



June 23, 2025

VIA E-MAIL

Colorado Department of Health Care Policy & Financing
303 East 17th Avenue, 11th Floor
Denver, CO 80203

Medical Services Board
Colorado Department of Health Care Policy & Financing
303 East 17th Avenue, 11th Floor
Denver, CO 80203

Colorado Healthcare Affordability and Sustainability Enterprise Board
303 E. 17th Avenue
Denver, CO 80203

RE: CHASE Program Categorization

Dear HCPF and Members of the CHASE and Medical Services Boards:

I am writing with regard to the updated FY2025 CHASE program model that will be presented for approval at the CHASE Board meeting on June 24, 2025. We understand that this updated model contemplates that the University of Colorado Hospital Authority (UCHA) will provide certain inter-governmental transfers ("IGTs") to HCPF in order to help fund the CHASE program.

Although University of Colorado Health ("UCHealth") may agree to have UCHA provide such IGTs, UCHealth maintains its objections to the continued mis-categorizations of Memorial Hospital ("Memorial") and Poudre Valley Hospital ("PVH") as "non-State government owned or operated" within the CHASE program model. Memorial and PVH must, consistent with federal law and a binding court order, be categorized as "Privately-owned and operated." See 42 CFR §§ 447.272(a), 447.321(a); see also C.R.S. 25.5-4-402.4; 10 CCR § 2505-10 8.3000. Before issuance of the FY2024 CHASE model, UCHealth engaged in repeated efforts to address the incorrect categorizations of Memorial and PVH, including through written submissions and testimony to both the CHASE Board and the Medical Services Board ("MSB"). Despite UCHealth's concerns, the MSB approved a final rule in August 2024 adopting the erroneous categorizations of Memorial and PVH for purposes of the FY2024 CHASE model. Memorial and PVH were therefore required to seek judicial review of that final rule in Denver District Court, Case No. 2024CV32363, to preserve the right to be correctly categorized. On May 16, 2025, the district court issued an order concluding that Memorial and PVH have been incorrectly categorized and requiring that they be correctly categorized as "Privately-owned and operated." UCHealth preserves objections to both the FY2024 and FY2025 CHASE program model,

consistent with the district court's order, federal law, and its previous submission to the CHASE Board and the MSB, and continues to request that Memorial and PVH be correctly categorized.

Continued mis-categorization of Memorial and PVH also creates unnecessary risk for hospitals across Colorado. CHASE program payments for FY2024 and beyond which reflect the mis-categorization, particularly in the non-state governmental category, may violate federal upper payment limit rules. Any such violation increases the risk of both adverse findings under Centers for Medicare & Medicaid Services (CMS) audits and HCPF being required to recoup funds. HCPF is nonetheless recommending that the CHASE Board and the MSB approve a model that could (1) dig the potential hole even deeper when the state eventually complies with the court order, and (2) hamper hospitals' ability to account for changes that will accompany a compliant model.

For these reasons and the reasons set forth in our prior communications, we urge you to reject any CHASE fee model that does not comply with the district court's order.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jacki Cooper Melmed", with a long horizontal flourish extending to the right.

Jacki Cooper Melmed
Chief Legal Officer