




2022 Virtual Regulatory Review Series: Medicaid Update



Feb. 1, 2022





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Continuing Legal Education (CLE)

 **Requirements to receive credit:**

- Make sure you are on Zoom and not just called in
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- Make sure your name on your Zoom screen includes first and last (no phone numbers)
- Answer polling questions – two questions total
- Complete the evaluation at the end of each session

CLE available for the following states:

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For all those who requested CLE credit and answered the polling questions, CLE certificates will be emailed within 48 hours after the session.

For CLE questions, contact Sinead McGuire, Polsinelli department marketing manager, at smcguire@polsinelli.com.

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Today's Presenters and Agenda






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Agenda

- National Medicaid Update – Prepare for the Public Health Emergency (PHE) Ending
- CO Medicaid Reimbursement
 - Provider Fee
 - Hospital Quality Incentive Payments
 - Hospital Transformation Program
 - Fee for Service Rate Methodology
- HMS Audits and Overpayment Demands

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Medicaid Expenditures

Hospital

Behavioral Health (BH)

Physician and Clinics

Capitation and Other

- Inpatient Base Rate
- Outpatient Base Rate
- Supplemental Payments

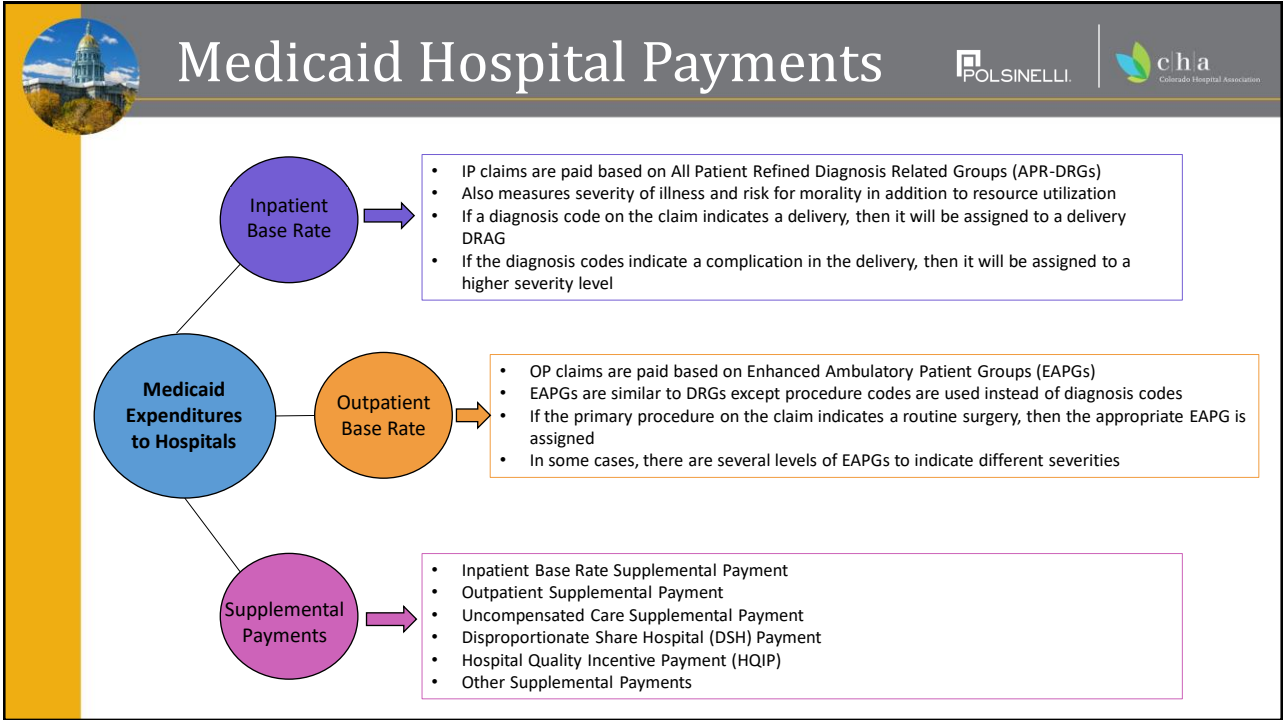
Medicaid Expenditures

- BH Organizations
- Mental Health Facilities and Centers

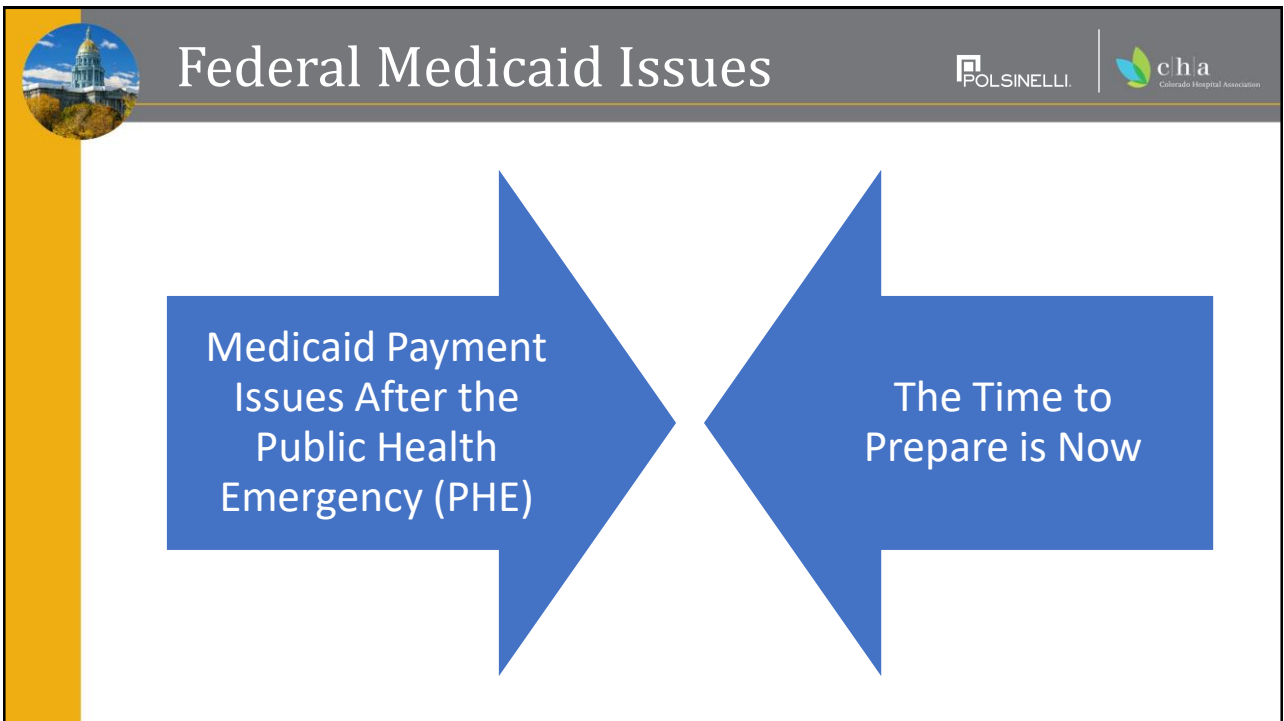
- Physicians
- Clinicians
- Specialists
- FQHCs and RHCs
- Outpatient Base Rate
- Supplemental Payments

- Managed Care Organizations
- Regional Care Collaborative Organizations
- Nursing Facilities and Hospital Providers
- HCBS Waiver Providers
- Home Health Providers
- Pharmacies
- Lab and X-ray Providers
- Transportation Providers

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Federal Medicaid Issues

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FAMILIES FIRST CORONAVIRUS RESPONSE ACT (FFCRA)

- Increased federal financial participation (6.2%)
- Strings attached: No revalidation until the month after the PHE ends
- Medicaid beneficiaries in March 2020 are still covered
- Huge increase in Medicaid enrollment
- Medicaid enrollment more than doubled in Colorado through July 2021
 - ~783,000 average month ---> nearly 1.6m Colorado Medicaid
 - Tied for third in the nation with highest growth: 104% increase

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Federal Medicaid Issues

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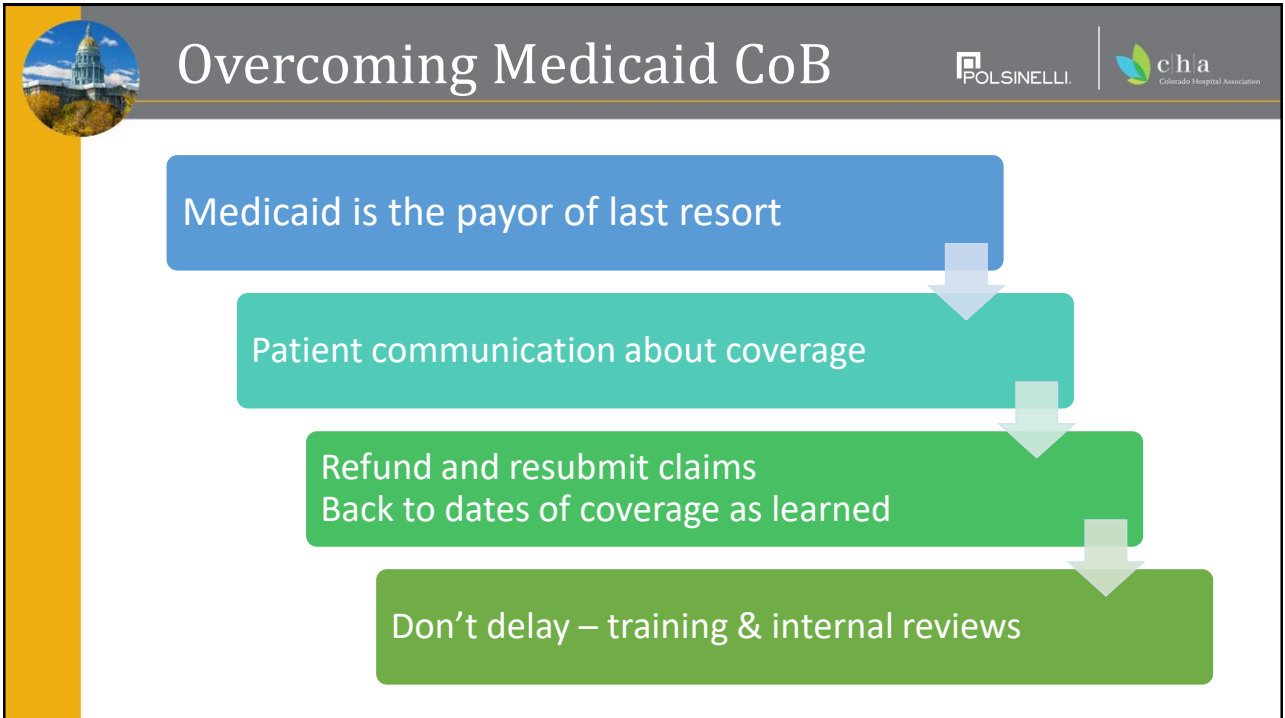
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- Employment back to February 2020 levels – many Medicaid beneficiaries now likely have employer-based coverage.
- Many Medicaid beneficiaries will lose their Medicaid coverage when revalidation occurs – perhaps half of all adults in Colorado.


COORDINATION OF BENEFITS: PROBLEMS ARE COMING

- Medicaid is payor of last resort.
- Recovery Audit Contractor (RAC) look back audits can extend seven years.
- Primary payor may not be known – or knowable – until audits.
- Overpayment demands will be lucrative for audit contractors.

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Polling #1

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Increases in the number of Medicaid beneficiaries in Colorado has no financial risk to Colorado hospitals.

- True
- False

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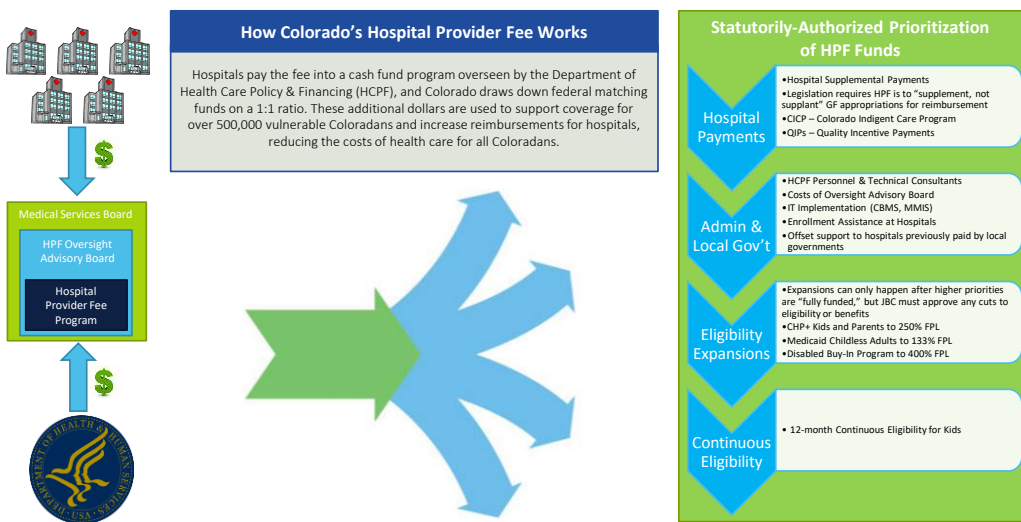
Colorado Healthcare Affordability and Sustainability Enterprise (CHASE)

Hospital Provider Fee (HPF)

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Hospital Provider Fee: How it Works



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Hospital Provider Fee Overview



Description	FFY 2017-18	FFY 2018-19	FFY 2019-20	FFY 2020-21	FFY 2021-22
Fees for Payments	(638,900,000)	(664,100,000)	(577,200,000)	(600,541,000)	(645,700,000)
Expansion	(213,200,000)	(221,000,000)	(275,600,000)	(373,199,000)	(441,600,000)
Administration	(26,800,000)	(30,600,000)	(32,300,000)	(36,300,000)	(35,400,000)
Increase HPF Cash Fund		13,500,000			
Statutory GF Transfer	(15,700,000)	(15,700,000)	(129,700,000)	(62,711,000)	(15,700,000)
Total Fees	(894,600,000)	(917,900,000)	(1,014,800,000)	(1,072,751,000)	(1,138,400,000)
Supplemental Payments	<u>1,301,600,000</u>	<u>1,328,100,000</u>	<u>1,407,500,000</u>	<u>1,482,962,000</u>	<u>1,594,900,000</u>
Net Reimbursement Gain	407,000,000	410,200,000	392,700,000	410,211,000	456,500,000
Percentage of UPL	96.95%	97.17%	96.53%	95.62%	97.00%
Fees as a percentage of NPR	5.75%	5.47%	6.00%	6.00%	5.67%

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Fee, Revenue and Expansion Details



	Cash Fund	Federal Fund	Total Fund
CHASE Fee	\$ 1,138,441,832		
Cash Fund Reserve	\$ -		
Total Fee Assessment	\$ 1,138,441,832		
MAGI Parents/Caretakers 60-68% FPL	\$ (13,128,000)	\$ (14,857,452)	\$ (27,985,452)
MAGI Parents/Caretakers 69-133% FPL	\$ (35,411,044)	\$ (310,304,893)	\$ (345,715,937)
MAGI Adults 0-133% FPL	\$ (237,867,680)	\$ (1,976,215,792)	\$ (2,214,083,472)
Buy-In for Adults & Children with Disabilities	\$ (58,866,835)	\$ (68,664,259)	\$ (127,531,094)
12 Month Continuous Eligibility for Children	\$ (22,041,740)	\$ (25,171,912)	\$ (47,213,652)
Non-Newly Eligible	\$ (17,134,342)	\$ (70,457,736)	\$ (87,592,078)
CHP+ 206-250% FPL	\$ (26,820,292)	\$ (52,446,963)	\$ (79,267,255)
Incentive Payments	\$ (10,455,938)	\$ (10,470,955)	\$ (20,926,893)
SB 21-286 Use of ARPA Funding	\$ (19,830,918)	\$ -	\$ (19,830,918)
Expansion Expense Estimates	\$ (441,556,789)	\$ (2,528,589,961)	\$ (2,970,146,750)
Administration Expense Estimates	\$ (35,433,208)	\$ (66,560,403)	\$ (101,993,611)
General Fund Offset	\$ (15,700,000)	\$ -	\$ (15,700,000)
Administration and Offset Estimates	\$ (51,133,208)	\$ (66,560,403)	\$ (117,693,611)
Supplemental Payment Expenses	\$ (645,745,088)	\$ (949,152,466)	\$ (1,594,897,554)

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Grouped Provider Fee Summary



	2022 CHASE Fee	IP Payment	OP Payment	Rural Support Payment	Essential Access Payment	HQIP Payment	DSH Payment	Total Payments	Net Gain (Loss)
Critical Access	27,289,011	16,864,994	84,942,281	11,478,258	18,500,697	3,870,980	3,562,263	139,219,473	111,930,462
Rural	74,776,518	33,590,449	125,746,700	5,739,129	11,748,618	9,179,176	13,188,358	199,192,430	124,415,912
Frontier	7,217,464	4,238,482	25,506,496	6,260,868	7,751,387	771,842	0	44,529,075	37,311,611
Urban	1,056,447,850	558,379,760	485,235,527	0	0	94,138,816	213,421,946	1,351,176,049	294,728,199
Colorado	1,138,441,832	596,208,691	636,488,723	11,999,997	19,500,005	104,089,834	226,610,304	1,594,897,554	456,455,722

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Hospital Quality Incentive Payment Program (HQIP)



- The Colorado Health Care Affordability Act (House Bill 09-1293), Section 25.5- 4-402.3, Colorado Revised Statute, authorizes HCPF to pay an additional amount based upon performance to those hospitals that provide services that improve health care outcomes for their patients.
- Hospital Quality Incentive Payment (HQIP) Program incentive payments are based on each hospital’s performance on the measures recommended by the HQIP Subcommittee and approved by the CHASE Board.
- Hospitals complete an annual HQIP survey reporting their self-reported performance data.

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HQIP Measures

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1. Maternal Health and Perinatal Care Measure Group

- a) Exclusive Breast Feeding (self-report)
- b) Cesarean Section (self-report)
- c) Perinatal Depression and Anxiety (self-report)
- d) Maternal Emergencies and Preparedness (self-report and HCPF pulled)
- e) Reproductive Life/Family Planning (self-report and HCPF pulled)
- f) Incidence of Episiotomy (HCPF pulled new measure)

2. Patient Safety Measure Group

- a) Hospital Acquired Clostridium Difficile (C.diff) Infections (HCPF pulled)
- b) Adverse Event Reporting (self-report)
- c) Culture of Safety Survey (self-report)

3. Patient Experience Measure Group

- a) HCAHPS Composite 5-7 (HCPF pulled)
- b) Advance Care Planning (ACP) (self-report)

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What is the Hospital Transformation Program (HTP)?

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- The goal of the Hospital Transformation Program (HTP) is to improve the quality of hospital care provided to Health First Colorado (Colorado Medicaid) members by tying provider fee-funded hospital payments to value based initiatives.
- To be successful, hospitals must demonstrate meaningful community engagement and improvements in health outcomes over time.
- The HTP includes expectations for key activities and tracking measures, in order to be consistent across the state while also allowing hospitals to work with their communities on the best interventions and approaches.
- The HTP is a five-year program that will transition from pay-for-process and reporting to a pay-for-performance structure over time.

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HTP Goals



- Improve patient outcomes through care redesign and integration of care across settings
- Improve the performance of the delivery system by ensuring appropriate care in appropriate settings
- Lower Health First Colorado (Colorado's Medicaid Program) costs through reductions in avoidable hospital utilization and increased effectiveness and efficiency in care delivery
- Accelerate hospitals' organizational, operational, and systems readiness for value-based payment
- Increase collaboration between hospitals and other providers

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HTP Focus





- Care Coordination and Care Transitions
- Complex Care Management for Targeted Populations
- Behavioral Health and Substance Use Disorder (SUD) Coordination
- Maternal Health, Perinatal Care, and Improved Birth Outcomes
- Social Determinants
- Total Cost of Care

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HTP At-Risk Dollars

Hospital Group	IP Payment	OP Payment	Essential Access Payment	Total HTP Pool	Year Zero (1.5%)*	Year One (2.5%)	Year Two (6.0%)	Year Three (13/15%)	Year Four (13/20%)	Year Five (22/30%)
Critical Access	16,864,994	84,942,281	18,500,697	120,307,972	1,506,802	3,007,699	7,218,478	15,640,036	15,640,036	26,467,754
Rural	33,590,449	125,746,700	11,748,618	171,085,767	2,251,890	4,277,144	10,265,146	24,006,633	28,420,341	44,700,802
Frontier	4,238,482	25,506,496	7,751,387	37,496,365	475,276	937,409	2,249,782	4,874,527	4,874,527	8,249,200
Urban	557,558,608	484,971,117	0	1,042,529,725	14,698,313	26,063,243	62,551,784	156,379,459	208,505,945	312,758,918
Colorado	595,387,539	636,224,313	19,500,005	1,251,111,857	17,425,480	31,277,796	75,066,711	185,260,619	241,800,813	365,708,919

Year 0 Impacts based on FFY 2020-21 CHASE model*




Hospital Fee for Service Payment Rates



Enhanced Ambulatory Patient Groups (EAPGs)

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- December 2020 – HCPF (Colorado Department of Health Care Policy and Financing) announced at its [Hospital Stakeholder Engagement Meeting](#) (HSEM) that HCPF would transition to a newer version of the Enhanced Ambulatory Patient Groups (EAPGs), a patient classification system utilized in determining outpatient hospital payments.
- This work transitioned from the current use of 3Ms EAPG Version 3.10 to Version 3.16.
- Initial analysis of this version change showed that multiple EAPG previously paid separately in version 3.10 would not be grouped in version 3.16, which would have impacts on hospital reimbursement.

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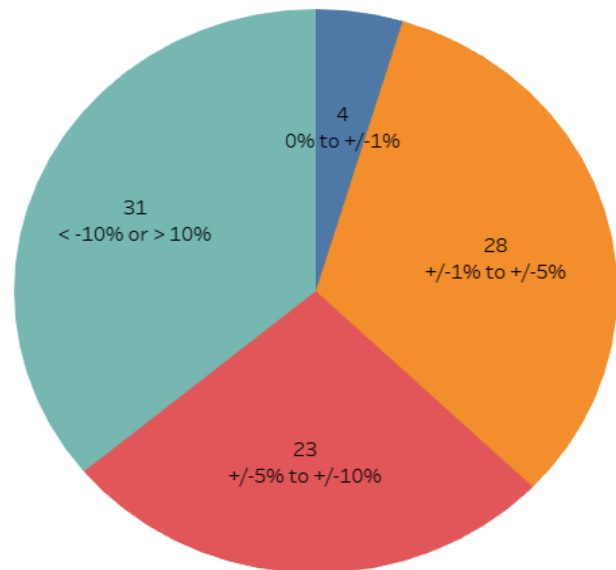


Estimated Hospital Impacts


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- HPCF initial analysis showed sizable estimated impacts to hospital reimbursement.
- 36% of hospitals had a reimbursement change over 10%.



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All Other Hospital Base Rate Adjustments


Step 1: Calculated revenue neutral rates

- No groupings for all other hospitals in this step (expect pediatric hospitals grouped together)



Step 2: Corridor based on base rate average in group and standard deviation

- All other hospitals divided into three groups for Step 2 and each grouping has own average and standard deviation calculation:
 - Pediatric
 - Independent
 - Non-CAH system hospitals

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Inpatient Hospital Reimbursement

Current Medicaid Patient Refined Diagnosis Related Groups (APR-DRGs)

Medicare Base Rate

Federal Operating Portion

- IME Medicare Add-On
- Hospital Specific Add-On
- VBP Adjustment Factor
- Readmissions Adjustment Factor

Adjusted Federal Capital Rate

- IME Capital Add-On
- Low Volume Payment
- HAC Reduction

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HCPF Budget Neutrality Factor

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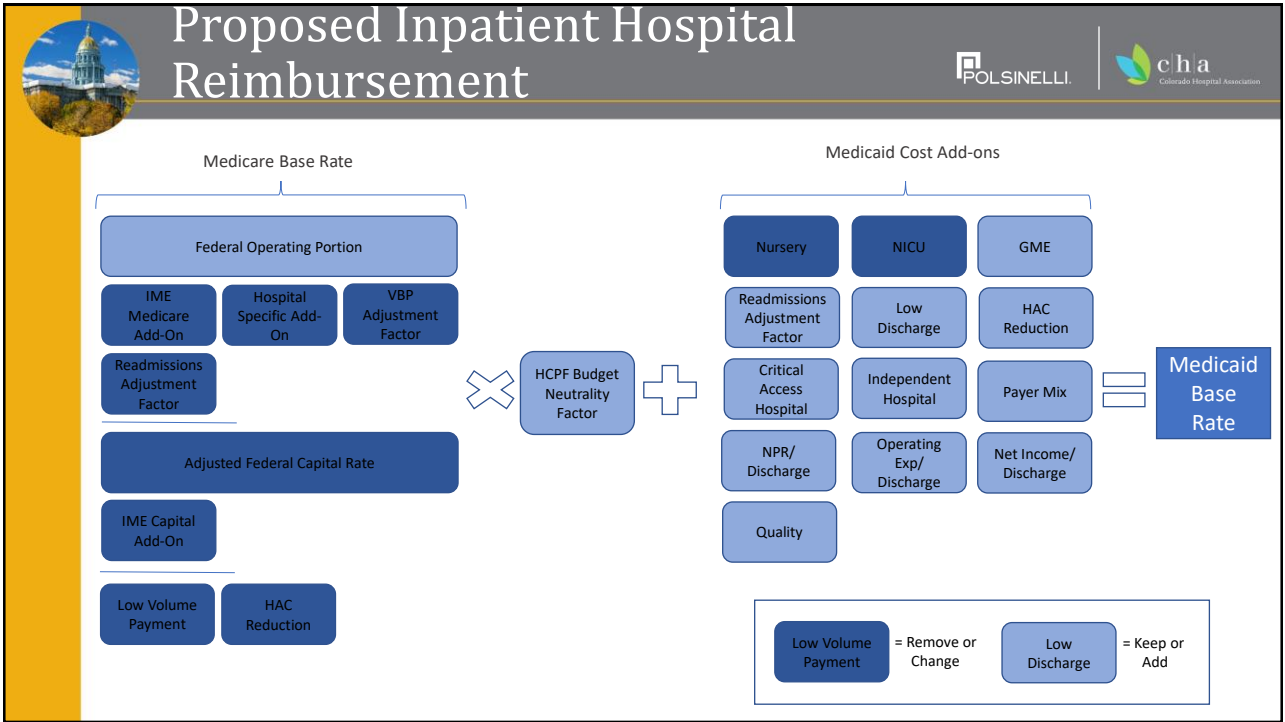
Medicaid Cost Add-ons

- Nursery
- NICU
- GME

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Medicaid Base Rate



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Polling #2





The State of Colorado pays for most Medicaid services through fee-for-service payments made directly to providers.

- True
- False




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Colorado Medicaid Recovery Audits

HMS: DRG & Site of Service

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Medicaid Recovery Audits

- State of Colorado contracted with HMS for hospital audits
- Initial dates of service July 2014
- Wrong DRG with applied alternative DRG (lower reimbursement)
- Wrong place of service – inpatient v. outpatient
 - 100% recoupment proposed
 - No explanation
 - Unjust enrichment
 - Rebill as outpatient?
- All sizes of hospitals
- HMS administrative issues – Watch your timing and babysit
- Consider alternative arguments/issues to medical necessity

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Questions?

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Evaluation

To use the QR code:

- Focus your phone's camera on the code and you will see a link to the survey appear.
- Tap this link and you will be taken directly to the survey.

We encourage everyone to take a moment now to complete the survey.



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Polling #1



Increases in the number of Medicaid beneficiaries in Colorado has no financial risk to Colorado hospitals.

- True
- False – small reimbursement and more work. No revalidation means that some beneficiaries have alternative insurance. Risk of coordination of benefits problems

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Polling #2

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The State of Colorado pays for most Medicaid services through fee-for-service payments made directly to providers.

- True-While other payment arrangements like the hospital provider fee, supplement Medicaid payments, Colorado's Medicaid program is reimbursed primarily by fee for service payments, representing over 80% of total Medicaid spending.
- False