CHI SNAC LABS 2016

Food for Thought

Updates from the Safety Net Advisory Committee (SNAC)

Rocky Mountain Health Plans: Merger, Medicaid Prime Updates

SEPTEMBER 22, 2016

Introduction

Changes are rocking Colorado's health coverage landscape, especially on the Western Slope.

Medicaid has expanded beyond expectations. The price of insurance on the individual market is becoming unaffordable for many people. And Rocky Mountain Health Plans (RMHP), a primary player in health coverage in western Colorado, is pulling out of the individual market everywhere except Mesa County and plans to merge with UnitedHealthcare.

RMHP also operates the area's Regional Care Collaborative Organization (RCCO) and has pioneered a payment reform pilot project that has returned encouraging results.

The September 22 SNAC Lab examined these trends, with a focus on the future of RMHP and its Medicaid pilot project.

Primary Themes

- Private insurance customers are likely to experience sticker shock when they buy their 2017 coverage, especially rural Coloradans.
- RMHP is merging with a for-profit company, but it aims to continue its role in Medicaid reform on the Western Slope.
- RMHP's Medicaid Prime payment reform beat budget expectations and met its quality targets in its first year.

Background

Colorado's health coverage landscape continues to shift.

ROCKY MOUNTAIN HEALTH PLANS®

Rocky Mountain Health Plans enrollment

As of August 2016

- 297,307 total enrollees
- 12,459 Members with Individual and Family coverage
- 2,301 employer groups that cover 30,556 Members
- 94 self-funded employer groups covering 63,472 Members
- 25,538 Medicare Members
- 31,951 RMHP Prime beneficiaries
- 123,312 Health First Colorado ACC beneficiaries
- 10,019 beneficiaries of Child Health Plan Plus (CHP+)

First, Medicaid expansion brought more people than expected into the program. In fact, only Kentucky and Nevada saw a greater rate of increase in Medicaid membership since passage of the Affordable Care Act (ACA).

Jeff Bontrager of the Colorado Health Institute (CHI) briefly discussed topics to watch in Medicaid in the next year. The Children's Health Insurance Plan (CHIP) is up for reauthorization in Congress, and Colorado's Medicaid agency is working on options in case the program does not continue. Medicaid's Accountable Care Collaborative (ACC) will reorganize under Phase 2 — something that SNAC Labs will focus on in the next year. And RMHP and

Table 1. Rural Insurance Prices Rise Faster
Weighted Average of Increase in Rates from 2016 to 2017, by Region. Includes Both On- and Off-Marketplace Plans.

Region	Individual Market
Statewide	20%
Boulder	19%
Colorado Springs	25%
Denver	17%
Fort Collins	23%
Grand Junction	37%
Greeley	22%
Pueblo	17%
Eastern Plains	39%
Western Slope	28%

Source: Colorado Division of Insurance

Colorado Access are working on payment reform pilot programs in Medicaid.

The private market is also in flux. CHI's Joe Hanel discussed 2017 price increases on the individual market. Average price increases range from 16 percent in parts of the Front Range up to 42 percent in a few counties in the San Luis Valley. (See CHI's report here.)

In general, there are higher prices and less competition among insurance companies in rural Colorado than along the Interstate 25 corridor.

Patrick Gordon of RMHP discussed his company's future and the first year results of its Medicaid payment reform.

RMHP is a nonprofit health insurance company based in Grand Junction. The company also operates the RCCO for western Colorado. RMHP announced this summer that it plans to merge with UnitedHealthcare.

The merger will turn RMHP into a for-profit company. In order to legally complete the conversion, RMHP will endow a new nonprofit foundation, which will be entirely independent of the for-profit company.

"It will be relatively small, by Colorado foundation standards, but it will be focused on rural regions, not just the Western Slope," he said.

RMHP will keep its corporate identity and brand, its provider agreements and its management team, Gordon said.

The merger is pending approval of the Colorado Attorney General and the Division of Insurance.

RMHP has been a major player on the Western Slope, but in 2017 it will pull out of the individual insurance market in most of the region, except for Mesa County. It had been posting sharp losses in the market year after year, which led company management to look for a merger.

"At this juncture in our history, we need to make a change," Gordon said.

The root causes of increasing health costs are complex, Gordon said. Medical facilities just blocks away from each other can have significantly different costs for the same services, he said.

"Understanding that better is a big part in cracking this code," Gordon said.

If the merger is approved, RMHP intends to keep its contracts with the state to participate in Medicaid, as long as the state wants RMHP to continue.

One of those contracts is to serve as the RCCO on the Western Slope. RMHP saw a need years ago to address payment reforms in Medicaid with a mechanism that changes the culture of care to focus on "whole person care," including the social and emotional needs that drive health outcomes.

"You've got to have a model that address all those issues simultaneously," Gordon said.

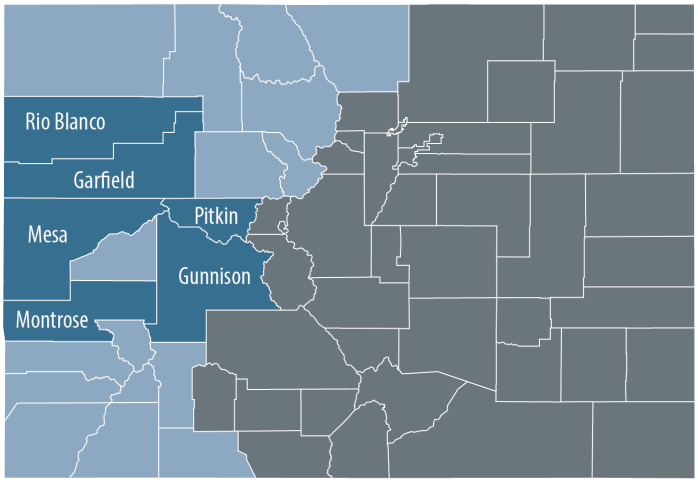
Medicaid Prime was created to fill that need.

The pilot program serves 35,000 people in six Western Slope counties (see map). It was launched in September 2014 as a component of the ACC.

RMHP receives a global payment for Medicaid members in its RCCO. It gets to keep some of the savings if Prime expenses come in under budget and quality targets are met. Most of the savings are passed on to the qualifying health care providers.

Prime redirects most of its resources to primary care. In order to qualify for Prime bonus payments, providers have to be engaged in practice transformation initiatives or be certified as a Patient-Centered Medicaid

Figure 1. RMHP's Prime Territory



Home or Enhanced Primary Care practice. Less than half the 52 practices in Prime's territory qualified for bonus payments, but those practices account for more than two-thirds of Prime patients (see Table 1).

Gordon had mixed feelings about the progress of clinics in Prime's area. On the one hand, it is encouraging to see nearly half the practices qualifying for bonus payments. On the other hand, it points to the work that remains to be done to transform primary care, he said. Larger practices were more likely to meet Prime's standards.

Prime returned good results in its first year, Gordon said. Costs came in nearly $18 million under the $126 million budget. RMHP and its providers got to keep more than $5 million in savings, with the rest returned to the state (see Table 2).

Prime met its quality standards for measures set by the Colorado Department of Health Care Policy and Financing (HCPF), which include patient involvement and management of diabetes, obesity and depression.

Ninety percent of the shared savings pool was sent to providers. The company distributed savings to parts of the system that promote proactive health — primary care and mental health providers — rather than "reactive" providers who focus on treating the sick, Gordon said.

Table 2. Provider Performance and Number of Patients

	Practices	Patients
Practices **Ineligible** for Prime Payments	28	24,413
Practices **Eligible** for Prime Payments	26	65,421

Source: Rocky Mountain Health Plans

Table 3. Where the Savings Went in Prime

Prime Global Budget – Year 1	**$125,934,079**
Covered Services	$95,632,525
Operating Costs	$12,593,408
Total Costs	**$108,225,933**
Returned to taxpayers	$12,625,462
Shared savings	**$5,082,684**
Primary care	$3,049,610
Mental health	$1,524,805
RMHP	$508,268

Source: Rocky Mountain Health Plans

Prime's second year is shaping up to return positive results, even though the budget is getting tighter and quality standards are getting higher.

"It will get harder and harder to repeat this feat, but that's the kind of accountability we need," Gordon said.

Prime brings a major shift for providers, and not all of them are happy about it. But many providers have embraced it and recognize that fee-for-service payments in Medicaid are no longer sustainable, Gordon said.

Prime's focus on the social drivers of health is important for Medicaid, but it applies to the whole health system, he said.

The SNAC Lab Discussion

The SNAC Lab audience had several questions for Gordon.

First people asked about the role of hospitals in Prime. In general, Gordon said, hospitals are still paid under the fee-for-service model, and they aren't at risk of making less money under Prime. There's a huge opportunity to bring in hospitals in the future, Gordon said. Hospitals in Bend, Oregon, bear some financial risk under that state's payment reforms, he said.

Another person asked about the groundwork that was done to enable Prime's success.

"The platform was completely burning for us in

Medicaid in Western Colorado," Gordon replied.

RMHP was losing millions of dollars a year, and the system was leaving Medicaid members without adequate access to care. "It was the worst of all worlds," he said.

RMHP officials identified a number of providers willing to work with them on fundamental changes. They planned and had weekly meetings with behavioral health providers for years. They finally succeeded when the legislature passed a bill to create the Prime pilot. The idea can be replicated elsewhere, if organizations are willing and put in the work, he said.

"The platform is no less burning in Greeley or Pueblo or Lamar. I think the opportunity's the same. It's just about biting the bullet," Gordon said.

Another person asked if RMHP's pending merger means nonprofit health insurance is not a viable business model. But Gordon pointed to Kaiser Permanente and Colorado Access as two successful nonprofit carriers.

As for next steps, Prime will continue at least through the middle of 2018. The legislature removed its sunset date last spring, so the program can continue as long as HCPF officials want to keep it. RMHP would like to extend Prime to the rest of the Western Slope, Gordon said.

In the bigger picture, providers will have to get comfortable with moving away from volume-based payments, he said.

A tipping point must be near, Gordon said.

"The consumer cannot afford health care. The consumer cannot afford health insurance," he said. "Insurance is part of the puzzle, but it's not just insurance. Part of it is health care pricing, and also broader health and social factor trends in the population."

Conclusion

Colorado's coverage landscape is in flux. Prices are rising on the individual market. One of the main health insurers in western Colorado, Rocky Mountain Health Plans, is scaling back and merging. The company is also operating a Medicaid payment reform pilot program that has so far returned successful results — results that could provide lessons for health care reimbursement throughout the system.

Organizations Represented at the September 22, 2016, SNAC Lab

- Alzheimer's Association of Colorado
- Boulder County Health
- Caring for Colorado
- Children's Hospital Colorado
- ClinicNET
- ColoradoCare Yes
- Colorado Children's Campaign
- Colorado Community Health Alliance
- Colorado Community Health Network
- Colorado Consumer Health Initiative
- Colorado Department of Health Care Policy and Financing
- Colorado Department of Public Health and Environment
- Colorado Hospital Association
- Colorado Health Foundation
- Colorado Rural Health Center
- Colorado SIM Office
- Commonwealth Fund
- Delta Dental of Colorado Foundation
- Denver Health
- El Paso County Public Health
- Health Services Advisory Group
- Kaiser Permanente Colorado
- Mile High Health Alliance
- North Colorado Health Alliance
- Rocky Mountain Health Plans
- Rocky Mountain Youth Clinics
- Rose Community Foundation
- Steadman Group
- Telligen
- University of Colorado – Denver

Colorado Health Institute is a trusted source of independent and objective health information, data and analysis for the state's health care leaders. Colorado Health Institute is funded by the Caring for Colorado Foundation, Rose Community Foundation, The Colorado Trust and the Colorado Health Foundation.

303 E. 17th Ave., Suite 930, Denver, CO 80203 • 303.831.4200 • coloradohealthinstitute.org