CHASE
Colorado Healthcare Affordability and Sustainability Enterprise

Meeting Minutes

Colorado Healthcare Affordability & Sustainability Enterprise (CHASE) Board Meeting

Via Zoom

Tuesday, September 2, 2025, 3:00pm

1. **Call to Order & Introductions**
    a. Patrick Gordon, Chair, 3:01pm
2. **Approve Minutes from June 25, 2025, Meeting**
    a. Board Members, 3:02pm
    b. Scott Lindblom motioned to approve the minutes. Jason Amrich seconded.
    c. Minutes approved unanimously.
3. **HCPF Updates**
    a. Nancy Dolson, HCPF, 3:03pm
    b. Nancy Dolson reiterated that she is leaving the Special Financing Division and has taken a new position as Budget Director. HCPF CFO Bettina Schneider is the interim director for Special Financing until a new director is hired. Jeff Wittreich, Provider Fee Section Manager, will take over staffing duties for the CHASE board. Nancy Dolson thanked the board for their work and commitment to the program over the years.
    c. The State Directed Payment (SDP) preprint was submitted to CMS on June 27, 2025, and the updated fee waiver is with CMS for review. CMS has responded with clarifying questions but no official questions about the preprint have been asked yet. Official questions are expected within the next few months.

HCPF staff and their contractors are working behind the scenes in the meantime and updates will be made to the board as necessary.

d. Patrick Gordon commented that it sounds like the value of the SDPs is connected to managed care organization rates and managed care entity rates.
    i. Nancy Dolson said that they are, but there is a period before SDPs must be incorporated into the managed care-based rates. Eventually they will be included under a separate payment term.
    ii. Patrick Gordon asked if there will be changes to rates for Denver Health and others like it to distribute the funding.
    iii. Nancy Dolson said that the separate payment term and revised actuarial certification will cover the rates. The payment terms will be based on utilization of services.
    iv. Matt Reidy said that the state must submit a draft contract amendment and actuarial certification based on the information in the original preprint within 120 days of initial submission.
    v. Patrick Gordon mentioned that there may be a risk of misjudging utilization and asked if there was a reconciliation process in case retroactive changes are needed.
    vi. Nancy Dolson said that she believes that's accurate.
e. Nancy Dolson said that the UCHealth settlement had reached an agreement. Poudre Valley and Memorial Hospital will be moved to the private-owned and operated upper payment limit (UPL)

group beginning in FFY 2024-25. Part of the deal included that HCPF would share the annual model and supporting data to the CHA at least 4 weeks before the presentation to the CHASE Board.

f. Nancy Dolson also reviewed some of the provisions in H.R. 1 (the One, Big, Beautiful Bill Act) that affects the SDP program. HCPF submitted the preprint before the bill was signed, so the average commercial rate (ACR) ceiling will be capped at aggregated amounts until 2028. It's unknown what the program may look like using Medicare rates, but the Department will research the impacts.
    i. Provider fees, like CHASE, are capped at 6% net patient revenue (NPR). An annual reduction of 0.5% will begin in FFY 2027-28 until it reaches 3.5% NPR in FFY 2031-32, approximately a $2.5 billion annual loss of federal funds for the CHASE program.
g. Julie Nickell asked if approval was needed from CMS before the SDP rates were grandfathered in.
    i. Nancy Dolson said no, submitting the preprint before the cut-off date was enough.
h. Dr. Kim Jackson asked if the $2.5 billion loss was the total cumulative loss between now and FFY 2031-32, or if it was the loss expected in FFY 2031-32. Dr. Jackson also asked if any modeling had been done to review the expected funding changes to the buy-in program and others.
    i. Nancy Dolson referred to the HCPF webpage "Understanding the Impact of Federal Changes to

Medicaid" which will publish ongoing updates. Each 0.5% decrease in NPR is expected to reduce collected fees by approximately $115 million which would reduce federal matching funds by approximately $180 million. The expected impact of federal funding reduction in FFY 2031-32 will be between $900 million and $2.5 billion, due to the annual reduction in provider fees of approximately $550 million. The CHASE statute is structured so that payments to hospitals are funded before expansion populations, so less funding will have a significant impact on those programs.

i. Ryan Thornton said that that doesn't include future changes that would try to maximize federal funding.
    i. Nancy Dolson said it doesn't and that these examples are showing the larger impact of the loss of federal funding on the non-federal share.

j. Dr. Kim Jackson asked if the webpage was going to be consistently updated and what the CHASE program's role is expected to be as the changes take effect.
    i. Nancy Dolson said that yes, the webpage will be updated continually. In regards to CHASE, the General Assembly may revise the statute in response to the federal changes, and board meetings may be more frequent should the board make those recommendations to the General Assembly.

k. Nancy Dolson presented a positive outcome of H.R 1: the Rural Health Transformation Program (RHTP). HCPF is preparing to

submit the application due in November 2025. The federal funding from this program will not completely offset the expected losses to rural hospitals and rural providers. Awardees will be announced by December 31, 2025.

   i. Patrick Gordon asked if these funds would be limited to hospitals or made available to other providers.
   ii. Nancy Dolson said that the provider types include hospitals, rural health centers, behavioral health providers and substance-use disorder providers.

l. Dr. Kim Jackson asked if Colorado had looked ahead past the 5 years of the RHTP funding to consider a longer-term plan for funding hospitals.
   i. Nancy Dolson said that there are many unknowns that make it difficult for the State to plan for the future, but the State remains committed to the affected communities and rural hospitals.

m. Patrick Gordon asked about the overall distribution of funding and what portion of funding Colorado could expect being a relatively smaller and more rural state than others.
   i. Nancy Dolson referred to the RHTP Fact Sheet and said that if all 50 states were approved, 50% of the amount would be distributed evenly between them, equaling an approximate $100 million annually. The remaining 50% of funding would be distributed to at least 25% of approved states considering weighted factors laid out in H.R. 1. Colorado could expect between $100-$200 million annually from the 5-year program, if approved.

n. Dr. Kim Jackson said that one of the criticisms of the H.R 1 bill is that some states have very few rural hospitals while others have many, so an even distribution of funds appears unbalanced. Another criticism is that CMS has given very little guidance on the portion that is to be distributed at their discretion, and that the distribution may be made to state governments that are favored by the current federal administration.
    i. Nancy Dolson agreed that there is very little guidance and that the process could be politicized. Once the guidance is officially published, HCPF will have approximately 6 weeks to compile the application and submit it.
o. Nancy Dolson said that Governor Polis has signed an executive order that reduces the expenditures from the General Fund in order to balance the budget for the current fiscal year. One of the reductions includes rolling back the 1.6% provider rate increase. HCPF will publish a fact sheet with agency-specific cuts that were included in the executive order for more information at a later date.

4. Proposed Revised CHASE 2024-25 Model

a. Nancy Dolson, HCPF, 3:42pm
b. Nancy Dolson presented the revised proposal with the changes included in the settlement agreement between HCPF and UCHealth. Since the model which was approved by the board in May 2025 is no longer compliant with the court order, the model must be presented and voted on again by the board. Proposed changes include:

i. Poudre Valley Hospital and Memorial Hospital have been moved from the non-state public UPL group to the private UPL group.
ii. The 6% NPR limit calculation will include all hospitals.
iii. $71 million of the FFY 2023-24 cash fund will be refunded to hospitals.
iv. There are revisions to the inpatient and outpatient adjustment factors to minimize the negative impacts on non-state public UPL hospitals and the private UPL hospitals.
v. There is a one-time recommended change to UPL funding targets.
vi. There is a one-time reduction in the cash fund reserve to 0.9%.

c. Nancy presented the supporting documents for the proposed FFY 2024-25 CHASE fees and payments as published on the CHASE webpage and reviewed the changes to each document with the board.

5. CHASE Cash Fund

a. Nancy Dolson, HCPF, 3:52pm
b. Nancy Dolson reviewed the CHASE cash fund reserve, its purpose, the requirements by statute, and the one-time reduction recommended in the proposed model.
    i. The one-time reduction would bring the cash fund to 0.9%, instead of the usual 1.5% limit, for FFY 2024-25 expenditures.
c. Ryan Thornton asked how the 0.9% amount was determined.

i. Nancy Dolson said that the recommendation to reduce the cash fund reserve came from the remodeling of the FFY 2024-25 as a result of the UCHealth settlement. The amount taken from the reserve was as comfortable as HCPF was willing to get regarding risk.
ii. Ryan Thornton asked if the 1.5% reserve limit is still needed post-pandemic.
iii. Nancy Dolson said yes, there were times at the end of certain fiscal years that the CHASE reserve ended in a negative amount. She noted that the law establishes 16.5% (2-months' expenses) as the cash fund maximum but that the CHASE is excluded from this as an enterprise and is allowed to have higher reserves. If the cash fund reserve runs into a deficit, the CHASE reserve is charged interest by the state treasurer at the treasury pool rate, resulting in loss of interest and potentially revenue, as well. This may result in a restriction of funding the following year.
iv. The Medicaid case load and expenditure forecast will be updated in November 2025, but the forecasts are accurate with the information HCPF currently has.

d. Ryan Westrom commented that there needs to be more discussion and education going forward about the cash fund. The letter from CHA stated that they'd like the money refunded completely, but that more information is needed to have a board-level discussion.
i. Nancy Dolson said that HCPF was happy to have those discussions. Best practices call for at least 2 months'

revenue in the cash fund to be fiscally responsible. The 0.9% amount in the cash fund is about 13 days' revenue, which is a high risk. Reducing the cash fund is not a sustainable or responsible practice.

e. Patrick Gordon asked if the $71 million refund goes back to all fee payers or just private hospitals.
    i. Nancy Dolson said that it goes to all fee payers based on the proportions of fees paid in the previous fiscal year.
    ii. Patrick Gordon asked if the cash fund reserve refund is to help mitigate the impact of the revised model.
    iii. Nancy Dolson said yes and that the funds used are part of the non-federal share of the fee.
    iv. Patrick Gordon then asked if the variance of the UPL was to balance the impact of the revised model on the most affected UPL categories.
    v. Nancy Dolson confirmed and reviewed the impact of the revised model, the refund and the bottom lines for the hospitals' net reimbursements.
f. Ryan Westrom commented that not every participant is net positive with the model this year.
    i. Nancy Dolson replied that the $71 million represents fees collected and accounted for in the FFY 2023-24 net reimbursement.
g. Mannat Singh asked if the recategorization of the hospitals increases the amount of the adjustment factor for the private group or for the UPL group as a whole. She also asked if the other categories will have lower reimbursement now going

forward.

   i. Nancy Dolson said that that will depend on how the new State Directed Payments program changes the model with the recategorization in mind. Currently it's unknown how the changes may affect the program in FFY 2025-26. HCPF is also waiting on questions from CMS to make adjustments to the SDP proposal.

h. Ryan Thornton asked to review the Net Reimbursement again for the FFY 2024-25 model. He mentioned that he was surprised to see how the recategorization of 2 hospitals shifted the distribution of the whole model.
   i. Nancy Dolson explained the difference between payments distribution and net reimbursement (which is fees less payments), and she explained the changes in the adjustment groups and the changes made to the UPL funds to stay within the required limits.
   ii. Nancy Dolson said that the model being proposed today shows the changes brought on by the recategorization but doesn't reflect the full effects of the SDP model, as HCPF is still waiting on further guidance from CMS regarding the submitted preprint.

i. Nancy Dolson reviewed the supplemental payments structure, including the Inpatient and Outpatient supplemental payments, and the Disproportionate Share Hospitals (DSH) payments. The changes in the revised model appear within the Inpatient UPL and Outpatient UPL.
   i. The Inpatient UPL and the Outpatient UPL pools were

shown to illustrate the changes made from the hospital recategorizations (slides 31-32).

ii. To minimize the negative impact on Denver Health, the DSH payment for Critical Access hospitals was raised to 100%.

6. Board Discussion

a. Board Members, 4:39pm

b. Patrick Gordon commented that the HCPF team had done a large amount of work in a short amount of time and recognized the shifts caused by the recategorizations. There will be ongoing challenges to the FY 2025-26 model for next year.

c. Mannat Singh agreed that much work had been accomplished and that the concerns that have been voiced about the administrative costs of the state aren't taking into account the effort that it takes to develop creative solutions to address model changes, new programs like the SDP, and an uncertain federal future.

i. Mannat Singh also said that it's not feasible to keep creating new categories to mitigate the risk to affected hospitals because of systemic financing issues caused by recategorization and that the future of the model must be considered.

ii. Mannat Singh encouraged the board to consider the importance of keeping the cash fund reserve and that it seemed reasonable to keep a minimum of 1.5% to cover unknowns in the future.

iii. Patrick Gordon agreed with Mannat Singh's comments.

d. Patrick Gordon asked Nancy Dolson if the distribution of the reserve funds were within the scope of the enterprise and not appropriations.
    i. Nancy Dolson confirmed that the use of the reserve funds are allowed by statute, and the funds can't be used for something else unless there was a change to the law. She added that although it's not expressly stated in the statute, the refund should be distributed back to the fee payers at the same rate that they paid those fees. If the excess reserves exceeded the 16.5% limit, then the state auditor would have concerns.
e. Ryan Westrom expressed gratitude to HCPF and UCHealth for getting the lawsuit settled. As said in the CHA's letter to HCPF, there are concerns about the CHASE program moving forward, the administrative fees being one of the main topics. Ryan Westrom said that more information on the administrative fees is being requested to show what they're being used for. More information is also being requested about the Medicaid expansions for transparency.
f. Patrick Gordon asked what the administrative cost ratio was for the CHASE program.
    i. Nancy Dolson said that administrative expenditures can be no more than 3% and that the actual costs are always lower than 3%. The itemized administrative costs can be found in the annual report that CHASE publishes every year.
    ii. Patrick Gordon commented that if the information is

already available, then perhaps the information should be broken down into more easily understood pieces, and that any changes to the administrative costs are subject to legislation.

iii. Nancy Dolson added that an appendix is included at the end of the slide deck that reviews the administrative expenditures and the drivers of its increases.

7. Public Comment

a. 4:55pm

b. Tom Rennell, Senior Vice President of Financial Policy at the Colorado Hospital Association (CHA), thanked the board for their work on the program and thanked HCPF and UCHealth for the results of the settlement. Tom Rennell said that due to the limited timeframe to develop the model, the CHA didn't have the time to come up with different ideas that may have been beneficial. The CHA letter lays out some issues that the CHA hopes will be addressed. Tom Rennell mentioned that there are allocated costs to CHASE and that the board doesn't know what the allocation methodologies involve, so more transparency is being requested. Other structural issues have been identified that also need to be addressed to re-balance the program. Tom Rennell ended by saying thank you to HCPF and to Nancy Dolson for her work.

c. Dr. Kim Jackson thanked Nancy Dolson for her years of service to the CHASE and the board.

8. Board Action - Proposed Revised CHASE 2024-25 Model

a. Board Members, 5:00pm

b. Nancy Dolson clarified that the board action meant approving the revised 2024-25 model as presented, including reducing the cash fund to 0.9% and refunding $71 million back to the fee payers.
c. Ryan Thornton motioned to approve the model. Dr. Kim Jackson seconded the motion.
d. By roll call vote:
    i. Patrick Gordon - yes
    ii. Dr. Kim Jackson - yes
    iii. Jason Amrich - not present
    iv. Raine Henry - yes
    v. Hillary Jorgensen - yes
    vi. Margo Karsten - not present
    vii. Scott Lindblom - yes
    viii. Julie Nickell - yes
    ix. Dr. Claire Reed - yes
    x. Mannat Singh - yes
    xi. Jeremy Springston - yes
    xii. Ryann Thornton - yes
    xiii. Ryan Westrom - yes
e. The motion passed with majority approval, two absent.

9. Adjourn

a. Meeting adjourned at 5:05pm.
b. Next meeting: October 28, 2025, at 3:00pm via Zoom

Reasonable accommodations will be provided upon request for persons with disabilities. Please notify the Board Coordinator at 303-866-4764, or Shay.Lyon@state.co.us, or the 504/ADA Coordinator hcpf504ada@state.co.us, at least one week prior to the meeting to make arrangements.