

# *CHASE Board*

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Nancy Dolson  
Department of Health Care Policy & Financing



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Colorado Healthcare Affordability and  
Sustainability Enterprise

# 2019-20 CHASE Model Revisions

- Families First Coronavirus Response Act
  - Effective 1/1/2020 increases federal match rate 6.2% for non-expansion member services
- CARES act eliminated Disproportionate Share Hospital (DSH) payment reduction for FFY 2019-20
  - Increase \$27.9 million federal funds; \$55.8 million total funds
- FY 2020-21 state budget

# 2019-20 CHASE Model Revisions

- 2019-20 CHASE model revisions
  - Net Patient Revenue revised estimate
  - DSH funds increase
  - Expansion and administrative expenditures revised estimates
  - 6.2% federal match benefit to state (JBC approved 5/6)
  - \$114 million to Medicaid budget (JBC approved 5/20)
  - Awaiting CMS approval of federal match approach for supplemental payments

# 2019-20 Fees and Payments Overview

- \$1.0 billion fees
  - \$114 million fees for additional General Fund Offset
  - Limited to 6.00% Net Patient Revenue (NPR)
- \$1.41 billion in hospital supplemental payments including \$90.7 million in quality incentive payments
  - UPL at 96.53%
  - Disproportionate Share Hospital (DSH) Limit at 96.00%
- \$392.7 million in net reimbursement



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# 2019-20 Fees and Payments

Expenditures	Cash Fund	Federal Fund	Total Fund
IP Supplemental Payment	\$ 201,300,000	\$ 321,500,000	\$ 522,800,000
OP Supplemental Payment	\$ 215,100,000	\$ 343,500,000	\$ 558,600,000
Essential Access Supplemental Payment	\$ 7,400,000	\$ 11,600,000	\$ 19,000,000
DSH Supplemental Payment	\$ 108,200,000	\$ 108,100,000	\$ 216,300,000
HQIP Supplemental Payment	\$ 45,400,000	\$ 45,300,000	\$ 90,700,000
<b>Total Supplemental Payment</b>	<b>\$ 577,400,000</b>	<b>\$ 830,000,000</b>	<b>\$ 1,407,400,000</b>
MAGI Parents/Caretakers 60-68% FPL	\$ 8,400,000	\$ 9,600,000	\$ 18,000,000
MAGI Parents/Caretakers 69-133% FPL	\$ 17,300,000	\$ 174,600,000	\$ 191,900,000
MAGI Adults 0-133% FPL	\$ 146,700,000	\$ 1,436,800,000	\$ 1,583,500,000
Buy-In for Adults & Children with Disabilities	\$ 47,100,000	\$ 58,100,000	\$ 105,300,000
Twelve Month Continuous Eligibility for Children	\$ 21,000,000	\$ 23,800,000	\$ 44,800,000
Non-Newly Eligible	\$ 14,500,000	\$ 63,600,000	\$ 78,100,000
CHP+ 206-250% FPL	\$ 15,500,000	\$ 55,400,000	\$ 70,900,000
Other (Incentive payments and Substance Abuse Disorder)	\$ 5,000,000	\$ 39,000,000	\$ 44,000,000
<b>Medicaid Expansion</b>	<b>\$ 275,600,000</b>	<b>\$ 1,860,900,000</b>	<b>\$ 2,136,400,000</b>
Administration	\$ 32,200,000	\$ 67,300,000	\$ 99,500,000
Transfer to General Fund - 25.5-4-402.4 (5)(b)(VII)	\$ 129,700,000	\$ -	\$ 129,700,000
<b>Total Other Expenditures</b>	<b>\$ 161,900,000</b>	<b>\$ 67,300,000</b>	<b>\$ 229,200,000</b>
<b>Grand Total</b>	<b>\$ 1,014,900,000</b>	<b>\$ 2,758,200,000</b>	<b>\$ 3,773,000,000</b>

*\*Federal funds drawn from the transfer to the General Fund are not shown*



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# Return on Fee

- **\$1.0 billion** generates **\$2.76 billion** in federal funds, a **276%** return rate
- Administrative expenditures (\$99.5 million) are **2.64%** of total expenditures (\$3.8 billion)
- Administrative expenditures include the following
  - Staff costs, legal services, accounting, etc.
  - Contracted services, including utilization management and external quality review
  - IT systems (i.e., eligibility and claims) and staffing for the customer contact center for more than 400,000 covered lives



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# *Inpatient & Outpatient Fees*

- Inpatient fee assessed on managed care & non-managed care days
  - Inpatient fee - \$465.4 million
    - Per non-managed care day: \$408.56
    - Per managed care day: \$91.39
- Outpatient fee assessed on percentage of total Outpatient charges
  - Outpatient fee - \$549.3 million
    - Percentage of total charges: 1.8664%
- High Volume CICP and Essential Access hospitals receive discounted fees
- Psychiatric, Long Term Care, and Rehabilitation hospitals are fee exempt



# *Inpatient Supplemental Payment*

- Reimbursement for inpatient (IP) Medicaid utilization
- Total Payments: **\$522.8 million**
- Inpatient Payment = Medicaid Patient Days \* Inpatient Adjustment Factor
- Allows for greater variation in reimbursement due to changing Medicaid utilization



# *Outpatient Supplemental Payment*

- Increase rates for outpatient (OP) hospital services for Medicaid members
- Total Payments: **\$558.6 million**
- Outpatient Payment = Estimated Medicaid Outpatient Cost \*  
Outpatient Adjustment Factor



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# Percent Adjustment Changes

2018-19				Adjustment Factors reduced from 15 to 11	2019-20			
UPL Group	UPL Pool	IP Adjustment Factor	OP Adjustment Factor		UPL Group	UPL Pool	IP Adjustment Factor	OP Adjustment Factor
Rehab/Long Term Acute	All	5.00%	5.00%		Rehab/Long Term Acute	All	\$ 50.00	50.00%
Teaching	State Gov.	24.42%	48.30%		Teaching	State Gov.	\$ 596.00	35.55%
Rural/CAH	Non-State Gov.	82.00%	76.25%		Rural/CAH	Non-State Gov.	\$ 1,518.00	74.50%
Teaching	Non-State Gov.	3.00%	3.00%		Teaching	Non-State Gov.	\$ 10.00	5.75%
High Volume Medicaid CICP	Non-State Gov.	44.50%	35.65%		Non-State Gov.	Non-State Gov.	\$ 1,070.00	36.55%
Non-Denver Metro	Non-State Gov.	87.52%	55.00%		Rural/CAH	Private	\$ 1,650.00	74.00%
Non-State Gov.	Non-State Gov.	9.30%	10.62%		Pediatric Specialty	Private	\$ 120.00	17.25%
Self-Reported	Private	8.00%	8.00%		NICU	Private	\$ 1,195.00	78.25%
Rural/CAH	Private	127.21%	59.00%		Independent Metro	Private	\$ 1,290.00	92.00%
CICP Specialty	Private	7.00%	8.00%		New Hospital	Private	\$ 455.00	25.00%
Heart Institute	Private	36.00%	42.50%		Private	Private	\$ 700.00	38.50%
NICU	Private	119.00%	70.00%					
Non-Denver Metro	Private	133.83%	45.00%					
Non-Metro Western Slopes	Private	10.00%	48.00%					
Private	Private	36.27%	31.00%					

Coefficient of Variation		
Year	2019	2020
IP	3.36	1.086
OP	1.504	.953

# *Essential Access Supplemental Payment*

- Reimbursement to hospitals with 25 or fewer beds
- Total Payments: **\$19 million**
- Essential Access Payment = (Essential Access beds / Total Essential Access beds for all eligible hospitals) \* \$19 million



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# *DSH Supplemental Payment*

- Reimbursement to hospitals providing services to the uninsured
- Total Payments: **\$216.4 million**
- DSH Payment capped at 96% of hospital's estimated DSH limit
  - High CACP Cost hospital's DSH Payment equals 96% of their estimated DSH limit
  - Critical Access hospital's DSH payment equals 96% of their estimated DSH limit
  - New CACP hospital's or a low Medicaid hospital's DSH Payment equals up to 10% of their estimated DSH limit

# HQIP Supplemental Payment

- Reimbursement to hospitals providing services that improve health care outcomes
- Total Payments: **\$90.6 million**
- Quality measures and payment methodology approval by the CHASE Board on August 27, 2019
- $HQIP\ Payment = Normalized\ Awarded\ Points * Medicaid\ Adjusted\ Discharges * Dollars\ Per\ Adjusted\ Discharge\ Point$

HQIP Tier	Lower Bound	Upper Bound	Dollars Per Adjusted Discharge Point
0	0	19	\$0.00
1	20	39	\$1.99
2	40	59	\$3.98
3	60	79	\$5.97
4	80	100	\$7.96

# Net Reimbursement

- \$17.5 million decrease in net reimbursement
  - \$80 million increase in supplemental payments
  - \$96 million increase in provider fees
- Net Reimbursement is affected by:
  - \$114 million fee increase to be used to offset General Fund
  - Enhanced FMAP - 61.5% enhanced FMAP rate will be applied to Inpatient, Outpatient, and Essential Access payments instead of 50.00% FMAP rate

Item	2018-19	2019-20	Difference
Supplemental Payments (Total Funds)	\$ 1,328,097,712	\$ 1,407,494,785	\$ 79,397,073
Fee (Cash Funds)	\$ 917,879,440	\$ 1,014,762,908	\$ 96,883,468
Net Reimbursement	\$ 410,219,618	\$ 392,731,877	\$ (17,486,395)



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# Next Steps

- CHASE fees and supplemental payments have been at interim levels since October 2019
- Following CHASE Board approval, we will
  - Present rules to Medical Services Board
  - Pursue CMS approval of federal match protocol
  - Notify hospitals and host webinar
  - Reconcile between the final model and the interim model by September

# *Hospital Transformation Program*

- Expected re-engagement with CMS this summer
- Hospital applications due 30 days after CMS waiver approval; 3 to 4-month process
- Hospital implementation plans follow application process
- Project startup follows



# *Hospital Quality Incentive Payments*

- 2020 HQIP measure modifications
  - Reporting tool opened longer
  - Hospital self-report on existing measures
  - HCPF pulls all claims-based measures, including new episiotomy measure
  - New hospital self-reported measures postponed to 2021
    - ✓ Reduction of Peripartum Racial and Ethnic Disparities Patient Safety Bundle
    - ✓ Sepsis
    - ✓ Antibiotic stewardship
    - ✓ Handoffs and sign-outs
  - Points normalized to 100 based on available measures



# *Hospital Quality Incentive Payments*

- 2021 HQIP measures
  - Review and possible modifications due to 2020 changes
  - HQIP subcommittee recommendation reached
  - Community Advisory Committee meeting Friday, June 26
  - Final recommendations to CHASE Board August 25 meeting

# *Thank You*

Nancy Dolson  
Special Financing Division Director  
Department of Health Care Policy & Financing  
Nancy.Dolson@state.co.us



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