FACT SHEET

Medicaid Reform

Challenges and Opportunities for Colorado

Summary:

Colorado's Accountable Care Collaborative (ACC) is a program aimed at improving health outcomes and lowering costs in the state's Medicaid program. The ACC represents a major investment with the ultimate goal of transforming how care is both delivered and paid for. The Colorado Department of Health Care Policy and Financing (HCPF) issued initial data measuring the ACC's progress on November 1, 2012 to the Joint Budget Committee. The report provided a first look at performance measures for the closely-watched project. The ACC effort plays a key role in Colorado's efforts to transform how it delivers health care within the Medicaid program.

Background:

Colorado, faced with historic Medicaid caseloads and costs, launched the ACC in 2011 to reform how care is delivered and paid for in the program. The strategy: Create medical homes for enrollees, emphasize preventive care, and focus on overall care coordination starting with a primary care provider. The overarching goals: Reduce costs, improve health outcomes and provide a better care experience for patients and providers.

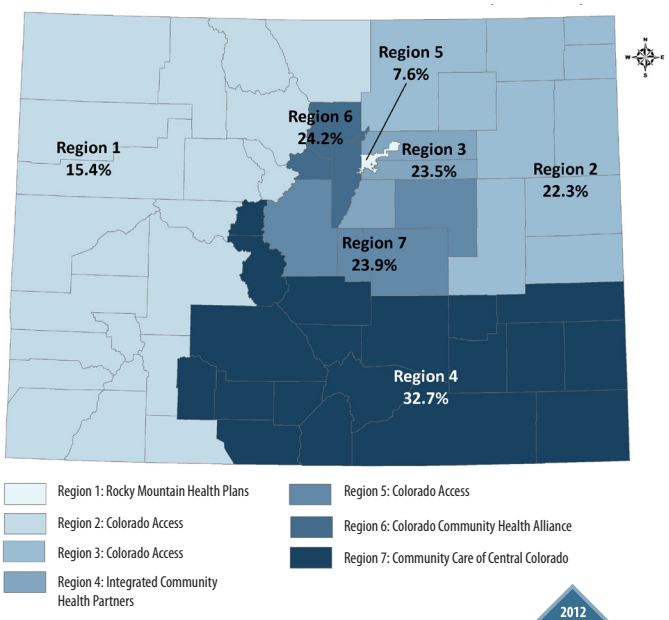
The ACC has a three-pronged structure:

- Patients are connected to a **primary care medical provider (PCMP)**, which provides medical home services, including timely access to primary care.
- Seven **Regional Care Collaborative Organizations (RCCOs)** manage the program, ensuring enrollees receive appropriate care coordination services and supporting providers with regional strategies.
- The ACC requires a robust foundation of data and analysis to monitor progress and identify areas in need of improvement. **The Statewide Data and Analytics Contractor (SDAC)** compiles data and provides a variety of analyses and reports, including the Key Performance Indicators (KPIs) - emergency department visits, hospital readmissions and high cost imaging services.

Incentives: The PCMPs and RCCOs receive per-member, per-month fees for providing care coordination and medical home services. Beginning in July, they are eligible to receive incentive payments for meeting goals.

Enrollment: More than 134,000 patients–about 20 percent of Colorado Medicaid enrollees–by September 2012. See Figure 1 for the geographic breakdown of enrollment.

Figure 1. Percentage of ACC Enrollees Among All Medicaid Enrollees, by RCCO, September 2012



What the Data Tell Us:

Did health spending decrease?

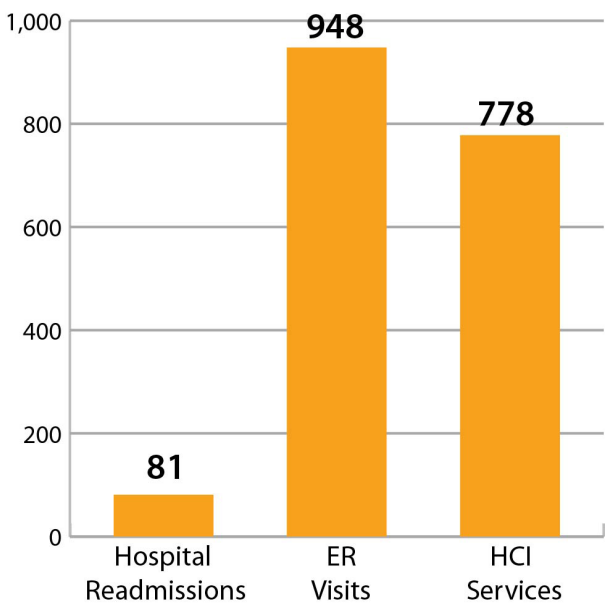
Maybe. HCPF estimates gross savings of between $9 and $30 million, using several statistical methodologies. This is modest when compared to the Medicaid budget, and reflects costs associated with early stages of the effort, including building enrollment while developing infrastructure, care coordination plans and claims information. Administrative costs totaled about $18 million. This means net savings could range as high as $12 million. It also means the program could have shown a net loss of up to $9 million.

HCPF concludes that the range of estimated savings supports its earlier projection of $20 million in gross savings for FY 2011-12, indicating the projection represented a reasonable midpoint within that range. Assuming $20 million in gross savings, the net savings would be between $2 million and $3 million.

Were fewer high-cost services used?

Yes. ACC enrollees showed fewer hospital readmissions and high-cost imaging (HCI) services when compared to a non-enrolled control group. While emergency room use increased across the board, ACC enrollees had a smaller rate of increase than non-enrollees. HCPF also estimated the number of high-cost services that were avoided among ACC enrollees. See Figure 2 for a summary of avoided services.

Figure 2. Estimated number of high-cost services avoided among ACC enrollees, FY2010-11 to FY 2011-12



Was there an impact on potentially avoidable health services?

Yes. ACC enrollees with asthma or diabetes had lower hospitalization rates compared to non-enrollees, although the sample size was small. At the same time, ACC enrollees increased their prescription drug use for hypertension, which could prevent more serious conditions such as cardiovascular or renal disease.

Conclusion:

The HCPF report represents the first glimpse into the variety of data that the state is examining to determine its return on investment in the ACC. As the ACC matures, enrolls more clients and adjusts its model for reforming health care delivery, the metrics will more fully reveal the extent of the ACC's impact. Ideally, these data would augment a formal evaluation of the ACC program to determine whether the ACC is meeting its goals. Although the early results show promising direction, the data is preliminary and it's too early to make final judgments on the ACC's success in decreasing Medicaid spending, improving health outcomes and making the health care experience better for enrollees.

HCPF (2012). Report to the Joint Budget Committee: Accountable Care Collaborative Annual Report. Available at http://www.colorado.gov/cs/Satellite/HCPF/HCPF/1233759745246.

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