

CHASE Board

December 14, 2021



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Colorado Healthcare Affordability and
Sustainability Enterprise

Revised Draft CHASE Annual Report



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*Hospital Quality Incentive
Payments (HQIP)
FY2022 Revisions and
FY2023 Measures*



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2023 Measure Development

- Keeping measures unchanged, not adding new measures but refining existing ones from HQIP 2021 & 2022
- Incorporate lessons learned from 2021 from the new measures:
 - Reduction of Racial and Ethnic Disparities
 - Zero Suicide
 - Antimicrobial Stewardship
- Based on analysis of the responses and stakeholder feedback the department worked with experts from CDHPE and hospitals to simplify the measure requirements to streamline the collection/reporting of data and align with the tools used to implement the programs



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Antimicrobial Stewardship

- Since the measure was initially drafted in 2019 the Centers for Disease Control and Prevention updated its guidance and the Department of Public Health & Environment reviewed and proposed updates to the measure based on this latest guidance
- Proposed revisions focused on high value interventions and tasks and removed lower value interventions
 - Drafts reviewed with the Colorado Hospital Association and HQIP Subcommittee
- Level 4 requirement to collaborate with other facilities was removed from the measure
- Scoring for the measure revised
 - To earn any points hospitals will have to meet all requirements for Group 1. However, earning points on Groups 2-4 are not cumulative. For example, a hospital could earn points on Group 2 and Group 4 but not Group 3.



Zero Suicide

- The Office of Suicide Prevention (OSP) developed a template to assist hospitals in implementing the Zero Suicide framework and at the same time collecting the information need for the HQIP measure
- Stakeholder feedback incorporated in clarifying specific deliverables
- Added requirement that hospitals attend the Monthly Zero Suicide Collaborative meetings
- Scoring method revised to encourage hospitals to complete as many of the activities to implement Zero Suicide as possible.
 - The 2022 measure details required hospitals to complete all of Level 1 and Level 2 to earn any points and was cumulative there after
 - Revised measure requires hospitals to complete all of the deliverables in Level 1 to earn any points, however after the completion of Level 1 hospitals can earn points by completing select deliverables in any of the other levels



Recommendations for Revisions to 2022 for May Reporting

- HQIP Subcommittee recommends adopting the revised 2023 Antibiotic Stewardship measure and scoring for HQIP 2022
- HQIP Subcommittee recommends adopting the revised 2023 Zero Suicide measure and scoring for HQIP 2022, with the provision that hospitals only have to attend one of Monthly Zero Suicide Collaborative meetings during this measurement period so that hospitals that have yet to do so have until April 30th to begin participating
- In 2022 the Reduction of Peripartum Racial and Ethnic Disparities Patient Safety Bundle moved to a hospital-wide measure and is now called the Reduction of Racial and Ethnic Disparities Patient Safety Bundle
 - The Department recommends keeping the 2021 scoring in place to encourage more hospitals to implement the measure, recognizing the effort it takes to implement the first “R”



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Reduction of Racial and Ethnic Disparities

Patient Safety Bundle

- Based on feedback from the CHASE board, the Community Advisory Council (CAC) and the HQIP Subcommittee, in HQIP 2022 this measure transitions from focusing on peripartum racial and ethnic disparities to hospital-wide racial and ethnic disparities. At the same time the CHASE Board and the CAC still want to ensure that there remains a focus on peripartum racial and ethnic disparities
- In order to maintain this focus, without requiring Labor and Delivery hospitals to submit the entire measure twice, these facilities are required to address the peripartum population in their response to seven of the measure elements most relevant to this population.
- In HQIP 2022 scoring for this measure was to become more difficult with hospitals having to complete all the elements of the first two “R”s to earn any points. Based on stakeholder feedback and HQIP 2021 results the Department recommends keeping HQIP 2021 scoring in place and only requiring the first “R” recognition to earn any points.



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Reduction of Racial and Ethnic Disparities Patient Safety Bundle (continued)

- Based on feedback from HQIP 2021, the language and structure of the measure details was revised to clarify certain requirements.
- Hospitals asked for additional clarification on resources to evaluate non-English language proficiency for providers who communicate in languages other than English and resources for training employees on asking demographic intake questions and educating patients about why it is important.
- In 2021 hospitals were asked, if they did not have specific elements of the measure in place, what their plans for implementing the element in the future was. Hospitals did not earn points for providing this information and found it administratively burdensome. To streamline data collection, this information will not be required in HQIP 2022.



Proposed FFY 2021-22 CHASE Fees & Payments



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2021-22 Fees and Payments Overview

- \$1.14 billion in fees
 - At 5.67% NPR (limited by the UPL)
- \$1.60 billion in hospital supplemental payments including \$104.01 million in quality incentive payments
 - UPL at 97%
 - DSH limit at 96%
- \$456.46 million in net reimbursement



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2021-22 Fees and Payments Overview

Expenditures	Cash Fund	Federal Fund	Total Fund
IP Supplemental Payment	\$226,559,000	\$369,649,000	\$596,209,000
OP Supplemental Payment	\$241,866,000	\$394,623,000	\$636,489,000
Essential Access Supplemental Payment	\$7,410,000	\$12,090,000	\$19,500,000
Rural Support Program Supplemental Payment	\$4,560,000	\$7,440,000	\$12,000,000
HQIP Supplemental Payment	\$52,045,000	\$52,045,000	\$104,090,000
DSH Supplemental Payment	\$113,305,000	\$113,305,000	\$226,610,000
Total Supplemental Payment	\$645,745,000	\$949,152,000	\$1,594,897,000
MAGI Parents/Caretakers 60-68% FPL	\$13,128,000	\$14,857,000	\$27,985,000
MAGI Parents/Caretakers 69-133% FPL	\$35,411,000	\$310,305,000	\$345,716,000
MAGI Adults 0-133% FPL	\$237,868,000	\$1,976,216,000	\$2,214,084,000
Buy-In for Adults & Children with Disabilities	\$58,867,000	\$68,664,000	\$127,531,000
Twelve Month Continuous Eligibility for Children	\$22,042,000	\$25,172,000	\$47,214,000
Non-Newly Eligible	\$17,134,000	\$70,458,000	\$87,592,000
CHP+ 206-250% FPL	\$26,820,000	\$52,447,000	\$79,267,000
Incentive Payments	\$10,456,000	\$10,471,000	\$20,927,000
Medicaid Expansion	\$421,726,000	\$2,528,590,000	\$2,950,316,000
Administration	\$35,433,000	\$66,560,000	\$101,993,000
General Fund Transfer	\$35,531,000	\$0	\$35,531,000
Total Other Expenditures	\$70,964,000	\$66,560,000	\$137,524,000
Grand Total	\$1,138,435,000	\$3,544,302,000	\$4,682,737,000



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Return on Fee

- **\$1.14 billion** in fees generates **\$3.54 billion** in federal funds, a **211%** return rate
- Administrative expenditures (\$101.99 million) are **2.18%** of total expenditures (\$4.68 billion)
- Administrative expenditures include:
 - Staff costs, legal services, accounting, etc.
 - Contracted services, including utilization management and external quality review
 - IT systems (i.e., eligibility and claims) and staffing for the customer contact center for more than 610,000 covered lives

Increased Federal Matching Funds

- To support the Hospital Transformation Program (HTP), now drawing down increased federal matching funds for the portion of Medicaid supplemental payments allocated to Affordable Care Act (ACA) populations
- Provided additional federal matching funds, **reducing necessary provider fees collected from hospitals by an equal amount.**
 - FFY 2019-20: \$127 million
 - FFY 2020-21: \$140 million
 - FFY 2021-22: \$152 million
- A total of **\$419 million** in fee savings has been realized using this methodology
- This has increased hospitals' reimbursement from CHASE by 50% each year. For example, in the current FFY 2021-22, hospitals would have received \$304 million in net CHASE reimbursement, but will instead realize \$456 million.



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Inpatient and Outpatient Fee

- Inpatient fee assessed on managed care and non-managed care days
 - Inpatient fee - \$528.01 million
 - Per non-managed care day: \$471.76
 - Per managed care day: \$105.53
- Outpatient fee assessed on percentage of total outpatient charges
 - Outpatient fee - \$610.43 million
 - Percentage of total charges: 1.6365%
- High volume CICP and Essential Access hospitals pay discounted fees
- Psychiatric, long-term care, and rehabilitation hospitals are fee exempt



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Inpatient Supplemental Payment

- Reimbursement for inpatient (IP) Medicaid utilization
- Total payment: **\$596.21 million**
- IP Payment = Medicaid patient days * IP adjustment factor
- Allows for greater variation in reimbursement due to changing Medicaid utilization



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Outpatient Supplemental Payment

- Increase rates for outpatient (OP) hospital services for Medicaid members
- Total payment: **\$636.49 million**
- OP Payment = estimated Medicaid OP cost * OP adjustment factor



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Adjustment Factors

2021-22				
UPL Group	# of Hospitals	UPL Pool	IP Adjustment Factor	OP Adjustment Factor
Rehab/Long Term Acute	12	All	\$32.00	32.00%
Teaching	1	State Gov.	\$868.50	53.49%
Rural/CAH	28	Non-State Gov.	\$1,900.00	95.75%
Teaching	1	Non-State Gov.	\$1,068.00	15.55%
Non-State Gov.	2	Non-State Gov.	\$565.00	5.18%
Rural/CAH	15	Private	\$1,071.00	90.66%
Pediatric Specialty	2	Private	\$460.00	6.00%
NICU	13	Private	\$1,379.00	101.00%
Independent Metro	3	Private	\$1,425.00	97.25%
Private	19	Private	\$890.50	33.50%



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Essential Access Supplemental Payment

- Reimbursement to Rural and Critical Access Hospitals with 25 or fewer beds
- Total payment: **\$19.5 million**
- Essential Access Payment = (Essential Access beds / total Essential Access beds for all eligible hospitals) * \$19.5 million



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Rural Support Supplemental Payment

- Reimbursement to rural or Critical Access hospitals that meet revenue and fund balance requirements:
 - Must be a nonprofit hospital
 - Must fall within the bottom 10% NPR of all rural or Critical Access hospitals
 - Must fall within the bottom 2.5% fund balance of all rural or Critical Access hospitals that do not meet the NPR criteria
- Each qualified hospital required to submit an application showing how the funds will be used to implement initiatives that enable success in the Hospital Transformation Program (HTP)
- Total payment: **\$12.0 million** per year of the HTP
- Rural Support Payment = \$12 million / number of total qualified hospitals



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HQIP Supplemental Payment

- Reimbursement to hospitals providing services that improve health care outcomes
- Total payment: **\$104.09 million**
- Quality measures and payment methodology approval by the CHASE Board on 12/15/2021
- $\text{HQIP Payment} = \text{normalized awarded points} * \text{Medicaid adjusted discharges} * \text{dollars per adjusted discharge point}$

HQIP Tier	Lower Bound	Upper Bound	Dollars Per Adjusted Discharge Point
0	0	19	\$0.00
1	20	39	\$2.82
2	40	59	\$5.64
3	60	79	\$8.46
4	80	100	\$11.28

DSH Supplemental Payment

- Reimbursement to hospitals providing services to the uninsured
- Total payment: **\$226.61 million**
- DSH payment capped at 96% of a hospital's estimated DSH limit
 - High CACP cost hospital's DSH payment equals 96% of their estimated DSH limit
 - Critical Access hospital's DSH payment equals 96% of their estimated DSH limit
 - Small independent metropolitan hospital's DSH payment equals 50% of their estimated DSH limit
 - Low Medicaid IP utilization rate (MIUR) hospital's DSH payment limited to 10% of their estimated DSH limit



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Net Reimbursement

- \$46.25 million increase in net reimbursement
 - \$111.94 million increase in supplemental payments
 - \$65.69 million increase in fees
- Net reimbursement is impacted by:
 - General Fund offset no longer required
 - Enhanced FMAP - 62.0% enhanced FMAP rate applied to IP, OP, Essential Access, and Rural Support payments

Item	2020-21	2021-22	Difference
Supplemental Payments (Total Funds)	\$1,482,962,000	\$1,594,898,000	\$111,936,000
Fee (Cash Funds)	\$1,072,750,000	\$1,138,442,000	\$65,692,000
Net Reimbursement	\$410,212,000	\$456,456,000	\$46,244,000



Next Steps

- CHASE fees and supplemental payments have been at interim amounts since October 2021
- Following CHASE Board approval, we will
 - Present rules to the Medical Services Board
 - Continue pursuit of the CMS approval
 - Notify hospitals and host webinar
 - Reconcile between the approved figures and the interim figures by September



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Thank You

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