

Colorado Healthcare Affordability and Sustainability Enterprise Annual Report

January 15, 2022



CHASE

Colorado Healthcare Affordability and
Sustainability Enterprise

Table of Contents

I. Colorado Healthcare Affordability and Sustainability Enterprise Overview.....	5
A. CHASE Annual Report.....	7
II. Health Care Affordability and Sustainability Fee and Supplemental Payments	8
A. Health Care Affordability and Sustainability Fee	9
B. Enhanced Federal Medical Assistance Percentage	10
C. COVID Federal Medical Assistance Percentage	11
D. Supplemental Payments	11
1. Inpatient Supplemental Payment.....	11
2. Outpatient Supplemental Payment	11
3. Essential Access Supplemental Payment	11
4. Rural Support Supplemental Payment	11
5. Hospital Quality Incentive Supplemental Payment	12
6. Disproportionate Share Hospital Supplemental Payment	16
III. Administrative Expenditures	17
IV. Cost Shift.....	20
A. Payment, Cost and Profit.....	21
B. Bad Debt and Charity Care	29
V. Delivery System Reform Incentive Payment Program	30
A. Community Advisory Council	31
B. Community and Health Neighborhood Engagement	32
C. Hospital HTP Application Process	32
D. Implementation Plan Process	33
E. Rural Support Fund	33
VI. Appendix.....	35
A. CHASE Fee, Supplemental Payments and Net Benefit.....	35
B. Cost Shift.....	38
1. Payment to Cost Ratio by Payer Group.....	38
2. Payment, Cost by Payer Group	38
3. Patient Mix by Payer	43

Table of Tables

Table 1. FFY 2020-21 CHASE Fee and Supplemental Payments	9
Table 2. FFY 2020-21 HQIP Dollars Per Adjusted Discharge Point	13
Table 3. FFY 2020-21 Hospital Quality Incentive Payments	14
Table 4. SFY 2020-21 CHASE Expenditures	17
Table 5. SFY 2020-21 CHASE Administrative Expenditures.....	18
Table 6. Payment to Cost Ratio.....	23
Table 7. Payment to Cost Ratio, Post HB 19-1001.....	23
Table 8. Payment Less Cost per Patient by Payer Group.....	27
Table 9. Payment Less Cost Per Patient by Payer Group, Post HB 19-1001	28
Table 10. All-Payer Payment, Cost and Profit	28
Table 11. Bad Debt and Charity Care Cost	29
Table 12. Fee-Exempt Hospitals: Psychiatric, Long-Term Care, and Rehabilitation Hospitals	35
Table 13. Fee-Paying Hospitals: General and Acute Care Hospitals	35
Table 14. Total Payments by Payer Group	39
Table 15. Total Payments by Payer Group, Post HB 19-1001	40
Table 16. Total Costs by Payer Group.....	40
Table 17. Total Costs by Payer Group, Post HB 19-1001.....	41
Table 18. Percent growth of expense categories, 2019 - 2020	41
Table 19. Payment Less Cost by Payer Group.....	43
Table 20. Payment Less Cost by Payer Group, Post HB 19-1001.....	43
Table 21. Patient Mix by Payer Group.....	44
Table 22. Patient Mix by Payer Group, Post HB 19-1001	44

Table of Figures

Figure 1. Payer Mix.....	24
Figure 2. Payment Less Cost.....	26
Figure 3. Payment Less Cost per Patient.....	27
Figure 4. Bad Debt and Charity Care Costs.....	29
Figure 5. Hospital Transformation Program Timeline.....	31
Figure 6. Payment to Cost Ratio by Payer Group.....	38
Figure 7. Total Payments by Payer Group.....	39
Figure 8. Total Costs by Payer Group.....	40
Figure 9. Patient Volume.....	43

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I. Colorado Healthcare Affordability and Sustainability Enterprise Overview

This legislative report is presented by the Colorado Department of Health Care Policy & Financing (the Department) and the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) Board regarding the CHASE Act of 2017.

The CHASE is a government-owned business operating within the Department. Its purpose is to charge and collect the health care affordability and sustainability fee to obtain federal matching funds. The health care affordability and sustainability fee and the federal matching funds are used to provide business services to hospitals by:

- Increasing hospital reimbursement for care provided to Health First Colorado (Colorado's Medicaid program) members and Coloradans eligible for discounted health care services through the Colorado Indigent Care Program (CICP);
- Funding hospital quality incentive payments;
- Increasing the number of individuals eligible for Health First Colorado and Child Health Plan *Plus* (CHP+);
- Paying the administrative costs of the CHASE, limited to 3% of its expenditures; and
- Providing or arranging for additional business services to hospitals by:
 - ✓ Consulting with hospitals to help them improve both cost efficiency and patient safety in providing medical services and the clinical effectiveness of those services;
 - ✓ Advising hospitals regarding potential changes to federal and state laws and regulations that govern Health First Colorado and CHP+;
 - ✓ Providing coordinated services to hospitals to help them adapt and transition to any new or modified performance tracking and payment system for Health First Colorado and CHP+;
 - ✓ Providing any other services to hospitals that aid them in efficiently and effectively participating in Health First Colorado and CHP+; and
 - ✓ Providing funding for a health care delivery system reform incentive payments program.

From October 2020 through September 2021, the CHASE has:

- **Provided \$410 million in increased reimbursement to hospital providers**

Hospitals received more than \$1.48 billion in supplemental Medicaid and Disproportionate Share Hospital (DSH) payments financed with health care affordability and sustainability fees, including \$89 million in hospital quality incentive payments (HQIP). This funding increased hospital reimbursement by \$410 million for care provided to Health First Colorado and CICP members with no increase in General Fund expenditures.

- **Transferred \$47 million in health care affordability and sustainability fees to the state General Fund**

To offset state revenue loss as a result of the novel coronavirus (COVID-19) pandemic, hospitals funded a \$47 million of the state's medical assistance program expenditures normally funded through the state General Fund.

- **Saved hospitals \$141 million in health care affordability and sustainability fees by using an enhanced federal medical assistance percentage methodology**

If the enhanced federal medical assistance percentage methodology were not used, hospitals would have had to pay \$141 million more in health care affordability and sustainability fees to receive the same \$1.48 billion supplemental payment as mentioned previously.

- **Reduced uncompensated care costs and the need to shift uncompensated care costs to other payers**

The CHASE reduces uncompensated care for hospital providers and the need to shift those costs to private payers by increasing reimbursement to hospitals and by reducing the number of uninsured Coloradans. From 2009 to 2020, the payment for care provided to Health First Colorado members has improved overall, increasing coverage from 54% to 83% of costs¹. In 2020, the amount of bad debt and charity care decreased by more than 40% compared to 2013. This sharp reduction in hospitals' uncompensated care follows the increased reimbursement to hospitals under the CHASE and the reduction in the number of uninsured Coloradans due to the CHASE and the federal Affordable Care Act (ACA). However, a positive impact on cost shifting to private payers is not apparent with private insurance payments less cost per patient increasing by approximately 100% since 2009. Determining the extent to which hospitals reduced the cost shift requires additional data and analysis.

- **Provided health care coverage through Health First Colorado and Child Health Plan *Plus* for more than 610,000 Coloradans**

As of September 30, 2021, the Department has enrolled approximately 111,000 Health First Colorado parents ranging from 61% to 133% of the federal poverty level (FPL), 26,000 CHP+ children and pregnant women ranging from 206% to 250% of the FPL, 15,000 Health First Colorado working adults up to 450% of the FPL and children with disabilities up to 300% of the FPL, and 458,000 Health First Colorado adults without dependent children up to 133% of the FPL with no increase in General Fund expenditures.

¹ Includes data from the former Colorado Health Care Affordability Act (CHCAA).

A. CHASE Annual Report

Pursuant to Section 25.5-4-402.4(7)(H)(V)(e), C.R.S., this report includes:

- The recommendations made by the CHASE Board to the Medical Services Board regarding the health care affordability and sustainability fee;
- A description of the formula for how the health care affordability and sustainability fee is calculated and the process by which the health care affordability and sustainability fee is assessed and collected;
- An itemization of the total amount of the health care affordability and sustainability fee paid by each hospital and any projected revenue received by each hospital, including quality incentive payments;
- An itemization of the costs incurred by the CHASE in implementing and administering the health care affordability and sustainability fee;
- Estimates of the differences between the cost of care provided and the payment received by hospitals on a per-patient basis, aggregated for all hospitals, for patients covered by Health First Colorado, Medicare, and all other payers; and
- A summary of the efforts made by the CHASE to seek any federal waiver necessary to fund and support the implementation of a health care delivery system reform incentive payments program.

II. Health Care Affordability and Sustainability Fee and Supplemental Payments

- *The recommendations made by the CHASE Board to the Medical Services Board regarding the health care affordability and sustainability fee*
- *A description of the formula for how the health care affordability and sustainability fee is calculated and the process by which the health care affordability and sustainability fee is assessed and collected*
- *An itemization of the total amount of the health care affordability and sustainability fee paid by each hospital and any projected revenue received by each hospital, including quality incentive payments*

A thirteen-member CHASE Board appointed by the governor provides oversight and makes recommendations to the Medical Services Board regarding the health care affordability and sustainability fee. Information about the CHASE Board and its meetings is available at www.colorado.gov/pacific/hcpf/colorado-healthcare-affordability-and-sustainability-enterprise-chase-board.

Current CHASE Board members, listed by term expiration date, are noted below.

For terms expiring May 15, 2023:

- Scott Lindblom of Thornton, representing the Department.
- George Lyford of Boulder, representing a statewide organization of health insurance carriers.
- Robert Morasko of Salida, representing a rural hospital.
- Jeremy Springston of Highlands Ranch, representing a hospital.

For terms expiring May 15, 2024:

- Janie Wade of Lafayette, representing a hospital.
- Kimberley E. Jackson of Windsor, representing persons with disabilities.

For terms expiring May 15, 2025:

- Allison Anne Neswood of Denver, representing a consumer, serving as Chair
- Barbara Carveth of Aurora, representing a safety net hospital
- Mathew Stephen Colussi of Aurora, representing the Department
- Heather Lafferty of Denver, representing a business that purchases health insurance
- Claire Reed of Pueblo, representing the health care industry and who does not represent a hospital or a health insurance carrier
- Robert John Vasil of Larkspur, representing a hospital
- Ryan Westrom of Aurora, representing a statewide organization of hospitals

The Medical Services Board, with the recommendation of the CHASE Board, promulgated rules related to the health care affordability and sustainability fee, including the calculation, assessment, and timing of the fee, the reports that hospitals will be required to report to the CHASE, and other

rules necessary to implement the health care affordability and sustainability fee. Those rules are located at 10 CCR 2505-10, Section 8.3000.

The CHASE operates on a federal fiscal year (FFY) basis, from October to September. Table 1 outlines the FFY 2020-21 health care affordability and sustainability fee and payment amounts. Table 12 and Table 13 (in the Appendix) detail hospital specific FFY 2020-21 health care affordability and sustainability fee and payment amounts. Health care affordability and sustainability fees are collected and resulting hospital payments are made monthly by electronic funds transfer for each hospital.

Table 1. FFY 2020-21 CHASE Fee and Supplemental Payments

Item	Amount
Inpatient Fee	\$497,003,866
Outpatient Fee	\$575,746,465
Total Health Care Affordability and Sustainability Fee	\$1,072,750,331
Inpatient Supplemental Payment	\$574,991,809
Outpatient Supplemental Payment	\$567,952,595
Essential Access Supplemental Payment	\$19,500,005
Rural Support Supplemental Payment	\$11,999,997
Hospital Quality Incentive Supplemental Payment	\$89,149,838
Disproportionate Share Hospital Supplemental Payment	\$219,367,288
Total Supplemental Payments	\$1,482,961,532
Net Reimbursement to Hospitals	\$410,211,201

For an overview of the fee assessment and payment methodologies recommended by the CHASE Board for October 2020 through September 2021, see the sections below. While individual hospitals may not be eligible for all payments, all methodologies are described.

A. Health Care Affordability and Sustainability Fee

The total health care affordability and sustainability fee collected during FFY 2020-21 was \$1,072,750,331, with the inpatient fee comprising 46.3% of total fees and the outpatient fee comprising 53.7% of total fees.

A portion of the total health care affordability and sustainability fee was used to offset the state’s General Fund. The General Fund offset fee comprises 4.4% of the total health care affordability and sustainability fee collected. It was authorized pursuant to [House Bill \(HB\) 20-1386](#) in response to the COVID-19 pandemic. The fee was used to offset state medical assistance program expenditures for state fiscal year (SFY) 2020-21 which runs from July 2020 through June 2021. The total General Fund offset fee for SFY 2020-21 amounts to \$161 million, of which \$114 million was collected in FFY 2019-20 and \$47 million was collected in FFY 2020-21.

The inpatient fee is charged on a facility’s managed care days and non-managed care days. Fees charged on managed care days are discounted by 77.63% compared to the rate assessed on non-managed care days. Managed care days are Medicaid Health Maintenance Organization (HMO),

Medicare HMO, and any commercial Preferred Provider Organization (PPO) or HMO days. Non-managed care days are all other days (i.e., fee-for-service, normal Diagnosis Related Group [DRG], or indemnity plan days).

The outpatient fee is assessed as a percentage of total outpatient charges.

Hospitals that serve a high volume of Health First Colorado and CACP members or are essential access providers are eligible to receive a discount on the fee. High volume Health First Colorado and CACP providers are those providers with at least 27,500 Health First Colorado inpatient days per year that provide over 30% of their total days to Health First Colorado members and CACP clients. The inpatient fee calculation for high-volume Health First Colorado and CACP providers was discounted by 47.79%. The outpatient fee for high-volume Health First Colorado and CACP providers was discounted by 0.84%. Essential access providers are those providers that are critical access hospitals and other rural hospitals with 25 or fewer beds. The inpatient fee calculation for essential access providers was discounted by 60% with no discount on the outpatient fee calculation.

Hospitals exempt from the health care affordability and sustainability fee include the following:

- State licensed psychiatric hospitals; or
- Medicare certified long-term care (LTC) hospitals; or
- State licensed and Medicare certified rehabilitation hospitals.

B. Enhanced Federal Medical Assistance Percentage

The CHASE supplemental payments are funded from two sources: health care affordability and sustainability fees and federal matching funds, calculated pursuant to the federal medical assistance percentage (FMAP). Historically, the FMAP for supplemental payments was 50%. For every supplemental payment dollar, 50 cents were health care affordability and sustainability fees and 50 cents were federal matching funds. Effective FFY 2019-20 and onward, the Department is approved to utilize an enhanced FMAP to make supplemental payments to hospitals. With the enhanced FMAP, the Department requires less fee to make the same payment due to the federal share of the payment increasing.

The enhanced FMAP is allowable because of the Affordable Care Act (ACA) and Colorado's decision to expand Health First Colorado to individuals who would otherwise not have been eligible. Prior to the ACA, every Health First Colorado member received the base FMAP for all claims, generally 50% for Colorado. When Health First Colorado expansion occurred, the individuals that were newly eligible as a result of the ACA received a higher FMAP, currently at 90%. Each claim submitted on a Health First Colorado member's behalf can be tied to the base FMAP group (50% FMAP) or the newly eligible group (90% FMAP). The federal share of the claims can be determined by multiplying the total amount paid for the claim by the FMAP for the Health First Colorado member on the claim. A similar methodology is used to calculate the federal share of the CHASE supplemental payments. Switching to this methodology saved hospitals a total of \$141 million in health care affordability and sustainability fees for FFY 2020-21.

C. COVID Federal Medical Assistance Percentage

On March 18, 2020, the President signed into law [H.R. 6021](#), the Families First Coronavirus Response Act (FFCRA). As it relates to the CHASE, this bill temporarily increases the base Medicaid FMAP from 50% to 56.2% during the COVID-19 public health emergency. The temporary increase in base FMAP is effective beginning January 1, 2020 and extends through the last day of the calendar quarter in which the public health emergency terminates.

Similar to the enhanced FMAP methodology mentioned in the previous section, the FFCRA allows the Department to increase the federal funds used to make supplemental payments to hospital providers. As a direct result of the FFCRA, the Colorado General Assembly passed [HB 20-1385](#), allowing the Department to utilize the increase in base FMAP to offset General Fund expenditures for medical service premiums. So far, the Department has been able to draw down an additional \$66 million in federal funds for the period January 1, 2020 through June 30, 2021.

D. Supplemental Payments

1. Inpatient Supplemental Payment

For qualified hospitals, this payment equals total Health First Colorado patient days multiplied by an inpatient adjustment factor. Inpatient adjustment factors may vary by hospital. The inpatient adjustment factor for each hospital is published annually in the Provider Bulletin.

State licensed psychiatric hospitals are not qualified for this payment.

2. Outpatient Supplemental Payment

For qualified hospitals, this payment equals Health First Colorado outpatient billed costs, adjusted for utilization and inflation, multiplied by an outpatient adjustment factor. Outpatient adjustment factors may vary by hospital. The outpatient adjustment factor for each hospital is published annually in the Provider Bulletin.

State licensed psychiatric hospitals are not qualified for this payment.

3. Essential Access Supplemental Payment

This payment is for qualified Essential Access hospitals. It equals the hospital's percent of beds compared to total beds for all qualified Essential Access hospitals multiplied by \$19,500,000.

Psychiatric hospitals, LTC hospitals, and rehabilitation hospitals do not qualify for this payment.

4. Rural Support Supplemental Payment

This payment is for qualified not-for-profit rural or critical access hospitals that submit an attestation documenting the planned use of the funds. Funding is allocated to low revenue hospitals, which are defined as those that contribute to the bottom 10% of net patient revenues for all critical access or rural hospitals. Net patient revenue is determined from

each hospital's Medicare Cost Report and is averaged between 2016, 2017 and 2018. In addition, funding is allocated to hospitals with a low fund balance, which are defined as those that contribute to the bottom 2.5% of the fund balance for all critical access or rural hospitals not eligible as a result of the net patient revenue criteria. Fund balance is determined from each hospital's 2019 Medicare Cost Report.

The payment equals \$12,000,000 divided by the total number of qualified hospitals that submit an acceptable attestation. See Section V, subsection E, titled "Rural Support Fund" for more information on this payment as it relates to the Hospital Transformation Program.

Psychiatric hospitals, LTC hospitals, and rehabilitation hospitals do not qualify for this payment.

5. Hospital Quality Incentive Supplemental Payment

The CHASE includes a provision to establish Hospital Quality Incentive Payments (HQIP) funded by the health care affordability and sustainability fee to improve the quality of care provided in Colorado hospitals. At the request of the CHASE Board, the HQIP subcommittee recommends the approach for quality incentive payments.

The HQIP subcommittee seeks to:

- Adopt measures that can be prospectively set to allow time for planning and successful implementation;
- Identify measures and methodologies that apply to care provided to Health First Colorado members;
- Adhere to value-based purchasing principles;
- Maximize participation in Health First Colorado; and
- Minimize the number of hospitals which would not qualify for selected measures.

HQIP Measures

For the year beginning Oct. 1, 2020, the HQIP subcommittee recommended, and the CHASE Board approved, the following measures for HQIP. A hospital was scored on all measures for a maximum possible score of 100 points. If a hospital was not eligible for any given measure, the measure was normalized for that hospital. There was a total of 11 measures separated into six measure groups. The measures for 2020 HQIP are presented below.

1) Maternal Health and Perinatal Care Measure Group

- i. Exclusive Breast Feeding
- ii. Cesarean Section
- iii. Perinatal Depression and Anxiety
- iv. Maternal Emergencies
- v. Reproductive Life/Family Planning
- vi. Incidence of Episiotomy

- 2) Patient Safety Measure Group
 - i. Clostridium Difficile
 - ii. Adverse Event
 - iii. Culture of Safety Survey
- 3) Patient Experience Measure Group
 - i. Hospital Consumer Assessment of Health Care Providers and Systems (HCAHPS)
 - ii. Advance Care Plan

Payment Calculation

The payments earned for each of the FFY 2020-21 measures are based on points per Health First Colorado adjusted discharge. Health First Colorado adjusted discharges are calculated by multiplying total Health First Colorado discharges by an adjustment factor. The adjustment factor is calculated by dividing total Health First Colorado gross charges by Health First Colorado inpatient service charges and multiplying the result by the total Health First Colorado discharges. The adjustment factor is limited to five (5.0). For purposes of calculating Health First Colorado adjusted discharges, if a hospital has less than 200 Health First Colorado discharges, those discharges are multiplied by 125% before the adjustment factor is applied.

Each hospital’s HQIP payment is calculated as quality points awarded multiplied by Health First Colorado adjusted discharges multiplied by dollars per adjusted discharge point.

Dollars per adjusted discharge point are tiered so that hospitals with more quality points awarded receive a greater per adjusted discharge point reimbursement. The dollars per adjusted discharge point for the five tiers are shown in Table 2.

Table 2. FFY 2020-21 HQIP Dollars Per Adjusted Discharge Point

Tier	Quality Points Awarded	Dollars Per Adjusted Discharge Point
0	0-19	\$0.00
1	20-39	\$2.68
2	40-59	\$5.36
3	60-79	\$8.04
4	80-100	\$10.72

During the FFY 2020-21 timeframe, HQIP payments totaled over \$89 million with 86 hospitals receiving payments. HQIP payments, Health First Colorado adjusted discharges, and quality points awarded by hospital are listed in Table 3.

Table 3. FFY 2020-21 Hospital Quality Incentive Payments

Hospital Name	Quality Points Awarded	Medicaid Adjusted Discharges	Dollars Per Adjusted Discharge Point	HQIP Payment
Animas Surgical Hospital	67	106	\$8.04	\$57,100
Arkansas Valley Regional Medical Center	65	899	\$8.04	\$469,817
Aspen Valley Hospital	96	138	\$10.72	\$142,019
Avista Adventist Hospital	69	1,987	\$8.04	\$1,102,308
Banner Fort Collins Medical Center	93	645	\$10.72	\$643,039
Broomfield Hospital	63	261	\$8.04	\$132,202
Castle Rock Adventist Hospital	72	1,013	\$8.04	\$586,405
Children's Hospital Anschutz	100	8,298	\$10.72	\$8,895,456
Children's Hospital Colorado Springs	100	2,124	\$10.72	\$2,276,928
Colorado Canyons Hospital and Medical Center	49	25	\$5.36	\$6,566
Colorado Plains Medical Center	60	852	\$8.04	\$411,005
Community Hospital	58	491	\$5.36	\$152,642
Conejos County Hospital	87	156	\$10.72	\$145,492
Craig Hospital	80	62	\$10.72	\$53,171
Delta County Memorial Hospital	82	919	\$10.72	\$807,838
Denver Health Medical Center	69	10,001	\$8.04	\$5,548,155
East Morgan County Hospital	93	569	\$10.72	\$567,270
Estes Park Health	68	356	\$8.04	\$194,632
Foothills Hospital	65	1,623	\$8.04	\$848,180
Good Samaritan Medical Center	66	1,742	\$8.04	\$924,375
Grand River Health	67	124	\$8.04	\$66,796
Grandview Hospital	77	694	\$8.04	\$429,642
Greeley Hospital	87	1,204	\$10.72	\$1,122,899
Gunnison Valley Health	71	235	\$8.04	\$134,147
Heart of the Rockies Regional Medical Center	75	666	\$8.04	\$401,598
Highlands Ranch Hospital	80	430	\$10.72	\$368,768
Keefe Memorial Hospital	67	19	\$8.04	\$10,235
Kindred Hospital - Denver	50	35	\$5.36	\$9,380
Kit Carson County Memorial Hospital	65	256	\$8.04	\$133,786
Lincoln Community Hospital	67	56	\$8.04	\$30,166
Littleton Adventist Hospital	74	1,460	\$8.04	\$868,642
Longmont United Hospital	66	1,656	\$8.04	\$878,740
Longs Peak Hospital	65	1,498	\$8.04	\$782,855
Lutheran Medical Center	62	4,712	\$8.04	\$2,348,838
McKee Medical Center	77	1,625	\$8.04	\$1,006,005
Medical Center of the Rockies	77	2,200	\$8.04	\$1,361,976
Melissa Memorial Hospital	87	90	\$10.72	\$83,938
Memorial Hospital	66	12,743	\$8.04	\$6,761,946
Mercy Regional Medical Center	69	1,565	\$8.04	\$868,199

Hospital Name	Quality Points Awarded	Medicaid Adjusted Discharges	Dollars Per Adjusted Discharge Point	HQIP Payment
Middle Park Medical Center	100	69	\$10.72	\$73,968
Montrose Memorial Hospital	70	704	\$8.04	\$396,211
Mt. San Rafael Hospital	63	469	\$8.04	\$237,558
National Jewish Health	87	113	\$10.72	\$105,388
North Colorado Medical Center	72	4,648	\$8.04	\$2,690,634
North Suburban Medical Center	69	6,065	\$8.04	\$3,364,619
Pagosa Springs Medical Center	100	213	\$10.72	\$228,336
PAM Specialty Hospital of Denver	40	21	\$5.36	\$4,502
Parker Adventist Hospital	57	1,617	\$5.36	\$494,026
Parkview Medical Center	71	7,615	\$8.04	\$4,346,947
Penrose-St. Francis Health Services	72	6,922	\$8.04	\$4,007,007
Pikes Peak Regional Hospital	87	338	\$10.72	\$315,232
Pioneers Medical Center	60	30	\$8.04	\$14,472
Platte Valley Medical Center	82	1,973	\$10.72	\$1,734,346
Porter Adventist Hospital	49	1,503	\$5.36	\$394,748
Poudre Valley Hospital	72	5,502	\$8.04	\$3,184,998
Presbyterian-St. Luke's Medical Center	74	3,726	\$8.04	\$2,216,821
Prowers Medical Center	75	1,018	\$8.04	\$613,854
Rangely District Hospital	100	6	\$10.72	\$6,432
Rehabilitation Hospital of Colorado Springs	100	366	\$10.72	\$392,352
Rehabilitation Hospital of Littleton	90	208	\$10.72	\$200,678
Rio Grande Hospital	69	481	\$8.04	\$266,840
Rose Medical Center	54	3,194	\$5.36	\$924,471
San Luis Valley Health Regional Medical Center	62	1,834	\$8.04	\$914,212
Sedgwick County Health Center	48	188	\$5.36	\$48,369
Sky Ridge Medical Center	71	2,167	\$8.04	\$1,237,010
Southeast Colorado Hospital	37	150	\$2.68	\$14,874
Southwest Health System	67	918	\$8.04	\$494,508
Spanish Peaks Regional Health Center	50	206	\$5.36	\$55,208
St. Anthony Hospital	54	2,582	\$5.36	\$747,334
St. Anthony North Health Campus	69	3,168	\$8.04	\$1,757,480
St. Anthony Summit Medical Center	74	719	\$8.04	\$427,776
St. Joseph Hospital	65	4,282	\$8.04	\$2,237,773
St. Mary-Corwin Medical Center	49	1,833	\$5.36	\$481,419
St. Mary's Medical Center	52	1,625	\$5.36	\$452,920
St. Thomas More Hospital	62	1,239	\$8.04	\$617,617
St. Vincent Hospital	33	75	\$2.68	\$6,633
Sterling Regional MedCenter	69	783	\$8.04	\$434,377
Swedish Medical Center	26	5,121	\$2.68	\$356,831
The Medical Center of Aurora	63	5,808	\$8.04	\$2,941,868

Hospital Name	Quality Points Awarded	Medicaid Adjusted Discharges	Dollars Per Adjusted Discharge Point	HQIP Payment
University of Colorado Hospital	72	11,686	\$8.04	\$6,764,792
Vail Health Hospital	62	555	\$8.04	\$276,656
Valley View Hospital	74	664	\$8.04	\$395,053
Weisbrod Memorial County Hospital	65	6	\$8.04	\$3,136
Wray Community District Hospital	89	346	\$10.72	\$330,112
Yampa Valley Medical Center	69	426	\$8.04	\$236,328
Yuma District Hospital	77	113	\$8.04	\$69,956
Total	6,023	156,830		\$89,149,838

6. Disproportionate Share Hospital Supplemental Payment

The Disproportionate Share Hospital (DSH) payment equals \$219,367,288 in total. To qualify for the DSH Supplemental Payment a Colorado hospital must meet either of the following criteria:

- Is a CICP provider and has at least two obstetricians or is obstetrician exempt pursuant to Section 1923(d)(2)(A) of the Social Security Act; or
- Has a Medicaid Inpatient Utilization Rate equal to or greater than the mean plus one standard deviation of all Medicaid Inpatient Utilization Rates for Colorado hospitals and has at least two obstetricians or is obstetrician exempt pursuant to Section 1923(d)(2)(A) of the Social Security Act.

No hospital receives a DSH supplemental payment greater than its estimated DSH limit.

The DSH Supplemental Payment for qualified hospitals equals the lesser of each hospital's DSH limit and each hospital's uninsured costs as a percentage of total uninsured cost for all qualified hospitals multiplied by the DSH Allotment in total. This methodology is used to distribute the remaining allotment among qualified hospitals that have not met their DSH limit.

Psychiatric hospitals, LTC hospitals, and rehabilitation hospitals do not qualify for this payment.

III. Administrative Expenditures

- *An itemization of the costs incurred by the enterprise in implementing and administering the health care affordability and sustainability fee*

Administrative expenditures are reported on a state fiscal year basis. In SFY 2020-21 CHASE collected \$1,126,819,557 in fees from hospitals², which, with federal matching funds, funded health coverage expansions, payments to hospitals, and the CHASE’s administrative expenses. Table 4 outlines the health care affordability and sustainability fee expenditures in SFY 2020-21.

Table 4. SFY 2020-21 CHASE Expenditures

Item	Total Fund
Supplemental Payments	\$1,409,936,610
CHASE Administration (Table 5)	\$79,361,415
Expansion Populations	\$2,453,408,051
25.5-4-402.4(5)(b)(VIII) - Offset Revenue Loss	\$15,700,000
Subtotal Expenditures	\$3,958,406,075
HB 20-1385 Use of Increased Medicaid Match	\$40,629,328
HB 20-1386 Balance Budgeting Transfer	\$161,000,000
SB 21-286 ARPA Transfer	\$19,830,918
Total Expenditures	\$4,179,866,322

As a result of the COVID-19 pandemic the Colorado legislature authorized several transfers from the CHASE cash fund (to include fees collected and any matching federal funds) to the state General Fund to be used as an offset against Health First Colorado’s budget. HB 20-1385 authorized the transfer of additional federal financial participation that was provided by the federal government during the COVID-19 pandemic. HB 20-1386 authorized the transfer of \$161 million in fees only. As mentioned in the 2020 CHASE Annual Report, \$114 million of this amount was collected between August 2020 and September 2020. The remaining amount was collected in equal installments between October 2020 and July 2021. SB 21-286 authorized the Department to develop a spending plan for using enhanced, one-time federal matching money received pursuant to the “American Rescue Plan Act of 2021” to enhance, expand, and strengthen Medicaid-eligible home- and community-based services for older adults and people with disabilities.

Funding in SFY 2020-21 was appropriated for the CHASE administrative expenses through the normal budget process. For SFY 2020-21, there were approximately 90 regular full-time equivalent (FTE) positions for the administration of the CHASE. The expenditures reflected in Table 5 are funded entirely by the health care affordability and sustainability fee and federal funds.

² In addition, \$2,090,289 was recorded as earned interest.

Table 5. SFY 2020-21 CHASE Administrative Expenditures

Item	Total Fund
General Administration	\$12,449,277
Personal Services	\$7,951,301
Worker's Compensation	\$16,092
Operating Expenses	\$358,359
Legal Services	\$264,272
Administrative Law Judge Services	\$92,122
Payments to Risk Management and Property Funds	\$13,814
Leased Space	\$1,263,931
Capitol Complex Leased Space	\$23,154
Payments to OIT	\$74,002
CORE Operations	\$334,302
General Professional Services and Special Projects	\$2,057,928
Information Technology Contracts and Projects	\$34,128,101
MMIS Maintenance and Projects	\$18,986,801
CBMS Operating and Contract Expenses	\$14,613,728
CBMS Health Care & Economic Security Staff	\$527,572
Eligibility Determinations and Client Services	\$27,143,868
Medical Identification Cards	\$67,799
Disability Determination Services	\$464,038
County Administration	\$20,059,808
Medical Assistance Sites	\$843,705
Customer Outreach	\$646,727
Centralized Eligibility Vendor Contract Project	\$4,845,249
Returned Mail Processing	\$209,446
Work Number Verification	\$7,096
Recoveries and Recoupment Contracts	\$2,087,434
Utilization and Quality Review Contracts	\$2,481,546
Provider Audits and Services	\$437,425
Indirect Cost Recoveries / Indirect Cost Assessment	\$620,844
Children's Basic Health Plan Administration	\$12,920
Total Administrative Expenditures (Total Funds)	\$79,361,415

Administrative expenditures are for the CHASE related activities, including expenditures related to the CHASE funded expansion populations. These expenditures do not supplant existing Department administrative funds.

More than \$66.8 million in CHASE's administrative expenditures were related to contracted services, the majority of which were information technology contracts. Information technology contract expenditures were approximately \$33.5 million and were for the CHASE's share of expenses for the Colorado Benefits Management System (CBMS, the eligibility determination system for the Health First Colorado and CHP+ programs), the Medicaid Management Information System (MMIS, the claims system for the Health First Colorado and CHP+ programs), the Business Intelligence Data Management

(BIDM) system, and the Pharmacy Benefits Management System (PBMS). The two other significant contract expenses funded by the CHASE were county administration contracts for eligibility determinations totaling approximately \$20 million and a utilization management contract for approximately \$2.5 million. The CHASE, as a government owned business with the Department of Health Care Policy & Financing, follows the state procurement code codified at C.R.S. §24-101-101, et seq., statutory requirements for contracts for personal services codified at C.R.S. §24-50-501, and state fiscal rules at 1 C.C.R. §101-1, et seq. These state procurement requirements ensure that contracted services are competitively selected and approved by the State Controller (or designee), avoid conflicts of interest, and allow the CHASE to receive federal matching funds for services procured.

The CHASE includes a 3% limit on administrative expenditures, and the CHASE's administrative expenditures are below that cap. Approximately 1.9% of total CHASE expenditures were for administrative expenses, while 0.19% of total CHASE expenditures were for the personal services costs for the FTE administering the program.

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IV. Cost Shift

- *Estimates of the differences between the cost of care provided and the payment received by hospitals on a per-patient basis, aggregated for all hospitals, for patients covered by Health First Colorado, Medicare, and all other payers*

Overview

This section reports cost shift data from calendar year 2009 through calendar year 2020 and includes data reported under the Colorado Health Care Affordability Act (CHCAA), which was enacted effective July 1, 2009 and repealed effective June 30, 2017, and data reported under CHASE, which was enacted July 1, 2017. Like the CHASE, the former CHCAA was intended to reduce the need for hospitals to shift uncompensated care costs to private payers by increasing reimbursement to hospitals for inpatient and outpatient care provided for Health First Colorado members and CACP clients and reducing the number of uninsured Coloradans. Reporting data from calendar year 2009 forward allows longitudinal analysis of the impact of the CHCAA and the CHASE on the cost shift.

Unlike previous reports, this year's cost shift data is reporting on an unprecedented event in history, the COVID-19 pandemic. To provide a better understanding of the impact of the pandemic on patient services, additional analysis was performed in the section below that has not been done in previous iterations of this report. The tables and figures and analysis that follow within this section primarily highlight years 2009, 2019 and 2020.

Accompanying tables and figures are within the Cost Shift section of the Appendix.

Summary

Since the inception of the CHCAA and through the implementation of the CHASE, the hospital provider fee and the hospital affordability and sustainability fee increased hospital reimbursement an average of more than \$227 million per year and substantially increased enrollment in Health First Colorado and CHP+.

Overall, the cost shift analysis that follows shows hospital reimbursement compared to patient costs and bad debt and charity care write off costs have all substantially improved from 2009 to 2020.

Some major findings of the Department's analysis are:

- Total hospital payment less cost grew \$956 million, or 229%, from 2009 to 2018, then declined (\$224 million or 16%) between 2018 to 2019. Again in 2020, hospital payment less cost decreased by \$736.4 million, or a 64.4% decrease. [Considering limitations of factoring in stimulus discussed below, if all stimulus is included in payments, overall payment less cost would increase 29%. The appropriate percentage likely falls somewhere between these two points](#)~~If including the Federal stimulus in payments, total payment less cost is \$1,475.1 million. When comparing 2019 and 2020 with Federal stimulus, overall payment less cost increased by \$331.9 million, or a 29.0% increase.~~
- On a per patient basis, hospital payment less cost grew \$988 per patient or 182% from 2009 to 2018, then declined (\$353) per patient between 2018 and 2019. This trend continued into 2020

when hospital payment less cost per patient decreased by \$684, or a 58.4% decrease. Considering limitations of factoring in stimulus discussed below, if all stimulus is included in payments, payment less cost per patient would increase 51.3%. The appropriate percentage likely falls somewhere between these two points. When including federal stimulus, overall payment less cost per patient is \$1,775, an increase of \$602 from 2019, a 51.3% increase.

- Total bad debt and charity declined (\$394.4 million) from 2013 to 2018 then increased \$82.0 million between 2018 and 2019. While less than half of the previous year's increase, 2020 saw an increase of \$30.9 million in total uncompensated care costs or an 8% increase. Overall, from 2013 to 2020 bad debt and charity care write off costs declined by (\$281.6 million) or (40.2%).

A. Payment, Cost and Profit

The CHASE Board reviews cost shifting through the ratio of total payments to total costs for Medicare, Health First Colorado, private sector insurance, Self Pay, and CACP/Other payer groups. In Table 6, Table 7 and Figure 1 of the Appendix, ratios below 1 mean that costs exceed payments, which is generally the case for Medicare and Health First Colorado. Values greater than 1 mean that payments exceed costs, as is the case for the private sector insurance group.

As shown below, in 2009, prior to the implementation of the CHCAA, Health First Colorado reimbursement to Colorado hospitals was approximately 54% of costs, while in 2020, the payment to cost ratio for Health First Colorado was 83% of costs. The payment to cost ratio for the CACP/Other payer group was 94% of costs in 2020, whereas the Self Pay payer group was reimbursed at 32% of costs³. Between 2009 and 2020, the payment to cost ratio for private sector insurance increased from 155% to 166% of costs. Between 2019 and 2020 the payment to cost ratio for private sector insurance decreased from 185% to 166% of costs. The Department found:

- Although costs did grow, private insurance payers did not see an above average increase in costs between 2019 and 2020, in fact private insurance payers' costs was one of the lowest increases of all payers with 6.2% growth.
- Between 2019 and 2020, private insurance payers saw a reduction in payments of 4.7%.
 - This reduction in payments was driven by an increase in contractual allowances of \$936.7 million; or a 6.8% increase.
 - Bad debt decreased in 2020 by 14.6% (\$35.9 million decrease) and charity care increased by 48.7% (\$29.7 million increase), respectively.

To reiterate, the change in payment to cost ratio for private insurance was primarily driven by a reduction in payments, which, in turn, was driven by an increase in contractual allowances. The Department will watch this trend to see if it continues in coming years.

³ The payment less cost per patient for the CACP/Self Pay-Other payer group may show a result greater than 1 in calendar years 2015 through 2016 due to hospitals reporting revenue incorrectly as CACP revenue, rather than Medicaid revenue, or because of a decline in the allocation of bad debt and charity care to this payer group.

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Table 6. Payment to Cost Ratio

Year	Medicare	Health First Colorado	Insurance	CICP/Self Pay/Other	Overall
2009	0.78	0.54	1.55	0.52	1.05
2010	0.76	0.74	1.49	0.72	1.06
2011	0.77	0.76	1.54	0.65	1.07
2012	0.74	0.79	1.54	0.67	1.07
2013	0.66	0.80	1.52	0.84	1.05
2014	0.71	0.72	1.59	0.93	1.07
2015	0.72	0.75	1.58	1.11	1.08
2016	0.71	0.71	1.64	1.08	1.09
2017	0.72	0.72	1.66	0.85	1.07
2018	0.70	0.77	1.70	0.88	1.09

Table 7. Payment to Cost Ratio, Post HB 19-1001

Year	Medicare	Health First Colorado	Insurance	Self Pay	CICP/ Other	Overall
2019	0.72	0.75	1.85	0.26	0.71	1.07
2020	0.67	0.83	1.66	0.43	0.94	1.02

One important aspect missing from the information above is federal stimulus monies provided to hospitals through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and others. Colorado hospitals have accepted approximately \$1.06 billion in financial assistance.⁴ Federal stimulus improved hospitals financial position for the year and increased the overall payment-to-cost ratio, but the scale of this improvement is uncertain due to several factors. Stimulus can be used to make up for lost revenue, or to cover COVID-19 related expenses.⁵ A portion of these COVID-19 related expenditures is reflected in the payment to cost ratio e.g., supplies, payroll, etc., and not including stimulus deflates the ratio. However, some COVID-19 related purchases are not reflected in this ratio (e.g., capital expenditures for medical equipment, telehealth infrastructure, hospital payments to other non-hospital providers, etc.) and including all stimulus may overstate the payment portion of the ratio. Further complicating this, hospitals have stated that some stimulus funding was used for other business components, and a portion of stimulus could be rolled over for use in 2021 if eligible costs and lost revenues for 2020 have been covered. Given the nature of the federal stimulus, analysis including it will only be done in total and when both payments and costs are analyzed together. Without stimulus the overall payment-to-cost ratio for 2020 was 1.02 as seen above, and with all \$1.06 billion in federal stimulus, but not all the above costs, it would be 1.08. Given what is known to date, the appropriate ratio likely falls somewhere between these two points.

⁴ For more information on federal stimulus see the Departments [COVID-19's Impact on Colorado Hospitals' Finances \(2021\)](#).

⁵ "Provider Relief Fund." *Official Web Site of the U.S. Health Resources & Services Administration*, 28 May 2021, <https://www.hrsa.gov/provider-relief>.

Between 2019 and 2020, the payer mix primarily stayed the same (see Figure 1). Medicare and Medicaid payer mix reduced by 0.5% and 0.1%, respectively; and private insurance reduced by 0.2%. Between 2019 and 2020, CICP/Other grew the most by 0.8% and Self Pay by 0.4%. The Department will watch if Self Pay continues to grow in future years.

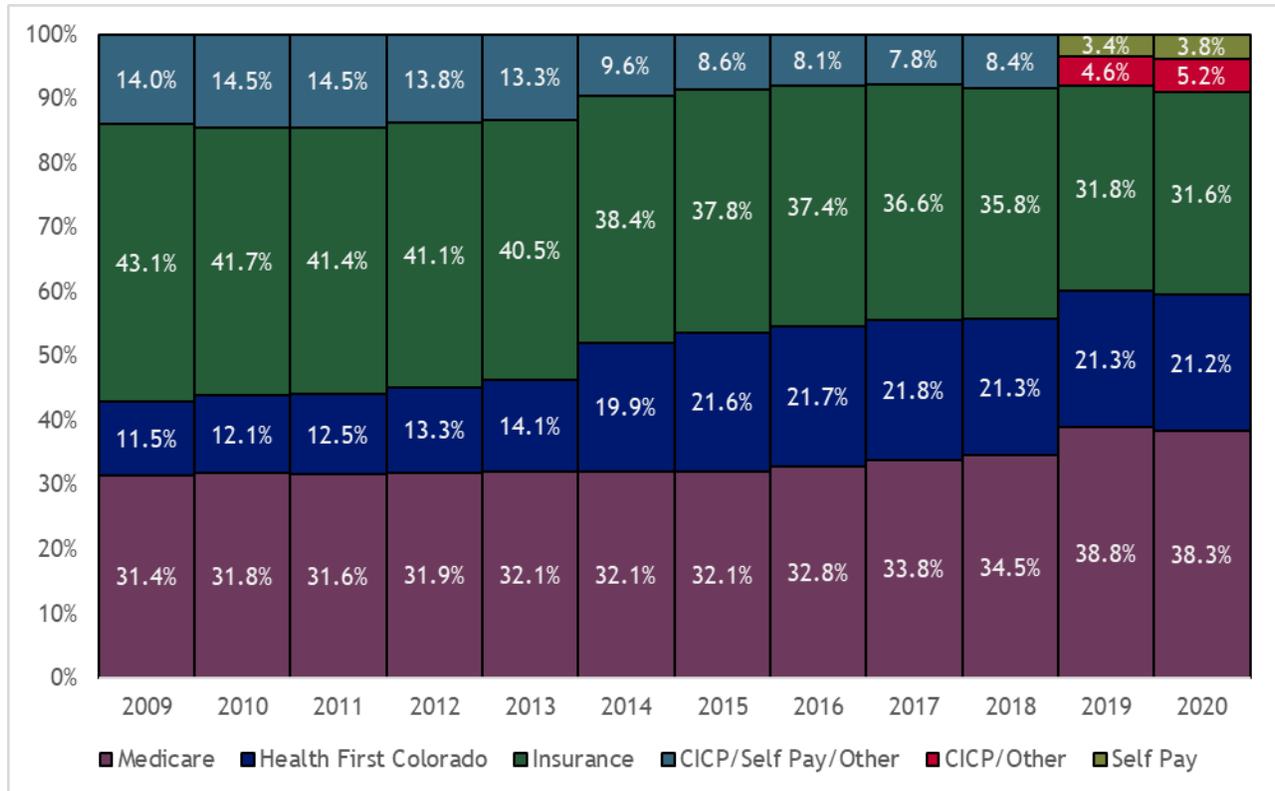


Figure 1. Payer Mix

Payer type payments are available within Figure 7, Table 14 and Table 15 within the Appendix. From 2019 to 2020, payment increased for Health First Colorado by 16.8%, or a \$443.2 million increase. Payments for the CICP/Other category increased by 59.4%, or a \$318.7 million increase. This is most likely due to increased reporting efforts from hospitals. Over the last year the Department has worked with hospitals to more accurately report DSH payments to the Department through HB 19-1001, Hospital Transparency Measures to Analyze Efficacy, contributing to this increase. Medicare payments decreased by \$37.7 million, or 0.8% decrease. As mentioned above, private insurance payments decreased in 2020 by 4.7%, or a \$454.2 million decrease. Overall, hospital payments have grown an average of 6.0% every year from 2009 through 2020.

- As displayed in Figure 8, Table 16 and Table 17 of the Appendix, overall costs grew by 7.0%, or a \$1,142 million increase between 2019 and 2020. A large portion of this increase is due to reporting standardization in provider fee expense, but deeper analysis into cost growth can be

done with HB 19-1001 data.⁶ Table 18 in the Appendix shows the different expense categories and percent growth.

- The highest dollar value increases were Salaries, Wages, and Benefits at \$~~330~~38.79 million (4.25% growth), followed by Physician Remuneration at \$129.8 million (14.4% growth), Depreciation at \$12407.62 million (11.53.3% growth), ~~Physician Remuneration at \$97.7 million (10.8% growth)~~, and Medical Drugs at \$87.693.9 million (8.89.5%).

Figure 2 displays payment less cost by payer type using a stacked bar chart to better depict the variation of payment less cost of different payer types. Each color depicts the payment less cost of a payer type. The positive purple bars are the payment less cost of commercial insurance and represent the cost shift of non-commercial insurance payer types like Medicare, Medicaid, and the uninsured. These bars show the comparative impact of each payer type, with Medicare being the bulk of payment less cost shifted. The difference between the positive and negative bars is reflected by the total line.

- Before including federal stimulus, total payment less cost equals \$406.7 million. Between 2019 and 2020, overall payment less cost reduced by 64.4%, or a \$736.4 million decrease.
- Considering the limitations of factoring in the federal stimulus, including it in payments, ~~total payment less cost would be a maximum of \$1,475 million. W~~ when comparing 2019 and 2020, ~~with federal stimulus,~~ overall payment less cost increased by a maximum of 29.0%, ~~or a \$331.9 million increase.~~

⁶ To ensure a like comparison, this year over year analysis only includes hospitals who reported in both years.

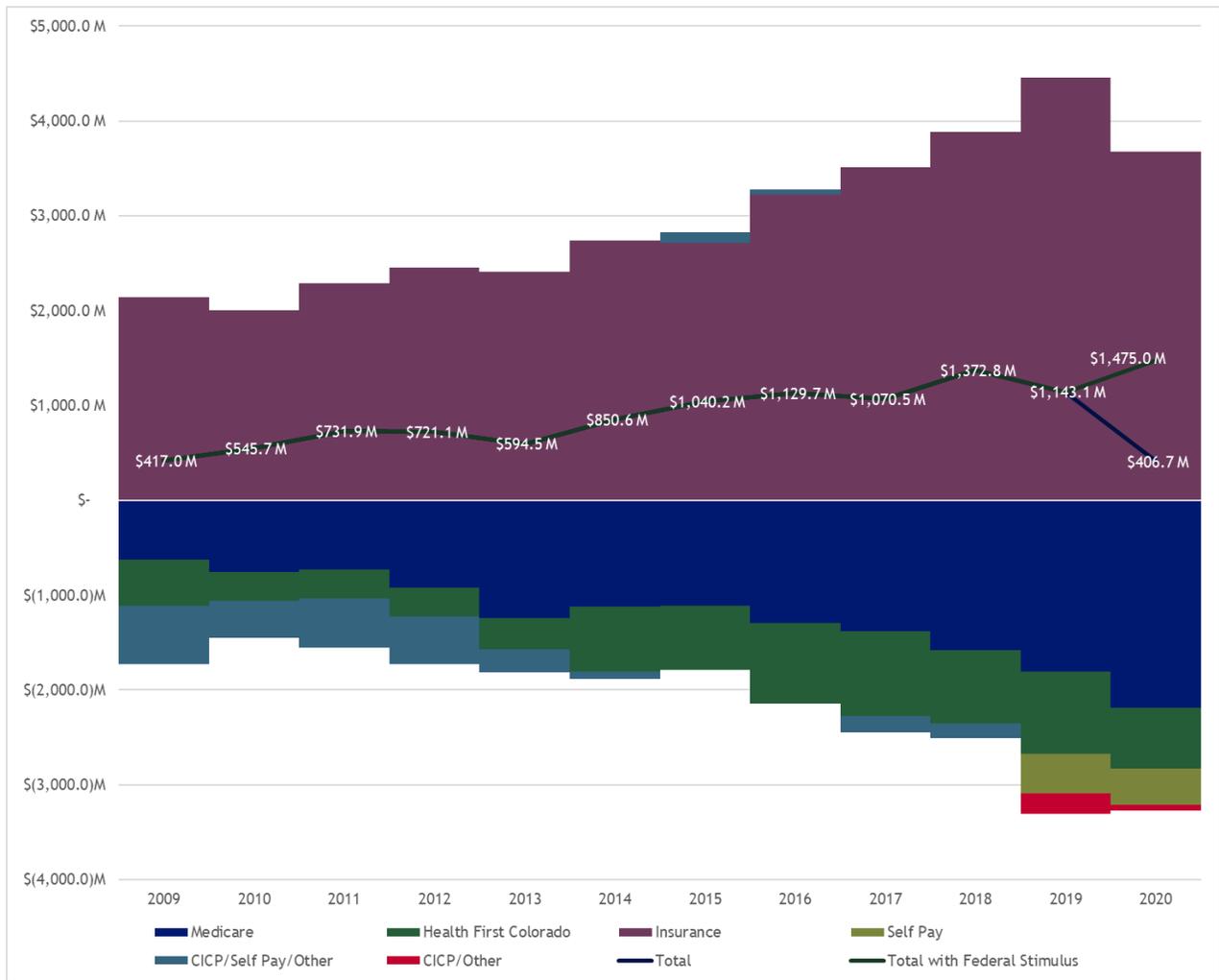


Figure 2. Payment Less Cost

Reflecting the impact of the pandemic, all payers saw a reduction in patient volume between 2019 and 2020 (see Figure 9 in the Appendix). Overall, patient volume decreased by 14.7%. Private sector insurance volume declined the most (17.5%), followed by Self Pay (17.0%). Health First Colorado volume reduced by 15.1%. The lowest volume decline was CICP/Other which reduced 9.8%.

Figure 3, Table 8 and Table 9 display the difference between total payments and total costs on a per patient basis for each payer. Before including federal stimulus, overall payment less cost per patient is \$489, a decrease of \$684 per patient from 2019, a 58.3% decrease. Considering the limitations of adding total federal stimulus to the numbers, overall payment less cost per patient would be have a maximum of a of \$1,775, an increase of \$602 from 2019, a 51.3% increase.

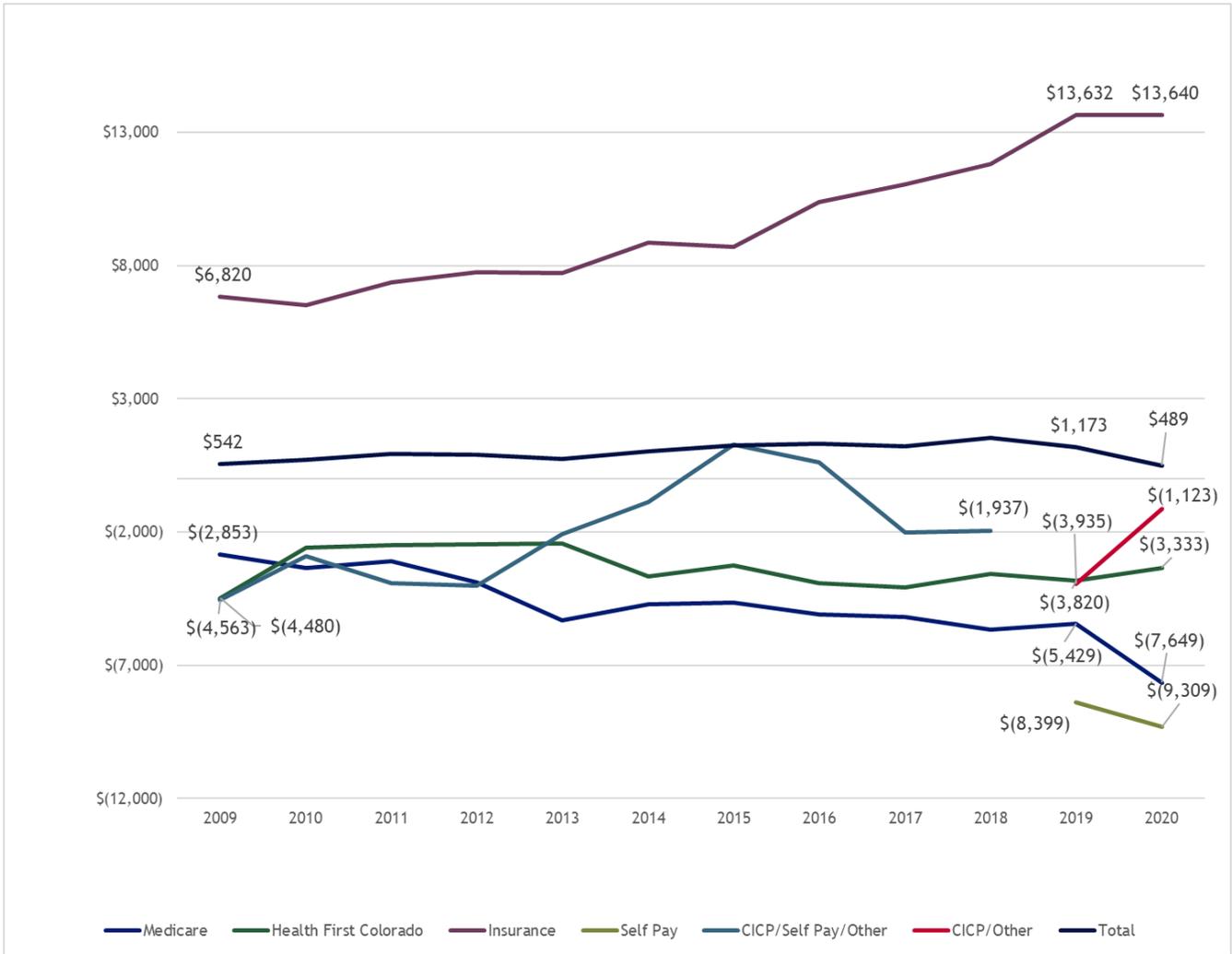


Figure 3. Payment Less Cost per Patient

Table 8. Payment Less Cost per Patient by Payer Group⁷

Year	Medicare	Health First Colorado	Insurance	CICP/Self Pay/Other	Overall
2009	(\$2,853)	(\$4,480)	\$6,820	(\$4,563)	\$542
2010	(\$3,361)	(\$2,586)	\$6,518	(\$2,897)	\$701
2011	(\$3,097)	(\$2,488)	\$7,358	(\$3,920)	\$918
2012	(\$3,886)	(\$2,465)	\$7,746	(\$4,013)	\$903
2013	(\$5,318)	(\$2,418)	\$7,717	(\$2,070)	\$747
2014	(\$4,706)	(\$3,665)	\$8,838	(\$860)	\$1,039
2015	(\$4,648)	(\$3,252)	\$8,699	\$1,286	\$1,243
2016	(\$5,082)	(\$3,910)	\$10,391	\$862	\$1,347
2017	(\$5,195)	(\$4,070)	\$11,060	(\$2,016)	\$1,222
2018	(\$5,659)	(\$3,574)	\$11,806	(\$1,937)	\$1,530

Table 9. Payment Less Cost Per Patient by Payer Group, Post HB 19-1001

Year	Medicare	Health First Colorado	Insurance	Self Pay	CICP/ Other	Overall
2019	(\$5,429)	(\$3,820)	\$13,632	(\$8,399)	(\$3,935)	\$1,173
2020	(\$7,649)	(\$3,333)	\$13,640	(\$9,309)	(\$1,123)	\$489

Table 10 presents overall hospital payments, costs, and payment less cost on a per patient basis from 2009 to 2020. While costs have increased at an annual average rate of 5.9% over the 12-year period, payments have increased an average of 5.1% per year resulting in an average annual increase in payment less cost of 3.9%.

Table 10. All-Payer Payment, Cost and Profit

Year	Payment Per Patient	Cost Per Patient	Profit Per Patient
2009	\$12,313	\$11,771	\$542
2010	\$13,285	\$12,584	\$701
2011	\$13,786	\$12,868	\$918
2012	\$14,663	\$13,760	\$903
2013	\$15,224	\$14,477	\$747
2014	\$15,766	\$14,727	\$1,039
2015	\$16,045	\$14,802	\$1,243
2016	\$17,126	\$15,779	\$1,347
2017	\$17,777	\$16,555	\$1,222
2018	\$18,816	\$17,286	\$1,530
2019	\$18,028	\$16,855	\$1,173
2020	\$21,628	\$21,138	\$489
Average Annual Change	5.1%	5.9%	3.9%

⁷ The payment less cost per patient for the CICP/Self Pay-Other payer group may show a positive result in calendar years 2015 through 2016 due to hospitals reporting revenue incorrectly as CICP revenue, rather than Medicaid revenue, or because of a decline in the allocation of bad debt and charity care to this payer group. More analysis is needed to understand the change in payment less cost per patient for the CICP/Self Pay/Other payer group.

B. Bad Debt and Charity Care

Bad debt and charity care are costs hospitals typically write off as uncompensated care. As shown in Figure 4 and Table 11, total bad debt and charity care decreased significantly from 2013 to 2014 - the year health coverage expansion under the ACA was fully implemented. Between 2019 and 2020 there was an increase in charity care costs of \$36.7 million, or a 17.2% increase. Between 2019 and 2020, bad debt costs decreased by \$5.9 million, or a 3.4% decrease. Total uncompensated care costs increased by \$30.9 million, or an 8.0% increase. It should be noted that the uncompensated care cost's rate of growth (17.2%) has slowed in comparison to 2019 (40.2%). As many Coloradans faced financial uncertainty during the Pandemic it is interesting that uncompensated care costs did not increase at a higher rate than they did.

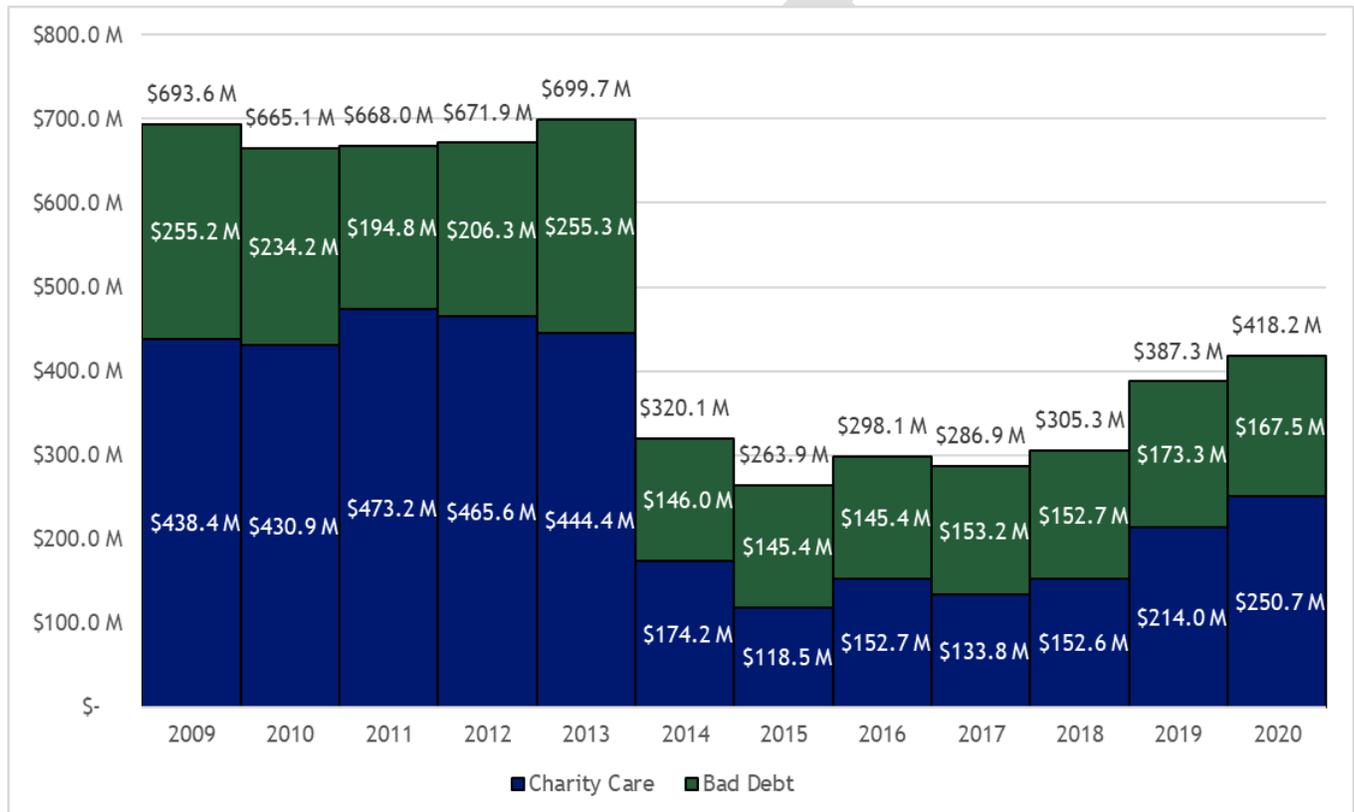


Figure 4. Bad Debt and Charity Care Costs

Table 11. Bad Debt and Charity Care Cost

Year	Bad Debt	Charity Care	Total
2009	\$255,161,427	\$438,432,609	\$693,594,036
2010	\$234,216,738	\$430,871,543	\$665,088,281
2011	\$194,825,791	\$473,157,782	\$667,983,573
2012	\$206,347,067	\$465,558,867	\$671,905,934
2013	\$255,306,707	\$444,436,807	\$699,743,514
2014	\$145,964,802	\$174,150,188	\$320,114,990
2015	\$145,358,187	\$118,526,410	\$263,884,597
2016	\$145,381,741	\$147,180,251	\$292,561,992
2017	\$153,155,478	\$133,783,564	\$286,939,042
2018	\$152,713,948	\$152,595,060	\$305,309,008
2019	\$173,262,902	\$213,901,358	\$387,164,261
2020	\$167,473,212	\$250,719,192	\$418,192,404

V. Delivery System Reform Incentive Payment Program

- *A summary of the efforts made by the CHASE to seek any federal waiver necessary to fund and support the implementation of a health care delivery system reform incentive payments program*

Pursuant to 25.5-4-402.4 (8), C.R.S., the CHASE, acting in concert with the Department, will seek a federal waiver to fund and support the implementation of a health care delivery system reform incentive payments (DSRIP) program to improve health care access and outcomes for Health First Colorado members no earlier than Oct. 2019.

The planned DSRIP program is referred to as the Hospital Transformation Program (HTP). The HTP is the state's first major effort to significantly redirect hospital supplemental payments toward major delivery model growth, maturity, and evolution. The goal of the HTP is to improve the quality of hospital care provided to Health First Colorado (Colorado Medicaid) members by tying provider fee-funded hospital payments to quality-based initiatives. Over the course of the five-year program, provider fee-funded hospital payments will transition from pay-for-process and reporting to a pay-for-performance structure in an effort to improve quality, demonstrate meaningful community engagement and improve health outcomes over time. Key activities and quality measures for HTP are consistent across the state, yet flexible enough to allow hospitals to work with their communities on the interventions and approaches that best serve their communities and patient populations. The ultimate goal of HTP is to serve as a volume-to-value glide path to inform future value-based models in the state. The specific goals of the HTP are that the hospital-led projects will:

- Improve patient outcomes through care redesign and integration of care across settings.
- Improve the performance of the delivery system by ensuring appropriate care in appropriate settings.

- Lower Health First Colorado costs through reductions in avoidable hospital utilization and increased effectiveness and efficiency in care delivery.
- Accelerate hospitals' organizational, operational and systems readiness for value-based payment.
- Increase collaboration between hospitals, their community health partners and other providers.

A combination of a State Plan Amendment (SPA) and federal waiver under section 1115 of the Social Security Act will be utilized for the implementation and operations of HTP. On July 26, 2021, the Centers for Medicare and Medicaid Services (CMS) approved the Department's SPA for the pay-for-reporting component of Hospital Transformation Program (HTP) leveraging future CHASE supplemental payments as incentives designed to improve patient outcomes and lower Medicaid cost.

Implementation of the HTP is a signal of Colorado's shift toward total medical expense delivery models, population health, and other alternative payment methodologies (APMs) such as shared savings for the future of reimbursement. The Department is committed to collaborating with and supporting hospitals to ensure the goals and priorities of the HTP are achievable and will be implemented effectively.

For more information about HTP measures, see the Performance Measures Specifications document on the [HTP webpage](#).

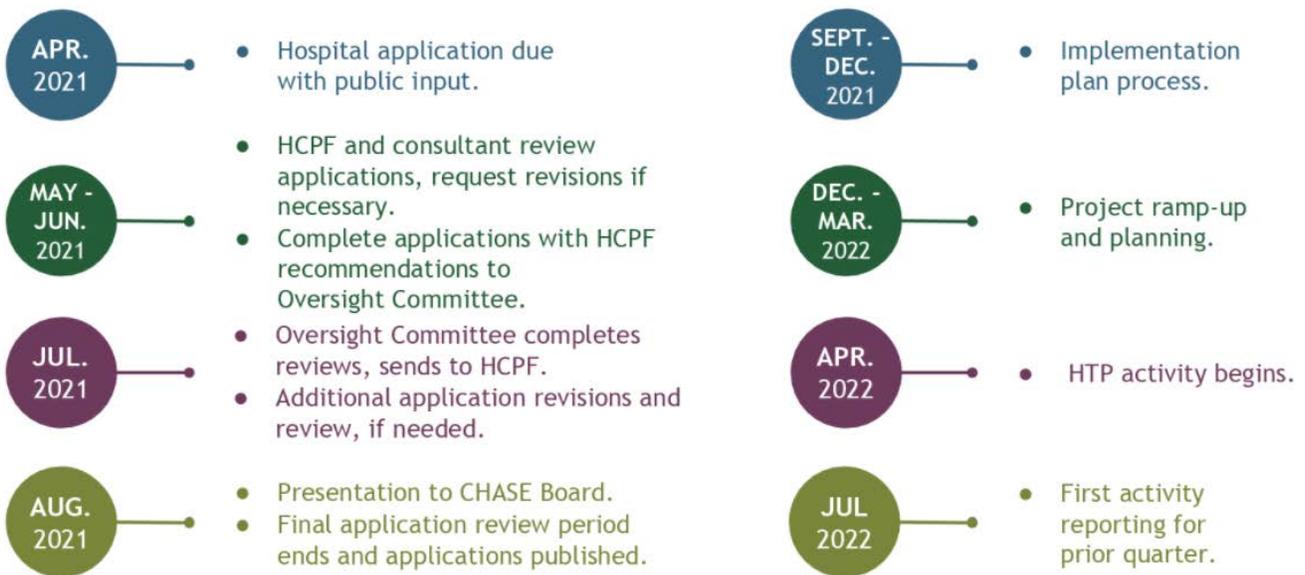


Figure 5. Hospital Transformation Program Timeline

A. Community Advisory Council

In an effort to ensure the voices and needs of community health partners were heard in the wake of HTP implementation, the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) Board created the Community Advisory Council. Community Advisory Council meetings provide valuable consumer input to all parts of the HTP.

Additional information about the Community Advisory Council can be found in a Department memo on the council's webpage.

B. Community and Health Neighborhood Engagement

Community engagement is a cornerstone of the HTP and required on an ongoing basis for program participants. Before hospitals submitted their application to the program, they participated in a Community and Health Neighborhood Engagement (CHNE) process. The CHNE process was a pre-waiver mandate intended to build on existing health care partnerships, as well as grow collaboration within Colorado's health system. HTP participants were required to engage organizations that serve and represent the broad interests of their community, including clinical providers, to identify community needs and resources. Participants were expected to engage, consult and be informed by health neighborhoods and community organizations as they put together their applications. Hospitals were asked to identify community needs in order to inform the selection of quality measures and interventions they chose to address those needs.

Hospitals were tasked with aligning their engagement activities with existing programs and alliances, advisory groups and statewide initiatives. Hospitals produced midpoint and final reports for the CHNE process and will continue with community and health neighborhood engagement throughout the HTP as a required component of regular activity reporting.

Additional information about the CHNE process can be found in the on the HTP webpage under the "Community and Health Neighborhood Engagement (CHNE) Process" section.

C. Hospital HTP Application Process

After delays resulting from the COVID-19 pandemic, the HTP was officially launched on April 1, 2021. Hospitals participating in the HTP were asked to apply no later than April 30, 2021. Applications consisted of two separate documents: the Application and an Intervention Proposal. The hospital application included an executive summary and vision statement, governance structure, the hospital's planned stakeholder engagement, selected measures, statewide priorities and an inventory of the hospital's proposed interventions. The Intervention Proposal detailed each proposed intervention.

Applications were scored and hospitals were given opportunity to revise their applications to ensure they meet the requirements for participation. The Department provided technical assistance to support applicants as they completed and revised their applications, with the goal of ensuring all applicants ultimately meet the state's expectations for participation. All applications then underwent a process of review and feedback by the CHASE Board Application Review Oversight Committee to ensure all hospitals have an approved application that sets them up for success in the program. Applications were reviewed by the Application Review Oversight Committee between July 1 and July 31 and did not identify any major concerns with any hospital applications. Any minor concerns were communicated to the hospitals with the expectation of consideration for the implementation and operation of their programs. All 83 HTP hospital applications were approved and finalized in early August 2021.

Application documents as well as guidelines about the scoring process for applications can be found on the HTP webpage under the “HTP Application documents” section.

Additional details about the Application Review Oversight Committee composition, expectations and application review process can be found in a Department memo.

All hospital HTP applications are available to the public by request via email to COHTP@state.co.us.

D. Implementation Plan Process

The implementation Plan submission period began on Sept. 1st and ended on Sept. 30th at 11:59 p.m. Hospitals participating in the HTP submitted an Implementation Plan detailing the strategies and steps they intend to take in implementing each of the intervention(s) outlined in their applications. All 83 qualifying hospitals submitted their implementation plans ahead of the deadline. The next step in the process is the comprehensive scoring and review period with the goal of getting every HTP hospital to an approved Implementation Plan. The goal is to have all Implementation Plans approved by the end of the calendar year 2021; at which time they will be made available to the public, and hospitals move into the program ramp-up period and begin implementing their interventions. Additional information about implementation plans, milestone requirements, interventions and timeline can be found in the HTP Implementation Plan and Milestone Requirements section of the HTP website.

E. Rural Support Fund

The Rural Support Fund is complementary funding to the HTP to prepare critical access and rural hospitals for future value-based payment environments.

For some rural hospital communities, layering quality-based initiatives on top of insufficient operational strategies or infrastructure may not allow the hospitals to prepare for the needs of the communities they serve or the payment methodologies of the future. Select critical access or rural hospitals are eligible to receive additional support payments to prepare for alternative payment methodologies in the future through strategic planning and financial modeling, and then to operationalize those strategies.

Beginning with Federal Fiscal Year (FFY) 2020-2021, funding for rural support payments will be \$12,000,000 annually for each of the five years equaling \$60 million in total funding. 23 hospitals with the lowest revenues or reserves qualified for the Rural Support Fund. For each qualified hospital, the annual payment is equal to \$12,000,000 divided by the total number of qualified hospitals (approximately \$523k per hospital). The funds for FFY 2020-2021 were distributed in August 2020 and September 2020 after the CMS approval of the State Plan Amendment. Rural Support Funds in subsequent years will be disbursed in monthly installments as part of the CHASE fee and supplemental payment program. Hospitals were given guidance on how these funds should be used to align with the HTP goals and each hospital submitted an attestation form detailing the use of the funds. Attestation will be required for each subsequent year summarizing how the funds were utilized and how future funds will be allocated.

The HTP Rural Support Fund webpage on the HTP website includes additional information about hospitals participating in the Rural Support Fund as well as mechanisms of the fund.

The following hospitals qualified for Rural Support Funds:

- Conejos County Hospital
- East Morgan County Hospital
- Haxtun Health
- Keefe Memorial Hospital
- Kit Carson County Memorial Hospital
- Lincoln Community Hospital
- Melissa Memorial Hospital
- Middle Park Medical Center
- Pagosa Springs Medical Center
- Pikes Peak Regional Hospital
- Pioneers Medical Center
- Rangely District Hospital
- Rio Grande Hospital
- Sedgwick County Health Center
- Southeast Colorado Hospital
- Southwest Health System
- Spanish Peaks Regional Health
- St. Vincent Hospital
- Sterling Regional MedCenter
- The Memorial Hospital at Craig
- Weisbrod Memorial County Hospital
- Wray Community District Hospital
- Yuma District Hospital

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VI. Appendix

A. CHASE Fee, Supplemental Payments and Net Benefit

Table 12. Fee-Exempt Hospitals: Psychiatric, Long-Term Care, and Rehabilitation Hospitals⁸

Hospital Name	County	CHASE Fee	Inpatient Payment	Outpatient Payment	Essential Access Payment	Rural Support Payment	HQIP Payment	DSH Payment	Total Payment	Net Benefit
Cedar Springs Hospital	El Paso	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Centennial Peaks Hospital	Boulder	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Clear View Behavioral Health	Larimer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Colorado Mental Health Institute Fort Logan	Denver	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Colorado Mental Health Institute Pueblo	Pueblo	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Craig Hospital	Arapahoe	\$0	\$61,852	\$129,720	\$0	\$0	\$53,171	\$0	\$244,743	\$244,743
Denver Springs	Arapahoe	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Highlands Behavioral Health System	Douglas	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Kindred Hospital - Aurora	Adams	\$0	\$167,216	\$0	\$0	\$0	\$0	\$0	\$167,216	\$167,216
Kindred Hospital - Denver	Denver	\$0	\$8,400	\$0	\$0	\$0	\$9,380	\$0	\$17,780	\$17,780
Northern Colorado Long Term Acute	Larimer	\$0	\$1,568	\$0	\$0	\$0	\$0	\$0	\$1,568	\$1,568
Northern Colorado Rehabilitation Hospital	Larimer	\$0	\$32,816	\$5,511	\$0	\$0	\$0	\$0	\$38,327	\$38,327
PAM Specialty Hospital of Denver	Denver	\$0	\$27,692	\$0	\$0	\$0	\$4,502	\$0	\$32,194	\$32,194
Peak View Behavioral Health	El Paso	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rehabilitation Hospital of Colorado Springs	El Paso	\$0	\$125,776	\$16,635	\$0	\$0	\$392,352	\$0	\$534,763	\$534,763
Rehabilitation Hospital of Littleton	Arapahoe	\$0	\$103,068	\$0	\$0	\$0	\$200,678	\$0	\$303,746	\$303,746
Spalding Rehabilitation Hospital	Adams	\$0	\$43,288	\$1,793	\$0	\$0	\$0	\$0	\$45,081	\$45,081
Vibra Hospital of Denver	Adams	\$0	\$20,412	\$0	\$0	\$0	\$0	\$0	\$20,412	\$20,412
Vibra Rehabilitation Hospital	Adams	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
West Springs Hospital	Mesa	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total		\$0	\$592,088	\$153,659	\$0	\$0	\$660,083	\$0	\$1,405,830	\$1,405,830

Table 13. Fee-Paying Hospitals: General and Acute Care Hospitals

Hospital Name	County	CHASE Fee	Inpatient Payment	Outpatient Payment	Essential Access Payment	Rural Support Payment	HQIP Payment	DSH Payment	Total Payment	Net Benefit
Animas Surgical Hospital	La Plata	\$1,314,776	\$70,400	\$1,955,221	\$324,100	\$0	\$57,100	\$0	\$2,406,821	\$1,092,045
Arkansas Valley Regional Medical Center	Otero	\$1,462,450	\$1,194,070	\$4,746,707	\$675,208	\$0	\$469,817	\$0	\$7,085,802	\$5,623,352
Aspen Valley Hospital	Pitkin	\$1,654,644	\$180,420	\$1,533,332	\$675,208	\$0	\$142,019	\$164,276	\$2,695,255	\$1,040,611
Avista Adventist Hospital	Boulder	\$10,673,065	\$8,186,400	\$8,928,807	\$0	\$0	\$1,102,308	\$0	\$18,217,515	\$7,544,450
Banner Fort Collins Medical Center	Larimer	\$1,859,765	\$1,417,734	\$1,873,762	\$0	\$0	\$643,039	\$1,021,069	\$4,955,604	\$3,095,839
Broomfield Hospital	Jefferson	\$932,284	\$90,727	\$1,728,843	\$0	\$0	\$132,202	\$0	\$1,951,772	\$1,019,488
Castle Rock Adventist Hospital	Douglas	\$7,422,473	\$2,512,440	\$1,996,041	\$0	\$0	\$586,405	\$0	\$5,094,886	-\$2,327,587
Children's Hospital Anschutz	Adams	\$40,274,312	\$28,525,890	\$17,357,928	\$0	\$0	\$8,895,456	\$14,915,819	\$69,695,093	\$29,420,781
Children's Hospital Colorado Springs	El Paso	\$12,237,878	\$5,891,085	\$3,460,305	\$0	\$0	\$2,276,928	\$764,084	\$12,392,402	\$154,524
Colorado Canyons Hospital and Medical Center	Mesa	\$1,161,706	\$59,400	\$2,411,011	\$675,208	\$0	\$6,566	\$0	\$3,152,185	\$1,990,479

⁸ This is the last annual report that will include Psychiatric hospitals as they are both fee and payment exempt.

Hospital Name	County	CHASE Fee	Inpatient Payment	Outpatient Payment	Essential Access Payment	Rural Support Payment	HOIP Payment	DSH Payment	Total Payment	Net Benefit
Colorado Plains Medical Center	Morgan	\$3,887,947	\$1,252,900	\$4,005,460	\$0	\$0	\$411,005	\$0	\$5,669,365	\$1,781,418
Community Hospital	Mesa	\$6,780,810	\$856,695	\$3,341,080	\$0	\$0	\$152,642	\$3,507,481	\$7,857,898	\$1,077,088
Conejos County Hospital	Conejos	\$257,957	\$53,900	\$2,035,475	\$459,141	\$521,739	\$145,492	\$0	\$3,215,747	\$2,957,790
Delta County Memorial Hospital	Delta	\$4,256,122	\$1,133,930	\$5,667,892	\$0	\$0	\$807,838	\$0	\$7,609,660	\$3,353,538
Denver Health Medical Center	Denver	\$34,612,804	\$13,485,925	\$7,664,297	\$0	\$0	\$5,548,155	\$83,111,363	\$109,809,740	\$75,196,936
East Morgan County Hospital	Morgan	\$912,399	\$398,670	\$2,856,706	\$675,208	\$521,739	\$567,270	\$0	\$5,019,593	\$4,107,194
Estes Park Health	Larimer	\$1,132,239	\$224,070	\$2,598,204	\$621,191	\$0	\$194,632	\$0	\$3,638,097	\$2,505,858
Foothills Hospital	Boulder	\$25,433,511	\$8,797,985	\$14,163,889	\$0	\$0	\$848,180	\$1,603,912	\$25,413,966	-\$19,545
Good Samaritan Medical Center	Boulder	\$20,935,888	\$8,386,764	\$3,724,688	\$0	\$0	\$924,375	\$0	\$13,035,827	-\$7,900,061
Grand River Health	Garfield	\$1,636,747	\$130,950	\$2,426,886	\$675,208	\$0	\$66,796	\$2,901,005	\$6,200,845	\$4,564,098
Grandview Hospital	El Paso	\$1,643,072	\$461,611	\$2,276,817	\$0	\$0	\$429,642	\$0	\$3,168,070	\$1,524,998
Greeley Hospital	Weld	\$7,642,370	\$2,429,689	\$4,482,676	\$0	\$0	\$1,122,899	\$4,943,670	\$12,978,934	\$5,336,564
Gunnison Valley Health	Gunnison	\$1,169,620	\$187,210	\$1,212,720	\$648,199	\$0	\$134,147	\$132,541	\$2,314,817	\$1,145,197
Haxtun Health	Phillips	\$100,740	\$0	\$466,167	\$675,208	\$521,739	\$0	\$0	\$1,663,114	\$1,562,374
Heart of the Rockies Regional Medical Center	Chaffee	\$2,415,850	\$616,920	\$4,343,712	\$675,208	\$0	\$401,598	\$0	\$6,037,438	\$3,621,588
Highlands Ranch Hospital	Douglas	\$7,275,401	\$1,823,850	\$6,475,819	\$0	\$0	\$368,768	\$598,332	\$9,266,769	\$1,991,368
Keefe Memorial Hospital	Cheyenne	\$123,806	\$13,580	\$656,603	\$675,208	\$521,739	\$10,235	\$0	\$1,877,365	\$1,753,559
Kit Carson County Memorial Hospital	Kit Carson	\$444,899	\$226,010	\$1,221,464	\$513,158	\$521,739	\$133,786	\$0	\$2,616,157	\$2,171,258
Lincoln Community Hospital	Lincoln	\$351,971	\$66,930	\$1,386,814	\$405,125	\$521,739	\$30,166	\$720,154	\$3,130,928	\$2,778,957
Littleton Adventist Hospital	Arapahoe	\$23,097,000	\$9,100,350	\$8,235,092	\$0	\$0	\$868,642	\$0	\$18,204,084	-\$4,892,916
Longmont United Hospital	Boulder	\$11,321,563	\$5,379,812	\$4,502,252	\$0	\$0	\$878,740	\$4,319,587	\$15,080,391	\$3,758,828
Longs Peak Hospital	Weld	\$5,212,660	\$2,688,909	\$3,162,170	\$0	\$0	\$782,855	\$2,636,982	\$9,270,916	\$4,058,256
Lutheran Medical Center	Jefferson	\$32,965,583	\$21,668,850	\$20,618,087	\$0	\$0	\$2,348,838	\$0	\$44,635,775	\$11,670,192
McKee Medical Center	Larimer	\$7,407,688	\$2,870,363	\$4,237,575	\$0	\$0	\$1,006,005	\$1,834,492	\$9,948,435	\$2,540,747
Medical Center of the Rockies	Larimer	\$26,609,743	\$8,675,894	\$6,425,279	\$0	\$0	\$1,361,976	\$7,403,608	\$23,866,757	-\$2,742,986
Melissa Memorial Hospital	Phillips	\$333,239	\$64,020	\$859,366	\$405,125	\$521,739	\$83,938	\$0	\$1,934,188	\$1,600,949
Memorial Hospital	El Paso	\$47,530,281	\$38,824,200	\$10,358,945	\$0	\$0	\$6,761,946	\$13,455,877	\$69,400,968	\$21,870,687
MerRegional Medical Center	La Plata	\$10,545,028	\$4,318,600	\$10,785,927	\$0	\$0	\$868,199	\$2,913,729	\$18,886,455	\$8,341,427
Middle Park Medical Center	Grand	\$746,785	\$67,900	\$2,690,807	\$675,208	\$521,739	\$73,968	\$0	\$4,029,622	\$3,282,837
Montrose Memorial Hospital	Montrose	\$6,240,705	\$891,430	\$4,367,652	\$0	\$0	\$396,211	\$3,487,529	\$9,142,822	\$2,902,117
Mt. San Rafael Hospital	Las Animas	\$1,349,212	\$463,100	\$4,285,192	\$675,208	\$0	\$237,558	\$0	\$5,661,058	\$4,311,846
National Jewish Health	Denver	\$4,211,203	\$76,769	\$6,829,924	\$0	\$0	\$105,388	\$551,883	\$7,563,964	\$3,352,761
North Colorado Medical Center	Weld	\$24,848,368	\$17,721,675	\$10,198,486	\$0	\$0	\$2,690,634	\$8,132,047	\$38,742,842	\$13,894,474
North Suburban Medical Center	Adams	\$24,918,980	\$12,874,261	\$7,927,464	\$0	\$0	\$3,364,619	\$6,896,745	\$31,063,089	\$6,144,109
OrthoColorado Hospital	Jefferson	\$2,551,609	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$2,551,609
Pagosa Springs Medical Center	Archuleta	\$894,411	\$100,880	\$2,031,658	\$297,091	\$521,739	\$228,336	\$0	\$3,179,704	\$2,285,293
Parker Adventist Hospital	Douglas	\$18,659,511	\$8,132,400	\$11,206,749	\$0	\$0	\$494,026	\$0	\$19,833,175	\$1,173,664
Parkview Medical Center	Pueblo	\$43,944,772	\$33,149,935	\$29,431,749	\$0	\$0	\$4,346,947	\$0	\$66,928,631	\$22,983,859
Penrose-St. Francis Health Services	El Paso	\$52,513,079	\$33,608,250	\$37,396,034	\$0	\$0	\$4,007,007	\$0	\$75,011,291	\$22,498,212
Pikes Peak Regional Hospital	Teller	\$797,757	\$226,600	\$2,469,068	\$405,125	\$521,739	\$315,232	\$0	\$3,937,764	\$3,140,007
Pioneers Medical Center	Rio Blanco	\$324,125	\$46,560	\$426,905	\$432,133	\$521,739	\$14,472	\$0	\$1,441,809	\$1,117,684
Platte Valley Medical Center	Adams	\$6,969,068	\$3,983,015	\$4,337,131	\$0	\$0	\$1,734,346	\$3,690,374	\$13,744,866	\$6,775,798
Porter Adventist Hospital	Denver	\$22,843,773	\$8,250,175	\$4,581,372	\$0	\$0	\$394,748	\$0	\$13,226,295	-\$9,617,478

Hospital Name	County	CHASE Fee	Inpatient Payment	Outpatient Payment	Essential Access Payment	Rural Support Payment	HQIP Payment	DSH Payment	Total Payment	Net Benefit
Poudre Valley Hospital	Larimer	\$34,885,623	\$12,978,000	\$4,913,883	\$0	\$0	\$3,184,998	\$7,587,502	\$28,664,383	-\$6,221,240
Presbyterian-St. Luke's Medical Center	Denver	\$38,895,443	\$37,534,050	\$20,705,877	\$0	\$0	\$2,216,821	\$0	\$60,456,748	\$21,561,305
Prowers Medical Center	Prowers	\$872,915	\$714,890	\$3,853,950	\$675,208	\$0	\$613,854	\$0	\$5,857,902	\$4,984,987
Rangely District Hospital	Rio Blanco	\$117,120	\$2,910	\$651,825	\$675,208	\$521,739	\$6,432	\$0	\$1,858,114	\$1,740,994
Rio Grande Hospital	Rio Grande	\$642,816	\$332,200	\$1,634,232	\$459,141	\$521,739	\$266,840	\$0	\$3,214,152	\$2,571,336
Rose Medical Center	Denver	\$31,339,056	\$13,771,350	\$13,679,581	\$0	\$0	\$924,471	\$0	\$28,375,402	-\$2,963,654
San Luis Valley Health Regional Medical Center	Alamosa	\$4,415,351	\$3,259,300	\$8,990,681	\$0	\$0	\$914,212	\$0	\$13,164,193	\$8,748,842
Sedgwick County Health Center	Sedgwick	\$222,987	\$81,480	\$476,864	\$405,125	\$521,739	\$48,369	\$0	\$1,533,577	\$1,310,590
Sky Ridge Medical Center	Douglas	\$34,039,048	\$9,940,050	\$7,785,642	\$0	\$0	\$1,237,010	\$0	\$18,962,702	-\$15,076,346
Southeast Colorado Hospital	Baca	\$297,831	\$115,430	\$836,997	\$621,191	\$521,739	\$14,874	\$0	\$2,110,231	\$1,812,400
Southwest Health System	Montezuma	\$1,700,038	\$1,136,840	\$5,831,088	\$675,208	\$521,739	\$494,508	\$0	\$8,659,383	\$6,959,345
Spanish Peaks Regional Health Center	Huerfano	\$325,260	\$106,700	\$2,019,846	\$540,166	\$521,739	\$55,208	\$0	\$3,243,659	\$2,918,399
St. Anthony Hospital	Jefferson	\$29,872,407	\$15,650,906	\$6,588,877	\$0	\$0	\$747,334	\$0	\$22,987,117	-\$6,885,290
St. Anthony North Health Campus	Broomfield	\$13,308,353	\$5,746,708	\$7,027,509	\$0	\$0	\$1,757,480	\$0	\$14,531,697	\$1,223,344
St. Anthony Summit Medical Center	Summit	\$3,565,699	\$1,213,300	\$3,186,999	\$0	\$0	\$427,776	\$0	\$4,828,075	\$1,262,376
St. Joseph Hospital	Denver	\$34,496,519	\$30,981,150	\$17,867,694	\$0	\$0	\$2,237,773	\$0	\$51,086,617	\$16,590,098
St. Mary-Corwin Medical Center	Pueblo	\$15,629,376	\$7,549,284	\$7,433,593	\$0	\$0	\$481,419	\$0	\$15,464,296	-\$165,080
St. Mary's Medical Center	Mesa	\$29,678,431	\$15,194,250	\$10,494,703	\$0	\$0	\$452,920	\$8,796,001	\$34,937,874	\$5,259,443
St. Thomas More Hospital	Fremont	\$2,649,506	\$2,187,900	\$6,203,583	\$675,208	\$0	\$617,617	\$0	\$9,684,308	\$7,034,802
St. Vincent Hospital	Lake	\$194,219	\$74,690	\$1,262,796	\$675,208	\$521,739	\$6,633	\$0	\$2,541,066	\$2,346,847
Sterling Regional MedCenter	Logan	\$1,919,398	\$1,117,600	\$5,176,471	\$675,208	\$521,739	\$434,377	\$0	\$7,925,395	\$6,005,997
Swedish Medical Center	Arapahoe	\$55,041,441	\$32,216,400	\$21,602,193	\$0	\$0	\$356,831	\$0	\$54,175,424	-\$866,017
The Medical Center of Aurora	Arapahoe	\$46,013,183	\$24,938,550	\$24,309,368	\$0	\$0	\$2,941,868	\$0	\$52,189,786	\$6,176,603
The Memorial Hospital at Craig	Moffat	\$1,256,655	\$756,600	\$4,797,045	\$675,208	\$521,739	\$0	\$89,089	\$6,839,681	\$5,583,026
University of Colorado Hospital	Adams	\$97,897,441	\$46,960,290	\$47,222,741	\$0	\$0	\$6,764,792	\$25,564,162	\$126,511,985	\$28,614,544
Vail Health Hospital	Eagle	\$4,952,087	\$1,123,100	\$5,430,168	\$0	\$0	\$276,656	\$0	\$6,829,924	\$1,877,837
Valley View Hospital	Garfield	\$8,011,970	\$5,756,300	\$4,535,773	\$0	\$0	\$395,053	\$5,694,716	\$16,381,842	\$8,369,872
Weisbrod Memorial County Hospital	Kiowa	\$66,703	\$4,850	\$283,306	\$675,208	\$521,739	\$3,136	\$0	\$1,488,239	\$1,421,536
Wray Community District Hospital	Yuma	\$563,640	\$274,510	\$1,536,778	\$405,125	\$521,739	\$330,112	\$0	\$3,068,264	\$2,504,624
Yampa Valley Medical Center	Routt	\$2,583,124	\$733,700	\$5,385,528	\$0	\$0	\$236,328	\$1,929,259	\$8,284,815	\$5,701,691
Yuma District Hospital	Yuma	\$453,042	\$86,330	\$1,709,135	\$405,125	\$521,739	\$69,956	\$0	\$2,792,285	\$2,339,243
Total		\$1,072,750,33	\$574,399,721	\$567,798,936	\$19,500,005	\$11,999,997	\$88,489,755	\$219,367,288	\$1,481,555,702	\$408,805,371
Total (all hospitals)		\$1,072,750,33	\$574,991,809	\$567,952,595	\$19,500,005	\$11,999,997	\$89,149,838	\$219,367,288	\$1,482,961,532	\$410,211,201

B. Cost Shift

1. Payment to Cost Ratio by Payer Group

Figure 6 is a visual display of payment to cost ratios by payer group from 2009 to 2020.

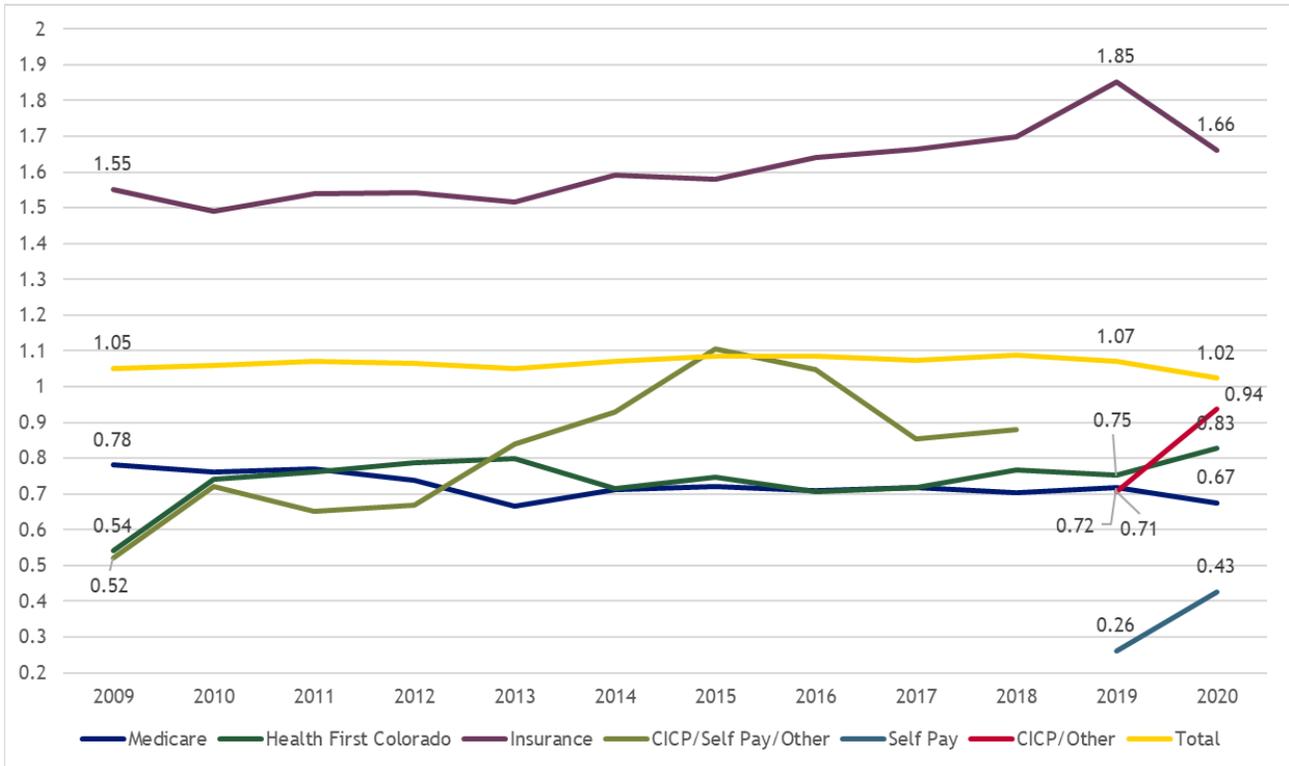


Figure 6. Payment to Cost Ratio by Payer Group

2. Payment, Cost by Payer Group

Figure 7 shows the total payments by payer from 2009 to 2020. The figure highlights figures from the first year and the two most recent years. Table 14 and Table 15 displays the total hospital payments by payer group from 2009 to 2020.

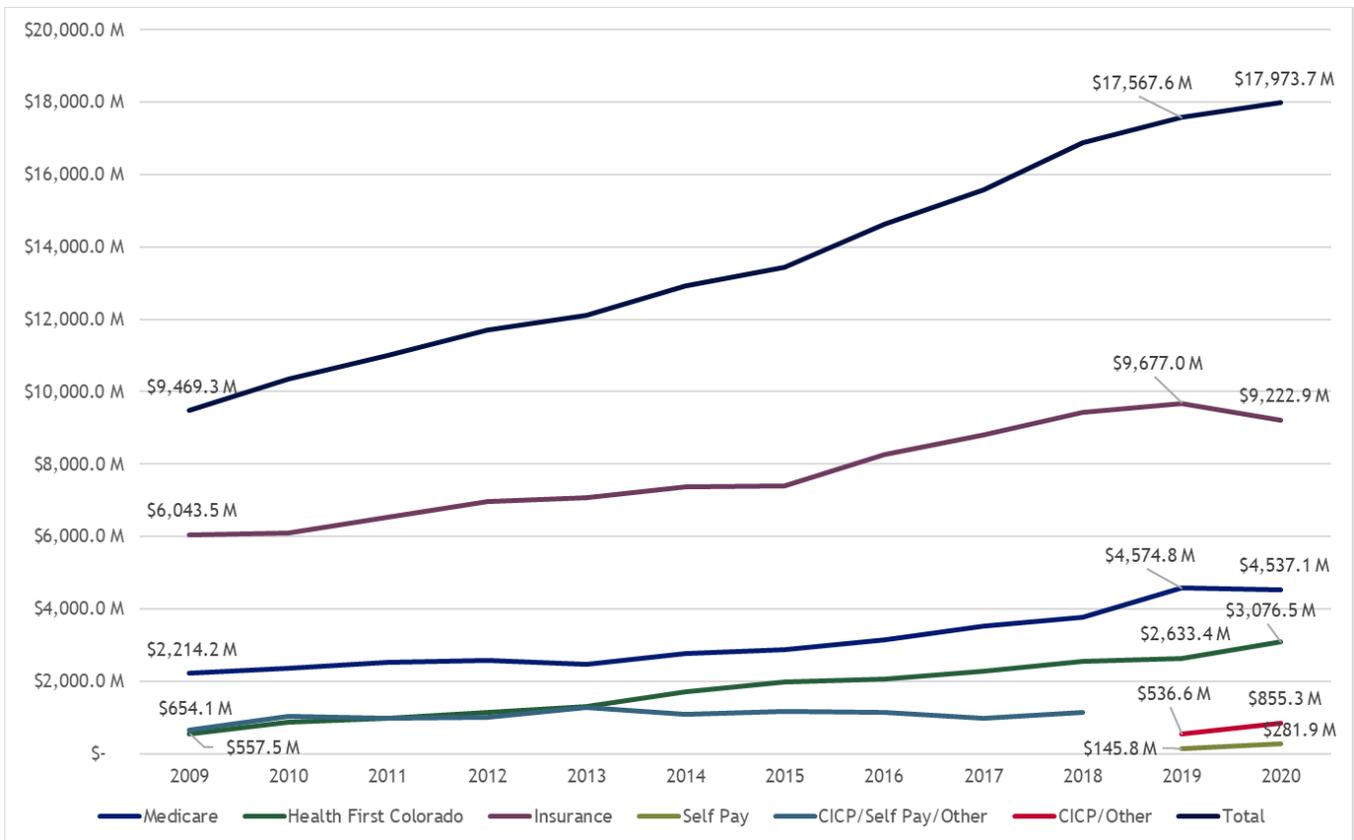


Figure 7. Total Payments by Payer Group

Table 14. Total Payments by Payer Group

Year	Medicare	Health First Colorado	Insurance	CICP/Self Pay/Other	Overall
2009	\$2,214,233,425	\$557,527,978	\$6,043,450,921	\$654,096,373	\$9,469,308,697
2010	\$2,359,258,345	\$877,817,423	\$6,082,937,998	\$1,025,616,731	\$10,345,630,496
2011	\$2,511,236,539	\$979,309,514	\$6,538,322,288	\$965,597,858	\$10,994,466,200
2012	\$2,581,505,340	\$1,147,395,495	\$6,962,969,923	\$1,014,141,949	\$11,706,012,707
2013	\$2,455,232,152	\$1,295,109,772	\$7,081,529,981	\$1,287,865,235	\$12,119,737,140
2014	\$2,756,637,578	\$1,718,040,377	\$7,373,458,448	\$1,072,398,883	\$12,920,535,286
2015	\$2,862,382,554	\$1,992,336,026	\$7,396,133,964	\$1,173,824,281	\$13,424,676,824
2016	\$3,153,602,748	\$2,069,703,567	\$8,270,697,106	\$1,157,479,690	\$14,651,483,110
2017	\$3,525,196,468	\$2,270,573,909	\$8,815,032,304	\$965,930,484	\$15,576,733,165
2018	\$3,760,985,656	\$2,536,572,987	\$9,433,882,965	\$1,147,446,398	\$16,878,888,005

Table 15. Total Payments by Payer Group, Post HB 19-1001

Year	Medicare	Health First Colorado	Insurance	Self Pay	CICP/Other	Overall
2019	\$4,574,794,438	\$2,633,375,585	\$9,677,011,459	\$145,774,348	\$536,643,710	\$17,567,599,540
2020	\$4,537,073,609	\$3,076,549,628	\$9,222,850,895	\$281,933,961	\$855,312,092	\$17,973,720,186

Figure 8 shows costs from 2009 to 2020. Table 16 and Table 17 show the total costs by payer from 2009 through 2020. Table 18 shows the different expense categories and percent growth ranked from largest to smallest growth.

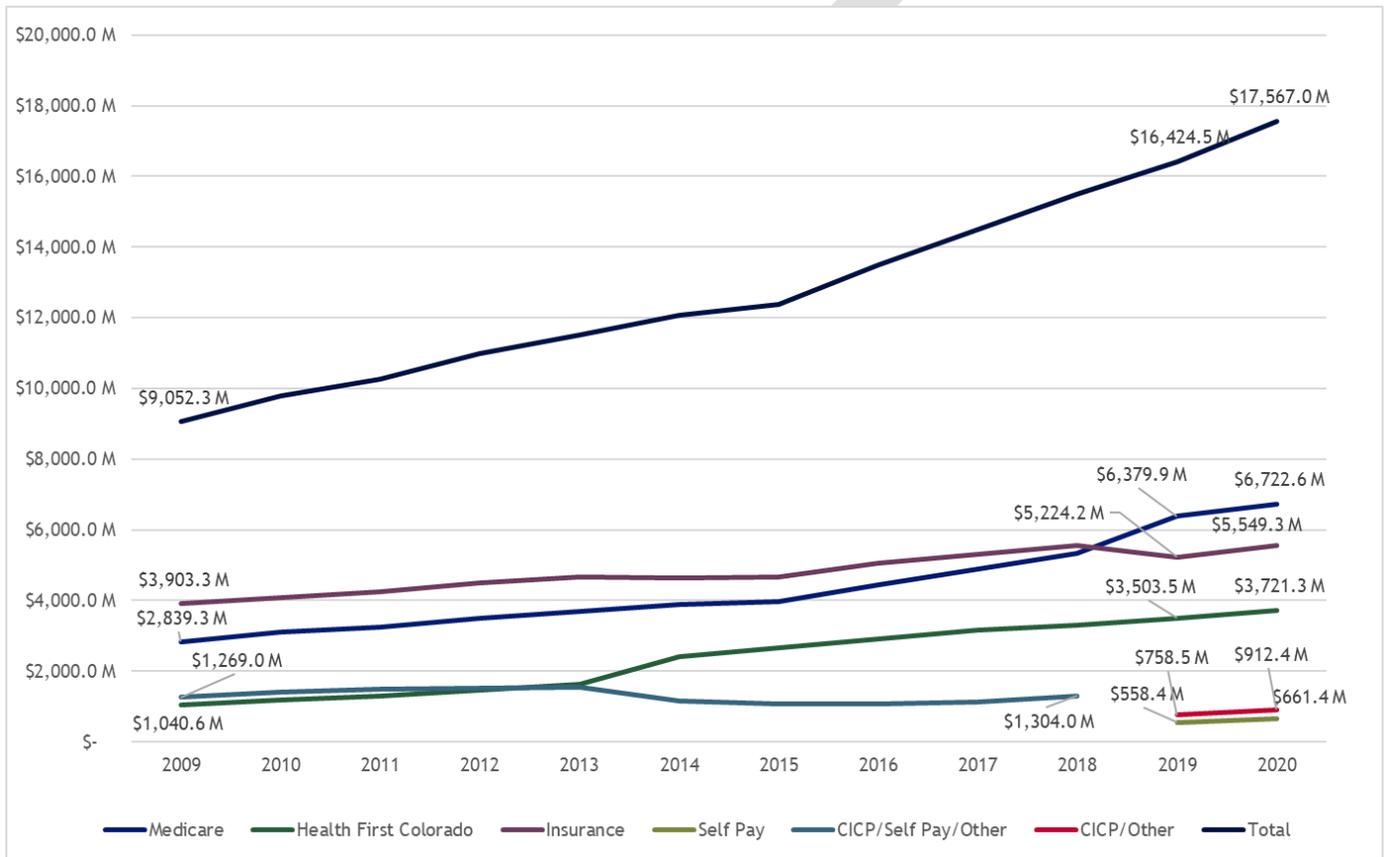


Figure 8. Total Costs by Payer Group

Table 16. Total Costs by Payer Group

Year	Medicare	Health First Colorado	Insurance	CICP/Self Pay/Other	Overall
2009	\$2,839,342,944	\$1,040,627,618	\$3,903,275,906	\$1,269,020,760	\$9,052,267,229
2010	\$3,115,937,802	\$1,182,883,012	\$4,084,993,448	\$1,416,139,436	\$9,799,953,697
2011	\$3,243,478,502	\$1,284,909,168	\$4,250,957,528	\$1,483,234,322	\$10,262,579,519
2012	\$3,499,461,617	\$1,455,905,942	\$4,512,890,351	\$1,516,650,711	\$10,984,908,621
2013	\$3,695,876,322	\$1,622,994,698	\$4,670,085,639	\$1,536,290,634	\$11,525,247,293
2014	\$3,878,325,532	\$2,400,790,546	\$4,635,720,459	\$1,155,110,731	\$12,069,947,268
2015	\$3,974,650,475	\$2,668,966,765	\$4,678,708,961	\$1,062,124,632	\$12,384,450,834
2016	\$4,443,278,973	\$2,924,209,541	\$5,044,457,104	\$1,086,819,126	\$13,498,764,744
2017	\$4,903,744,347	\$3,168,793,725	\$5,301,515,281	\$1,132,134,862	\$14,506,188,215
2018	\$5,343,329,547	\$3,305,808,620	\$5,552,968,410	\$1,304,014,180	\$15,506,120,757

Table 17. Total Costs by Payer Group, Post HB 19-1001

Year	Medicare	Health First Colorado	Insurance	Self Pay	CICP/Other	Overall
2019	\$6,379,944,382	\$3,503,491,222	\$5,224,156,904	\$558,378,876	\$758,530,612	\$16,424,501,999
2020	\$6,722,556,873	\$3,721,312,851	\$5,549,276,827	\$661,423,033	\$912,442,762	\$17,567,012,347

Table 18. Percent Growth of Expense Categories, 2019 – 2020

<u>Expense</u>	<u>% Change (2019 - 2020)</u>
<u>Total payroll</u>	<u>5.1%</u>
<u>Employee benefits</u>	<u>5.2%</u>
<u>Contracted labor</u>	<u>-10.1%</u>
<u>Total salaries, wages, benefits</u>	<u>4.5%</u>
<u>Total supplies</u>	<u>3.1%</u>
<u>Depreciation</u>	<u>13.3%</u>
<u>Leases & Rental</u>	<u>-20.0%</u>
<u>Maintenance & Utilities</u>	<u>-3.5%</u>
<u>Interest</u>	<u>0.9%</u>

<u>Expense</u>	<u>Growth</u>
<u>Depreciation-</u>	<u>11.5%</u>
<u>Physician Remuneration-</u>	<u>10.8%</u>
<u>Medical Drugs-</u>	<u>8.8%</u>
<u>Salaries, Wages, & Benefits-</u>	<u>4.2%</u>
<u>Total Expenses without Provider Fee Expense</u>	<u>3.6%</u>
<u>Other & Other Supplies-</u>	<u>3.0%</u>
<u>Medical Supplies-</u>	<u>0.6%</u>
<u>Interest-</u>	<u>-1.9%</u>

Expense	Growth
Maintenance & Utilities	-2.5%
Minor Equipment	-2.9%
Business Development Expense	-6.7%
Leases & Rental	-14.4%
Marketing & Advertising Expense	-17.5%
Management Fee	-22.8%

Table 19 and Table 20 show the total payments less total costs by payer, or total payment less cost, from 2009 to 2020.

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Table 19. Payment Less Cost by Payer Group

Year	Medicare	Health First Colorado	Insurance	CICP/Self Pay/Other	Overall
2009	(\$625,109,519)	(\$483,099,641)	\$2,140,175,015	(\$614,924,387)	\$417,041,468
2010	(\$756,679,457)	(\$305,065,589)	\$1,997,944,550	(\$390,522,704)	\$545,676,799
2011	(\$732,241,963)	(\$305,599,653)	\$2,287,364,760	(\$517,636,463)	\$731,886,680
2012	(\$917,956,277)	(\$308,510,447)	\$2,450,079,572	(\$502,508,762)	\$721,104,085
2013	(\$1,240,644,170)	(\$327,884,926)	\$2,411,444,343	(\$248,425,399)	\$594,489,847
2014	(\$1,121,687,953)	(\$682,750,169)	\$2,737,737,990	(\$82,711,848)	\$850,588,019
2015	(\$1,112,267,921)	(\$676,630,739)	\$2,717,425,002	\$111,699,649	\$1,040,225,991
2016	(\$1,289,676,225)	(\$854,505,974)	\$3,226,240,002	\$70,660,564	\$1,152,718,366
2017	(\$1,378,547,878)	(\$898,219,816)	\$3,513,517,023	(\$166,204,378)	\$1,070,544,950
2018	(\$1,582,343,891)	(\$769,235,633)	\$3,880,914,554	(\$156,567,782)	\$1,372,767,248

Table 20. Payment Less Cost by Payer Group, Post HB 19-1001

Year	Medicare	Health First Colorado	Insurance	Self pay	CICP/Other	Overall
2019	(\$1,805,149,943)	(\$870,115,637)	\$4,452,854,554	(\$412,604,528)	(\$221,886,903)	\$1,143,097,541
2020	(\$2,185,483,264)	(\$644,763,222)	\$3,673,574,068	(\$379,489,073)	(\$57,130,670)	\$406,707,840

In Figure 9 patient volume is presented for all payers from 2012 to 2020.

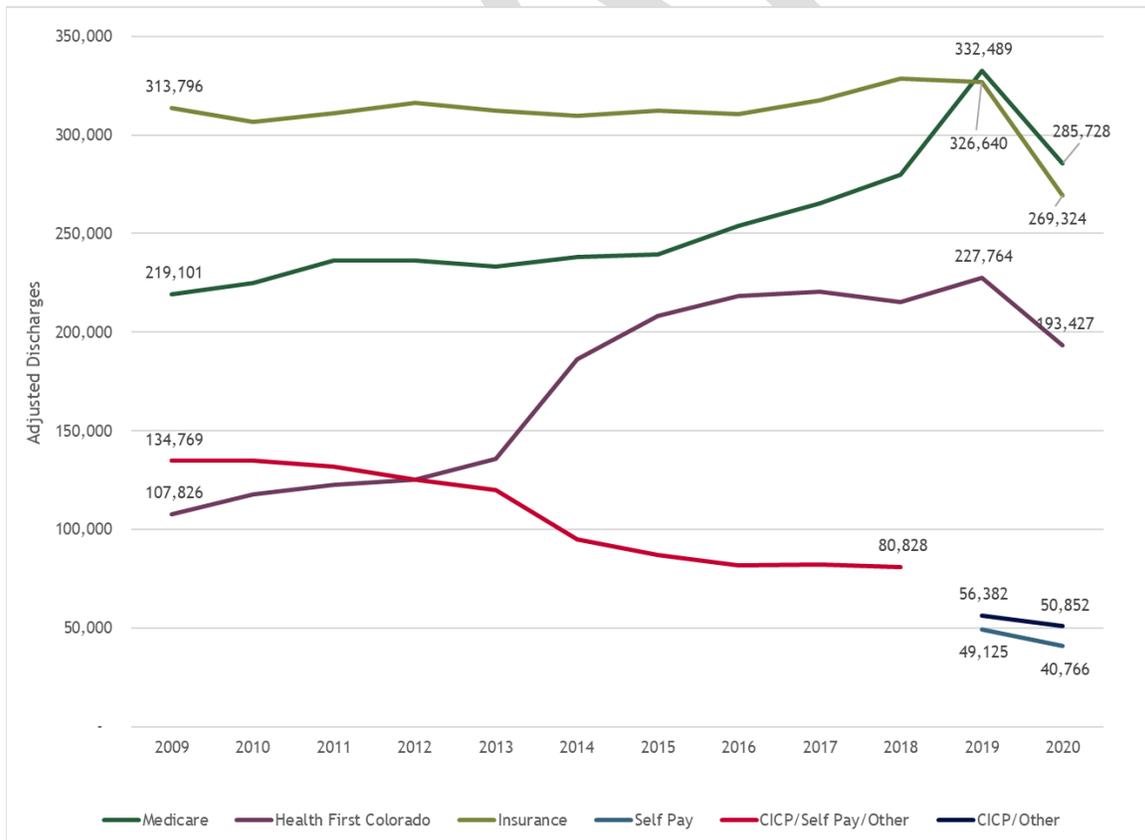


Figure 9. Patient Volume

3. Patient Mix by Payer

Table 21 and Table 22 show the relative patient mix by payer from 2009 to 2020.

Table 21. Patient Mix by Payer Group

Year	Medicare	Health First Colorado	Insurance	CICP/Self Pay/Other
2009	31.4%	11.5%	43.1%	14.0%
2010	31.8%	12.1%	41.7%	14.5%
2011	31.6%	12.5%	41.4%	14.5%
2012	31.9%	13.3%	41.1%	13.8%
2013	32.1%	14.1%	40.5%	13.3%
2014	32.1%	19.9%	38.4%	9.6%
2015	32.1%	21.6%	37.8%	8.6%
2016	32.8%	21.7%	37.4%	8.1%
2017	33.8%	21.8%	36.6%	7.8%
2018	34.5%	21.3%	35.8%	8.4%

Table 22. Patient Mix by Payer Group, Post HB 19-1001

Year	Medicare	Health First Colorado	Insurance	Self Pay	CICP/ Other
2019	38.8%	21.3%	31.8%	3.4%	4.6%
2020	38.3%	21.2%	31.6%	3.8%	5.2%