



# CHASE

Colorado Healthcare Affordability and  
Sustainability Enterprise

## Meeting Minutes

### Colorado Healthcare Affordability & Sustainability Enterprise (CHASE) Board Meeting

Via [Zoom](#)

Monday, June 3, 2024, 1:00 P.M.

#### 1. Call to Order & Introductions

- a. Patrick Gordon, Chair, 1:00 p.m.

#### 2. Approve Minutes from February 27, 2024 Meeting

- a. Board members, 1:03 pm
- b. Approved by the board.

#### 3. HCPF Updates

- a. Nancy Dolson, 1:06 pm
- b. Nancy reviewed recent legislative updates and how they may affect providers.
  - i. House Bill 24-1229 will address eligibility for individuals with disabilities in need of long-term service and supports Medicaid enrollment.
  - ii. Through HB24-1399, The Colorado Indigent Care Program (CICP) will sunset over the next year. This will mean changes to the CHASE Disproportionate Share Hospital (DSH) payment policy.
  - iii. House Bill 24-1465 aims to align state American Rescue Plan Act (ARPA)-funded project spending and time frames within federal guidelines.
  - iv. Senate Bill 24-116 revises the Hospital Discounted Care program, including presumptive eligibility for low-income patients into Medicaid.
  - v. The Long Bill increased rates across the board by 2%.

- vi. House Bill 23-1243 is being implemented and made changes to the Hospital Community Benefit Accountability requirements. The final rules hearing will be in June 2024.
- vii. House Bill 23-1226 revises hospital financial transparency. Hospitals are turning in quarterly reports as required. There is also a one-time reporting submission due in the upcoming months.
- c. Patrick Gordon asked for clarification about the sunseting of CICP and the impact it may have.
- d. Nancy responded that the CICP Advisory Council has reviewed the program and enrollment has gone down due to Medicaid expansion and the Affordable Care Act. The funding line has also been eliminated, meaning participating clinics had to apply for federal funding through the Primary Care Fund. The administrative burden on these clinics didn't make sense. The Hospital Discounted Care program also created duplicative work. The 1-year sunset timeline gives HCPF the time to adjust payment policies and minimize negative impacts on patient care.

#### **4. Proposed 2023-24 CHASE Provider Fees and Payments**

- a. Nancy Dolson, 1:17 pm
- b. Nancy did an overview of the slide deck and the agenda (see slides on the CHASE web page).
- c. There was a review of HCPF's and the CHASE's purpose and authority. The roles of the Medical Services Board (MSB) and the Centers for Medicare and Medicaid Services (CMS) were also explained.
- d. Visual aids were included in the slide deck (slides 7 and 8) to further explain the functions of the CHASE.
- e. The Medicaid provider fees were reviewed in detail, including limitations and reimbursements.
- f. The Disproportionate Share Hospital (DSH) payments' requirements were explained. DSH payments fund the CICP. Policy options will be presented at a later date.
- g. The Upper Payment Limit (UPL) was discussed. UPL

demonstrations are prepared by HCPF to the CMS for review and approval annually. Visuals were included (slides 13 and 15) further explaining the UPL.

- h. Nancy addressed the delay of the 2023-24 CHASE model, feedback from the Colorado Hospital Association (CHA), and the challenge to the UPL categorization brought by UCHealth.
- i. Nancy went over the trends in provider fees, payments to hospitals, and the federal matching fund, from 2015-16 through 2023-24 fiscal years. Health coverage expansion and changes to the Medicaid population were also reviewed. These trends are used to inform the CHASE methodology year to year.
- j. The UPL has been historically limited to 96-97% to maximize federal funding to minimize losses and risks. HCPF's methodology is currently being audited by CMS.
- k. A visual describing coverage expansion actuals was provided (slide 30). The visual shows a downward trend in fiscal year 2023-24 due to the Public Health Emergency (PHE) unwind.
- l. Health coverage expansion populations were explained, showing the demographics that rely on this coverage and their modified adjusted gross income (MAGI).
- m. An expansion estimate comparison (slide 33) showed a decrease in caseload and total expenditures but increased buy-in for individuals with disabilities and CHP+ coverage. This results in an increase in CHASE fees from federal fiscal years (FFY) 2023 to 2024.
- n. Nancy then reviewed CHASE administrative expenditures and demonstrated the efficiency of the program. Increases in fees are due to inflation. Even with the increase, administrative fees are under the 3% budget cap.
- o. Slide 40 contains links to the different documents explaining the 2023-24 CHASE fees and payments in greater detail.
- p. Nancy asked for support in the recommendation of a UPL limit of 97.2%, with a retrospective change to 99.25% upon approval. HCPF will work with CMS for timely filing of any changes.

- q. CHA asked for a 100% UPL. A 99.25% limit maintains an aggressive UPL but mitigates risks. The CMS audit and MSB processes will delay this higher UPL.
- r. Mannat Singh asked how the 99.25% amount was determined and mentioned that the methodology would still be scrutinized by CMS. Nancy explained that by waiting for the CMS audit to finish with no material findings, it will give them confidence in the methodology and reduce the risk of them questioning the more aggressive stance. She also said that the 99.25% percentage leaves an approximate \$20 million gap for error.
- s. Patrick Gordon asked what the denominator was for the \$20 million amount. The information was not readily available. Patrick commented that the compromise seemed reasonable.
- t. Jason Amrich asked if other states found any risks from maxing out the UPL. Nancy explained that Colorado's unique program structure makes it difficult to compare experiences. The audit from CMS is also examining the UPL methodology and its risk, due to a recovery of federal funds in the past.
- u. Mannat Singh asked if the potential retrospective payments would be adjusted with the 99.25% limit, if approved. Nancy replied that state regulations will limit how much the retrospective adjustments will be for the 2023-24 payments and limit the 2022-23 payments even more.
- v. Jason Amrich asked if the board could see and compare the 99.25% limit to the 100% limit. Nancy said an estimated \$19-20 million and that the team will have a more accurate amount in approximately 6 months.
- w. Ryan Westrom asked for clarification around the changes to the DSH payments at a 99.25% UPL level and when that would be presented to the MSB. Nancy said that the DSH payments are limited at 96% by regulation and that the 2023-24 amounts will most likely not be able to be adjusted, and 2022-23 adjustments can't be made unless that 96% is increased. This would have to be in line with regulations and be approved by MSB.
- x. Mannat Singh asked how the CMS audit of UPL payments might affect federal oversight and future scrutiny over the

methodology. Nancy said that CMS had announced upcoming rule changes and that they will be analyzing how state payment arrangements are structured, but the state's proposal most likely won't make any changes to the current methodology.

- y. Bob Vasil asked for clarification on why to approve the 97.2% model rather than continue with the current amount until the results of the audit are finalized. Nancy replied that HCPF needs to make sure that they have enough funding for the 2023-24 expansion populations, and that the 97.2% increase will help to ensure that HCPF is collecting enough fees, as well as giving reimbursements to hospitals.
- z. Nancy Dolson presented another graphic (slide 43) to demonstrate how the provider fee works and the sources and destinations of the collected amounts. There was also an overview of the fees and payments, showing the increases, total federal funds, and estimated hospital payments. The fees and payments overview also went over the estimated funds for expansion populations, the return on fees, how the increased federal matching funds support the Hospital Transformation Program (HTP), and inpatient and outpatient fees. A graphic for supplemental payments was also presented on slide 52.
- aa. Nancy Dolson reviewed the UPL supplemental payments and where the money would come from to maximize the UPL- inpatient and outpatient supplemental payments and essential access payments.
- bb. There was a review of adjustment factors, their purpose and history, and a proposal to increase the adjustment factors from 11 to 13. The proposed new factor groups are Private High Medicaid Utilization Hospitals and Private Safety Net Metropolitan Hospitals.
- cc. HCPF's proposals:
  - i. 97.2% 2023-24 model
  - ii. Return to the board with retrospective changes to 2023-24 and 2022-23 to 99.25%

## 5. Board Discussion, 2:25 pm

- a. Chair Patrick Gordon thanked Nancy for her presentation and turned the floor over to the board for discussion. He said he had no concerns or objections at this time.
- b. Dr. Kim Jackson asked if payments had ever been recouped in the history of the CHASE. Nancy Dolson said that there had been an estimated \$20 million amount that was recovered and, after CMS financial management review, several million dollars were returned from the outpatient and inpatient supplemental payment funds. This experience is what resulted in the recommended \$20 million buffer in the UPL. Dr. Kim Jackson commented that Medicaid programs are highly valuable to those with disabilities, and adequate coverage and hospital reimbursements are important. She said that balance and a contingency plan are also important to the program and protecting Coloradans.
- c. Margo Karsten thanked Nancy for the presentation and confirmed her support of the recommendation.
- d. Ryan Westrom clarified the comments surrounding the previous federal recovery and stated that the past issues were due to the 14-month delay of the approval of the model. He also said that other audits were not because of problems with the UPL, but because of misalignment with the State Plan Amendments. This did not impact expansion populations.
- e. Jon Alford mentioned the letter that UHealth submitted to HCPF and the challenge regarding the categorization of facilities. He asked if there would be any consequence in approving the UPL if they were to later be re-categorized. Nancy said that HCPF feels confident in its categorizations, but if a re-categorization did occur, there are federal agencies that would provide guidance. Jon asked if the letter was being reviewed by the board or if they would respond. Nancy said that attorney general Jen Weaver could answer that.
- f. Jen Weaver responded that the board does not need to write a response but that they are welcome to do so.

- g. Mannat Singh said that while she understands and appreciates the hospitals' and CHA's positions, some consumer advocates believe that while there is a low risk of fund recoupment, a 100% limit is too high. She stated that there was not enough time to thoroughly understand what the CHA's position was in terms of the model and a contingency plan.
- h. Ryan Westrom asked how long the proposed delay of the vote on the 2023-24 CHASE model was estimated to be, according to the UHealth letter. He voiced concern around delaying the vote too long and potentially risking the retroactive 99.25% adjustments. He asked what the risk could be between approving the proposed model now and delaying the approval until a resolution was found. Nancy responded that HCPF is currently operating under the 2022-23 CHASE model in the interim until the proposed model is approved. There is no time frame surrounding the resolution at this time.
- i. Jeremy Springston thanked Nancy for the presentation. He voiced support for HCPF's recommendation. He also commented that when reviewing the potential adjustment of 99.25%, to pay attention to how it affects the DSH payments, so that it doesn't inadvertently negatively impact high CICP hospitals.

#### **6. Public Comment, 2:48 pm**

- a. Jackie Cooper Melmed commented on behalf of UHealth. She clarified that UHealth brought the hospital categorization issue to HCPF's attention in December 2023. She mentioned the four factor test that HCPF presented last year to the board and noted that at that time, the CMS regulation was ambiguous and not in rule. She said that the UHealth letter addresses that HCPF's position has changed and that the CMS regulation is not ambiguous and is easily applied. CMS also stated it is non-binding. She said that the UPL categories should be reserved for hospitals that receive public funding. She then mentioned that the recategorization of the two hospitals and subsequent resubmission of the CHASE model would not be an

indefinite delay, but it would take as long as HCPF took to complete the recalculations.

## **7. Board Action, 2:54 pm**

- a. Patrick Gordon moved to approve the HCPF-recommended model.
- b. Dr. Kim Jackson asked for clarification on HCPF's reasoning for not reclassifying the 2 hospitals that UHealth asked for reconsideration on. Nancy Dolson replied that HCPF was relying on its definitions of non-state and government owned and operated to categorize hospitals, and that it stands behind its definitions. Dr. Jackson asked how a recategorization would affect financial reimbursements. Nancy said that recategorizing the two hospitals that UHealth was requesting would substantially lower the non-state government UPL pool and may negatively impact Denver Health and other public-owned critical access hospitals.
- c. Jason Amrich said that the board will have to discuss the recalculations again in the future in order to avoid negative impacts. Nancy confirmed. Jason asked about the approximate timeline regarding the recalculation and future discussions. Nancy said that HCPF's position is firm and that she does not have any idea about what may come next.
- d. Patrick Gordon stated that there's two parts to the issue: how should hospitals be categorized and the impact of the categorizations. He mentioned concern about the possible negative impact for certain health districts and proposed to take action on the parts that the board is in agreement about so far.
- e. Dr. Kim Jackson asked if the CMS audit had anything to do with the categorization process or if it was separate. Nancy said that the CMS audit is focused on trend factors and utilization and that CMS hasn't asked any questions about categorization at this time.
- f. Patrick Gordon said that if the law requires the recategorization of the hospitals, then the CHASE would comply, but the federal



government has not brought it up in the history of the program. He commented that he didn't want to make any changes that could be disruptive to participants. Dr. Jackson agreed and said that there's no reason to rush into a change, especially since the board will be revisiting the issue in the future and it will be important to approach any legal issues correctly.

- g. Jason Amrich seconded the motion to approve HCPF's recommendation.
- h. Mannat Singh clarified that the board was voting on keeping the UPL at 97.2% and revisiting the board at a later date for a possible retrospective change to the 2023-24 and 2022-23 models adjusting to 99.25% UPL. Patrick Gordon confirmed and said that it seemed like an intelligent compromise.
- i. A roll call vote was held. All members voted in support of HCPF's recommendation.

## 8. Adjourn

- a. The meeting was called to adjourn at 3:10pm.

## 9. Next meeting: June 25, 2024, at 3:00 p.m. 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](mailto:Shay.Lyon@state.co.us) or the 504/ADA Coordinator [hcpf504ada@state.co.us](mailto:hcpf504ada@state.co.us) at least one week prior to the meeting to make arrangements.

