



CHASE

Colorado Healthcare Affordability and
Sustainability Enterprise

MEMORANDUM

TO: Patrick Gordon, CHASE Board Chair
FROM: Nancy Dolson
DATE: November 1, 2024
RE: REVISED Workgroup Recommendation: Exploration of CHASE Program Reforms and State Directed Payments

At its Oct. 22, 2024 meeting, the CHASE Board approved the creation of a workgroup in accordance with its bylaws to explore the establishment of a State Directed Payment Program as well as reforms to the existing CHASE hospital provider fees and supplemental payments. The Board approved the motion with 10 members in favor and 2 members opposed (and one member absent). The opposing members were the two consumer representatives on the Board.

There is a lot at stake with the CHASE program: increased hospital reimbursement (above 99% of the upper payment limit and full funding of Disproportionate Share Hospital payments), improved quality of care through Hospital Quality Incentive Payments and the Hospital Transformation Program, as well as expanded health coverage and access through expansions to Medicaid and CHP+ coverage for children, pregnant people, low income adults, and working adults and children with disabilities.

When the hospital provider fee was first created in 2009, it was billed by HCPF and CHA as a win-win-win because:

- Increasing hospital reimbursement rates reduces under-compensated care and the resulting cost shifting in the health care system
- Expanding eligibility for Medicaid and CHP+ provides coverage for thousands of uninsured Coloradans and reduces uncompensated care and its resulting cost shifting
- Additional federal support is received for health care in Colorado without additional cost to the state's General Fund

The success of the hospital provider fee is evident through the increased net funds to hospitals of an average of more than \$415 million per year; Medicaid and CHP+ coverage for 500,000 Coloradans; and an improvement in Medicaid's hospital payment compared to cost ratio - that is a reduction in the need to shift costs to private payers - from 54 cents on the dollar to 81 cents on the dollar. Health care affordability remains a top concern for communities across Colorado, however.

With the broad scope of the workgroup to review and propose changes that will effectively completely revise the CHASE program, it is critical that we ensure key stakeholders are at



the table and the workgroup conducts its work transparently. This is even more critical with such a short timeline.

Following stakeholder outreach and in line with your direction as the Board Chair to revisit the subject at the November Board meeting, HCPF recommends the following revisions to the workgroup composition.

Workgroup Membership

HCPF recommends the CHASE Board reconsider the workgroup composition and that it be comprised of the following nine members to be appointed by the CHASE Board chair in accordance with the Board's bylaws:

1. Two HCPF representatives who are not members of the CHASE Board
2. Two CHA or hospital representatives who are not members of the CHASE Board, one of whom is a rural hospital representative
3. Two consumer representatives, one of whom is a representative of a consumer advocacy organization and at least one who is a Medicaid member, who are not members of the CHASE Board
4. One Medicaid managed care organization or Regional Accountability Entity representative who is not a member of the CHASE Board
5. One representative from the Governor's Office
6. One CHASE Board member who is not a HCPF, CHA, or a hospital representative

A HCPF-contracted consultant and a CHA-contracted consultant will provide consultation and expertise to the workgroup.

