



## CHA Comments on the Proposed CHASE 2023-2024 Model

1 message

Tom Rennell

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Hello there Nancy. Thanks for taking the time to help us understand the proposed 2023-2024 CHASE model. We recognize the challenges of creating a model that aligns with federal and state rules, while distributing fees and payments to hospitals based on policy-based principles, including consistency of application, transparency, collaborative input, and rational methodology.

In our preliminary review of the 2023-2024 model, we provide the following comments:

- 1. Supplemental payments should optimize federal funding to achieve allowable limits by establishing the Upper Payment Limit (UPL) at 100%.** Federal law allows States to make Medicaid payments up to 100% of a reasonable estimate of hospital upper payment limit (based on hospital costs). Colorado statute (CO Rev Stat 25.5-402.4) states that funds in the CHASE shall be expended 'to maximize the inpatient and outpatient hospital reimbursements to up to the upper payment limits.' The current model sets the UPL at 97.2% — CHA recommends this be established at 100%. See the attached document for additional information.
- 2. Provide additional transparency for the use of CHASE fees to fund expansion estimates.** Per statute, hospitals are required to support Medicaid expansion through CHASE by covering the State's share of ACA Medicaid expansion and expansion populations from the Hospital Provider Fee legislation in 2009. Since 2020, the fees assessed on hospitals to support Medicaid expansion have increased from \$275 million to \$500 million. In the 2023-24 proposed CHASE model, total expansion estimates decreased \$276.1m due to the Medicaid disenrollment process but the hospital fee assessment *increased* \$13 million over the previous year. The rationale for this year's fee increases for expansion estimates is difficult to understand and have a significant negative impact on hospital payments. As a result, we request—and believe the spirit of state law requires—additional transparency into the calculations and assumptions for fees to support current expansion estimates.
- 3. Create a consistent, principled, and policy-driven process for engaging the CHASE Board and stakeholders regarding changes to the model that impact hospital supplemental payments.** In the proposed 2023-24 CHASE model, HCPF proposed an increase to the essential access (EA) supplemental payment pool from \$20 million to \$26 million, made several changes to IP and OP payment rates for other hospital categories, and created a new hospital classification category. Each change results in increases in supplement payments for some hospitals and decreases for others. These proposals require clear and compelling policy rationale, along with consistent and broad stakeholder input prior to finalizing the model.

Thank you for listening, and your careful attention to these important issues. We look forward to working with you throughout the completion of the 2023-2024 CHASE model.

Tom

**Tom Rennell, MPH**  
Senior Vice President

Colorado Hospital Association

[www.cha.com](http://www.cha.com)

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