

Health Cost Containment and Efficiencies in Colorado

NCSL Briefs for State Legislators

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A Colorado Supplement

Global Payments

Both public and private Colorado payers use capitation, a form of global payments, to pay for health maintenance organization (HMO) coverage. One in five Coloradans is enrolled in an HMO.

The Department of Health Care Policy and Financing (HCPF) pays managed care organizations global per-capita payments for some or most of the care for the majority of Medicaid and Child Health Plan Plus enrollees. Some organizations are provider-sponsored, including, for example, Colorado Access, Denver Health and Colorado's seven behavioral health organizations.

Studies comparing Colorado Medicaid expenditures under fee-for-service versus managed care have shown clear savings from managed care.¹

Interest is growing in expanding the use of global payments beyond traditional managed care arrangements to provider-sponsored accountable care organizations, which are discussed in another brief in this series. HCPF is spearheading an initiative, the Accountable Care Collaborative, that creates a platform for development of accountable care organizations in Colorado.² Several organizations, including Colorado's Center for Improving Value in Health Care, are examining global and other payment reforms as alternatives to the current system, which is mainly fee-for-service.

This Colorado supplement accompanies an NCSL issue brief on the same subject.

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1. See, for example: Reden & Anders Ltd., *Historical HMO and Fee for Service Costs Review and Analysis*, Report Control No. 1335 (Denver: State of Colorado Office of the State Auditor, June 2001), [http://www.leg.state.co.us/OSA/coauditor1.nsf/All/ACF9E03D1766E30E87256E29007EE2CF/\\$FILE/1335HMOPerFY02.pdf](http://www.leg.state.co.us/OSA/coauditor1.nsf/All/ACF9E03D1766E30E87256E29007EE2CF/$FILE/1335HMOPerFY02.pdf); and R. Catalano et al., "The Effect of Capitated Financing on Mental Health Services for Children and Youth: The Colorado Experience," *American Journal of Public Health* 90, no. 12 (December 2000).

2. For more information, go to the Accountable Care Collaborative web page at <http://www.colorado.gov/cs/Satellite/HCPF/HCPF/1233759745246>.

