



**COLORADO**  
Department of Health Care  
Policy & Financing

Department of Health Care Policy and Financing  
1570 Grant Street  
Denver, CO 80203

November 1, 2018

The Honorable Millie Hamner, Chair  
Joint Budget Committee  
200 East 14th Avenue, Third Floor  
Denver, CO 80203

Dear Representative Hamner:

Enclosed please find a legislative report to the Joint Budget Committee from the Department of Health Care Policy and Financing on Performance-Based Payments.

*Pursuant to section 25.5-4-401.2, C.R.S., on or before November 1, 2017, and on or before November 1 each year thereafter, the Department of Health Care Policy and Financing (the Department) shall prepare a written report describing rules adopted by the state board and contract provisions approved by the Centers for Medicare and Medicaid Services in the preceding calendar year that authorize payments to providers based on performance.*

In calendar year 2017, contracts were approved by the Centers for Medicare and Medicaid Services authorizing the Department to implement a Behavioral Health Incentive Program. This program was developed with the Behavioral Health Organizations (BHOs) and in consultation with the Office of Behavioral Health for the performance period of July 2017 - August 2018.

In preparation for the transition of the BHOs to the next iteration of the Accountable Care Collaborative, the goals of the incentive program match those of the Accountable Care Collaborative: to improve member health and reduce costs. The incentive program supports the following objectives of Phase II of the Accountable Care Collaborative:

- Join physical and behavioral health under one accountable entity;
- Strengthen coordination of services by advancing team-based care and health neighborhoods;
- Promote member choice and engagement;
- Pay providers for the increased value they deliver; and
- Ensure greater accountability and transparency.

The incentive measures were chosen from standard performance measures collected by the Office of Behavioral Health and/or the Department. The state agencies worked together to choose measures that presented prospects for improvement or addressed critical communication and collaboration opportunities, such as care of children in foster care. All the incentive performance measures will be calculated using claims data and will only be paid if the BHO shows improvement from previous years performance. By incentivizing performance, the



Department hopes to encourage the creation of innovative solutions to improve member access and engagement and overcome barriers to care.

To qualify for the incentive payments, a BHO must meet the following minimum performance requirements during the SFY 2017-18 contract term:

1. Timely submission and completion of corrective action plans and activities;
2. Timely and accurate submission of monthly encounter data; and
3. Accuracy demonstrated in audits of the following six categories: procedure code; diagnosis code; place of service; service program category; units; and staff requirements.

If the contractor meets the above mentioned minimum requirements, the contractor can qualify for incentive payments based on improvements in incentive performance measures and incentive process measures. There are seven incentive performance measures:

1. Mental health engagement (all members excluding foster care)
2. Mental health engagement (foster care)
3. Engagement of substance use disorder treatment
4. Follow-up appointment within seven days after a hospital discharge for a mental health condition
5. Follow-up appointment within 30 days after a hospital discharge for a mental health condition
6. Emergency department utilization for a mental health condition
7. Emergency department utilization for a substance use disorder

There are also three incentive process measures:

1. Suicide risk assessment for those receiving mental health or substance use disorder services
2. Documented care coordination agreements for specific vulnerable populations
3. Denial of services for those with dual diagnosis

The Department must allow adequate time for the submission and processing of claims by the BHOs and is unable to provide performance information at this time. The Department will report on BHO performance in program communications and in next year's legislative report.

No additional rules or contracts were approved that are subject to this bill; however, the Department would note that rules were updated for two long-standing programs: The Hospital Quality Incentive Program (HQIP) and the Nursing Facility Provider Fee Pay for Performance (P4P) Program.

Based on programs currently in development, the Department anticipates that future reports will include information on the Primary Care Alternative Payment Methodology (PC APM); the Federally Qualified Health Center Alternative Payment Methodology (FQHC APM); the Accountable Care Collaborative (ACC) Phase II Key Performance Indicator (KPI) incentive payments; and hospital reforms.



If you require further information or have additional questions, please contact the Department's Legislative Liaison, David DeNovellis, at [David.DeNovellis@state.co.us](mailto:David.DeNovellis@state.co.us) or 303-866-6912.

Sincerely,



Kim Bimestefer  
Executive Director

KB/sm

Enclosure(s): HCPF 2018 Performance-Based Payments Report

Cc: Senator Kent Lambert, Vice-chair, Joint Budget Committee  
Senator Kevin Lundberg, Joint Budget Committee  
Senator Dominick Moreno, Joint Budget Committee  
Representative Bob Rankin, Joint Budget Committee  
Representative Dave Young, Joint Budget Committee  
Eric Kurtz, Joint Budget Committee Analyst  
Katie Quinn, Budget Analyst, Office of State Planning and Budgeting  
Legislative Council Library  
State Library  
John Bartholomew, Finance Office Director, HCPF  
Laurel Karabatsos, Health Programs Office Director & Interim Medicaid Director, HCPF  
Tom Massey, Policy, Communications, and Administration Office Director, HCPF  
Bonnie Silva, Community Living Interim Office Director, HCPF  
Chris Underwood, Health Information Office Director, HCPF  
Stephanie Ziegler, Cost Control & Quality Improvement Office Director, HCPF  
Rachel Reiter, External Relations Division Director, HCPF  
David DeNovellis, Legislative Liaison, HCPF





**COLORADO**  
Department of Health Care  
Policy & Financing

Department of Health Care Policy and Financing  
1570 Grant Street  
Denver, CO 80203

November 1, 2018

The Honorable Jim Smallwood, Chair  
Health and Human Services Committee  
200 E. Colfax Avenue  
Denver, CO 80203

Dear Senator Smallwood:

Enclosed please find a legislative report to the Senate Health and Human Services Committee from the Department of Health Care Policy and Financing on Performance-Based Payments.

*Pursuant to section 25.5-4-401.2, C.R.S., on or before November 1, 2017, and on or before November 1 each year thereafter, the Department of Health Care Policy and Financing (the Department) shall prepare a written report describing rules adopted by the state board and contract provisions approved by the Centers for Medicare and Medicaid Services in the preceding calendar year that authorize payments to providers based on performance.*

In calendar year 2017, contracts were approved by the Centers for Medicare and Medicaid Services authorizing the Department to implement a Behavioral Health Incentive Program. This program was developed with the Behavioral Health Organizations (BHOs) and in consultation with the Office of Behavioral Health for the performance period of July 2017 - August 2018.

In preparation for the transition of the BHOs to the next iteration of the Accountable Care Collaborative, the goals of the incentive program match those of the Accountable Care Collaborative: to improve member health and reduce costs. The incentive program supports the following objectives of Phase II of the Accountable Care Collaborative:

- Join physical and behavioral health under one accountable entity;
- Strengthen coordination of services by advancing team-based care and health neighborhoods;
- Promote member choice and engagement;
- Pay providers for the increased value they deliver; and
- Ensure greater accountability and transparency.

The incentive measures were chosen from standard performance measures collected by the Office of Behavioral Health and/or the Department. The state agencies worked together to choose measures that presented prospects for improvement or addressed critical communication and collaboration opportunities, such as care of children in foster care. All the incentive performance measures will be calculated using claims data and will only be paid if the BHO shows improvement from previous years performance. By incentivizing performance, the



Department hopes to encourage the creation of innovative solutions to improve member access and engagement and overcome barriers to care.

To qualify for the incentive payments, a BHO must meet the following minimum performance requirements during the SFY 2017-18 contract term:

1. Timely submission and completion of corrective action plans and activities;
2. Timely and accurate submission of monthly encounter data; and
3. Accuracy demonstrated in audits of the following six categories: procedure code; diagnosis code; place of service; service program category; units; and staff requirements.

If the contractor meets the above mentioned minimum requirements, the contractor can qualify for incentive payments based on improvements in incentive performance measures and incentive process measures. There are seven incentive performance measures:

1. Mental health engagement (all members excluding foster care)
2. Mental health engagement (foster care)
3. Engagement of substance use disorder treatment
4. Follow-up appointment within seven days after a hospital discharge for a mental health condition
5. Follow-up appointment within 30 days after a hospital discharge for a mental health condition
6. Emergency department utilization for a mental health condition
7. Emergency department utilization for a substance use disorder

There are also three incentive process measures:

1. Suicide risk assessment for those receiving mental health or substance use disorder services
2. Documented care coordination agreements for specific vulnerable populations
3. Denial of services for those with dual diagnosis

The Department must allow adequate time for the submission and processing of claims by the BHOs and is unable to provide performance information at this time. The Department will report on BHO performance in program communications and next year's legislative report.

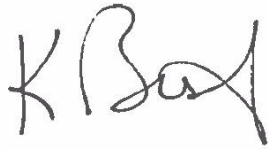
No additional rules or contracts were approved that are subject to this bill; however, the Department would note that rules were updated for two long-standing programs: The Hospital Quality Incentive Program (HQIP) and the Nursing Facility Provider Fee Pay for Performance (P4P) Program.

Based on programs currently in development, the Department anticipates that future reports will include information on the Primary Care Alternative Payment Methodology (PC APM); the Federally Qualified Health Center Alternative Payment Methodology (FQHC APM); the Accountable Care Collaborative (ACC) Phase II Key Performance Indicator (KPI) incentive payments; and hospital reforms.



If you require further information or have additional questions, please contact the Department's Legislative Liaison, David DeNovellis, at [David.DeNovellis@state.co.us](mailto:David.DeNovellis@state.co.us) or 303-866-6912.

Sincerely,



Kim Bimestefer  
Executive Director

KB/sm

Enclosure(s): HCPF 2018 Performance-Based Payments Report

Cc: Senator Kent Lambert, Vice-chair, Joint Budget Committee  
Senator Kevin Lundberg, Joint Budget Committee  
Senator Dominick Moreno, Joint Budget Committee  
Representative Bob Rankin, Joint Budget Committee  
Representative Dave Young, Joint Budget Committee  
Eric Kurtz, Joint Budget Committee Analyst  
Katie Quinn, Budget Analyst, Office of State Planning and Budgeting  
Legislative Council Library  
State Library  
John Bartholomew, Finance Office Director, HCPF  
Laurel Karabatsos, Health Programs Office Director & Interim Medicaid Director, HCPF  
Tom Massey, Policy, Communications, and Administration Office Director, HCPF  
Bonnie Silva, Community Living Interim Office Director, HCPF  
Chris Underwood, Health Information Office Director, HCPF  
Stephanie Ziegler, Cost Control & Quality Improvement Office Director, HCPF  
Rachel Reiter, External Relations Division Director, HCPF  
David DeNovellis, Legislative Liaison, HCPF





**COLORADO**  
Department of Health Care  
Policy & Financing

Department of Health Care Policy and Financing  
1570 Grant Street  
Denver, CO 80203

November 1, 2018

The Honorable Jonathan Singer, Chair  
Public Health Care and Human Services Committee  
200 E. Colfax Avenue  
Denver, CO 80203

Dear Representative Singer:

Enclosed please find a legislative report to the House Public Health Care and Human Services Committee from the Department of Health Care Policy and Financing on Performance-Based Payments.

*Pursuant to section 25.5-4-401.2, C.R.S., on or before November 1, 2017, and on or before November 1 each year thereafter, the Department of Health Care Policy and Financing (the Department) shall prepare a written report describing rules adopted by the state board and contract provisions approved by the Centers for Medicare and Medicaid Services in the preceding calendar year that authorize payments to providers based on performance.*

In calendar year 2017, contracts were approved by the Centers for Medicare and Medicaid Services authorizing the Department to implement a Behavioral Health Incentive Program. This program was developed with the Behavioral Health Organizations (BHOs) and in consultation with the Office of Behavioral Health for the performance period of July 2017 - August 2018.

In preparation for the transition of the BHOs to the next iteration of the Accountable Care Collaborative, the goals of the incentive program match those of the Accountable Care Collaborative: to improve member health and to reduce costs. The incentive program supports the following objectives of Phase II of the Accountable Care Collaborative:

- Join physical and behavioral health under one accountable entity;
- Strengthen coordination of services by advancing team-based care and health neighborhoods;
- Promote member choice and engagement;
- Pay providers for the increased value they deliver; and
- Ensure greater accountability and transparency.

The incentive measures were chosen from standard performance measures collected by the Office of Behavioral Health and/or the Department. The state agencies worked together to choose measures that presented prospects for improvement or addressed critical communication and collaboration opportunities, such as care of children in foster care. All the incentive performance measures will be calculated using claims data and will only be paid if the



BHO shows improvement from previous years performance. By incentivizing performance, the Department hopes to encourage the creation of innovative solutions to improve member access and engagement and overcome barriers to care.

To qualify for the incentive payments, a BHO must meet the following minimum performance requirements during the SFY 2017-18 contract term:

1. Timely submission and completion of corrective action plans and activities;
2. Timely and accurate submission of monthly encounter data; and
3. Accuracy demonstrated in audits of the following six categories: procedure code; diagnosis code; place of service; service program category; units; and staff requirements.

If the contractor meets the above mentioned minimum requirements, the contractor can qualify for incentive payments based on improvements in incentive performance measures and incentive process measures. There are seven incentive performance measures:

1. Mental health engagement (all members excluding foster care)
2. Mental health engagement (foster care)
3. Engagement of substance use disorder treatment
4. Follow-up appointment within seven days after a hospital discharge for a mental health condition
5. Follow-up appointment within 30 days after a hospital discharge for a mental health condition
6. Emergency department utilization for a mental health condition
7. Emergency department utilization for a substance use disorder

There are also three incentive process measures:

1. Suicide risk assessment for those receiving mental health or substance use disorder services
2. Documented care coordination agreements for specific vulnerable populations
3. Denial of services for those with dual diagnosis

The Department must allow adequate time for the submission and processing of claims by the BHOs and is unable to provide performance information at this time. The Department will report on BHO performance in program communications and in next year's legislative report.

No additional rules or contracts were approved that are subject to this bill; however, the Department would note that rules were updated for two long-standing programs: The Hospital Quality Incentive Program (HQIP) and the Nursing Facility Provider Fee Pay for Performance (P4P) Program.

Based on programs currently in development, the Department anticipates that future reports will include information on the Primary Care Alternative Payment Methodology (PC APM); the Federally Qualified Health Center Alternative Payment Methodology (FQHC APM); the Accountable Care Collaborative (ACC) Phase II Key Performance Indicator (KPI) incentive payments; and hospital reforms.





If you require further information or have additional questions, please contact the Department's Legislative Liaison, David DeNovellis, at [David.DeNovellis@state.co.us](mailto:David.DeNovellis@state.co.us) or 303-866-6912.

Sincerely,



Kim Bimestefer  
Executive Director

KB/sm

Enclosure(s): HCPF 2018 Performance-Based Payments Report

Cc: Senator Kent Lambert, Vice-chair, Joint Budget Committee  
Senator Kevin Lundberg, Joint Budget Committee  
Senator Dominick Moreno, Joint Budget Committee  
Representative Bob Rankin, Joint Budget Committee  
Representative Dave Young, Joint Budget Committee  
Eric Kurtz, Joint Budget Committee Analyst  
Katie Quinn, Budget Analyst, Office of State Planning and Budgeting  
Legislative Council Library  
State Library  
John Bartholomew, Finance Office Director, HCPF  
Laurel Karabatsos, Health Programs Office Director & Interim Medicaid Director, HCPF  
Tom Massey, Policy, Communications, and Administration Office Director, HCPF  
Bonnie Silva, Community Living Interim Office Director, HCPF  
Chris Underwood, Health Information Office Director, HCPF  
Stephanie Ziegler, Cost Control & Quality Improvement Office Director, HCPF  
Rachel Reiter, External Relations Division Director, HCPF  
David DeNovellis, Legislative Liaison, HCPF





**COLORADO**  
Department of Health Care  
Policy & Financing

Department of Health Care Policy and Financing  
1570 Grant Street  
Denver, CO 80203

November 1, 2018

The Honorable Joann Ginal, Chair  
Health, Insurance, and Environment Committee  
200 E. Colfax Avenue  
Denver, CO 80203

Dear Representative Ginal:

Enclosed please find a legislative report to the House Health, Insurance, and Environment Committee from the Department of Health Care Policy and Financing on Performance-Based Payments.

*Pursuant to section 25.5-4-401.2, C.R.S., on or before November 1, 2017, and on or before November 1 each year thereafter, the Department of Health Care Policy and Financing (the Department) shall prepare a written report describing rules adopted by the state board and contract provisions approved by the Centers for Medicare and Medicaid Services in the preceding calendar year that authorize payments to providers based on performance.*

In calendar year 2017, contracts were approved by the Centers for Medicare and Medicaid Services authorizing the Department to implement a Behavioral Health Incentive Program. This program was developed with the Behavioral Health Organizations (BHOs) and in consultation with the Office of Behavioral Health for the performance period of July 2017 - August 2018.

In preparation for the transition of the BHOs to the next iteration of the Accountable Care Collaborative, the goals of the incentive program match those of the Accountable Care Collaborative: to improve member health and to reduce costs. The incentive program supports the following objectives of Phase II of the Accountable Care Collaborative:

- Join physical and behavioral health under one accountable entity;
- Strengthen coordination of services by advancing team-based care and health neighborhoods;
- Promote member choice and engagement;
- Pay providers for the increased value they deliver; and
- Ensure greater accountability and transparency.

The incentive measures were chosen from standard performance measures collected by the Office of Behavioral Health and/or the Department. The state agencies worked together to choose measures that presented prospects for improvement or addressed critical communication and collaboration opportunities, such as care of children in foster care. All the incentive performance measures will be calculated using claims data and will only be paid if the



BHO shows improvement from previous years performance. By incentivizing performance, the Department hopes to encourage the creation of innovative solutions to improve member access and engagement and overcome barriers to care.

To qualify for the incentive payments, a BHO must meet the following minimum performance requirements during the SFY 2017-18 contract term:

1. Timely submission and completion of corrective action plans and activities;
2. Timely and accurate submission of monthly encounter data; and
3. Accuracy demonstrated in audits of the following six categories: procedure code; diagnosis code; place of service; service program category; units; and staff requirements.

If the contractor meets the above mentioned minimum requirements, the contractor can qualify for incentive payments based on improvements in incentive performance measures and incentive process measures. There are seven incentive performance measures:

1. Mental health engagement (all members excluding foster care)
2. Mental health engagement (foster care)
3. Engagement of substance use disorder treatment
4. Follow-up appointment within seven days after a hospital discharge for a mental health condition
5. Follow-up appointment within 30 days after a hospital discharge for a mental health condition
6. Emergency department utilization for a mental health condition
7. Emergency department utilization for a substance use disorder

There are also three incentive process measures:

1. Suicide risk assessment for those receiving mental health or substance use disorder services
2. Documented care coordination agreements for specific vulnerable populations
3. Denial of services for those with dual diagnosis

The Department must allow adequate time for the submission and processing of claims by the BHOs and is unable to provide performance information at this time. The Department will report on BHO performance in program communications and next year's legislative report.

No additional rules or contracts were approved that are subject to this bill; however, the Department would note that rules were updated for two long-standing programs: The Hospital Quality Incentive Program (HQIP) and the Nursing Facility Provider Fee Pay for Performance (P4P) Program.

Based on programs currently in development, the Department anticipates that future reports will include information on the Primary Care Alternative Payment Methodology (PC APM); the Federally Qualified Health Center Alternative Payment Methodology (FQHC APM); the Accountable Care Collaborative (ACC) Phase II Key Performance Indicator (KPI) incentive payments; and hospital reforms.



If you require further information or have additional questions, please contact the Department's Legislative Liaison, David DeNovellis, at [David.DeNovellis@state.co.us](mailto:David.DeNovellis@state.co.us) or 303-866-6912.

Sincerely,



Kim Bimestefer  
Executive Director

KB/sm

Enclosure(s): HCPF 2018 Performance-Based Payments Report

Cc: Senator Kent Lambert, Vice-chair, Joint Budget Committee  
Senator Kevin Lundberg, Joint Budget Committee  
Senator Dominick Moreno, Joint Budget Committee  
Representative Bob Rankin, Joint Budget Committee  
Representative Dave Young, Joint Budget Committee  
Eric Kurtz, Joint Budget Committee Analyst  
Katie Quinn, Budget Analyst, Office of State Planning and Budgeting  
Legislative Council Library  
State Library  
John Bartholomew, Finance Office Director, HCPF  
Laurel Karabatsos, Health Programs Office Director & Interim Medicaid Director, HCPF  
Tom Massey, Policy, Communications, and Administration Office Director, HCPF  
Bonnie Silva, Community Living Interim Office Director, HCPF  
Chris Underwood, Health Information Office Director, HCPF  
Stephanie Ziegler, Cost Control & Quality Improvement Office Director, HCPF  
Rachel Reiter, External Relations Division Director, HCPF  
David DeNovellis, Legislative Liaison, HCPF

