

# PAYMENT REFORM AND ALTERNATIVE PAYMENT MODELS IN COLORADO

Health care costs in Colorado continue to climb every year, increasing [14 percent](#) between 2013 and 2017. In response, stakeholders from across the state have been trying to find solutions with the aim of curbing the rising prices while improving quality of care and the health of Coloradans. Health insurers in particular have been partnering with providers and facilities to link payments to high value care, which is also often referred to as payment reform, or alternative payment models (APM). Since inception, CIVHC has been working with stakeholders to support payment reform efforts through convening and providing data through the [Colorado All Payer Claims Database](#) (CO APCD).

## SCORECARDS ON PAYMENT REFORM

In 2018, CIVHC provided support to [Catalyst for Payment Reform](#) (CPR) as they surveyed carriers for their [Scorecard on Payment Reform 2.0](#) in three participating states: Colorado, New Jersey, and Virginia. The initiative's goal was to investigate whether the nation was making progress on payment reform and if the existing efforts had impacted the cost and quality of care in their areas.

In their survey of Colorado, CPR worked with health insurance plans to gather data about payment reform programs for commercial carriers and Medicaid. The information was then coupled with quality data collected from various local and national sources including claims from the CO APCD.

### KEY FINDINGS FROM THE 2018 CATALYST FOR PAYMENT REFORM COLORADO [COMMERCIAL](#) AND [MEDICAID](#) SCORECARDS ON PAYMENT REFORM

- Over half of the health care payments (57%) paid to doctors and hospitals in Colorado by the commercial sector in 2016 contain incentives to improve quality of care patients receive.
- 54% of payments in Colorado's Medicaid market were tied to value in 2016.
- In the commercial market, payments tied to value were equally prevalent in primary care and specialists (68%), with hospital payments tied to value trailing slightly at 64% of total dollars.
- In the Medicaid market, 100% of payments to hospitals were tied to value, with quality performance incentive payments making up 7% of total dollars paid to hospitals in 2016.

## USING THE CO APCD FOR APM COLLECTION

The CO APCD became the logical place to collect alternative payment model information as payers were already submitting their claims-based payments to the data warehouse which could be used as a point of reference to understand how models were impacting the overall payment system.

In order to collect APM data, CIVHC began the process to change the [rule](#) that governs submission to CO APCD in 2017. At the time, there were only two other APCDs in the nation that were collecting APM information and CIVHC met with both states – Massachusetts and Oregon – to understand their procedures and requirements to obtain the most accurate and complete data possible. CIVHC and the carriers worked through changes to the CO APCD [Data Submission Guide](#) (DSG), gathering feedback, defining the data fields to be collected, and the format of the files when submitted. The rule change passed in late 2018 and became effective in October 2019.

### ALTERNATIVE PAYMENT MODELS

Alternative Payment Models (APM) are ways of paying providers that encourage higher quality and more coordinated, cost-efficient care. By focusing on value of services over volume, APM models bring more holistic, efficient, person-centered care into focus.

The APM files are due in September of every year, unlike the medical, professional, dental, and pharmacy claims which are submitted monthly. At the end of each September, CIVHC begins evaluating the final APM files collected for completeness and validity, determining gaps, and assessing how to improve the process.

## AN APM LEARNING CURVE

The first year of APM file submissions received in September 2019 was slated to be included in an analysis of primary care spending in Colorado for the newly created Primary Care Payment Reform Collaborative, led by the Division of Insurance (DOI). Through the process of working with the Collaborative, the DOI, and other stakeholders, opportunities for improving the data specifications emerged.

It was determined that the best course would be to base the APM classifications on [standards](#) created by the [Health Care Payment Learning & Action Network](#). DSG 11.5 took effect in April 2020 and the APM files submitted that September followed the new guidance. Analyzing these files, CIVHC submitted the second [Primary Care Spending and Alternative Payment Model Use Report](#) to the Collaborative, which they used to inform their [recommendations](#) to the Commissioner of Insurance and Colorado General Assembly.

## THE PRIMARY CARE PAYMENT REFORM COLLABORATIVE

Established in 2019 by [House Bill 19-1233](#), the [Primary Care Payment Reform Collaborative](#) is a multistakeholder group made up of consumer, primary care provider, health care payer, and policymaker volunteers selected by the Commissioner of Insurance. They are tasked with developing [strategies](#) to ensure that Colorado's health care system is investing in affordable, sustainable, and accessible primary care for all residents.

## THE POTENTIAL IN APM DATA

Ongoing collection and analysis of APM data in the CO APCD affords stakeholders in Colorado a starting place from which to measure progress in moving away from the FFS system. CIVHC will continue working with payers to fine-tune the intake and processing of APM files to ensure that all types of APMs are being properly captured, categorized and submitted. As more robust information becomes available, CIVHC plans to release more information on the trends taking place in APMs with the ultimate goal to measure the most effective drivers of high value care. Equipped with more information, all stakeholders can play a role in lowering health care costs, increasing quality of care, and improving the lives of Coloradans.

- **Payers** can use APM data to identify how they compare to APM adoption overall in the State, and what types of APMs are the most prevalent.
- **Providers**, including health systems, facilities, and practitioners, can use the data to understand the types of innovation underway, evaluate their current position, and implement changes that may support long term sustainability under newly adopted models.
- **Employers** who purchase health care can begin engaging with their third-party administrators (TPA) and administrative service organizations (ASO) to understand how they can utilize APMs to drive down costs and improve care.
- **Policy Makers and Advocacy Organizations** can use this information to track progress on legislation and other initiatives aimed at increasing the adoption rates of APMs in Colorado.

For more information about CIVHC's work in collecting Alternative Payment Models, please visit [civhc.org](http://civhc.org) or contact us at [info@civhc.org](mailto:info@civhc.org).