



CHASE

Colorado Healthcare Affordability and
Sustainability Enterprise

MEMORANDUM

TO: CHASE Board Members
FROM: Nancy Dolson
DATE: October 22, 2024
RE: Workgroup Recommendation: Exploration of CHASE Program Reforms and State Directed Payments

The Department of Health Care Policy and Financing (HCPF) is supportive of exploring a State Directed Payment proposal and other CHASE reforms under the guidance and recommendations of the CHASE Board in line with the Colorado Hospital Association's (CHA's) proposal.

To that end, HCPF recommends and requests the CHASE Board create a workgroup in accordance with its bylaws to explore the establishment of a State Directed Payment Program and reforms to the existing CHASE hospital provider fees and supplemental payments.

HCPF recommends the workgroup is established with the following goals and parameters:

Project Goals

Develop recommendations for (1) CHASE hospital provider fee and supplemental payment reforms and (2) potential scenarios for a State Directed Payment Program for inpatient and outpatient hospital services provided through Medicaid managed care organizations.

Recommendations must align with the federal Medicaid requirements to promote efficiency, economy, quality of care, and access as well as align with CHASE's goals of increasing hospital reimbursement, increasing Medicaid and Child Health Plan *Plus* (CHP+) coverage, improving quality of hospital care, and reducing cost shift from public to private payers without increasing the state's General Fund expenditures.

Following the workgroup's recommendations and with CHASE Board support, HCPF would submit required documentation to the Centers for Medicare and Medicaid Services (CMS) for CHASE reforms with the goal of an effective date of July 1, 2025. At minimum, such documents would include an Average Commercial Rate (ACR) Demonstration, State Directed Payment Program pre-print, State Plan Amendment(s), provider fee waiver request of the broad-based and uniform fee requirements, and upper payment limit (UPL) demonstrations.



Workgroup Membership and Conduct

HCPF recommends the workgroup be comprised of the following seven 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. HCPF contracted consultant
3. Two CHA representatives who are not members of the CHASE Board
4. CHA contracted consultant
5. One CHASE Board member who is not a HCPF, CHA, or hospital representative

HCPF recommends that the workgroup:

- Establish its ground rules and determine meeting frequency
- Consult with and invite other subject matter experts as needed, such as HCPF analysts, Medicaid managed care organization representatives, and HCPF's contracted managed care rates actuaries
- Regularly prepare a written summary of activities for disbursement to the CHASE Board following each workgroup meeting and present at each CHASE Board meeting (the workgroup may be required to present to the Medical Services Board or other bodies at the direction of the CHASE Board chair)

Facilitation

HCPF recommends the workgroup utilize a third-party facilitator contracted in accordance with the state's fiscal and procurement rules to perform the following:

- Develop project plan and timeline
- Develop meeting agendas
- Identify next steps and action items and hold members accountable for work completion
- Establish decision making protocols and navigate and resolve conflicts or disagreements

Potential Challenges

HCPF anticipates potential challenges with accomplishing this work within the target timeline:

- The need to re-evaluate CHASE fees and payments overall while developing options for a State Directed Payment Program could add to the timeline challenges
- Resource constraints including availability of workgroup members' time and HCPF/CHASE administrative funding



- Identifying potential funding sources in addition to hospital provider fees, such as intergovernmental transfers, and understanding any impact to the state's TABOR revenue limit
- Data compilation and review: much of the burden to compile and review data will fall on HCPF but HCPF may also need to actively collect data from eligible hospitals and managed care organizations
- Incorporating State Directed Payments in Medicaid managed care contracts and actuarial rate certification
- Expected additional CMS guidance for State Directed Payments related to the Managed Care final rule released April 2024

Next Steps

HCPF recommends the following next steps following CHASE Board review, discussion, and action on this proposal:

- HCPF and CHA put forward their recommended workgroup members and consultants by November 7, 2024
- CHASE Board members who are not a HCPF, CHA, or hospital representative and interested in serving on the workgroup submit a letter describing their interest and commitment to nancy.dolson@state.co.us by November 7, 2024
- CHASE Board chair formally appoint members by the November 19, 2024 CHASE meeting
- HCPF identify its administrative resources for facilitator and solicit vendors
- Workgroup begin meeting following member appointment and engagement with facilitator

