such as procurement, budgeting, contract management and federal engagement support.

As of the writing of this report, HCPF provides health care coverage - such as medical, prescription drugs and behavioral health - to one in every four Coloradans, or more than 1.7 million people, through its safety net coverage programs. HCPF does not directly provide or deliver medical services; rather, we administer programs as well as contract with a network of providers who render services to eligible members.

We serve Coloradans who are eligible for and enrolled in Health First Colorado and CHP+, and those who receive services through the other programs described above. In serving these Coloradans, we partner with medical, dental, behavioral health, vision and other medical care providers as well as long-term services and supports providers;

other state agencies; the Centers for Medicare & Medicaid Services (CMS); advocates for member populations; the Governor’s Office and the Colorado General Assembly; service contractors; expert consultants and advisors; various nonprofit entities; health plans and commercial health insurance carriers; and entities that help individuals apply for benefits such as Colorado counties, local government agencies and medical assistance sites.

Health First Colorado receives approximately 60% of its funding from the federal government, while CHP+ is approximately 66% federally funded. Less than 4% of HCPF’s budget goes to administrative costs, while 96% are payments to health care providers.

## Mission, Vision and Organizational Chart

Our mission and vision statements guide our work and are shown below:

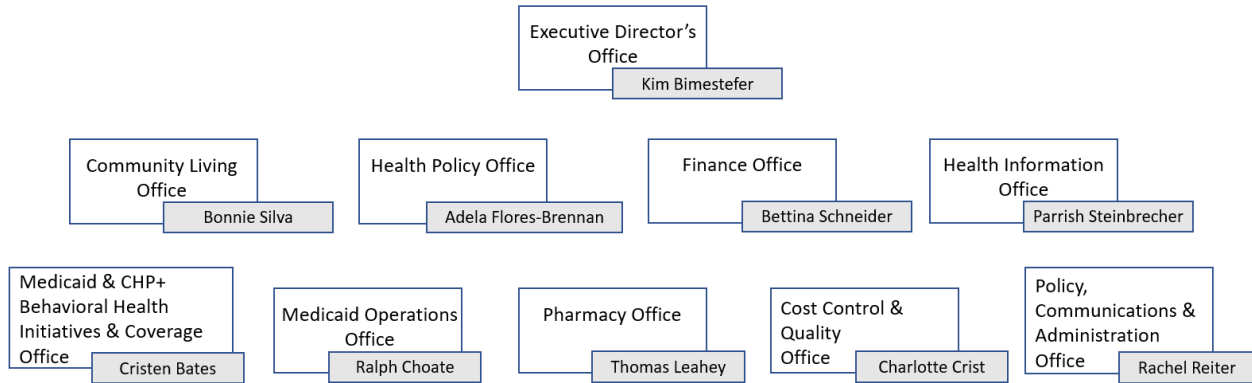


### Our Mission:

Improving health care equity, access and outcomes for the people we serve while saving Coloradans money on health care and driving value for Colorado.

### Our Vision:

Coloradans have integrated health care and enjoy physical, mental and social well-being.



## HCPF Description

HCPF is structured into the following offices, led by Office Directors, reporting to the Executive Director. This structure enables HCPF to be more agile in responding to the changing dynamics of health care, while leveraging the expertise and specialization associated with each office.

**Executive Director’s Office:** Kim Bimestefer was reappointed Executive Director of HCPF by Governor Jared Polis, after her first appointment effective Jan. 8, 2018, by then Governor John Hickenlooper. The Executive Director is responsible for setting the strategic direction of HCPF as well as leading HCPF to achieve its vision, mission and annual goals; creating alignment with other state agencies to achieve the health care agenda of the Governor; overseeing HCPF operations and programs that are provided by both employees and contractors; and ensuring HCPF operates in an efficient and effective manner. This office oversees human resources, learning and development, and equity, diversity, inclusion and accessibility to support HCPF employees. This office focuses on hiring, retaining and cultivating our employees to rise and thrive in their quest to meet HCPF’s mission, vision and goals.

**Health Policy Office:** The Health Policy Office oversees Health First Colorado fee-for-service benefits such as physical, prescription drugs, dental and transportation, and develops and implements policy on children and maternal health. The office manages benefit policy development, maintenance and oversight, and federal and state compliance activities.

**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. The office also manages policy development, maintenance and oversight of the benefits provided to individuals with disabilities and adults 65 and older covered by related waiver programs.

**Pharmacy Office:** The Pharmacy Office oversees the prescription drug benefits provided to Health First Colorado members through our pharmacy benefit manager (PBM) and directly from providers, like pharmacies, hospitals and doctors. The office is responsible for ensuring appropriate prescription drug policy as well as clinically appropriate and cost-effective use of medications. Focus areas include the Colorado Preferred Drug List Program; drug utilization review including analysis and input from the Colorado Drug Utilization Review Board; value based contracts; prescription drug affordability policy; reimbursement strategy; and contracting. The office also manages the point-of-sale pharmacy claims adjudication system (the Pharmacy Benefit Management System, or PBMS). The Pharmacy Office also collaborates with the Executive Director’s Office to craft prescription drug affordability policy to the benefit of Coloradans covered by commercial coverage to help Coloradans and their employers save money on health care.

**Medicaid Operations Office:** The Medicaid Operations Office oversees Health First Colorado and CHP+ health plan operations performed by both HCPF employees and third-party contractors. In addition, this office establishes and monitors the operational performance standards for internal operations and HCPF contractors, and performs fraud, waste and abuse oversight and mitigation functions. Operations include claims payments, member and provider call centers, member enrollment, eligibility determinations made by contracted partners and provider network management. Following federal direction, this office has the primary responsibility for guiding the successful unwinding of the federal Public Health Emergency (PHE) for COVID-19’s Medicaid continuous coverage requirement (as directed by the federal government) and all of the systems, reporting, appeals processing and Medicaid technician guidance associated.

**Finance Office:** The Finance Office is responsible for HCPF financial operations. This includes accounting, budgeting, external and internal audits,



rate setting and provider supplemental payment calculations, and procurement operations of HCPF. The Finance Office also leads Medicaid payment reform efforts, including the creation of value-based payment models, and manages several health care financing programs that are either part of Medicaid or state-only programs. The office is also responsible for monitoring, developing and implementing rates for payments to providers and managed care rate setting for capitated programs.

**Cost Control & Quality Improvement Office:** The Cost Control & Quality Improvement Office was established July 1, 2018, by the Medicaid Cost Containment law ([Colorado Senate Bill \(SB\) 18-266](#)). This office manages Health First Colorado's delivery system, improves quality, advances health equity, drives affordability and ensures right care, right time, right place for the right price. As such, this office oversees Regional Accountable Entity innovations and performance evaluation. This office establishes quality and health equity strategy, insights and performance improvement. This office manages programs that improve Health First Colorado affordability, which helps protect benefits given HCPF's budget is about one-third of the state's budget. This office also manages claims data repositories as well as tools and resources to produce directional analyses and management insights such as utilization patterns, unit cost, quality and overall cost trends for Health First Colorado, CHP+ and other health programs HCPF administers. The office oversees utilization review, population management, case and disease management program innovations, quality scorecard metrics, cost management strategy, vendors and program effectiveness.

**Policy, Communications and Administration Office:** The Policy, Communications and Administration Office manages the legislative agenda, government affairs, communications, media relations and legal affairs. This includes collaborating with our stakeholders in the General Assembly, county human services directors and staff, local public health representatives and county commissioners, as well as leaders of federally recognized tribes and urban American Indian communities.

**Health Information Office:** The Health Information Office develops, implements and maintains HCPF's claims payment system (Medicaid Management Information System, or MMIS) and data management system

(Business Intelligence Data Management System, or BIDM). The office also oversees health information technology (HIT) projects and related information technology (IT) infrastructure. This office coordinates with the Governor’s Office of Information Technology (OIT), the Office of eHealth Innovation (OeHI) and other stakeholders on HIT and IT projects that impact HCPF. In 2021, and in partnership with the Medicaid Operations Office, HIO assumed shared responsibility with the Colorado Department of Human Services (CDHS) for the management of the state’s eligibility system, Colorado Benefits Management System (CBMS).

**Medicaid and CHP+ Behavioral Health Initiatives and Coverage Office:** The Medicaid and CHP+ Behavioral Health Initiatives and Coverage Office governs HCPF’s specific behavioral health policies, benefits, special projects and strategies. The office also ensures that HCPF is fully aligned and engaged to support the Colorado Behavioral Health Administration (BHA) and its vision to achieve transformative goals while also improving HCPF’s focus and ability to meet the expectations of our advocates, legislators, providers, counties and other stakeholders in the provision of Medicaid and CHP+ behavioral health services. This includes implementing elements of the statewide behavioral health transformative initiatives attributed to HCPF while ensuring that HCPF continues to improve the behavioral health access, quality, equity and service provided to Medicaid and CHP+ members.

## Environment

The following are key environmental factors influencing HCPF's performance:

### 1. Growth in Membership During Public Health Emergency

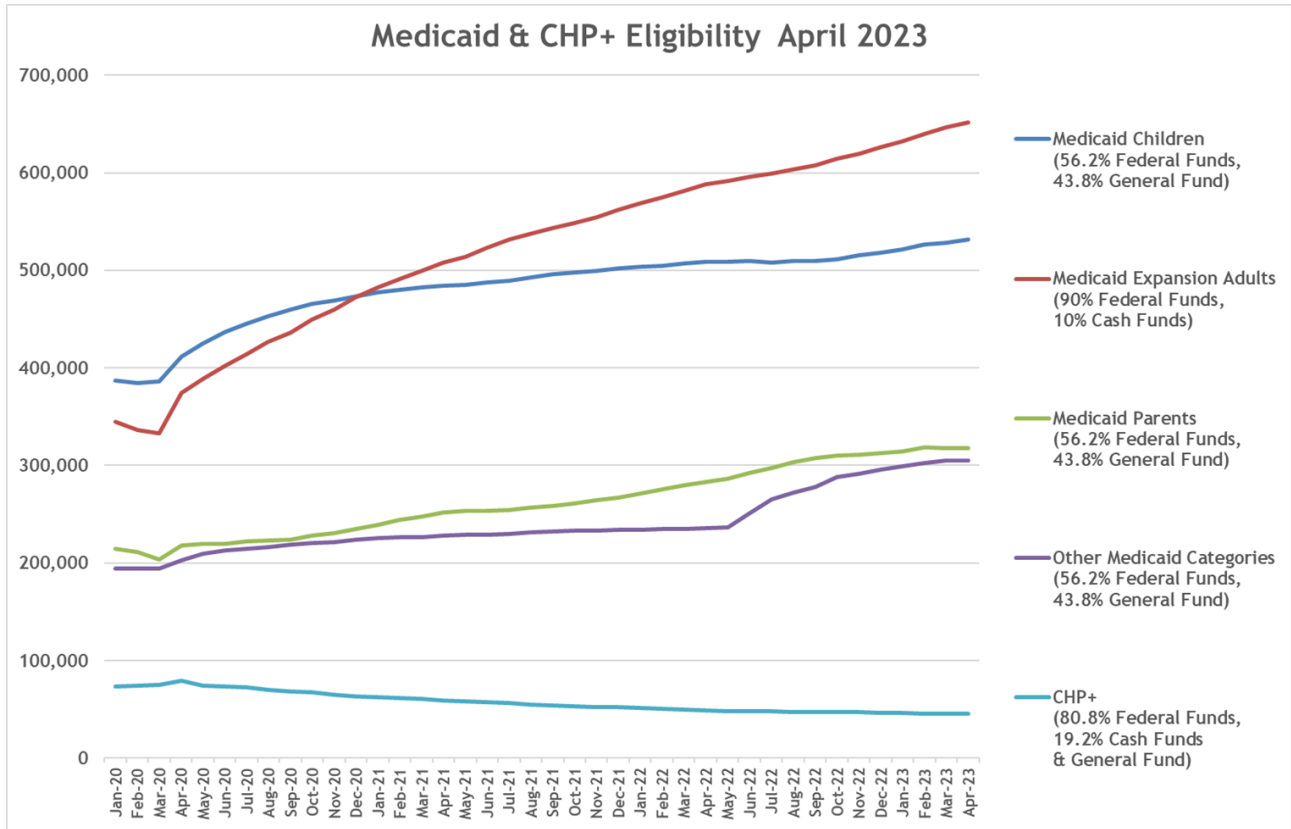
An economic downturn primarily affects HCPF by increasing Health First Colorado (Colorado's Medicaid program) and Child Health Plan *Plus* (CHP+) enrollment and membership (referred to technically as caseload). During an economic downturn, unemployment rises, particularly for people with lower incomes. Unemployment causes Coloradans to lose employer-sponsored health coverage, in addition to reducing household income. Health First Colorado and CHP+ are there for these Coloradans, so our membership can rise rapidly during economic downturns.

This was indeed true during the economic downturn generated by the COVID-19 pandemic. Health First Colorado and CHP+ have grown by more than 500,000 members since the beginning of the COVID-19 pandemic (from 1.25 million in March of 2020 to more than 1.7 million in April 2023). That's the largest increase in Health First Colorado membership since the 2014 Medicaid expansion, which helped connect an additional 600,000 Coloradans to affordable coverage.

This increase in membership was also a result of the [Medicaid continuous coverage requirements associated with the federal Public Health Emergency \(PHE\) for COVID-19](#). During the PHE, the federal government required medical assistance program coverage to be continuous, so people who had enrolled in Health First Colorado when the PHE began in most cases maintained their Health First Colorado coverage through the PHE. It has been our honor to provide health coverage to those who need it. HCPF has been there for Coloradans with disabilities, those in between jobs, pregnant persons and more than half-a-million of Colorado's children during this period of time.

Since March 2020, the populations that have seen the greatest increase in enrollment are Health First Colorado Expansion Adults, Health First Colorado Children and Health First Colorado Parents. As of April 2023, Health First Colorado Expansion Adults have increased 96% and account for 48% of the overall growth. Health First Colorado Children have increased 38% and account for 22% of overall growth. Health First Colorado Parents have increased 56%

and account for 17% of overall growth. These increases are shown on the graph below:



Shown for Health First Colorado (Colorado’s Medicaid program) and Child Health Plan *Plus* (CHP+)

This increase in membership over the past three years has been substantial. For historic context, through the Affordable Care Act’s Medicaid expansion and collaboration across the state between 2014 through 2016, [Colorado’s uninsured rate decreased from more than 15% to about 6%](#). By continuing to work together, we were able to maintain that 6% uninsured rate through the COVID-19-induced economic downturn by being there for the hundreds of thousands of Coloradans who lost their commercial coverage and turned to Health First Colorado and CHP+ - a spectacular achievement to the betterment of the health and well-being of Coloradans, employers, our providers and our state. While health coverage is always important, it was even more so through the pandemic. We have been proud to serve the additional more than 500,000 Coloradans who found themselves in need of our coverage programs, which provide affordable care access and support overall health and well-being.



## 2. End of Public Health Emergency’s Medicaid Continuous Coverage

Following [federal law and directives](#) for all states, including Colorado, and in collaboration with our county partners, HCPF resumed the standard eligibility review process beginning May of 2023 for Health First Colorado and CHP+, after more than a three-year pause during the federal Public Health Emergency (PHE) for COVID-19. In March 2023, HCPF, in collaboration with county partners, began sending renewal notices and related information to all Health First Colorado and CHP+ members scheduled for renewal in May. The renewal process is continuing month by month through April 2024 for all 1.7 million Coloradans covered under Health First Colorado and CHP+.

As we return to normal operations, HCPF is estimating that more than 325,000 Coloradans (about 20% of current members) may no longer qualify for our safety net coverage programs, and will therefore be disenrolled between May 2023 and April 2024. Our shared goal through these efforts under the Polis-Primavera Administration is clear: **Keep Coloradans Covered**. First, we are working to ensure that those Coloradans who continue to qualify for Health First Colorado and CHP+ coverage stay enrolled. Second, we are working to connect those Coloradans who no longer qualify for our programs to alternative, affordable forms of health coverage.

As such, the state made meaningful systemic advances over the last few years in preparation for this period of health coverage renewals and transitions. As a result, Colorado is leading the nation in preparedness, planning and implementation across systems, communications and operations:

- HCPF is making the renewal process as easy as possible for people to stay on Health First Colorado/CHP+ who remain eligible. HCPF revamped its renewal process, putting in place greater automation and streamlining processes so that about one-third of members’ renewals are processed automatically based on information from other data interfaces without the member or county worker needing to complete a renewal packet to continue to qualify for coverage. HCPF also enhanced member tools, including e-signing. Due to these tremendous advances in our eligibility processes over the last few years, about one-third of members are being renewed automatically. The remaining members will receive a

renewal packet and need to take action by their renewal deadline to see if they still qualify.

- HCPF is waiving the CHP+ annual enrollment premiums as approved by the General Assembly, enabling the auto-enrollment of children into CHP+ who no longer qualify for Health First Colorado but do qualify for CHP+.
- HCPF is partnering with [Connect for Health Colorado](#) to ensure disenrolling members know how to apply for individual and family coverage and how to secure the financial subsidies that make marketplace coverage more affordable. HCPF and Connect for Health Colorado are working together to leverage available monies through [Senate Bill 22-081](#) to raise awareness about health care coverage options and financial assistance available for Health First Colorado, CHP+ and Connect for Health Colorado coverage.
- To ensure broad alignment on process and communications, HCPF has been engaging hundreds of stakeholders to join HCPF and the Polis-Primavera Administration in a shared effort to [Keep Coloradans Covered](#). This collaborative, collective and impactful effort across state agencies, contracted partners, health care providers, community partners, counties, regional accountable entities, Connect for Health Colorado, consumer advocates, health plans and more, has been important to achieve the shared goal to Keep Coloradans Covered through this time of coverage transition. Through outreach, email, texts, flyers, videos, public service announcements, social media, traditional media and our KeepCOCovered.com website, HCPF and our partners have been actively outreaching members and raising awareness so that each member still needing to renew coverage is reminded at least four times and those that no longer qualify for Health First Colorado or CHP+ are connected to other affordable health care coverage options and assistance where needed. Materials are in English and Spanish, and we are translating many materials into the next top 11 languages spoken by our members.
- We have also made targeted investments to the ease of use based on member feedback, including to the online PEAK platform and the Health First Colorado app to assist members in learning about and completing

their renewal digitally. We have improved member correspondence, our monitoring systems and our eligibility system.

- We have further worked with our county partners, the Colorado Human Services Directors Association (CHSDA), Colorado Counties, Inc. (CCI) and the Joint Budget Committee to secure additional funding to assist counties through this unique chapter to ensure counties have adequate resources to support the increased workload from continuous coverage. The increased funding allows counties to add additional staff capacity for eligibility determinations, customer service functions, appeals and other operational costs as member renewals are conducted through the end of continuous coverage.
- HCPF has contracted with its regional health plan partners (Regional Accountable Entities, or RAEs) to develop targeted outreach plans to reach their members. These plans include tactics for high risk populations and hard-to-reach members such as the unhoused.

Of note, many of the Coloradans who joined and are anticipated to transition off Health First Colorado and CHP+ at the end of the PHE (continuous coverage Population) will represent a healthier population while those who will remain members tend to have additional health risks and accordingly higher health care costs. Thus, we expect HCPF's overall claims costs will go down while the per member per month (PMPM) claims costs will rise. This shift in the population will impact our overall medical and pharmacy cost trends. Additionally, some members skipped preventive, routine and other health care during the pandemic, which could lead to worse health outcomes and increased future costs for Health First Colorado. Finally, we do not yet fully know the impacts of long-term COVID-19, sometimes referred to as post-COVID conditions or "long COVID."

Beyond the Medicaid continuous coverage requirement, the federal government [ended the PHE on May 11, 2023](#). Colorado was prepared for this, and had already made positive policy changes, such as telehealth, permanent. Further details are in our [May 2023 - End of the PHE special edition newsletter](#). HCPF will take 12 months (14 months including noticing) to complete renewals for each of the approximately 1.7 million people currently enrolled. This approach is supported by the U.S. Department of Health and Human Services which [encouraged states to take a year to wind down](#).



### 3. American Rescue Plan Act

The American Rescue Plan Act (ARPA) has provided unprecedented relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals and businesses. HCPF focused on directing ARPA funding toward transformational projects related to:

- Strengthening the behavioral health safety net, stabilizing behavioral health crisis services, improving behavioral health access and integrating behavioral health into primary care
- Closing gaps in the care continuum such as improving the affordability and accessibility of rural care
- Addressing health disparities with a focus on COVID-19 vaccination rates, including through evidence-based policy interventions
- Targeting services to high-risk populations, especially members with disabilities and members aged 65 and older
- Investing in the health care workforce with particular attention to the direct care workforce
- Funding new wraparound services such as housing supports

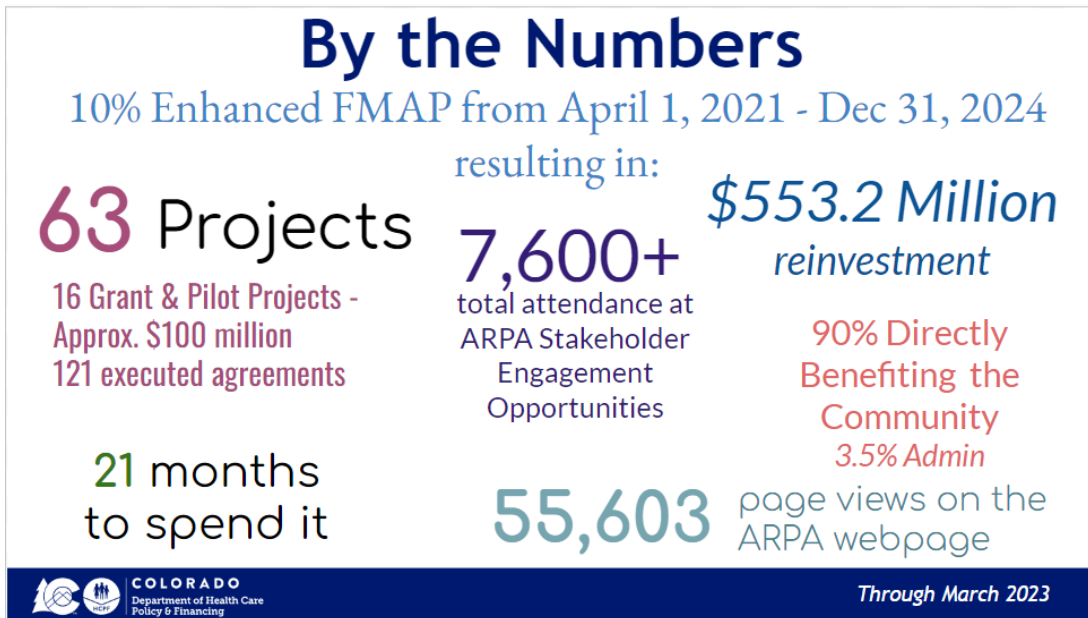
Of note, ARPA included a one-time 10% federal medical assistance percentage (FMAP) increase for home and community-based services (HCBS). Colorado was one of the first states in the nation to receive state and federal approval of its ARPA HCBS spending plan, begin implementing the plan and start drawing down federal matching funds. As of May 2023, all 63 HCPF initiatives have begun implementing their efforts to make improvements to home and community-based services, including focused efforts to improve the recruitment and retention of direct care workers. The latest quarterly reports were submitted to CMS and the Colorado General Assembly Joint Budget Committee (JBC)<sup>1</sup> in May 2023 with [dashboards illustrating statuses of projects and a total projected spend of about \\$553.2 million to achieve shared goals](#). These projects have been developed and moved forward in close collaboration with stakeholders through 156 meetings and engagement of over 7,600 different stakeholders.

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<sup>1</sup> The JBC on March 9, 2023, unanimously passed the formal spending authority for S-8/BA-8 HCBS ARPA Adjustments which extended ARPA funding to Dec. 31, 2024. Total funds now available through the ARPA HCBS spend plan are \$553.2 million. The state has drawn down more than \$300 million to date.



Another important way HCPF has kept stakeholders informed is through our [ARPA webpage](#) and monthly [newsletter](#).



HCPF is intent on ensuring that we fully leverage the historic ARPA stimulus funding to not only address the immediate needs of those we serve, but also to make lasting improvements to the health care delivery system. That is why we are prioritizing this work and dedicating substantial time, technology and resources to it.

#### 4. Behavioral Health Transformation and Investment

The pandemic exacerbated the increasing demand for behavioral health services. As part of the State of Colorado efforts, HCPF is collaborating closely with the new Behavioral Health Administration (BHA) on behavioral health transformation that puts people first and makes bold changes to how the state delivers mental health and substance use services, including the \$550 million in ARPA funding to implement [Behavioral Health Transformation Task Force Recommendations](#).

HCPF created a new office that governs our specific behavioral health policies, benefits, special projects and strategies: Medicaid and CHP+ Behavioral Health Initiatives and Coverage (BHIC). Given the unprecedented and historic changes both underway and forthcoming to transform the state's behavioral health system, this new HCPF office works to ensure that HCPF is fully aligned and

engaged to support the BHA and its vision to achieve transformative goals while also improving HCPF's focus and ability to meet the expectations of our advocates, legislators, providers, counties and other stakeholders in the provision of Health First Colorado and CHP+ behavioral health services. This includes implementing elements of the statewide behavioral health transformative initiatives attributed to HCPF while ensuring that HCPF continues to improve the behavioral health access, quality, equity and service provided to Health First Colorado and CHP+ members.

HCPF has continued to invest, strengthen and transform behavioral health care by:

- Investing in the behavioral health safety net: Public programs like Health First Colorado serve those with the highest behavioral health needs, the state's most vulnerable and marginalized. We are the largest payer in the state. Just under 20% of our members accessed behavioral health services last year. That is why HCPF's FY 2023-24 budget includes \$1.23 billion in funding for behavioral health programs this year, a significant and steady increase in the state investment over the past five years. The behavioral health budget is up more than \$600 million since FY 2018-19 (\$631 million in expenditures that year).
- Improving behavioral health access: HCPF added 2,220 behavioral health providers (an increase of 25%) over the past two years (Apr. 2021 to Mar. 2023) to our network.
- Transforming our behavioral health services: HCPF has strengthened the behavioral health safety net by integrating behavioral health into primary care, increasing adult beds and youth residential beds, adding a tribal substance use disorder facility, increasing high-intensity outpatient and transition services statewide, enhancing mobile crisis delivery and connecting 350 people to permanent supportive housing with on-site social and clinical supports.

## 5. Rising Health Care Costs

The affordability of health care continues to be one of the most significant challenges here in Colorado and across the nation. CMS predicts that [national health spending](#) will grow at an average rate of 5.4% per year between 2019

and 2028, outstripping growth in the nation’s Gross Domestic Product. CMS also predicts that Medicaid spending will grow at a rate of 5.5%, which is between the projected rate of Medicare growth at 7.6% and private health insurance growth at 4.8%. [CMS identifies drivers](#) including rapid increases in prescription drug spending, hospital spending, and physician and clinical services.

Indeed, HCPF’s budget has increased from \$3.0 billion General Fund in FY 2019-20 to \$4.5 billion General Fund in FY 2023-24. This increase is a product of the significant increase in members covered by Medicaid, benefit increases like covering inpatient and residential care for substance abuse disorder, increases in provider participation and therefore access, and the increases in reimbursement rates to our valued health care providers recognizing the increase in their costs. Colorado state revenue dollars are experiencing increased pressure to keep pace with rising expenses. At the same time, federal stimulus dollars are diminishing. It is important to note that the state’s Taxpayer’s Bill of Rights (TABOR) Amendment limits do not recognize medical inflation or that HCPF health care expenses consume almost one-third of available state General Fund.

That is why driving health care affordability is a top priority. In alignment with the Polis-Primavera Administration priority to Save People Money on Health Care, HCPF supports the Office of Saving People Money on Health Care and participates in the Health Cabinet, both of which are led by Lt. Gov. Primavera. Additionally, HCPF’s mission statement includes “...*saving Coloradans money on health care and driving value for Colorado,*” and is reflected in HCPF goals intended to drive policy, transformation and affordability impact. In partnership with the Health Cabinet, HCPF conducts research, analytics and reporting that identify drivers of rising health care costs and the strategies to address them at both state and federal levels.

As such, HCPF is focused on delivery system innovations and regulatory structures that prioritize better health outcomes and affordability. The top two drivers affecting affordability are prescription drug costs and hospital costs. Below are HCPF strategies to address these drivers:

- The high cost of prescription drugs, especially specialty drugs, is a challenge for Health First Colorado, CHP+ and all health plans. In

January 2021, HCPF released the second edition report, [Reducing Prescription Drug Costs in Colorado](#). Patent protections, specialty drugs and lack of price transparency are the top factors fueling rising drug costs. The report makes both state and federal recommendations to achieve meaningful reductions in the total cost of prescription drugs for Health First Colorado/CHP+ as well as for Colorado and Coloradans. Notably, less than two percent of drugs are so expensive, they are driving more than 50% of prescription drug costs for Medicaid and Commercial lines of business.<sup>2</sup> In particular, emerging prices are alarming, such as: Hemgenix \$3.5 million for a potentially curative treatment option for patients with severe hemophilia B; Zynteglo \$2.8 million for one infusion treatment for beta-thalassemia and it is unclear if it is curative; Zolgensma \$2.1 million to treat a degenerative muscle condition in infants; and Skysona \$3 million to treat a degenerative neurological condition in children.

- Colorado's hospital prices are some of the highest in the country - ranking in the top six nationally for four years running, in the aggregate.<sup>3</sup> Colorado hospitals rank 4th highest in the nation for both patient services profits and total profits. This is partly attributable to increased Health First Colorado reimbursement and health care coverage expansions financed through the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) hospital provider fee and the Affordable Care Act (ACA).<sup>4, 5</sup> However, concurrently, hospital prices to commercial insurance carriers have risen<sup>6</sup> and health care costs

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<sup>2</sup> CIVHC, *Prescription Drug Rebates In Colorado Colorado All Payer Claims Database, 2022*, <https://civhc.org/get-data/public-data/focus-areas/prescription-drug-rebates>.

<sup>3</sup> Data extracted from the Nov. 2022 Healthcare Cost Report Information System (HCRIS) update. Data includes data for short-stay hospitals across the nation. Other state values are adjusted for cost of living. HCPF adjustments are made to ensure data is error free and outliers are removed. For further details on HCPF's Medicare Cost Report analysis, please see Appendix A of the *Hospital Cost, Price and Profit Review* and the *2023 Hospital Insights Report* at <https://hcpf.colorado.gov/hospital-reports-hub>

<sup>4</sup> Colorado Health Care Affordability Act, HB09-1293. 2009 Regular Session. (2009). Page 2. [http://www.leg.state.co.us/clics/clics2009a/csl.nsf/billcontainers/D71C48DD229F80CD872575540079F3A0/\\$FILE/1293\\_enr.pdf](http://www.leg.state.co.us/clics/clics2009a/csl.nsf/billcontainers/D71C48DD229F80CD872575540079F3A0/$FILE/1293_enr.pdf)

<sup>5</sup> Patient Protection and Affordable Care Act of 2010, Pub. L. No. 111-148, 124 Stat. 119 (2010). <https://www.congress.gov/111/plaws/publ148/PLAW-111publ148.pdf>

<sup>6</sup> The CHASE Annual Report provides payment-less-cost per patient figures. Although not within the report, commercial insurance payment per patient figures have been calculated using the same dataset. Commercial insurance payment per patient figures have increased almost every year since 2015 (except 2021 which was stable with 2020) along with commercial insurance payment-less-cost per

consumed more of Coloradans' dollars and the total state budget.<sup>7, 8</sup> At the same time, 47% of U.S. adults reported difficulties affording out-of-pocket costs for medical care<sup>9</sup> and one in five Coloradans chose not to seek health care services because of affordability.<sup>10</sup> While Colorado is fortunate to have a relatively healthy population that contributes to lower per capita costs, the prices for individual procedures, inpatient care and outpatient care are higher than average in Colorado and vary widely across hospitals. HCPF's March 2023 [Hospital Insights Bulletin](#) serves as an overarching summary of six recent releases on Colorado hospital financials. This consists of an analysis of the quality of hospitals' Price Transparency postings (Hospital Transparency Scorecard); a new tool for and analysis of hospitals' breakeven rates (Breakeven Analysis tool); a preview of profits and reserves information for Colorado's major hospital systems in 2022; and three recently released financial reports on costs, prices, profits and community benefit: [Colorado Healthcare Affordability and Sustainability Enterprise \(CHASE\) Annual Report](#), the [Hospital Expenditure Report](#) and the [Hospital Community Benefit Accountability](#). The Breakeven Analysis tool provides better insights into what hospitals need to charge commercial carriers in order to offset the underpayments of public payers. Colorado ranks sixth in the nation for the highest hospital prices and fourth for both the highest patient services profits and total profits, which incorporate investment earnings. Both are indicators of price reduction opportunities. This tool allows carriers, employers, other payers and communities to negotiate price

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patient figures. Department of Health Care Policy & Financing. (2023, January). 2023 CHASE Annual Report. Retrieved from <https://hcpf.colorado.gov/colorado-healthcare-affordability-and-sustainability-enterprise-chase-board>.

<sup>7</sup> See Figure 1 on page 8 of the Hospital Cost, Price & Profit Review. Department of Health Care Policy & Financing. (2021, August). Hospital Cost, Price & Profit Review. Retrieved from <https://hcpf.colorado.gov/hospital-reports-hub>.

<sup>8</sup> Health services make up 45.9% of the FY 2023-24 state budget and include: Health Care Policy & Financing (38.1%), Department of Public Health & Environment (2.0%) and the Department of Human Services (5.8%). Colorado General Assembly. (n.d.). Budget Package and Long Bill Narrative. Retrieved from <https://leg.colorado.gov/sites/default/files/23lbnarrative.pdf>.

<sup>9</sup> Montero, A., Kearney, A., Hamel, L., & Brodie, M. (2022, July 14). Americans' Challenges with Health Care Costs. Kaiser Family Foundation. Retrieved from <https://www.kff.org/health-costs/issue-brief/americans-challenges-with-health-care-costs>.

<sup>10</sup> Colorado Health Institute. (2021, October 25). 2021 Colorado Health Access Survey: Health Insurance Coverage. Retrieved from <https://www.coloradohealthinstitute.org/research/colorado-health-access-survey-2021>.



reductions with their hospital partners in a more informed way. The March 15, 2023, [Price Transparency Posting Evaluation](#) shows 26.5% of Colorado hospitals have an overall price transparency quality rating of Good, while 47.0% ranked as Fair and 26.5% ranked Poor. More recent meetings with hospitals indicates that hospitals are refocusing efforts to address scorecard findings, which will result in an improvement in price transparency.

- The [Hospital Transformation Program \(HTP\)](#) is one of the largest and most comprehensive programs impacting hospital affordability to the benefit of all Coloradans and the Health First Colorado program. The HTP is the state's first major effort to significantly redirect hospital supplemental payments toward major delivery model transformation to the betterment of all Coloradans, regardless of payer or coverage type. The goal of the HTP is to improve the quality of hospital care provided to Health First Colorado members by tying provider fee funded hospital payments to quality-based initiatives. A critical component of the HTP is its Rural Support Fund, which helps prepare critical access and rural hospitals for future value-based payment environments.
- HCPF is implementing alternative payment models (APMs), a type of value-based payment program, that condition a portion of reimbursements on outcomes, affordability or other performance metrics, driving more accountability on the part of providers to be part of the systemic and transformative solution. Top advances include primary care, maternity, prescription drugs (both with manufacturers and prescribers), hospitals (the Hospital Transformation Program), and specialists and facilities (providers of distinction). This work will drive changes not only to Health First Colorado outcomes and affordability but also to commercial and Medicare affordability and outcomes as well. More information is on our [website](#).

In addition, in March 2023, HCPF hosted a [Health Cabinet Affordability Summit](#) with the Lt. Gov., Health Cabinet executive directors and industry leaders on advancing rural hospital supports, prescription drug affordability, hospital affordability, work to Keep Coloradans Covered through the end of the public health emergency and value based payments, attended by approximately 700 people representing policy makers, advocates, payers, care providers, health



care leaders and other industry stakeholders. Finally, HCPF maintains an [Affordability](#) website as a repository of affordability strategies and projects and is in the process of refreshing our affordability priorities for fiscal year 2023-24.

## 6. Health Disparities

Meeting Health First Colorado and CHP+ members where they are is a fundamental principle and best practice. That is why we are working alongside our dedicated and mission-driven providers and advocates to help remove barriers to quality care and close health disparity gaps for all Coloradans. Effective July 1, 2022, health equity plans are now in our Accountable Care Collaborative partner RAE/Managed Care Entity (MCE) contracts. This important lever is foundational in achieving desired health outcomes as well as decreasing disparities for our members. In addition to targeted interventions to population needs and health priorities, listening to the lived experiences of our members and shoring up our data collection are key tactics HCPF is employing to inform our decisions and innovations to improve quality of care.

HCPF partnered with the Governor's Office and CDPHE to pass [Senate Bill 21-181](#), which creates a shared health equity strategic plan across state agencies and provides funding and staff to implement it. In alignment with this legislation, HCPF created a robust and comprehensive [health equity plan](#) to address health outcomes and disparity indicators in four areas: vaccinations, maternal health, behavioral health and chronic disease and prevention in Health First Colorado and CHP+ programs.

For these four areas, HCPF is doing internal analysis of state performance, overall RAE performance, national mean, and HCPF goals to identify and close health care disparities. [HCPF also launched a statewide health equity task force](#) composed of 60 ambassadors across the state that work together to identify additional disparities, with representation from members, RAEs, hospitals, clinics and grassroots organizations.

## 7. Colorado's Aging Population

Due to declining birth rates and the number of individuals aging into the 65 and older population, Colorado's population makeup is shifting dramatically. Between 2010 and 2021, the number of Coloradans 65 and older grew by about

350,000. Coloradans 65 and older contribute to 50% of Colorado’s population growth.<sup>11</sup> Indeed, Colorado is one of the fastest aging states in the country<sup>12</sup>, and Health First Colorado, as the primary payer of long-term care, is witnessing the impacts of this demographic change. In addition to leveraging the opportunity that ARPA presents to make significant investments in home and community-based services to ensure older adults can continue to age in their community, HCPF has also taken steps to bolster other key benefits and services to ensure a continuum of care is available.

Over the past five years, HCPF has seen a steady growth of 10.18% in Program for All Inclusive Care for the Elderly (PACE) program expenditures. Given PACE’s expansion in Colorado, HCPF is taking steps to improve the overall quality of the program and its value. HCPF was the first in the nation to begin collecting detailed encounter data from PACE organizations to understand the services being delivered. Further ensuring a comprehensive focus on quality and outcomes, HCPF will be overhauling PACE oversight in Colorado, with the goal of setting expectations for PACE organizations to ensure active compliance with our regulations, thereby increasing overall quality. HCPF will also be developing a pay for performance structure. In collaboration with PACE organizations, HCPF will identify key performance measures that increase quality of care. These measures will have a financial incentive attached to ensure high quality PACE organizations are rewarded for the value they provide. Through these efforts, Colorado is at the forefront of ensuring responsible growth and increased performance within Colorado’s PACE program.

The state’s skilled nursing facilities are another critical provider of both short- and long-term care for older Coloradans. Caught at the epicenter of the pandemic, nursing facilities experienced the trifecta of incredibly high mortality rates, extreme turnover and rising costs with declining member census. These facilities have yet to rebound, putting their long-term sustainability at risk. Nursing facilities have faced escalating challenges maintaining adequate staffing due to rising labor costs and burnout from the

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<sup>11</sup> 2021 Population Summary, State Demography Office, <https://demography.dola.colorado.gov/assets/html/reports.html>

<sup>12</sup> Source: Colorado State Demography Office • Note: Data is based on estimates through 2020 and then based on forecasts.





COVID-19 pandemic. Keeping nursing facilities afloat is important, particularly in rural communities where they not only allow individuals to remain close to relatives and friends, but they also serve as a bedrock for the local economy. To address these challenges, HCPF invested \$24,386,730 in FY 2021-22 and \$2,413,000 in FY 2022-23, and an additional \$62,264,197 is appropriated for FY 2023-24. Focusing attention on the workforce, HCPF has additionally committed funds to ensure all workers in these settings receive a base wage of at least \$15.75 per hour.

HCPF also realized that this is not a short-term problem, but rather an issue many decades in the making. For this reason, HCPF worked in collaboration with the state’s nursing facilities to create a statewide plan outlining [recommendations](#) to permanently change provider reimbursement policy to prioritize quality, sustainability and sound fiscal stewardship. The plan was developed in November 2022 and resulted in changes passed in [House Bill 23-1228](#) that will provide the path toward long-term transformation, ensuring these critical providers remain viable and available for those who need them. In FY 2023-24, HCPF will begin implementation of HB 23-1228 to refocus the nursing facility reimbursement structure toward workforce development, quality improvement and support for high needs individuals. In addition, this increased financial oversight on nursing home providers will allow HCPF to measure the effectiveness of the changes and make ongoing proactive improvements through regulation.



## Performance Evaluation: Fiscal Year 2022-23, Q4

There were two Wildly Important Goals ([WIGs](#)) in HCPF's FY 2022-23 performance plan: 1) Medicaid Value Based Payments, and 2) Hospital Price Transparency. Data from these measures is reported below.

### **WIG 1, Q4: Expanded Medicaid Value Based Payments**

Increase the number of Coloradans served by primary care providers moving to more advanced Alternative Payment Models from 22,364 to 250,000 by June 30, 2023.

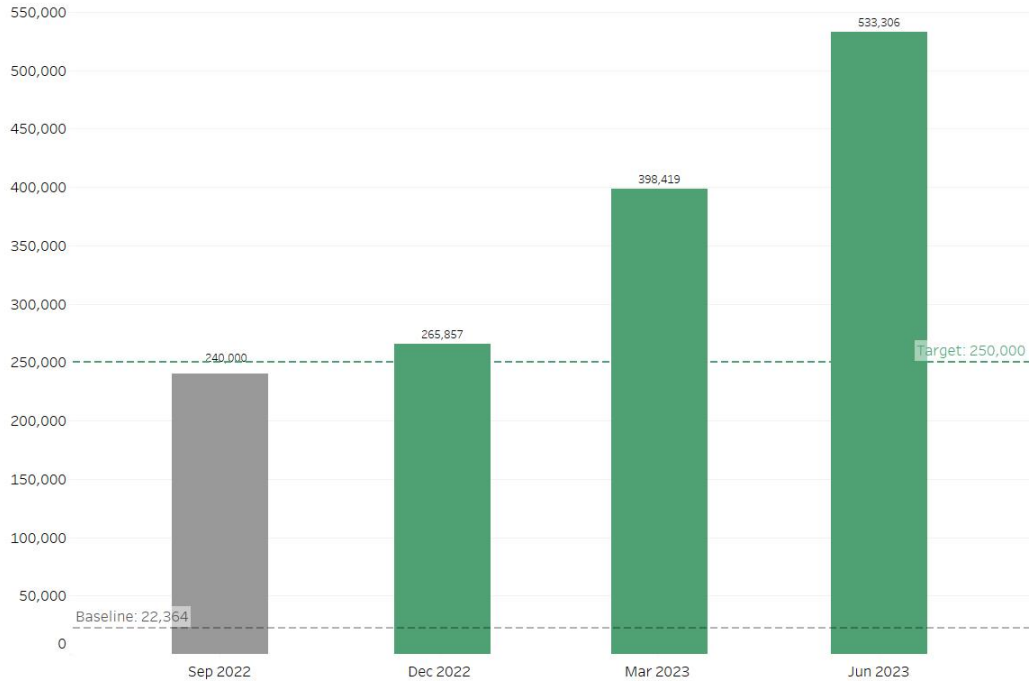
Traditional fee-for-service payment models reward volume over health outcomes or quality performance, and do not incentivize care providers to prioritize affordability results or patient health outcomes like closing health disparities. To address these opportunities, HCPF has implemented payment reform programs and continues to develop new payment methodologies that move away from fee-for-service payment and toward alternative payment models (APMs) that tie financial rewards to performance measures that achieve shared goals, like improving patient health, closing disparities, and/or improving health care affordability.

**Current performance:**

As of FY 2022-23 Q4, 533,306 members are being served by primary care providers moving to more advanced APMs, exceeding our target of 250,000.

**Wildly Important Goal:**

Increase the number of Coloradans served by primary care providers moving to more advanced Alternative Payment Models from 22,364 to 250,000 by June 30, 2023.

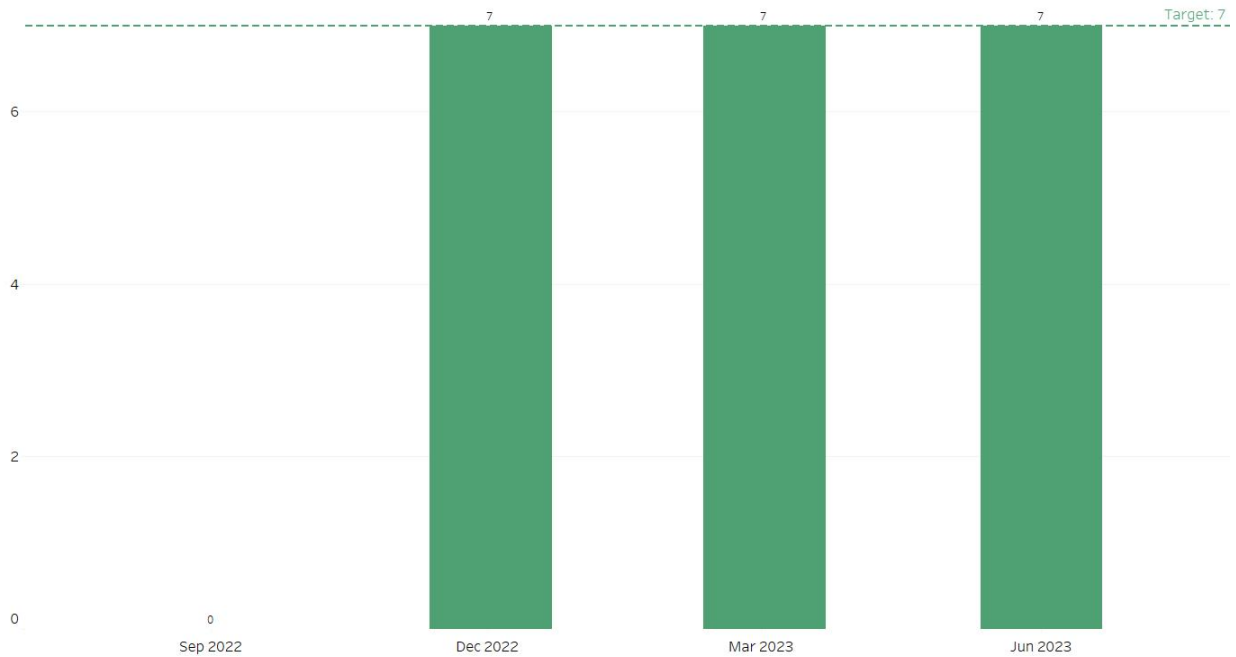


To achieve this WIG, HCPF implemented three lead measures to increase Coloradans served by APMs by amending Regional Accountable Entity contracts, providing stakeholder engagement meetings, and conducting outreach to primary care providers. For more information about the APM 2, visit our [website](#).

## 1. Amended Regional Accountable Entity (RAE) Contracts

Our first lead measure was to amend Regional Accountable Entity (RAE) contracts to include in scope that they help recruit providers to participate in the APM by June 30, 2023. HCPF amended all seven contracts.

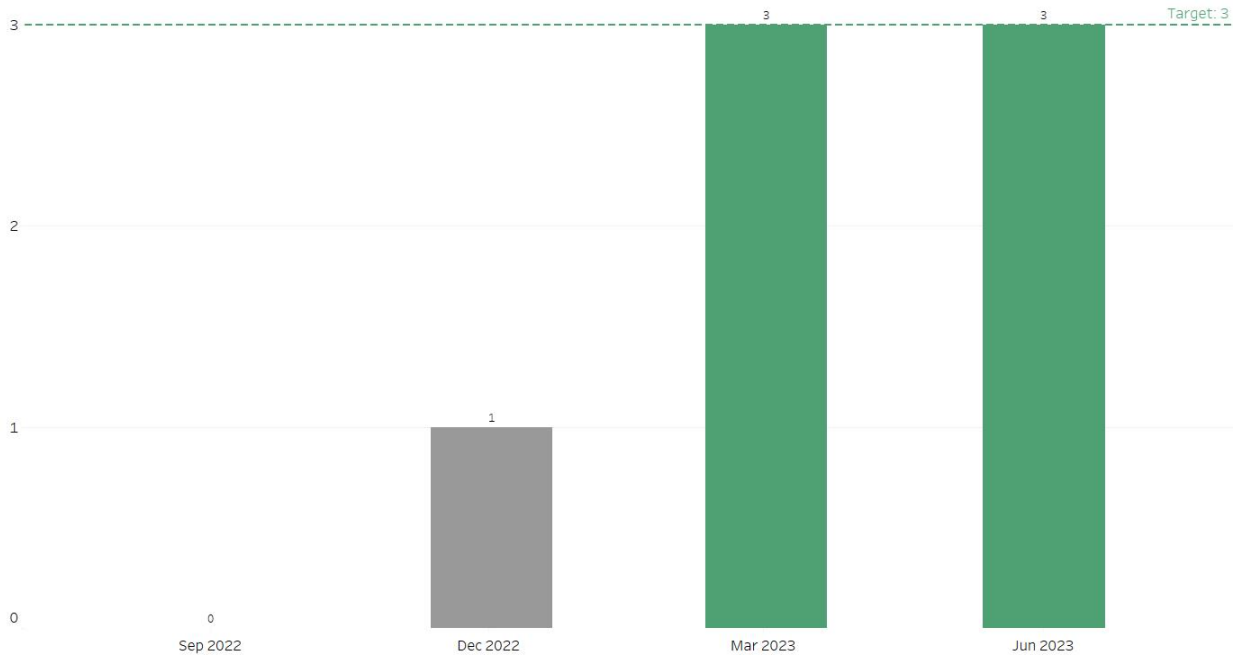
Amend all 7 Regional Accountable Entity contracts to include in scope that they help recruit providers to participate in the APM by June 30, 2023.



## 2. Conducted Public Stakeholder Engagement

Our second lead measure was to provide at least three public stakeholder engagement meetings with primary care provider participation so that primary care providers could help shape and participate in the APM. HCPF achieved this measure.

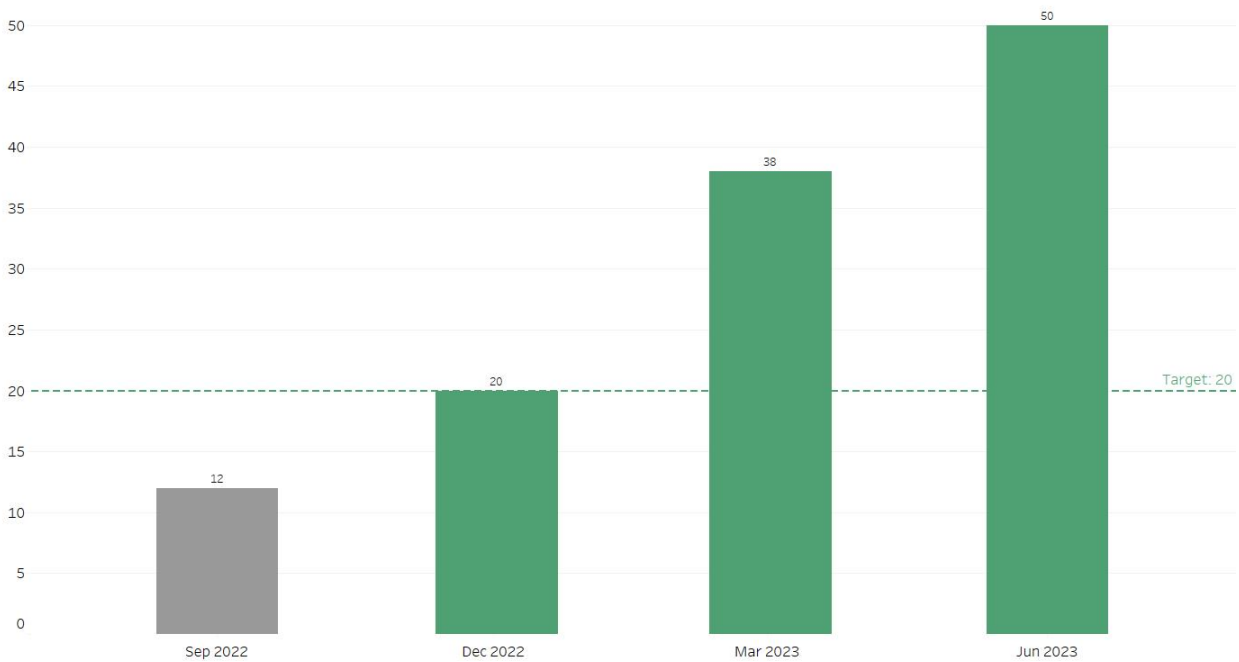
Provide at least 3 public stakeholder engagement meetings with primary care provider participation so that primary care providers can help shape and participate in the APM by June 30, 2023.



### 3. Outreached Providers

Our third lead measure was to conduct outreach to at least 20 primary care organizations, which include both groups and single practitioners, by meeting with them, sharing financial projections and reviewing the program to encourage primary care organizations to join the APM. HCPF exceeded the target of 20 with outreach to 50 primary care providers as of Q4.

Conduct outreach to at least 20 primary care providers by meeting with them, sharing financial projections and reviewing the program in order to persuade providers to join the APM by June 30, 2023.



## WIG 2, Q4: Supported Hospital Price Transparency

Review compliance with hospital price transparency legislation (HB22-1285: Prohibit Collection Hospital Not Disclosing Prices Hospital Transparency) for all 64 Colorado hospitals and develop tools to drive down hospital prices by June 30, 2023.

The majority of Colorado's hospitals have not been fully compliant with federal regulatory requirements to publish consumer friendly and machine-readable information about their prices for 300 shoppable services. [House Bill 22-1285](#) strengthened compliance. HCPF analysts used the publicly available data to determine hospital compliance and created public facing information.

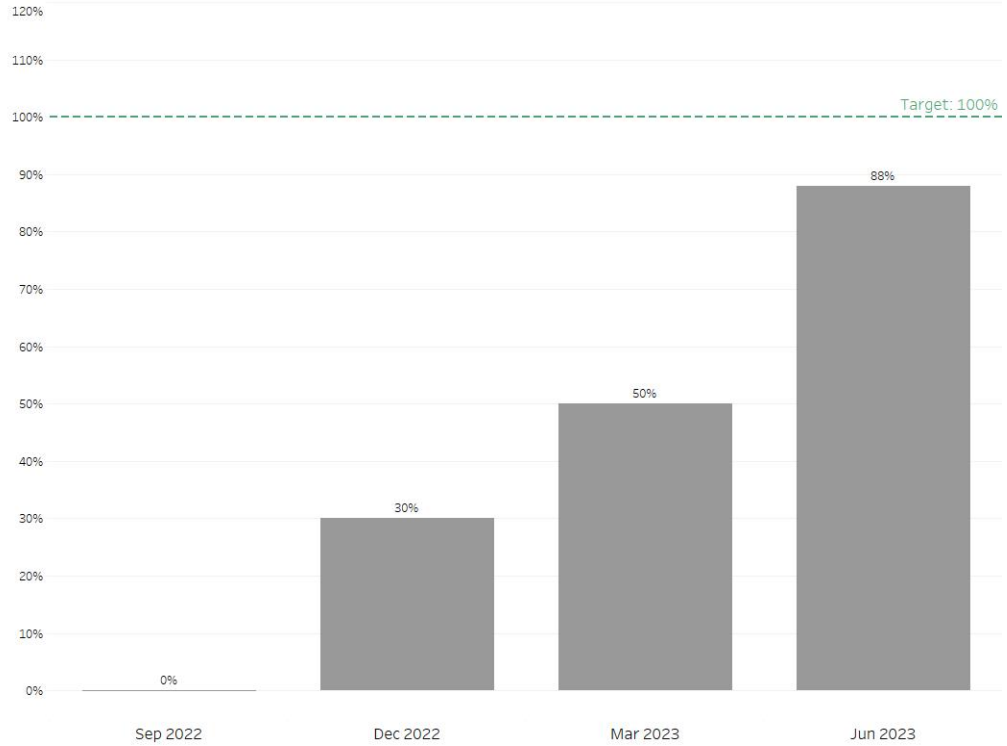
This work seeks to better allow consumers, employers and insurance carriers to see prices for common procedures at each hospital, as well as help provide communities with transparent pricing information that allows them to have productive conversations with local hospitals that can result in lower prices and saving people and employers money on health care. For more information about hospital transparency, visit our [website](#).

**Current performance:**

As of June 2023, HCPF is at risk of not achieving this WIG on time, which is 88% complete.

**Wildly Important Goal:**

Review compliance with hospital price transparency legislation (HB22-1285: Prohibit Collection Hospital Not Disclosing Prices Hospital Transparency) for all 64 Colorado hospitals and develop tools to drive down hospital prices by June 30, 2023.

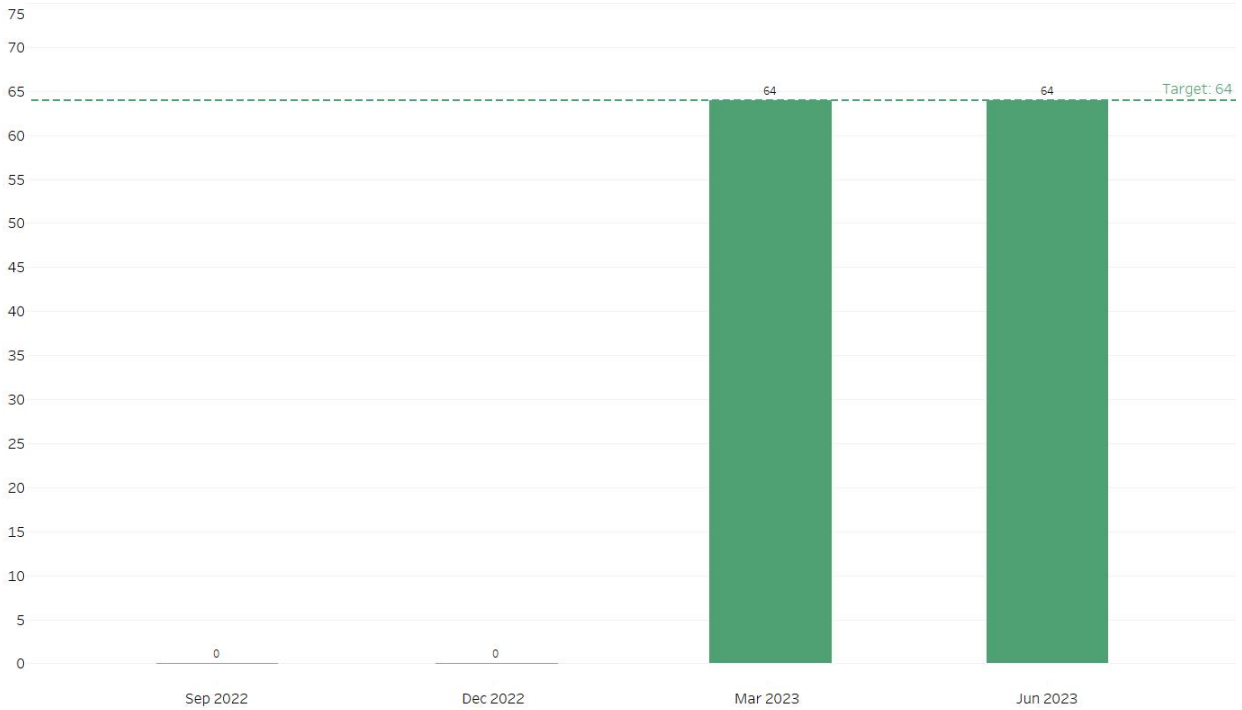




## 1. Established Compliance Baseline

Our first lead measure was to review all Colorado hospitals to establish a compliance baseline by June 30, 2023. We completed this measure in March 2023.

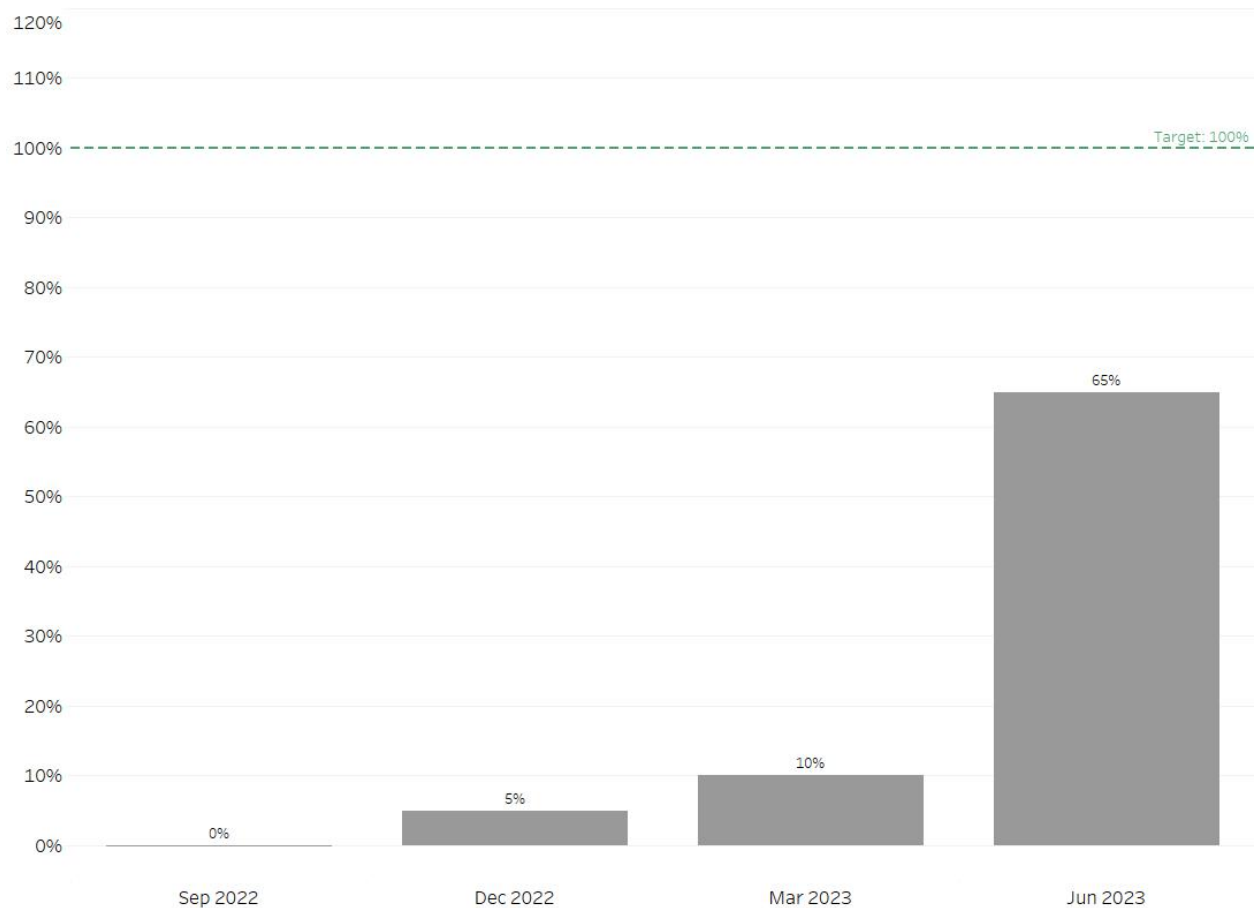
Review all 64 Colorado hospitals to establish a compliance baseline by June 30, 2023.



## 2. Developed Hospital Price Comparison Tool

Our second lead measure was to create the hospital price comparison tool by June 30, 2023. We completed a version of this tool in June 2023; however, the data from the hospitals - needed to populate the tool - is not yet complete. Senate Bill 23-252 is expected to have a significant impact on hospital compliance in posting their prices. The tool will be populated, but unfortunately after the target date of June 30 so that the data the tool produces is accurate. Without the completed hospital data, the tool will provide inaccurate data.

Create the hospital price comparison tool by June 30, 2023.

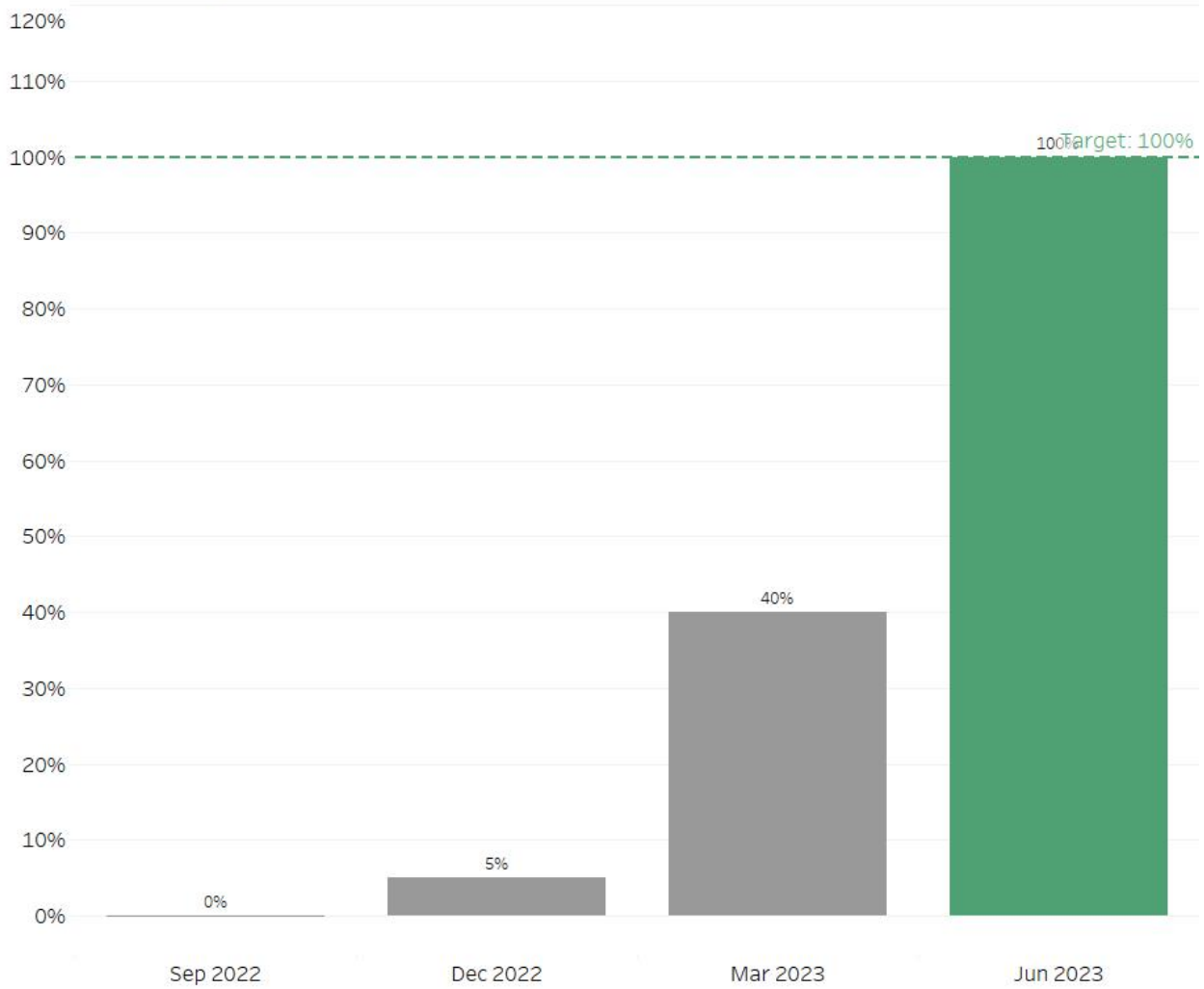


### 3. Identified High and Low Priced Hospitals

Our third lead measure was to identify the highest priced hospitals and lowest priced hospitals, using 30 procedures or procedure bundles, and meet with at least six of the hospitals to discuss their data and pricing by June 30, 2023. We achieved this goal by fiscal year end. That said, the hospital data queried from the hospital sites has significant gaps (as noted in lead measure 2 above). We are concurrently working to ensure the analysis accurately reflects only Commercial pricing, separating Medicare Advantage pricing.

The recently signed bill, SB 23-252, creates stronger enforcements if hospital price postings are non-compliant. This legislation creates a greater sense of urgency to populate missing data, while meetings with hospitals, their increased engagement on this work, and HCPF's technical assistance are all combining to create better data for this analysis.

Using 30 procedures or procedure bundles, identify the highest priced hospitals and the lowest priced hospitals and meet with at least 6 of the hospitals to discuss their data and pricing by June 30, 2023.



## Shared Agency WIGs: Governor’s Health Cabinet

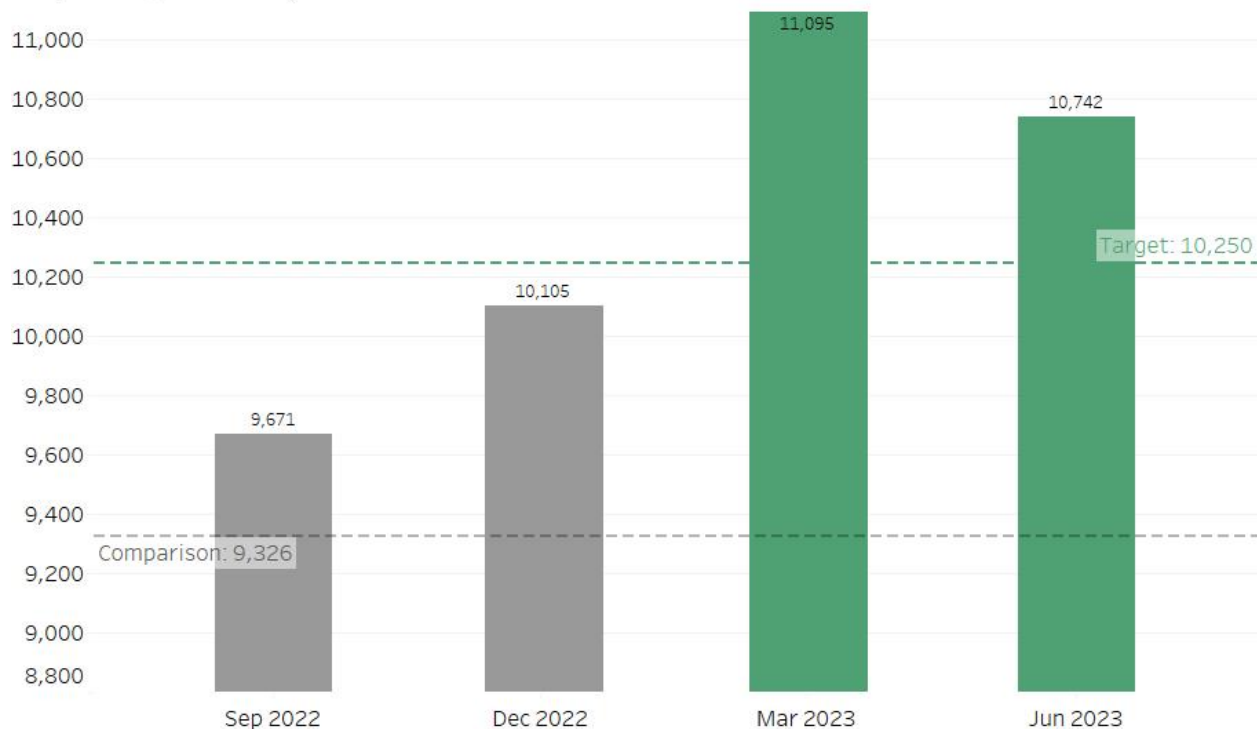
In addition to the two HCPF-specific Governor’s WIGs above, HCPF partnered with the Governor’s Office of Saving People Money on Health Care and the Colorado Departments of Human Services, Public Health & Environment and Regulatory Agencies (CDHS, CDPHE and DORA), as well as the Behavioral Health Administration (BHA) to accomplish [shared agency prioritized WIGs](#):

### 1. Saving Coloradans Money on Health Care

This Health Cabinet goal created the programmatic, preventive and administrative infrastructure necessary to continue current policies and implement new reforms that save both consumers and employers money on health care.

HCPF’s measure increased the number of eligible Health First Colorado enrolled prescribers using the affordability module of the Prescriber Tool from 9,326 to 10,742 providers out of the total 22,771 Health First Colorado prescribers (47%) as of Q4, exceeding the target of 10,250 providers.

HCPF: Increase the number of eligible Medicaid-enrolled prescribers using the Prescriber Tool, in order to drive prescription drug cost savings, from 9,326 to 10,250 by June 30, 2023.

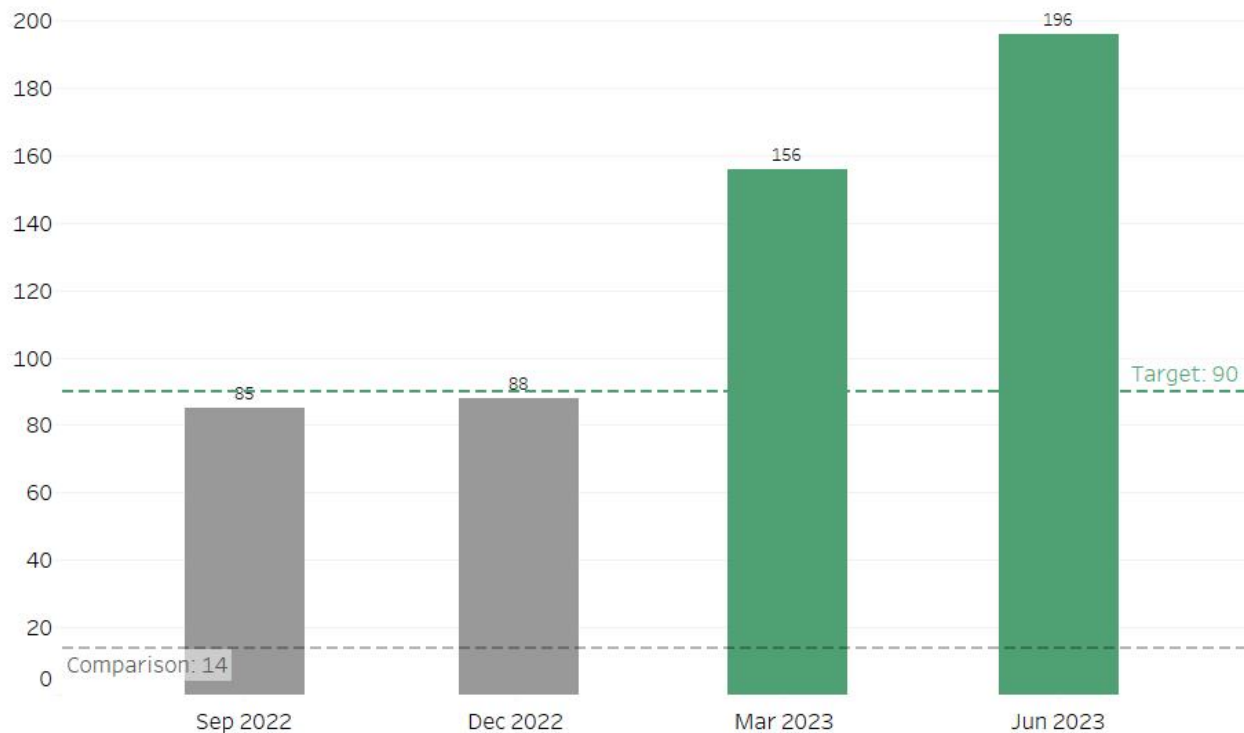


## 2. Reduced Employer-Sponsored Insurance Costs

This Health Cabinet goal results in alignment of Alternative Payment Models (APMs) across markets to incentivize health outcomes and quality performance while decreasing burden on health care providers. Once widely adopted, aligned APMs reduce employer-sponsored insurance costs and make high quality health care more affordable for all Coloradans.

HCPF's measure increased primary care practices participating in APM 2 from 14 to 196 as of Q4, exceeding our target of 90.

HCPF: Increase primary care practices participating in Alternative Payment Model 2 from 14 to 90 by June 30, 2023.

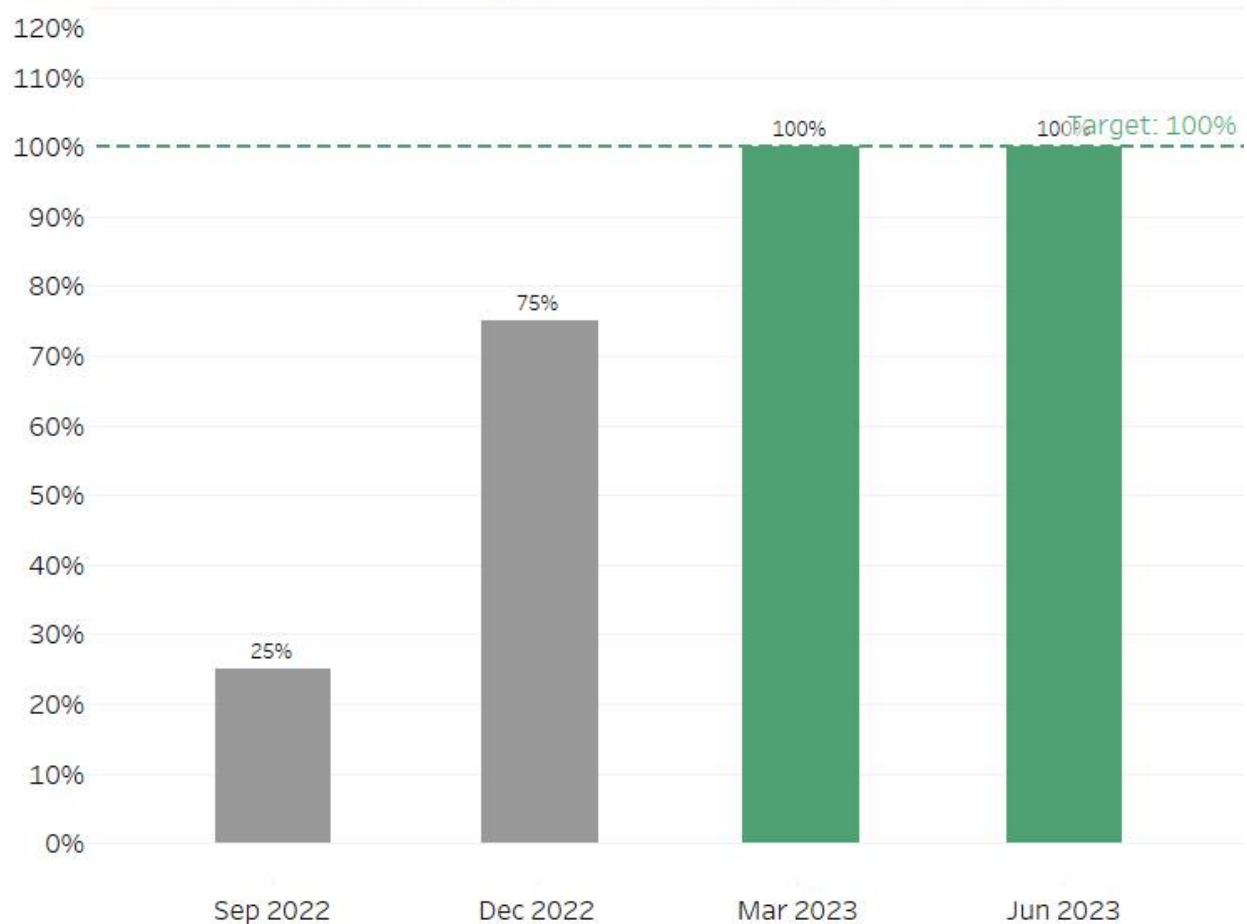


### 3. Expanded Access to Quality Behavioral Health Services

This Health Cabinet goal builds capacity in Colorado’s behavioral health system to increase access to care and further the health and well-being of Coloradans.

HCPF’s measure was to publish rate and cost reports on safety net providers to increase behavioral health system transparency, which has been completed.

HCPF: Publish rate and cost reports on safety net providers to increase behavioral health system transparency by June 30, 2023.



You may view HCPF’s rate reports, *Action Plan on Medicaid Behavioral Health Reimbursement Rates - November 2022* and *HB22-1268 Behavioral Health Provider Rate Comparison Report - August 2022* on our [Legislator Resource Center website](#). You may view the cost reports on our [Behavioral Health Rate Reform website](#).

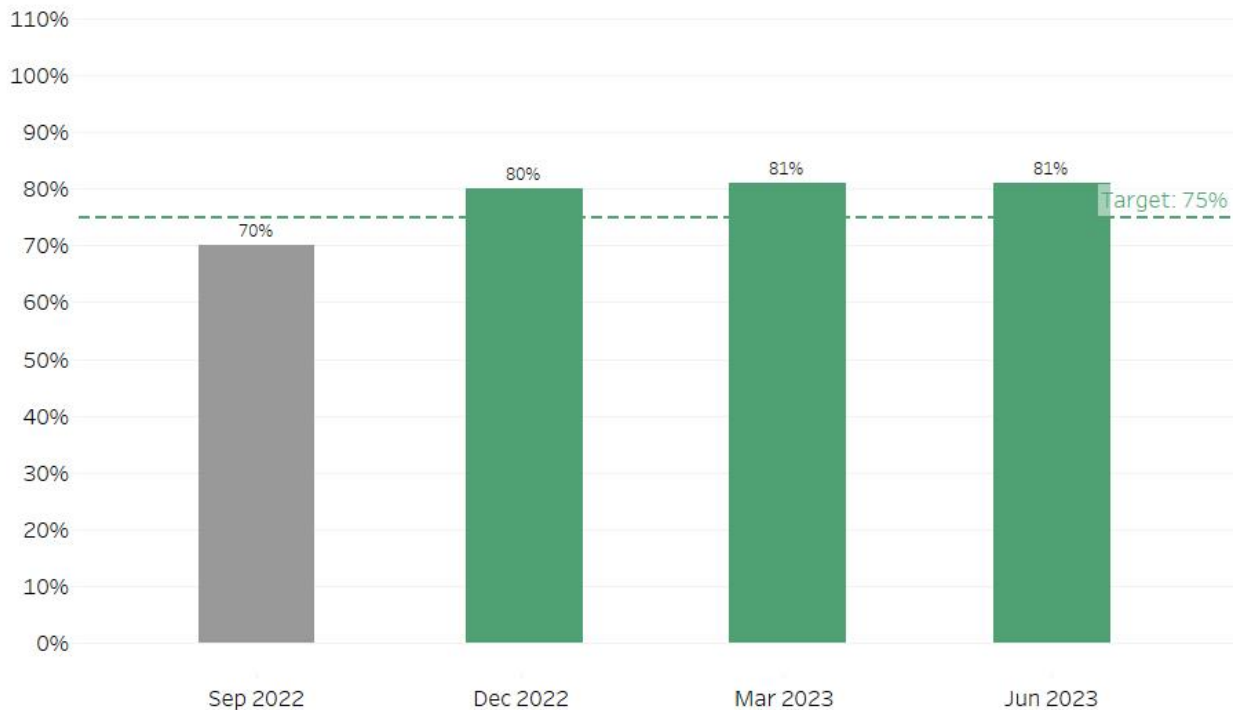
## Shared Agency WIGs: Governor’s Workforce Cabinet

In addition to the Governor’s Health Cabinet above, HCPF partnered with the Workforce Cabinet Working Group to accomplish [shared agency prioritized WIGs](#):

### 4. Addressed Health Care Workforce

This goal supports adding health care workers to address essential staffing shortages. HCPF’s measure was to inventory wages for providers to establish an average hourly wage and the wage increase needed to incent Coloradans to enter the direct care and support workforce. As of FY 2022-23 Q4, 81% of the direct care and support workforce responded to our required provider reporting for the \$15 base wage, exceeding our target of 75%.

The Department of Health Care Policy and Financing shall inventory wages for providers to establish an average hourly wage and the wage increase needed to incent Coloradans to enter the direct care and support workforce by June 30, 2023.

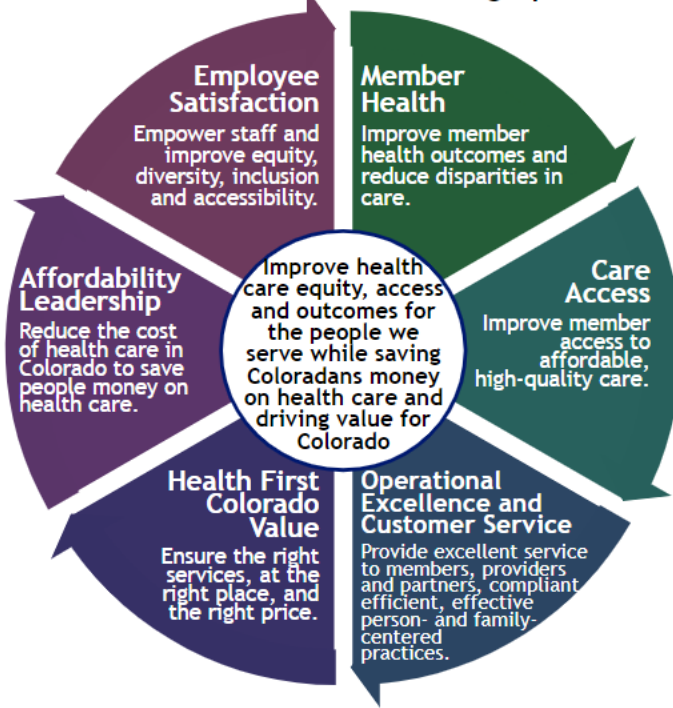


### Key Accomplishments

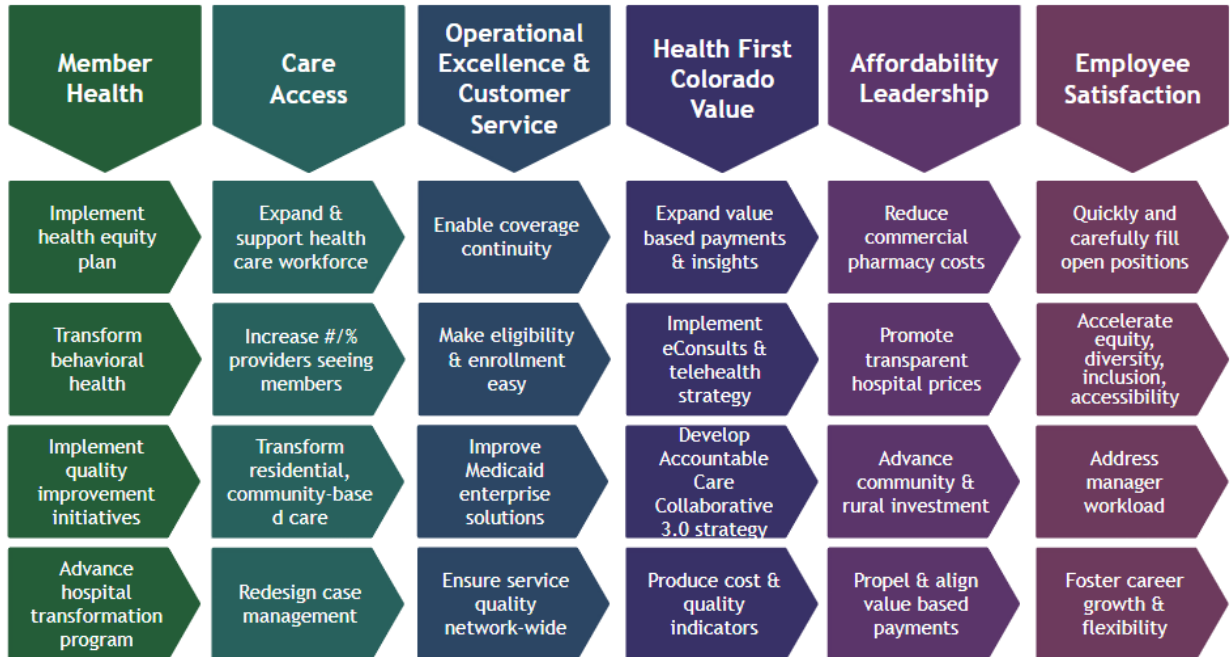
In addition to our Wildly Important Goals (described above), HCPF’s FY 2022-23 work was organized to achieve key priorities for each of our six strategic pillars in support of our mission. Some of HCPF’s 43 FY 2022-23 general goals are outlined below.



Mission statement and strategic pillars



Priorities by strategic pillar



Below are some of our FY 2022-23 accomplishments, organized by pillar:



## 1. Member Health

In FY 2022-23, HCPF worked to improve member health outcomes and reduce disparities in care:

- Keeping people connected to health coverage is top priority. HCPF has been working diligently with hundreds of providers and community organizations to prepare for the end of the Public Health Emergency's Medicaid continuous coverage requirement. Comprehensive outreach, communications and engagement has resulted in a 34% increase in members who signed up for emails and texts so we can reach them with important messages regarding their health coverage and their renewal obligations.
- To Keep Coloradans Covered, we've partnered on coverage continuity planning, operations, communications and partner engagement with state agencies, contracted partners, providers, community partners, counties, Regional Accountable Entities, Connect for Health Colorado, consumer advocates, health plans and others. Each member who is not auto-renewed is outreached at least four times to be reminded to take action to renew their coverage. Additional communications included a new website, traditional and social media, updated content in the Health First Colorado app and PEAK, newsletters, call centers, partner and provider messaging, and posters and flyers in libraries, shelters, clinics and schools to build awareness. Outreach targeted to disenrolling members needing to transition to other affordable coverage included direct mail, email, outbound calls, public service announcements and social media, funded by SB 22-081. HCPF held a [press conference](#), issued a [news release](#) and raised awareness at the [Colorado Sun webcast](#). This work continues to be a priority for HCPF and will be a FY 2023-24 WIG. Please visit [keepCOcovered.com](http://keepCOcovered.com) and our Continuous Coverage Unwind Data Reporting webpage for more details.
- Implemented a comprehensive and culturally responsive HCPF [Health Equity Plan](#) and added that to our contracts, effective July 1, 2022, to reduce health disparities. Improved HCPF's ability to stratify data by race/ethnicity to identify disparities. Piloted the health equity framework and spread it throughout HCPF and launched a statewide Health Equity Task Force. To date, HCPF has held 14 health equity public meetings to incorporate

member, stakeholder and community feedback and is on track to hold 18 meetings by October 2023.

- To increase the vaccination rate among members, we conducted data analysis, partnered with Regional Accountable Entities, implemented communications, provided provider incentives to vaccinate, engaged communities and partnered with the Dept. of Public Health & Environment.
- Published the second [Health First Colorado Maternity Report](#) that examined maternal health during the COVID-19 pandemic, provided a window into the lived experience of members and laid out HCPF's roadmap to improve maternal health care and equity. This report focused on equity and outcomes and was featured in a [Maternity Report Webinar](#) and was informed by our Maternity Advisory Committee, composed of Health First Colorado members with lived experiences of maternity care.<sup>13</sup>
- Continued to invest, strengthen and transform behavioral health care, often through collaboration with the Behavioral Health Administration, investing in the behavioral health safety net, improving behavioral health access by adding 2,220 behavioral health providers (+25%) over the past two years (Apr. 2021 to Mar. 2023) to our network, integrating behavioral health into primary care, increasing adult beds and youth residential beds, adding a tribal substance use disorder facility, increasing high-intensity outpatient and transition services statewide, enhancing mobile crisis delivery, and connecting 350 people to permanent supportive housing with on-site social and clinical supports.
- Aligned quality reporting with the [Centers for Medicare & Medicaid Services \(CMS\) Core Quality Measures](#) and strengthened quality improvement infrastructure.
  - [2023-24 CMS Adult Core Set](#)
  - [2023-24 CMS Child Core Set](#)
  - [2023-24 CMS Behavioral Health Core Set](#)
- Advanced the performance-based [Hospital Transformation Program](#) to improve quality of care and health outcomes as well as drive value.

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<sup>13</sup> See also: [HCPF's Maternity Advisory Committee](#)



## 2. Care Access

In FY 2022-23, HCPF worked to improve member access to affordable, high-quality care:

- Supported membership growth of Health First Colorado/CHP+, up more than 40% since the start of the pandemic and now covering more than 1.7 million (one in four) Coloradans. Helped hold the Colorado uninsured rate steady at [around 6% through the pandemic](#). With that increase in membership, it was critical to increase participation in the Medicaid provider network. HCPF did so by 26%, adding over 21,500 providers, 490 pharmacists (+30%) and 2,220 behavioral health providers (+25%) over the past two years to increase member access to care.
- Supported the health care workforce by obtaining General Assembly approval of an additional three percent across the board provider reimbursement rate increase and targeted rate increases to support rural care and care for people with disabilities, rate increases for value-based payment programs and support.
- Increased financial support for counties through the end of Public Health Emergency continuous coverage period. Counties provide vital access to eligibility support for Coloradans.
- Led the nation in implementing 63 American Rescue Plan Act funded home and community-based services initiatives to transform residential, community-based care. Initiatives include, but are not limited to:
  - Strengthen the Workforce & Enhanced Rural Sustainability
  - Improve Crisis & Acute Services
  - Improve Access to HCBS for Underserved Populations
  - Support Post-COVID Recovery & HCBS Innovation
- Continued work to redesign case management with a single Case Management Agency to serve all populations which facilitate access to long-term services and supports in each of the 20 service areas.
- Increased access to equitable maternal health by enhancing lactation support services, expanding depression screenings for parents and caregivers and promoting hospital best practices through payment changes.

- Invested in rural health care access by facilitating \$5.5 million in grants to fund rural hospital access initiatives; \$60 million to help 23 critical access and rural hospitals modernize, better serve their communities and prepare for value based payments through the Rural Support Fund component of the Hospital Transformation Fund; and \$17.4 million in funding for rural connectivity and access to virtual care, resulting in 100% of rural safety net providers now connected to the state health information exchange (HIE) to support rural member access to care and keep care local; and by securing additional incentive payments for rural providers to help maintain this HIE access.
- Helped secure unprecedented, targeted rate increases for nursing homes and supported continued home and community-based services (HCBS) wage increases to reduce nursing home closures and increase the HCBS workforce, in support of long-term care access for those who need it.
- Drove legislation to increase nursing facility support, transformation and sustainability (HB 23-1228) and expand certain services for eligible aging and older adults and people with disabilities (SB 23-289).
- Drove legislation (SB 23-222) and budget requests that eliminate most member copays to prevent out-of-pocket cost barriers in accessing care.

### 3. Operational Excellence and Customer Service

In FY 2022-23, HCPF worked to provide excellent service to members, providers and partners. Investments continued into operational enhancements to facilitate compliant, efficient and effective person- and family-centered practices:

- Led states in preparedness for the end of the Public Health Emergency Medicaid continuous coverage requirement in order to Keep Coloradans Covered. Key initiatives include: developed resources to ensure consistent messaging, automated renewal processes, enhanced online member tools, used intelligent character recognition to minimize data entry and improve quality, and enhanced training and business processes.
- As a result of these efforts, HCPF has made eligibility and enrollment easier: about one-third of renewals are now completely automated, meaning members will be re-enrolled automatically with little to no



additional action and “real-time eligibility” for eligibility renewals is about 80%. “Real-time eligibility” allows members to receive an eligibility decision in real time.

- Improved Medicaid enterprise solutions (eligibility, benefits, claims and pharmacy systems) to increase integration, federal and state compliance, automation, accuracy and customer and user experiences.
- Ensured service quality network-wide: Our Member Call Center answered calls in well under one minute on average. We achieved a record low eligibility correspondence error rate of 0.0033% (out of 1.38 million communications). For our providers, claims were processed in less than four days and calls were answered in well under one minute on average for FY 2022-23. We improved transparency and accountability in county performance, in collaboration with county partners.
- Improved customer service and overall member experience by applying feedback from members obtained through our Member Experience Advisory Council, member surveys about what’s working and not working from members’ perspectives, member interviews, and usability and accessibility testing sessions to improve online benefits management on PEAK and the Health First Colorado mobile app.
- PEAK enhancements include self-service updates to member contact information saving county worker time for over 3,000 transactions per month and technical upgrades that expand smartphone access to members. We believe this change will afford new applications to move from half of all new members to more than 65%.

#### 4. Health First Colorado Value

In FY 2022-23, HCPF worked to drive affordability and therefore value for Colorado by delivering the right services, in the right place, at the right time, for the right price for Health First Colorado members:

- To achieve federal and state targets to modernize away from fee for service and reach 50% of Medicaid payments in the form of value based payments, HCPF advanced [value based payments](#) that reward improved access to quality care, reduce disparities, improve outcomes and drive affordability across the spectrum of care. Key programs include the [Hospital](#)

[Transformation Program](#), primary care payment reform with Colorado’s community health centers and primary care medical providers, prescription drug affordability through historic [value based payment arrangements with drug manufacturers](#) and by designing the new [Prescriber Tool](#) shared savings model, and [maternity bundled payments](#).

- Finalized vendor selections for eConsults so that primary care providers will have more specialist support starting next fiscal year, and for a new Providers of Distinction program that will produce cost and quality indicators. These cost and quality indicators will help primary care providers refer to specialists delivering greater value.
- Engaged more than 1,200 stakeholders across 30 meetings, to ensure broad input on the [Accountable Care Collaborative Phase III](#) priorities to improve quality care for members, close health disparities and promote health equity, improve care access, improve the member and provider service experience and manage costs to protect member coverage and benefits, and provider reimbursements.
- Increased provider use of the affordability module of the [Prescriber Tool](#) to around 50% of Medicaid prescribers and as a result, achieved more than \$6 million in gross prescription drug cost savings, while maintaining member access to high-quality, clinically effective medications.
- Kept HCPF’s administrative overhead under four percent (staff and vendors), which is significantly lower than major commercial carriers’ average at more than 13.5% administration; more than 96% of our budget goes directly to paying health care providers for providing health care services to members. Continued to convert higher-priced contractors to HCPF full time employees in core competency areas to drive efficiencies as well as improved performance.
- Ensured appropriate payments and compliance with federal and state laws by recovering more than \$113 million in FY 2022-23, including more than \$50 million in fraud, waste and abuse recoveries, more than \$60 million of recoveries in cases when a member has other insurance or Medicare (in addition to avoiding \$59 million in inappropriate claims), and more than \$1.2 million from other financial monitoring.



## 5. Affordability Leadership

In FY 2022-23, HCPF contributed to Saving People Money on Health Care by leveraging HCPF expertise to drive health care affordability initiatives, affordability policy, and related thought leadership to the benefit of all Coloradans and our employers:

- Continued to drive the reduction of commercial pharmacy costs. Submitted our [state Canadian drug importation program plan](#) to bring prescription drug savings to Colorado consumers and employers. Advanced legislation (HB 23-1201) that eliminates the practice of “spread pricing,” or up-charging of prescription drugs by middlemen on insured individual and group policies as well as Medicaid while improving transparency into pharmacy benefit manager and carrier prescription drug pricing to help employers, brokers and communities drive better pricing and therefore savings. Continued to invite and promote the opportunity for self-funded employers to opt into rebate pass through savings. Participated on the Advisory Council to the Prescription Drug Affordability Board to lower prescription drug costs, while providing expert consultation to the Division of Insurance, in support of the Prescription Drug Affordability Board.
- Promoted hospital affordability. Published the [Hospital Insights Bulletin](#), an overarching summary of six recent releases on Colorado hospital financials. This consists of an analysis of the quality of hospitals’ price transparency postings; a new tool for and analysis of hospitals’ breakeven rates; a preview of profits and reserves information for Colorado’s major hospital systems in 2022; and [three recently released financial reports on costs, prices, profits and community benefit](#). The [Breakeven Analysis tool](#) enables a comparison of what hospitals are currently being paid by commercial payers to what hospitals currently need to be paid by these payers in order to breakeven. It provides a better understanding of hospital costs and prices. The [Hospital Transparency Scorecard](#) analyzes the quality of hospitals and shows 26.5% of all Colorado hospitals and 31.1% of Colorado system hospitals having an overall quality rating of Good.
- Based on the above findings, supported legislation that strengthened hospital price transparency and compliance and advanced hospital financial



transparency. HB 23-1226 and SB 23-252 furthered hospital financial transparency and price transparency, respectively.

- Advanced community and rural investment. Led legislation (HB 23-1243) that builds upon existing legislation to further increase nonprofit, tax-exempt hospitals' accountability to their communities. Obtained budget approval for incentive payments for rural providers to maintain their connectivity to the Health Information Exchange (HIE) and supported legislation (SB 23-298) that propels rural hospital financial sustainability, keep care local and improve rural care access, affordability and quality.
- Hosted the March 2023 [Health Cabinet Affordability Summit](#) for more than 1,000 registrants across media, legislators, providers, advocates, health plans and other stakeholders, generating broad education on the status of hospital affordability, rural hospital support opportunities, prescription drug affordability solutions, and solutions to ensure that we Keep Coloradans Covered through the end of the Public Health Emergency.
- Oversee the state's All-Claims-Payer-Database, driving quality reporting and access to data-driven policy and affordability solutions. Participated on the Center for Improving Value in Health Care (CIVHC) Board of Directors to help address health care costs and value, and further develop public facing affordability dashboards.

## 6. Employee Satisfaction

In FY 2022-23, HCPF worked to empower staff and improve equity, diversity, inclusion and accessibility (EDIA):

- Achieved higher than 90% HCPF staff retention by creating an inclusive culture where employees are free to bring their authentic selves to work, addressing manager workloads, celebrating achievements, supporting flexible work arrangements and fostering career growth and opportunity.
- Accelerated equity, diversity, inclusion and accessibility (EDIA) resulting in 94.7% of staff responding that they support HCPF EDIA efforts. We held more than 75 EDIA related events, launched 5 employee affinity groups to support inclusion, cultivated a pipeline and connection between Employee Council and the EDIA Core Committee and its Subcommittees, expanded our Ambassador Program to support new hire relationship building and

integrated the EDIA checklist within our HR onboarding practices. As a result, 83.6% of staff reported applying EDIA principles into their daily job duties, 74.3% of staff said they feel like they belong and 73.2% of staff said they feel like they can be their authentic selves at work.

- Improved hiring efficiency by reducing time to hire from 187 to 73 days between June to Nov. 2022 and reduced positions open from 167 to 103 by improving multiple processes across the recruitment workflow, standardizing the panel process, instituting dedicated recruiters and liaisons for each office and improving tools for hiring managers.
- Offered executive and management coaching to improve HCPF leadership and management skills. Offered in person retreats to engage the executive leadership team and all managers in HCPF goal-setting, prioritizing people, and developing culture and values frameworks for HCPF, achieving an overall average experience rating of 8.1 (out of 10) on the retreats.
- Provided consistent, organized, monthly All Staff meetings to ensure broad clarity of key priorities and projects, employee recognition, member-centric education and open lines of communication.

HCPF leadership and staff are proud of all we have accomplished in FY 2022-23 in collaboration with our partners, providers, stakeholders, members and employees. We look forward to continuing our efforts to achieve our mission of *“Improving health care equity, access and outcomes for the people we serve while saving Coloradans money on health care and driving value for Colorado.”*

In the next section, you can read more about our performance plan for the next fiscal year.

## Performance Goals: Fiscal Year 2023-24

HCPF's "Wildly Important Goals" (WIGs), developed in collaboration with the Governor's Office, reflect the major goals of HCPF elevated as a priority, but do not reflect all major goals HCPF will be pursuing. WIGs adhere to the "SMART" goal format, meaning they are specific, measurable, achievable, relevant and time bound.

The below WIG measure baselines and targets for FY 2023-24 are in draft form and subject to change.

### WIG 1: Keep Coloradans Covered

***In order to Keep Coloradans Covered, refer an estimated 75,000 Coloradans determined to be ineligible for Medicaid or CHP+, per federal requirements, to Connect for Health Colorado to access alternative health care insurance coverage by June 30, 2024.***

Following federal direction, and after more than a three year pause, HCPF in collaboration with our county partners, resumed standard Health First Colorado and CHP+ eligibility renewal and disenrollment processes. Our primary goal is to Keep Coloradans Covered through a two-pronged approach: (1) First, we are working to ensure that the 80% of current members who are estimated to continue to qualify for Health First Colorado and CHP+ coverage stay enrolled. (2) Second, we are working with the Division of Insurance and other stakeholders to connect those Coloradans who no longer qualify for our programs to alternative, affordable forms of health coverage.

On (1) above, the best way to keep people covered is to automatically renew coverage so members won't need to complete a renewal packet to qualify for coverage. This is called ex parte, and is our first strategy. For members we cannot automatically renew, we are conducting a massive amount of outreach, communications and engagement across mail, PEAK online, app, email, text and phone calls across HCPF and our Regional Accountable Entities (RAEs) so that members still needing to renew their coverage are touched at least four times. That is why our second strategy is outreach. For (2) above, we are also outreaching members no longer eligible for our programs, as well as referring them to Connect for Health Colorado, our third strategy.

HCPF is currently in year 2 of 3 with this massive, unprecedented initiative. This work began in FY 2022-23 as HCPF developed its framework for unwinding the PHE and will continue for at least two fiscal years as Colorado completes its unwinding processes; however, the work will likely evolve and may not be tracked as a WIG beyond FY 2023-24.

## **WIG 2: Pharmacy Cost Savings**

***Increase Medicaid pharmacy cost savings by 10%, from an estimated \$5.5 million to \$6.05 million gross of rebates, from Colorado prescribers using the HCPF's Prescriber Tool affordability module by June 30, 2024.***

Pharmacy costs are a major driver of health care costs. HCPF's ongoing efforts to negotiate and limit increases in drug prices will save the State money on health care while maintaining access to critical drugs. HCPF proposes to advance its efforts through the prescriber tool and related programs. HCPF will be increasing prescriber use of the Prescriber Tool affordability module, expanding value-based payment arrangements on specialty drugs and plans to implement value-based payment incentives. The Prescriber Tool is a multifunctional platform accessible to prescribers through most electronic health record systems. It provides patient-specific benefit and cost information to prescribers at the point of care, and eases administrative burden and rework for prescribers while improving service to patients as well.

Pharmacy cost savings will continue to be a priority for HCPF and may be a WIG beyond FY 2023-24.

## **WIG 3: Hospital Price Transparency**

***Increase the number of Colorado hospitals with an overall price transparency quality rating of 'Good' or 'Fair' from 73.5% to 80% by moving 5 hospitals up from 'Poor' by June 30, 2024.***

Colorado ranks among the top six most expensive states for hospital price and profit, meaning Coloradans covered by commercial insurance pay more than others around the country for hospital care. Holding hospitals accountable for their reserves and revenues from procedure costs is a primary lever to improve hospital affordability in Colorado. Successful completion of this goal will allow consumers to compare hospital prices under their specific network plan in advance of a common procedures while

also providing purchasers like counties, cities, other employers, advocates, PEAK Health Alliance and others with transparent pricing information that allows them to have productive conversations and direct negotiations with local hospitals resulting in lower prices that save people and employers money on health care.

The majority of Colorado's hospitals are still not fully compliant with federal and state regulatory requirements to publish consumer friendly and machine readable information about their prices. According to HCPF's recent inventory and related published scorecard, about 50% of Colorado hospitals have Fair compliance, 25% have Poor compliance and 25% have Good compliance.

Hospital Price Transparency has been a multi-year project and will continue to be a priority for HCPF in future years.

### **Draft Shared Agency WIGs, HCPF Lead Measures**

In addition to the two HCPF-specific Governor's WIGs above, HCPF is partnering with the Governor's Office of Saving People Money on Health Care and the Office of Reducing Homelessness to develop HCPF lead measures for shared agency WIGs for FY 2023-24. Lead measures beyond those mentioned above may also include expanding value based payments; preparing providers and systems for universal contract provisions so that they are ready to be signed by all Medicaid behavioral health providers at the time of enrollment or revalidation and by all Regional Accountable Entities; and increasing the number of people who have received wraparound services through the statewide supportive housing expansion (SWSHE) pilot. These are subject to change.

### **Additional HCPF Goals**

In addition to the Governor's Wildly Important Goals, HCPF establishes goals annually aligned with its strategic plan. HCPF manages priority projects under six pillars in order to achieve those goals. The pillars have been a cornerstone of achieving our strategic plan for the past several years, and we have refined them to ensure focus on areas prioritized by the Polis-Primavera Administration and stakeholders such as our members, care providers, elected officials, counties and other critical partners. Each pillar is below:

#### **1. Member Health**

Improve quality of care and member health outcomes while reducing disparities in care.

## **2. Care Access**

Improve member access to affordable, high-quality care.

## **3. Operational Excellence and Customer Service**

Provide excellent service to members, providers and partners with compliant, efficient, effective person- and family-centered practices.

## **4. Health First Colorado Value**

Ensure the right services, at the right place and the right price.

## **5. Affordability Leadership**

Reduce the cost of health care in Colorado to save people money on health care.

## **6. Employee Satisfaction**

Invest in HCPF employees at all levels while improving equity, diversity, inclusion and accessibility.

### **Other HCPF Strategic Variables**

#### **1. Select Opportunities and Threats**

HCPF and the health care industry face a number of environmental opportunities and threats. Our strategic approach includes initiatives to address these, noted below:

- Highlighted Opportunities
  - Strategies to expand the health care workforce
  - Transformation of the delivery system
  - Addressing social determinants of health
  - Paying for health care value as opposed to volume
  - Improving maternity, diabetes and complex health outcomes
  - Modernizing our approach to care management and delivery through the Accountable Care Collaborative Phase III
- Highlighted Threats
  - End of the federal COVID-19 Public Health Emergency Medicaid continuous coverage requirements
  - Health care workforce challenges

- Expiration of one-time federal program funding and the impact of the TABOR limit on available state funds
- Managing rising cost trends as well as the impact of Colorado’s aging population
- Increased compliance requirements and high volume of external audits on HCPF
- Ensuring appropriate payments and compliance with federal and state laws by preventing, identifying and addressing fraud, waste, abuse and inappropriate billing activities
- The impact of COVID-19 and other common health behaviors and life situations on the mental and physical health of Coloradans

## 2. Big Boulders Facing HCPF and Health Care

Related, and to address many of these threats and opportunities, HCPF is managing an array of “big boulders,” noted below:

- Balancing inflation, provider rates, workforce access and affordability
- Facilitating health care workforce growth and address gaps in access
- Keeping Coloradans Covered post Public Health Emergency continuous coverage
- Driving quality, equity, access and affordability through Providers of Distinction, eConsults, Prescriber Tool and other innovations
- Advancing value based payments to reward quality, equity, access and affordability
- Strengthening health equity in our behavioral health, maternity and preventative (including vaccines) care
- Leveraging American Rescue Plan Act one-time federal funding for long term transformation, including for behavioral health (\$550 million) and home and community based services (HCBS) (\$530M)
- Transforming long term care through HCBS ARPA, nursing homes and case management redesign, among other efforts
- Supporting struggling providers, including our safety net, nursing home, behavioral health and rural providers

- Reprocurring HCPF’s systems (claims payment system, benefit management system, pharmacy benefit management system, enterprise system)
- Modernizing our Colorado Medicaid delivery system through Accountable Care Collaborative Phase III (see below for more details)

### 3. Accountable Care Collaborative

HCPF’s Phase II of the Accountable Care Collaborative (ACC) ends on June 30, 2025. To support ACC modernization, evolution and design through Phase III, which begins on July 1, 2025, HCPF is engaging stakeholders, with various opportunities to help advance policies, programs, accountability and performance. HCPF has also developed Phase III goals as well as priority areas for improvement and innovation intended to better align with our modernized mission, initiatives in process to address environmental threats and opportunities, advances made by our sister agencies, and stakeholder input. To stay informed, visit our [ACC Phase III webpage](#).

### 4. Process Improvement

HCPF is committed to continuous improvements to modernize its existing processes, systems and tools as well as to align business processes to improve operations of the Health First Colorado and CHP+ programs. We use a combination of Lean Six Sigma and the Performance Measurement Process (PuMP). Covering one in four Coloradans during a fiscal downturn necessitates innovations that prudently improve Colorado value and health, enabling us to better protect provider reimbursements and member benefits. HCPF’s administrative costs are less than 4% of our budget, which is significantly lower than the average commercial carrier administrative costs of more than 13%. Our efficiency enables us to allocate more than 95 cents on every dollar to care. We have also utilized professional coaches and are investing in equity, diversity, inclusion and accessibility initiatives to help all of our employees rise and thrive at the Department as part of our continuous improvement approach.

### 5. Accountability

HCPF partners with our delivery system and our contracted vendor partners on process improvement. HCPF will continue to hold Regional Accountable Entities (RAEs) accountable for condition management programming with specific focus on maternity, diabetes and members with complex care needs, as well as



continue to work with RAEs to strengthen Primary Care Medical Provider-based condition management programs, set performance measures and goals, and improve risk stratification among members to identify members to participate in the program. HCPF is also continuing to monitor RAE performance and guide continuous improvement regarding targeted populations and chronic conditions through additional cost and health outcome metrics within the Performance Pool program.

As we move from paying for reporting to paying for performance and outcomes under the Hospital Transformation Program, hospitals are required to implement quality-based initiatives and projects to receive supplemental payments and demonstrate meaningful community engagement and improvements in health outcomes.

In collaboration with our county partners, HCPF established the Eligibility Oversight and Accountability program to reduce audit findings related to eligibility determinations, thereby improving accuracy and timeliness while reducing the chance of federal funding clawbacks. This includes Development of Administrative Rules giving HCPF the ability to hold Eligibility Sites accountable and build oversight mechanisms of Eligibility Sites, including Management Evaluations of operations (administrative and eligibility); Eligibility Quality Assurance (EQA) monthly state-level reviews; and Medical Assistance Performance (MAP) Dashboards with indicators of timely and accurate determinations to assist HCPF and improve Eligibility Site performance.

## **Related Resources**

[HCPF 2021-2022 Annual Report to the Community](#)

[Maternal Health Equity Report](#)

[Health Equity Plan](#)

[HCPF Hospital Reports Hub](#)

[HCPF Affordability Toolkit](#)

[Accountable Care Collaborative Implementation Report - December 2022](#)

