

COLORADO MEDICAL SOCIETY BOARD OF DIRECTORS

January 18, 2013

Sue Birch Talking points

Opening

Good afternoon...it's a pleasure to be with you again. These are busy, but very exciting times in our industry!

Medicaid Expansion

- And as you know, the Governor announced his decision to expand Medicaid in Colorado, and I know expansion is something the Colorado Medical Society supports as well.
- This expansion **raises the income eligibility** limit to those earning up to 133% of the Federal Poverty Level (FPL)
- But as you know, health reform **is not new** to Colorado.
- With **your help and support**, Colorado has been **reforming and rebuilding** our Medicaid program **long before** the federal government passed health care reform.

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- Our health and human services departments have strengthened our collaborative work to become more effective, efficient and elegant in the health sector.

Learning from Colorado's Prior Expansions

- Over the past few years, we have learned a lot about the importance of coverage.
 - We know from our previous expansions that kids with coverage do better in school
 - Adults with coverage are more likely to receive preventive care.
 - Simply put...healthy people cost us a lot less money.
There is strong evidence that having health insurance and appropriate public assistance has an enormous impact on one's health.
- Adults without health insurance are more likely to have cancer diagnosed at a more advanced stage.

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- When treatment occurs late it may be less effective and more costly.

- Compared to the uninsured, Medicaid enrollees are more likely:
 - To receive preventive care,
 - To take necessary prescription drugs,
 - Be less depressed.

- The New England Journal of Medicine published a study late last year comparing states that expanded Medicaid, against states that did not.
 - Controlling for other factors, those states that expanded Medicaid saw a significant reduction in mortality, preventing nearly 20 deaths per 100,000 adults.

- So, increasing the number of insured through our Medicaid program will have a profound impact on the health of those individuals,

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- The overall health of our state, and
- a benefit to our economy.
- Bottom line - sick people can't work!

Expanding Coverage While Containing Costs

By expanding Medicaid now, Colorado can leverage existing state and federal resources to improve Coloradan's health coverage at a lower cost.

Here's how it works...

- Enhanced federal funds will pay 100% of the cost for the newly eligible population for the first three years,
- Phase down to paying 90% of the costs in 2020.
- As federal funding tapers, we anticipate utilizing program efficiencies, our provider fee structure, and other pre-existing public funding to fill the 10% gap.
- However, as the Governor has pledged ... not one additional dollar will come from the General Fund.

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Medicaid 5

Our efforts to modernize Medicaid while enhancing value include these initiatives: we call them the Medicaid Five.

- Strengthening efforts to prevent unnecessary or duplicative services;
- Ensuring the most effective services are delivered at the lowest cost;
- Increasing effectiveness in care delivery through our Accountable Care Collaborative;
- Evolving our payment systems to reward value instead of volume;
- Leveraging health information technology to improve quality and efficiency of care; and redesigning administrative infrastructure and reducing fraud, waste and abuse.

Cost Containment Efforts Already Underway

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With our cost containment efforts underway, we will gain greater value while continuing to care for our most vulnerable.

- In July 2011, the Department launched the Accountable Care Collaborative (ACC).
- The ACC and its 7 Regional Care Collaborative Organizations (RCCO's) will coordinate and better manage our client's care.
- Our goal for the ACC is to "bend the cost curve" while delivering better outcomes for the clients we serve.
 - In the ACC's first year, the results of the program were very positive...even during the ramp-up phase when the infrastructure was being developed.
- In FY11-12, the ACC enrolled 21% of Medicaid's total population, which are about 620,000 clients.

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- The Department identified three initial **Key Performance Indicators** to **measure performance** improvements between **clients enrolled in the ACC** and a **control group** of clients **not** enrolled. Here's what we found:
- **Hospital readmissions**...there was an **8.6%** **reduction in readmissions** among ACC clients compared to non-enrolled clients.
- **Emergency Room Utilization**...there was a **1.47%** **increase** among the **non-ACC enrolled clients**, but only a **.23%** increase **among the ACC clients**...much smaller, and very close to no increase.
- **High-Cost Imaging**...**3.3% decrease** among ACC enrollees compared to non-ACC clients.

To put these program improvements into dollars and cents,

- In FY11-12, our **operational costs** were approx **\$17 million**...

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- Which was approximately \$20 million less if the ACC was not in place.
- We returned nearly \$3 million to the general fund
- Keep in mind these savings were achieved with only 21% of the Medicaid population enrolled in the ACC.
- We anticipate greater savings as more clients are enrolled.
- As the program expands and more clients enroll, the Department will utilize lessons learned and best practices to further improve the program, client health outcomes, all while reducing costs.

Budget Items

We have several budget items before the legislature this year, many of our requests will help us implement health care reform.

We have a handful of operational budget requests, but here's a quick rundown of three requests aimed at program improvement:

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Provider Rates

- We're requesting a **1.5% provider rate increase** to maintain access to health care for our clients.
 - Since FY 2008-09 the state has implemented five budget reductions items that have reduced reimbursement rates to providers
 - **Maintaining** these rate reductions would **exacerbate** the financial strain you already feel.
 - It is increasingly difficult to **retain** current providers or **attract new providers** with current reimbursement rates.
 - Access to health care in rural areas is already a challenge
- Our request is **in addition to** the federal supplemental payments to primary care providers, **authorized through the**

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Affordable Care Act, to increase their reimbursements to match what Medicare pays.

- We anticipate the **increased reimbursements** will help us **attract & retain** providers who accept Medicaid.

Adult Dental

Another budget request is for a **Limited Dental Benefit** for Adults in Medicaid. **Preventive** dental care **improves health** and **reduces emergency costs**.

- **Currently**, adults in Medicaid have **no access** to **preventive** dental care
- Clients only have **limited options (e.g. extractions)** for dental emergencies, which is obviously **more**

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expensive, and may have been prevented if caught earlier.

- The **National Institutes of Health** report that **adults** who work in lower-paying industries who have **no access** to preventive dental care, **lose 2-4 times** more work hours due to **oral health** problems than adults who have professional positions.
- Benefits would be determined through a stakeholder process and would **likely include basic preventive** and **restorative treatments** (e.g. cleanings and filling cavities)
- There would be an **annual \$1,000 cap** on dental services per client

Substance Use Disorder

Our Department and the Department of Human Services are submitting coordinated requests to **improve existing substance**

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use disorder benefits and improve client access to effective treatments.

- States that coordinate substance use disorder benefits with other mental health benefits, have seen improved client health and reductions in costly ER visits, hospitalizations, and complications.
- Our Department believes that there will be savings achieved through this proposal.
- Substance use disorders lead to
 - Poor overall health,
 - Reduced productivity, and
 - Higher risk of incarceration.
- Our Department believes investing now in services that help clients recover from substance use disorders will improve the health of Medicaid clients and reduce health expenditures in the future.

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Outreach to Newly Eligible Population

- We're embarking on a collaborative effort with health plans to create a 'culture of coverage.'
- It won't be 'if' you have coverage, but 'what' kind of coverage you have.
- Everyone in Colorado needs to understand that they have to be covered, and
- Understand the benefit of insurance and how to access it.
- We'll also be working through our robust stakeholder process to help them communicate health reform to their very diverse audiences.

Closing

- This will be a transformational couple of years for those of us in the healthcare field.

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- We are **working closely** with stakeholders, community partners and the business community to move our state forward,
- And we greatly appreciate your support and assistance in becoming the healthiest state in the nation.

Thank you...I look forward to your questions.