

**Colorado Healthcare Affordability & Sustainability Enterprise (CHASE) Meeting Minutes**

*Tuesday, April 26, 2022; 3:00 P.M.*

# Call to Order and Introductions

* + Dr. Kimberley Jackson, Vice Chair, 3:04 p.m.
  + Board members present, and Nancy Dolson introduced themselves

# Roll Call

# There were sufficient members for a quorum.

# A. Members Present (Via Zoom)

# Barbara Carveth, Dr. Kimberly Jackson, Heather Lafferty, George Lyford, Bob Morasko, Jeremy Springston, Ryan Westrom, and Bob Vasil.

# B. Members Excused

# Matt Colussi, Scott Lindblom, Dr. Claire Reed, and Janie Wade.

# C. Department Staff Present

# Nancy Dolson, Matt Haynes, Karola Cochran, Gina DeCrescentis, Daniel Pace, Jeff Wittreich, Riley De Valois, James Johnston, Curt Curnow, Taryn Graf, Cynthia Miley.

# Approve Minutes from December 14, 2021 Meeting – 3:10 p.m.

* + **Vice-Chair Dr. Jackson** asked for comments or questions. **Morasko** moved to approve the minutes and **Springston** seconded the motion.
  + Meeting minutes were approved unanimously.

# Department Updates and Information Share – 3:11 p.m.

# Dolson - Staff announcements: Anthony Ciaramella is the new HTP and Hospital Communications Manager, Karola Cochran now HTP Project Coordinator, and Shay Lyon is the CHASE Program Assistant.

# Hospital Transformation Program. A reminder of where we are in the timeline. Recent updates: Updates to our website with our HTP Quarterly Reporting Guide. Matt Haynes is having meetings weekly with CHA and the monthly HTP workgroups and continuing the Hospital index office hours. Also, he is meeting with various hospitals on a regular or ad hoc basis.

# House Bill 21-1198. Hospital Discounted Care is new legislation that sets minimum requirements for low income patients up to 250% of the federal poverty will limit the amount a person can be charged for hospital inpatient and outpatient hospital care. The amount they can be billed $6100 maximum, divided into 36 equal payments, limited to 4% for hospitals and 2% for health care professionals. We will be conducting provider training during the month of May. For mor information about Hospital Discounted Care, please visit our [web page](https://hcpf.colorado.gov/colorado-hospital-discounted-care). The original implementation date was June 1, 2022. A bill will be or has been introduced today to extend the implementation date to September 1, 2022. The impetus of this extension is to give the hospitals more time to prepare and get their processes in place.

# Reinsurance Hospital Assessment. Per Senate Bill 20-215, HCPF will notify hospitals before November 1, and collect hospital assessment (reinsurance fees) by December 1. This December as well as in December 2023, there will be a hospital assessment of $20 million for reinsurance. We will collect the reinsurance fees in accordance with the fee rates approved and in place at the time of the collection. With and interagency agreement, the fees collected by HCPF will be transferred to the Department or Regulatory Agencies, Division of Insurance. You can contact me to get an estimate of what your assessment will be.

# Dolson paused to ask for any comments or questions. There were no questions or comments.

# Senate Bill 22-200. Rural Provider Stimulus Grant Program Payment. This is currently under consideration. A total of $10 million in American Rescue Plan Act (ARPA) funds to be administered by HCPF and expended in two fiscal years, with a 4% administrative fee. This is a complement to RSP and HTP. There is not General Fund impact.

# Prescriber Tool. It is an initiative at HCPF, and it is part of the alternative payment methodology and it was approved by the joint budget committee this session. The idea of the prescriber tools is very similar to what commercial payers have available, where it gives access through electronic health records at the point of prescribing that gives real-time electronic information, including affordable alternatives and prior authorizations for Health First Colorado (Medicaid) members. The tool also has an opioid risk module. There are three modules: Real-Time e-Prescribing, Real-Time Benefits Inquiry and Real-Time Prior Authorization.

# Real-Time e-Prescribing allows prescribers to send prescriptions electronically to pharmacies. Real-Time Benefits Inquiry allows prescribers to receive medication options and provides two lower cost alternatives. Real-Time Prior Authorization allows the authorizations requests to be submitted via Cover My Meds and reduces workload.

# We anticipate that there will be savings in Medicaid with this tool. There is a real time benefits inquiry. Copays for medications will not change for Health First Colorado members, no matter what the prescriber chooses to prescribe. You can visit the Prescriber Tool project website and contact Lauren Hussey, who is the Prescriber Tool EHR Coordinator.

# Expect to hear more about this in subsequent meetings. Our current timeframe is launch this in the next year. We will be working with hospitals to help them with this. Any questions?

# Westrom – Quick question: Regarding the pharmacy tool, I can’t remember where I heard it, that there will be stakeholder meetings potentially for hospitals. Is that something that’s still in the works?

# Dolson – There are trainings and ongoing resources that Lauren Hussey will be posting and providing out, and I’ll continue to share that as well through our HTP Newsletter and through this Board. The stakeholder meetings are concerning the alternative payment methodology (APM) process that was approved through our budget request by the Joint Budget Committee this session. This work, the training and working with hospitals to update their EHRs is considered the pre-APM process that’s beginning now through this upcoming fiscal year (FY) 2022-23.

# Also, starting in this upcoming FY 22-23, we will be holding stakeholder meetings to discuss the APM timeframe, and how the shared savings will work and share the proposals with stakeholders. We expect those stakeholder meetings will begin this upcoming fiscal year. The APM and shared savings will kick in, so to speak, in FY 23-24.

# Dolson – Does that clear it up for you?

# Westrom – Yes, thank you.

# CHASE Cash Fund Reserve Recommendation – 3:33 p.m.

# Dolson – This is a proposed Board action item if you choose to adopt it and take action today. We have a recommendation on our cash fund reserve to reserve two (2) % of the CHASE cash fund expenditures to ensure adequate daily and end of year cash balances. We do have an allowable 16.5% for cash fund reserves in the State of Colorado. We do believe with our estimates that the estimated federal fiscal year (FFY) 2021-22 fund balance will be adequate to establish the reserve without needing to increase fees. Any excess reserve can then be refunded or used to reduce future fees, depending on what the Board chooses to do.

# The two (2) % reserve represents approximately $100 million dollars of the fund. In 2017, the State established the CHASE, with the “E” signifying enterprise. The fund is separate and independent from the State’s General Fund. The CHASE Cash Fund represents more $4 Billion, out the total $13 Billion in Medicaid payments, which is about 35% of all Medicaid payments.

# The reason for this proposal comes from the timing between our fee collection, payments made and then reimbursement from the federal government. Our staff has worked closely with our accounting department and controller and the budget staff to understand about our average daily balance. Our outgoing payments are made on Tuesdays and the Federal funds are received on Fridays. There is a three-day delay, that at the end of the fiscal year, may cross state fiscal years. In the previous years, we have had a negative balance at the end of the state fiscal year. The two percent reserve that we are proposing will prevent a negative balance situation, preventing triggering a loan from the State General Fund. CHASE operates on a cash basis of accounting. A negative balance that crossed State fiscal years happened in State FY 2020. There was a negative $30 million balance due to the federal funds delay. For the next FY, we were able to cover any cash flow concerns by delaying the transfer of $140 in General Fund provider dollars until after July 1, 2021.

# This year there is sufficient cash. We have forecasted into future years, and there is a potential for a negative balance without this in place. In upcoming years, if there is a surplus, we can review the CHASE Model and either refund or adjust fees accordingly. Any questions or comments?

# Westrom – Is that a hard number or is it variable?

# Dolson – We are proposing and locking in with 2% this year, then we will review each year to see if it is adequate or insufficient and if it should be adjusted.

# Vasil – I’m assuming that the 2% is going to come out of the hospital expenditures, is that correct?

# Dolson – Thank you for the question. Yes, that’s correct. Let me explain how we arrived at that and that we are going to have to estimate in September of our estimates of our expenditure for your expansion populations because those amounts aren’t known until we receive claims.

# With the Public Health Emergency (PHE), many people are locked into Medicaid. The expansion of Medicaid has cost more than we expected. Many of the expenditures were hard to forecast.

# Any average daily balances in the cash fund do earn interest and that interest can stay in the cash fund.

# We have been getting an enhanced match of federal funds from Center for Medicare and Medicaid Services (CMS), since the Hospital Transformation Program (HTP) started and the expanded population due to the PHE. This is made in payments to hospitals now. Our cash flow has improved now, due to being able to receive the enhanced federal funds.

# Carveth – This is essentially derived from what the experience was in 2020, but it seems to be an end of year cash flow. How often had you had this? Is this mostly because of the pandemic and expansion?

# Dolson – You are correct in terms of the issues that I was just laying out. In terms of where a negative balance and obligating the General Fund happened in 2020, in 2021, and it we expect it to happen in the future in two of the next four years. This year, we will have sufficient cash to avoid a negative balance. Since the expansion population is so large, and we don’t receive the federal funds until after we make the payments, it has caused the negative balances.

# The General Fund can loan CHASE the funds to cover a negative balance, but it is the Department’s position that the General Fund should never be obligated to cover the CHASE cash fund.

# Carveth – It sounds like if it is under $12 Million the General Fund will lend the money and not charge interest. Is that correct?

# Dolson – Yes, that’s on the average daily balance, but we would say that’s not best practice. But it also doesn’t help the end of year issue where the payments come out at the end of June and the federal funds aren’t deposited until July.

# Chair Dr. Jackson – Is the 2% enough? Is this a sufficient amount?

# Dolson – Yes, the 2% is enough. Our Controller and Budget Division have really dug in to ensure that it is.

# Chair Dr. Jackson – Thanks for answering that and I appreciate how much work you put into this.

# Westrom – With the expansion population being so high now with the PHE, when it is over and they are disenrolled, is it reasonable to assume that the 2%, the $100 Million could be lowered because those 250,000 people are no longer needed to be covered?

# Dolson – Thank you for the question. The answer really is maybe. What we have taken into account is the growth of the program. It is a challenge to forecast into the future and we don’t know when the PHE will end. We don’t think so. It’s not a one and done, as we plan to monitor the cash fund and see how it’s going, there might be an option in the future to reduce the reserve.

# Carveth – This seems to be mostly an end of year cash flow issue. I wonder if there is an opportunity to provide some feedback.

# Dolson – The cash fund fluctuates on a weekly basis throughout the period. We collect from hospitals and pay out a lump sum payment to them monthly, and Medicaid and Child Health Plan Plus (CHP+) claims are paid weekly. We get cash into the fund monthly, then pay them out over the course of the month. The cash in the fund fluctuates, with other costs as well. Something that the previous board considered was to maintain a reserve of no more than we need to cover the expenditures. This also allows hospitals to manage their budgets. We are collecting fees on a monthly basis, and hospitals can plan on what those fees are. It is very challenging to change fees throughout the year for the Department as well as the hospitals.

# Chair Dr. Jackson – Does the cash fund earn interest?

# Dolson – Yes, the cash fund earns interest and stays in the fund. That’s why the $105 Million is expected at the end of the fiscal year. The reserve we are proposing is wall below the allowed reserve of 16.5%, which would be more like $780 Million in reserve.

# Carveth – This is money that the hospital would use for their operating budget. Is there a fee schedule associated with that? Westrom, did you receive anything in advance regarding this?

# Westrom – I will let Nancy answer that. I believe the $100 Million would already be in there, so there wouldn’t be an additional fee.

# Carveth – It’s a withholding of cash, that can’t be used today. If I understand it correctly, it would withhold the cash for the reserve that would normally come back to hospitals.

# Dolson – That’s correct. It’s been at a lower level that doesn’t prevent a negative balance.

# Westrom – Dolson, what was the previous Board’s decision on the reserve amount? What was that amount? I do recall a fee offset. What usually the cash reserve at the end of the fiscal year?

# Dolson – Previously the reserve was 4% of the expansion. After that, the recommendation was to use that to offset fees.

# Carveth – You said 4% of the expansions.

# Dolson – Yes, 4% of expansions is approximately 2% of the expenditures.

# Lafferty – What is the impact of our goals to serve the community by keeping funding in reserve?

# Dolson – In terms of being able to serve the community by keeping the funding in reserve, it ensures that CHASE can fulfill its obligations. Under the CHASE statute, there is a funding hierarchy that’s in place. We have a limit on fees that we can collect which is 6% of patient revenues under federal law. If the fees don’t cover our obligations, we have to reduce our expansion populations or benefits first. Coverage and benefits would be at risk for these populations.

# Lafferty – Thank you, Nancy.

# Carveth – I would like to ask for partnership with CHA to create a schedule?

# Dolson – I will let the Chair take us through the rest of the agenda and public comment.

# Vice-Chair Dr. Jackson – Carveth – Are you asking for more time?

# Carveth – Yes, that’s what I’m asking. We received the proposal this morning. And it’s significant.

# Vice-Chair Dr. Jackson - Dolson - Would we make a motion to delay a vote?

# Dolson – Yes, that certainly can be done.

# Vice-Chair Dr. Jackson – Is there any problem with waiting?

# Dolson – No, we don’t need a vote today.

# Vice-Chair Dr. Jackson – I will ask for a motion to delay a vote today.

# Public Comment, 4:12 p.m.

# No public comment.

# Board Action, 4:13 p.m.

# CHASE Cash Fund Reserve, delayed voting until next meeting, per Carveth’s request. Carveth motioned to delay the vote and Vasil seconded it.

# The motion to delay a vote passed unanimously.

# Adjourn at 4:15 p.m.

# Westrom moved to adjourn and Lafferty seconded.

# Next meeting: June 28, 2022 at 3:00 p.m.

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