

# Health Cost Containment and Efficiencies in Colorado

NCSL Briefs for State Legislators

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A Colorado Supplement

## Pay-for-Performance

Colorado has several public, private and public-private pay-for-performance initiatives. Some major pay-for-performance programs are described below.

- The Department of Health Care Policy and Financing (HCPF) is testing performance-based payments for medical practices that choose to serve as children's medical homes. A medical home is a care model in which patients form an ongoing, personal relationship with a physician who then leads a team of health care professionals that collectively takes responsibility for the patient's continuous care. Medicaid and Child Health Plan Plus (CHP+) pay medical home providers an enhanced fee for certain preventive care services, including immunizations and well-baby visits.<sup>1</sup>
- A 2008 law (HB 08-114) allows enhanced per-diem payments for class 1 nursing facility providers that meet "achievable benchmarks of care." Although most of the benchmarks concern the "environment of care" (e.g., daily programming for residents, staff training and resident-directed care), some are related to care costs (e.g., reducing the incidence of high-risk pressure sores and managing chronic pain).
- The 2009 Colorado Health Care Affordability Act (HB 09-1293) authorizes HCPF to collect a hospital provider fee and matching federal funds and use the revenues to, among other things, make quality incentive payments to hospitals that "improve health outcomes for their patients."
- The Colorado Multi-Payer, Multi-State Patient-Centered Medical Home (PCMH) pilot program provides comprehensive, coordinated care for adults and senior citizens. In addition to a monthly care management fee, health care teams in the pilot program receive performance-based bonuses for meeting or exceeding specified quality measures (e.g., at least 70 percent of patients with diabetes have blood pressures at or below 130/80, and at least 80 percent of patients with diabetes receive lipid-lowering therapy). Aetna, Anthem/Wellpoint, CIGNA, Colorado Access, Humana, Medicaid and United Healthcare are participating in the two-year pilot program, which was launched in 16 medical practices across the Front Range in 2009.<sup>2</sup>
- Bridges to Excellence is a physician incentive program that rewards high-quality care. The Colorado Business Group on Health sponsors Colorado's Bridges to Excellence program.<sup>3</sup> Participating health plans and public and private employers pay physicians a per-patient bonus for meeting standards for controlling patients' diabetes and/or heart disease. Program participants include, among others, Centura Health, the City of Colorado Springs, Colorado Springs Utilities, the State of Colorado and UnitedHealthcare of Colorado. In 2009, Colorado had 267 Bridges to Excellence-recognized physicians and paid out more than \$60,000 in pay-for-performance awards. The program is expanding from Colorado Springs to the entire Front

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Range. An assessment of the program's performance-based payments on Colorado health care expenditures has not been conducted. Most participating payers agree that the Colorado's Bridges to Excellence program encourages quality-of-care improvements but say it is too early to determine the program's cost effectiveness.

- Several health insurers use pay-for-performance incentives. Grand Junction-based Rocky Mountain Health Plans, for example, was among the first in the country to create provider incentives based on both quality and efficiency. The company uses incentive contracts to reward physicians for quality performance when the overall financial performance of the plan permits. Rocky Mountain Health Plans' pay-for-performance program is one of several factors that contribute to Grand Junction's national reputation for low-cost, high-quality care.<sup>4</sup>

1. Colorado Department of Health Care Policy and Financing, *Colorado Health and Health Care Focus: Medicaid Child Health* (Denver: CDHCPF, November 2009).

2. The Colorado Health Foundation, *2009 Colorado Health Report Card* (Denver: TCHF, 2009), <http://www.coloradohealthreportcard.org/reportcard/2009/default.aspx>; and Colorado Clinical Guidelines Collaborative, Colorado Patient Medical Home Pilot Web page: <http://www.coloradoguidelines.org/pcmh/default.asp>.

3. Colorado Business Group on Health, *Bridges to Excellence—Colorado Newsletter 3*, no. 1 (May 2009), <http://www.coloradohealthonline.com/cbgh/index.cfm/publications/newsletters/bte-newsletters/>.

4. Len M. Nichols, Micah Weinberg, and Julie Barnes, *Grand Junction, Colorado: A Health Community That Works* (Washington, D.C.: New America Foundation, August 2009); <http://newamerica.net/files/GrandJunctionCOHealthCommunityWorks.pdf>.