

APCD Advisory Board, May Meeting



A Discussion with HCPF Executive Director,
Kim Bimestefer



HCPF Executive Director Agenda Items

- Refresher - Purpose of the APCD Advisory Committee
- Authorities of the HCPD Executive Director
- Budget \$\$
- Contracting Committee Function
- Affordability Roadmap and Emerging APCD Demands
 - Intended to meet the needs of Employers, Consumers - Drive down healthcare costs
- APCD Priorities and Process for Advisory Committee to More Formally Engage to Advise APCD and the Exec Director



APCD Advisory Committee Role

- Recommendations to the APCD Administrator and the HCPF Executive Director on:
 - APCD Reporting ... for the purpose of...quality, cost, utilization patterns, population health, outcomes, peer group comparisons, value based payments, compares health plans or health facilities or care providers or Rx costs, etc. option to collect info on uninsureds...
 - Data safeguards/privacy, data retention, data use, availability, guidelines for charging for data and fees, compliance, report content to the General Assembly (due every March), sources of funding for the APCD, data recipients,
- **You are empowered to Advise. Your opinions, needs, voice is key.**
- Committee can make recommendations to the Exec Dir on the database, including where it is housed.



APCD - Role of the HCPF Executive Director - Refresher

- Appoints the Advisory Committee Members
- Appoints the Administrator of the APCD
- Ensures cost-effectiveness of APCD operations
- Determines data to be collected and format
 - Oct Executive Director Rule - added APMs and Manufacturer compensation to Carriers disclosure/submission
- May audit the accuracy of the data
- Promulgate rules
 - Including assessment of fines associated with payer non-compliance with data submission, appropriated to HCPF to support the APCD
- Appoints the APCD Contracting Committee



Increased Funding from HCPF to Support APCD Affordability Focus, Performance, Data Quality, Emerging Need for Employer Data

Key HCPF 2019/20 Budget Requests and Original APCD Legislation

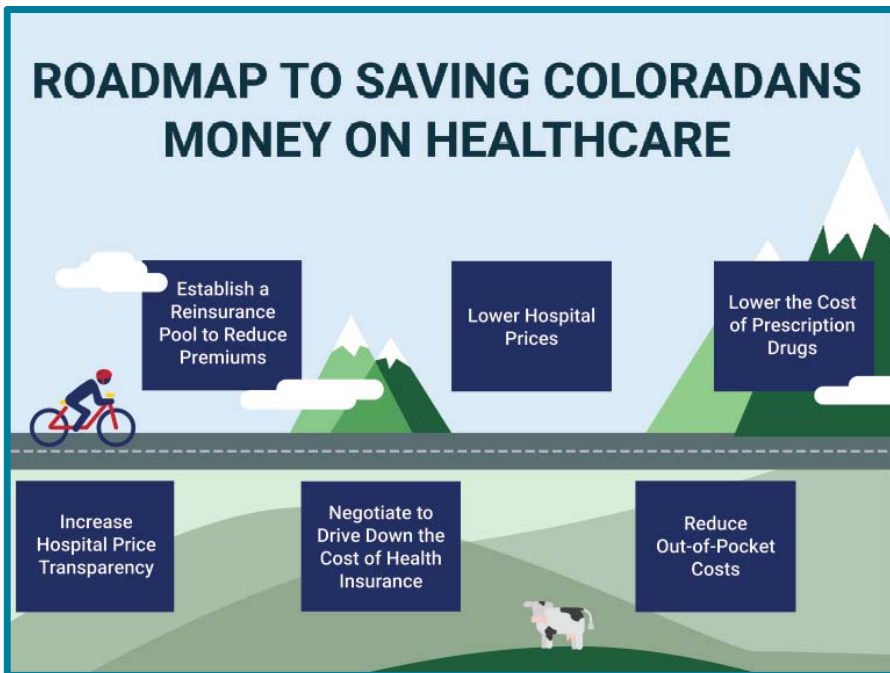
- All-Payer-Claim-Database: Foundational Funding Support of \$4M including \$2.5M in this budget. (Employer data. Affordability insights, supports. Provider cost/quality provider reports.)
- *If the APCD is not properly funded, it shall cease to operate and the data submitted shall be destroyed (HB 10-1330, Section 1, item 11).*

Contracting Committee

- Part of the JBC Budget Request for Funding, oversight of the APCD and use of State funds.
- Consist of nine (9) members selected by HCPF's Exec. Dir.: 1 Member each from HCPF, DHS, DPHE, DOI, Governor's Office; a Health Plan; a Health Care Provider; the Business Community; a consumer of health care.
- Role:
 - (1) providing direction and recommendations to the Dept. on the CIVHC-HCPF contract
 - (2) assisting HCPF Exec. Dir. in fulfilling the Dept.'s statutory - Section 25.5-1.204(3)(b) to evaluate the APCD initiative every 5 yrs., beginning in 2018 to ensure fulfillment of its purpose.
 - (3) Advise the Exec. Dir. on: Strategic planning; How CIVHC is using data and generating revenue; APCD operating budget, financials; budgeting process to ensure State & Medicaid funds used solely for the APCD or as approved by the Dept.; pricing for APCD data releases, including free reporting to State agencies; data quality; annual report to the General Assembly; proposed changes to regulations; evaluation of major, new vendor contracts to implement and manage the ACPD.
- It shall not replace or duplicate the role of the APCD Advisory Committee, which is required by statute to make recommendations to the Administrator for administration of the database.

Polis-Primavera Roadmap to Saving Coloradans Money on Health Care

In the Short Term

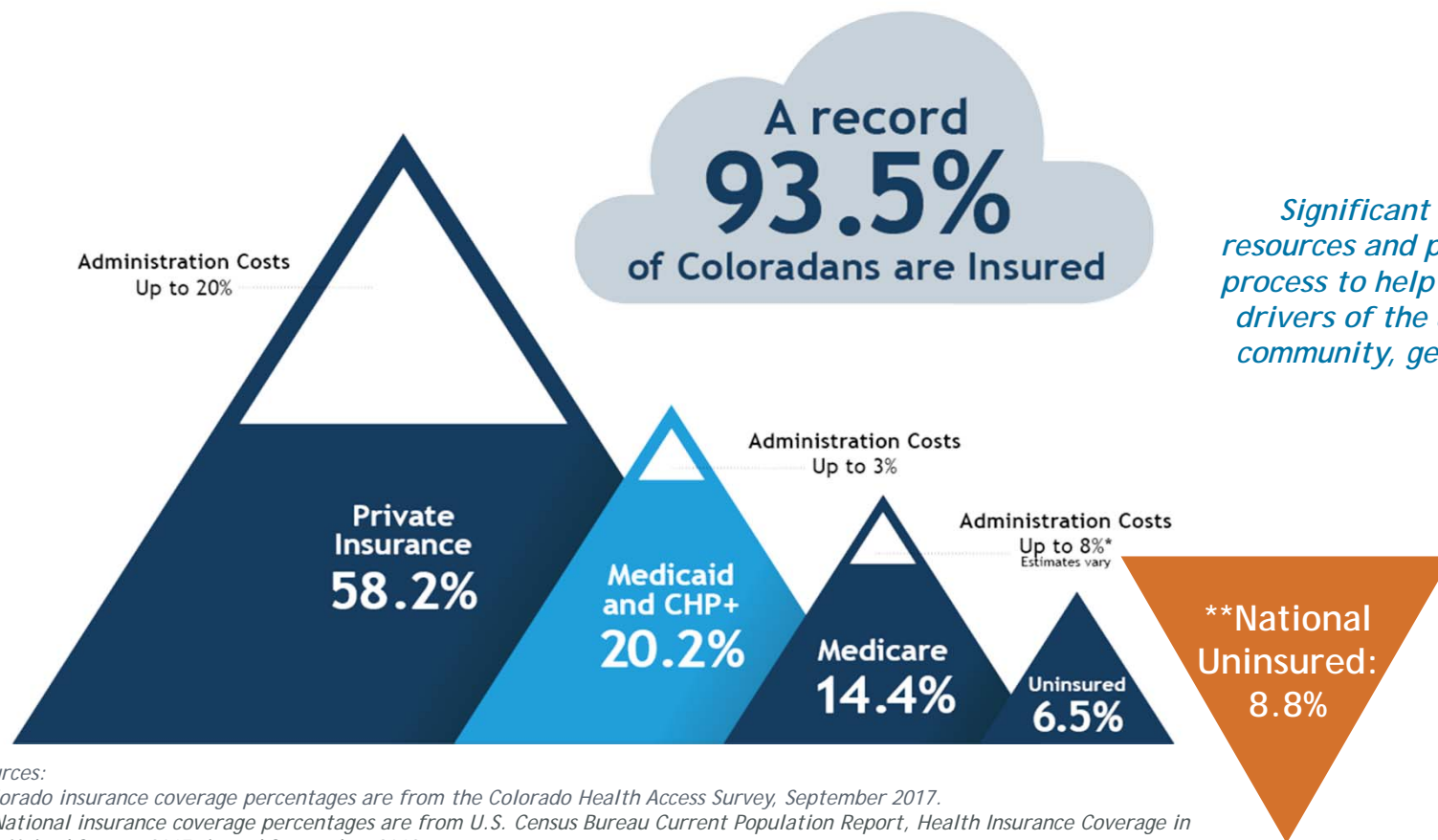


In the Mid and Long Term

- Launch a state-backed health insurance option
- Improve vaccination rates
- Reward primary and preventive care
- Reform the behavioral health system
- Expand the health care workforce
- Support innovative health care delivery and reform models
- Increase access to healthy food

Source: Polis-Primavera Roadmap to Saving Coloradans Money on Health Care, pages 2-3, April 2019. Full roadmap available at colorado.gov/governor/sites/default/files/roadmapdoc.pdf

Polis-Primavera Priority: Universal Coverage



Significant consulting resources and project work in process to help us understand drivers of the uninsured, by community, geography, etc.

Sources:

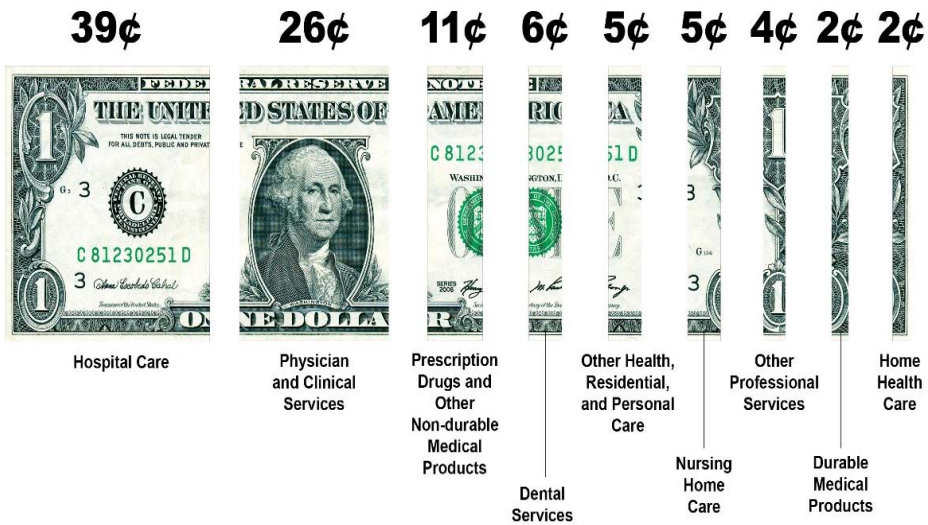
Colorado insurance coverage percentages are from the Colorado Health Access Survey, September 2017.

***National insurance coverage percentages are from U.S. Census Bureau Current Population Report, Health Insurance Coverage in the United States: 2017, issued September 2018.

2017 Colorado Health Access Survey

Colorado's Health Care Dollar

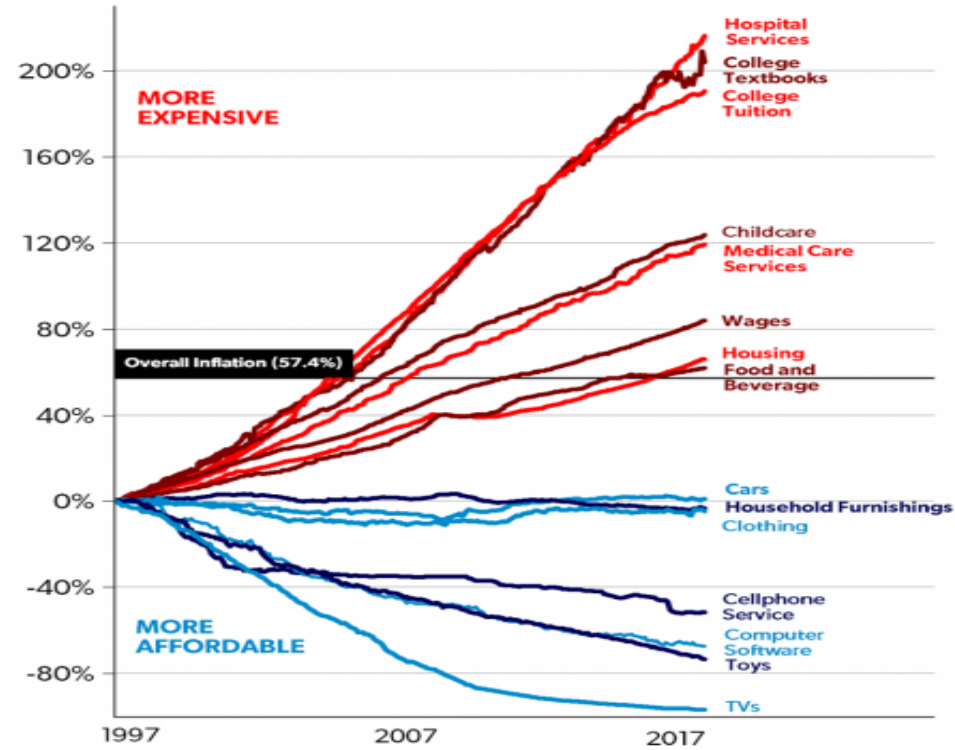
Spending by Service Type, 2016



Note: Prescription drugs category shows retail spending. Rx drug spending is also part of the Hospital and Physician Services categories.

Source: National Health Expenditure Accounts, CMS, Office of the Actuary, 2011 and 2014; Colorado Commission on Affordable Health Care

Price Changes (January 1997 to June 2018)
Selected US Consumer Goods and Services, Wages



Source: BLS

Carpe Diem AEI

Hospital Cost Shift Analysis - Key Findings

Between 2009 to 2017

- Hospital costs increased, payments increased more, leading to increased margins
 - Hospital costs grew more than 58% while Patient volume only grew 14%
 - Hospital margins increased 250%
- Cost shifting increased
 - Health care premiums increased to commercial payers and consumers

We built the system we have together

We have an opportunity to do better, together

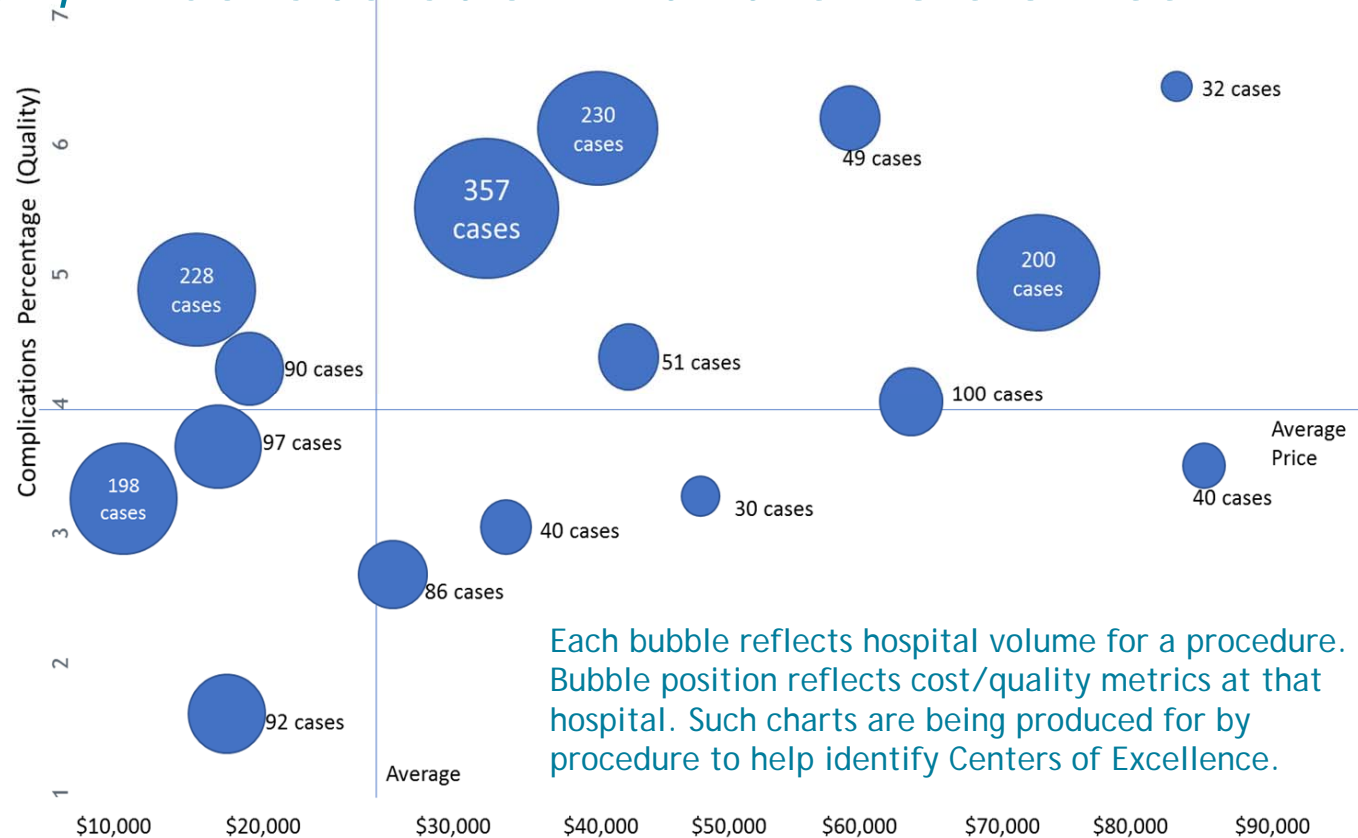


NEXT: Centers of Excellence Alternate Payment Methodology, Policy Discussion, in Collaboration with the AG's Office.

Solution: Drive more Consistency in Hospital Price and Quality.

Drive the community to the higher quality, lower cost locations (sometimes called Centers of Excellence).

This WILL require legislation.



Each bubble reflects hospital volume for a procedure. Bubble position reflects cost/quality metrics at that hospital. Such charts are being produced for by procedure to help identify Centers of Excellence.

*illustrative example, not actual data Weighted Average Allowed per Admission (Cost)

Medicaid Rx Cost Trends

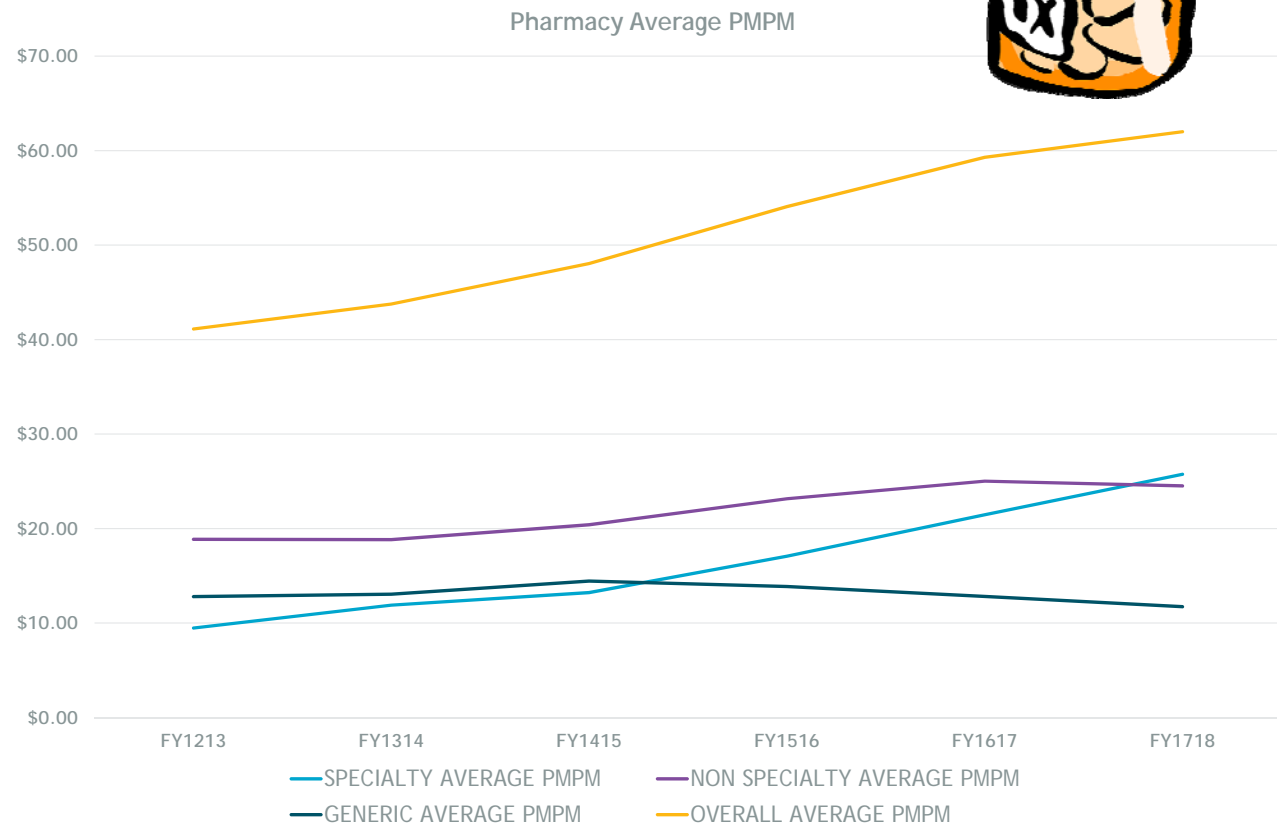


Medicaid generates about
\$1B in Rx claim costs (before rebates)

Over the last six (6) fiscal years,
2012/13 through 2017/18:

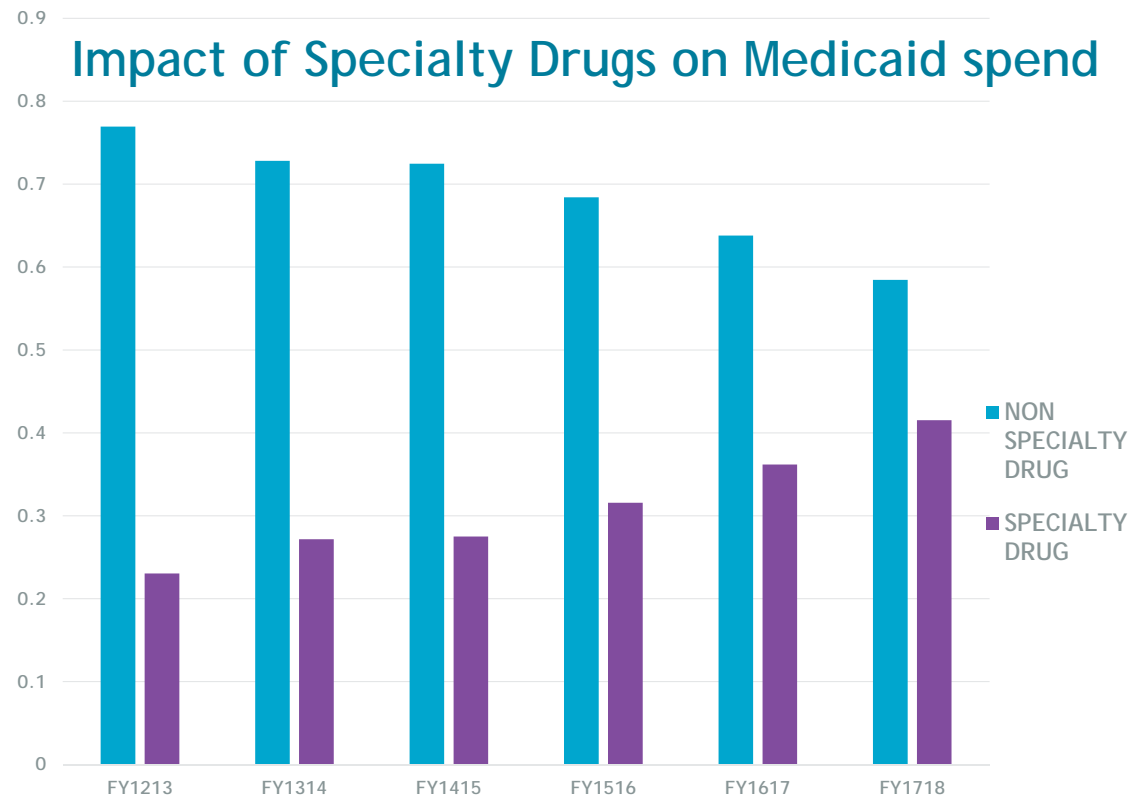
Generic Rx costs down 8% or 1.3% / year
Brand name Rx up 30%, or 5% / year
SRx up 171%, or 28.5% / year
Total Rx spend is up 51%, or 8.5% a year

Of this total 51% Rx trend,
*more than 75% is due to
Specialty Drugs.*



Specialty Drug Impact

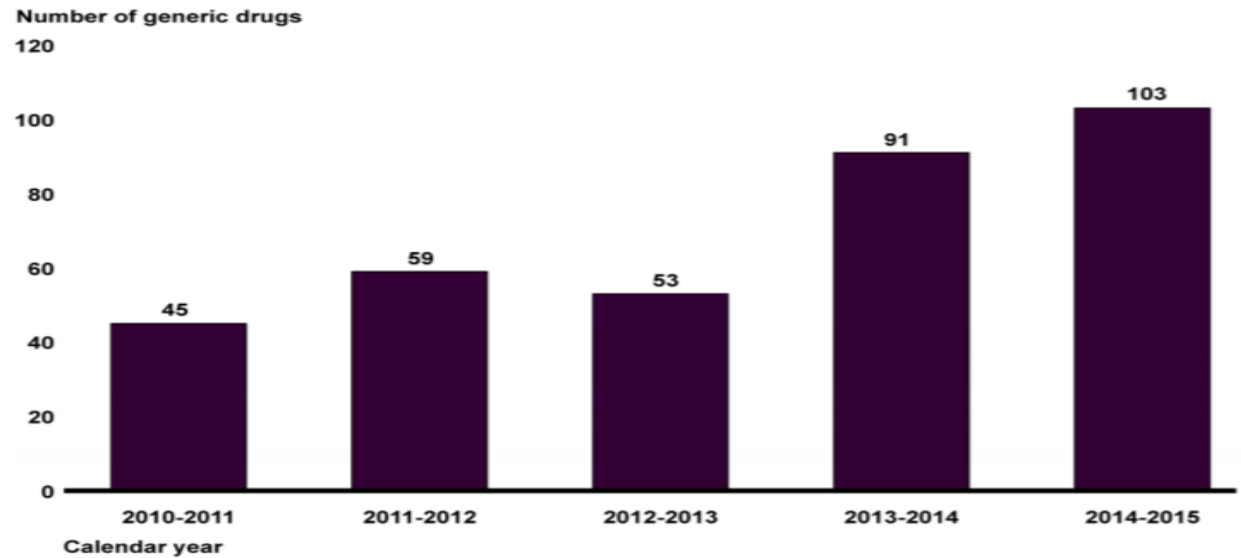
1.25% of CO Medicaid prescriptions (specialty drugs) are so expensive, they are consuming > 40% of Medicaid's Rx resources. This is in line with national and commercial carrier trends.



Drug Price Increases are a Problem, Too

The US General Accounting Office found that 315 different drugs experienced 351 “extraordinary price increases” at least a doubling in price year-to-year.

Figure 3: The Number of Established Drugs under Medicare Part D That Experienced an Extraordinary Price Increase, First Quarter 2010 to First Quarter 2015



Source: GAO analysis of Medicare Part D prescription drug event data. | GAO-16-706

Note: A price increase of at least 100 percent from the first quarter of one year to the first quarter of the next is considered an extraordinary price increase. To be considered an established drug, a drug had to be in the Medicare Part D claims data for each quarter from the first quarter of 2009 through the second quarter of 2015 and meet certain other data reliability standards. A total of 1,441 drugs met these criteria.

Across our study period, the 315 established drugs experienced 351 extraordinary price increases.²¹

No, The High Cost is NOT Due to Research

FACTORS INFLUENCING AFFORDABILITY

Drug companies spend about \$40B a year MORE on marketing and administrative expenses than on research and the development of new drugs

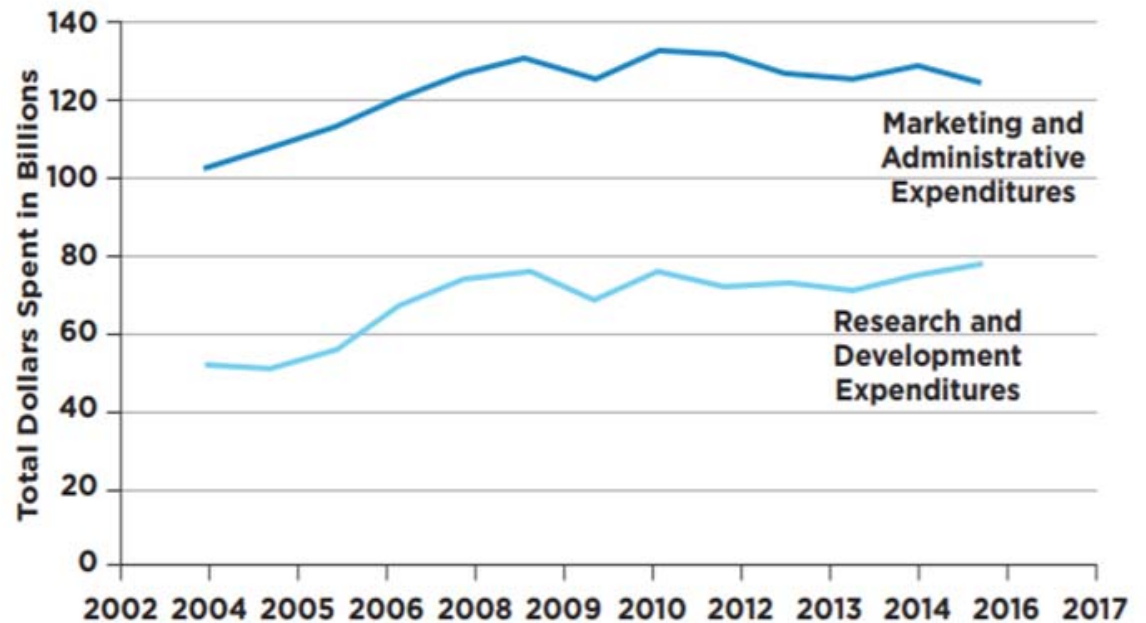


FIGURE 3-3 Comparison of total aggregate research and development and marketing-plus-administrative (including executive compensation) expenditures by 12 large pharmaceutical companies from 2003 to 2015.

SOURCE: Data retrieved from Belk, 2017. See http://truecostofhealthcare.org/pharmaceutical_financial_index (accessed November 15, 2017).

Transforming Healthcare through legislation today and by informing policy and legislation tomorrow

Shaking it up with:

- SB 19-005 Import Prescriptions Drugs from Canada



NEXT on Rx:

- Bill: Rx Transparency
- Pharma Tool Invitation to Negotiate
- Exec Dir Rule Analytics - manufacturer rebates and compensation btw BigPharma and Carriers
- Rx Report
- Opioids
- Other

Holding Special Interests Accountable

CO joins lawsuit alleging Rx manufacturer price fixing

- Colorado has joined 43 other states in lawsuit alleging generic drug manufacturers violated state and federal laws by conspiring to fix prices and stop competitors, resulting in generic drug costs significantly going up.
- The lawsuit alleges that 20 pharmaceutical companies “embarked on one of the most egregious and damaging price-fixing conspiracies in the history of the United States.”
- Manufacturers raised prices between July 2013 and January 2015 on about 112 generic drugs — some with price increases of more than 1,000%.



LAWSUIT!

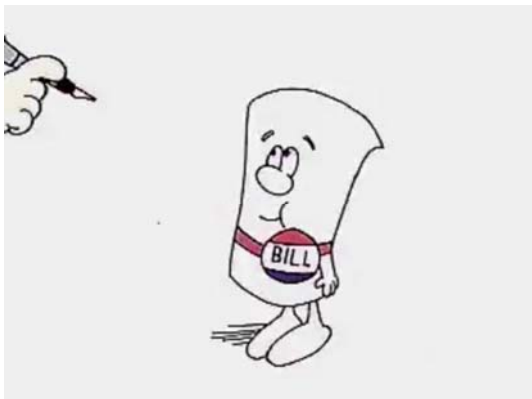
“This complaint presents strong and convincing evidence about how the generic drug industry created and enforced a culture of collusion to perpetrate a multi-billion-dollar fraud on consumers,” Colorado Attorney General Phil Weiser said in the release. He added that the companies need to be held accountable for their actions, and he called the case “breath-taking both on account of its impact on consumers and the brazen conduct undertaken by the defendants.”

Emerging Analytics - Workforce Insights

Key HCPF 2019/20 Budget Requests

- Building Personal Care and Home Care Workforce - Workforce Development including Training, tracking workforce in DORA/CDHPE, \$20M in workforce raises to meet the needs of our growing seniors population

Transforming Healthcare Through Legislation



- HB 19-1004 Affordable Coverage Option (Public Option)
 - HCPF and DOI on point
 - Goal: Address affordability and coverage opportunities without disrupting state strengths

- HB 19-1176 Health Care Cost Savings Act
 - Creates health care cost analysis task force
 - Goal: Provide lawmakers info regarding costs
 - Current health care financing system
 - Multi-payer universal health care system
 - Publicly financed, privately delivered health care system that directly pays providers

Summary of Renewed APCD Priorities

APCD Renewed Priorities

- 1st Priority: Improved accuracy, reliability of APCD data & reporting
- 2nd Priority: State Agencies need data to propel analytics, *which should form the basis of insights, policy, legislation*
 - Agencies in the lead: HCPF, DOI, CDPHE, CDHS, Lt. Gov Health Cabinet (incl. Gov's Office staff) and AG's Office
 - Are we receiving CO Dept. of Corrections (DOC) claim data?
- 3rd Priority: Securing and loading self-funded employer data into the APCD to improve data reliability
 - Sign of Forms, Standard Reports , Upcharge for reports and the reports received

Additional Executive Director Priorities

- Execute Contractor Committee Contract with APCD
- Process to release additional budget dollars to APCD
- APCD Operational Efficiency, and \$\$ Focus on Above Priorities
- APCD Sustainability

