

Implementation Sites: Key Facts

Colorado Medicaid

PURCHASER: The State of Colorado, Department of Health Care Policy and Financing.

PRODUCT: Mandatory statewide Medicaid managed care program covering Temporary Aid to Needy Families (TANF) and Supplemental Security Income (SSI) beneficiaries.

DATE that health-based risk adjustment first implemented (payment adjusted):
State Fiscal Year 1998

PREVIOUS METHOD OF PAYMENT: Capitation with geographic adjustment (metro Denver and all else). The Department paid a statewide, average capitation for each aid category before State Fiscal Year 1997. In State Fiscal Year 1997, the Department used HMO prior costs to adjust future payments.

SIMULATION: A simulation was (dry run) conducted before health-based risk adjustment was implemented for MCO relative risk scores only. Unblinded results were released to plans.

	Year One	Current Year	Projected for Next Year
Groups Covered: SSI, Disabled TANF Dually Eligible, 65 and older Employees, dependents Retirees Other (describe)	✓ ✓	✓ ✓	✓ ✓ Old Age Pensioners-B (OAP-B = disabled and between the age of 60 and 64, plus Baby Care Kids Care Children (BCKC-C - children of families that have income up to 133% of poverty.)
Number of participating plans	5	5	5
Number of covered lives	72,906 FTE	110,976 FTE	Increase
Phase-in of Payment Adjustment			
a. Percent of payment based on health-based risk adjustment	100%	100%	100%
b. Transitional risk corridors	No	No	No
c. Reporting adjuster for encounter data completeness	Yes Used a reg. analysis called the data reporting adjustment. Only implemented if it helped plan case mix.	Yes Began using data reporting adjustment to adjust plan case mixes for perceived good and bad data.	Yes May phase out the data reporting adjustment.

Risk assessment method: a. Diagnosis Grouper (name) b. Type of prediction model	DPS Prospective	DPS Prospective	CDPS Prospective The Department has not definitely decided on prospective or concurrent weights with CDPS.
Basis of future payment to the plans: plan level risk score or based on the specific individuals who are enrolled at the time of payment	Plan	Plan	Plan
Relative value weights a. Source of weights (local or imported) b. Type of data used for weights c. Time frame of the data used for weights d. Size of population used to establish weights e. Truncating outlier costs	Local FFS State Fiscal Year 95 State Fiscal Year 96 AFDC-A 18,602 AFDC-C 42,799 AND/AB 18,602 No	Local FFS State Fiscal Year 95 State Fiscal Year 96 AFDC-A 18,602 AFDC-C 42,799 AND/AB 18,602 No	either local or imported FFS State Fiscal Year 97 State Fiscal Year 98 State Fiscal Year 99 TBA; will calibrate the case mix weights for FY 2003 using three years of fee-for-service data No
Risk adjustment time frames: a. minimum enrollment before being included in the risk adjustment calculation b. minimum lag between the date the diagnosis was assigned and the date payment was adjusted based on that diagnosis c. Frequency for updating risk scores	2 months 24 months Semi-annual	2 months 24 months Semi-annual	*TBA *TBA Semi-annual
Risk sharing after any phase-in period a. Risk corridors b. Stop loss	No No	No No	No No
Carve-outs from risk adjustment model: a. Service categories, e.g., mental health, prenatal care b. Populations with defined conditions, e.g., beneficiaries with HIV/AIDS	Costs associated with child delivery (physician and facility). No	Costs associated with child delivery (physician and facility). No	Costs associated with child delivery (physician and facility). No

Encounter data collected from the MCOs for health-based risk adjustment			
a. Diagnosis codes	Yes	Yes	Yes
b. Procedure codes	Yes	Yes	Yes
c. Charges	No	No	No
d. Identification of the treating provider	No	No	No
Number of plan's risk scores that were affected by missing data from their providers	Don't know	Don't know	Don't know
Number of plan's risk scores that were affected by the plan's data system limiting the number of diagnoses per encounter	None; the Department adjusts case mixes for potential lack of data, but does not know exactly what is missing.	None; the Department adjusts case mixes for potential lack of data, but does not know exactly what is missing.	
Data audits:			
a. Audits using encounter data	Yes	No	No
b. Audits using medical records	Yes	No	No