

# *CHASE Board*

February 28, 2023



**CHASE**

Colorado Healthcare Affordability and  
Sustainability Enterprise

# 2023 CHASE Report

## Addendum

Nancy Dolson  
Department of Health Care Policy & Financing



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# Introduction

- After approval from the CHASE Board, the Department discovered changes to National Jewish Health's operating expenses and revenues.
- These changes affected the statewide cost-to-charge ratio which is used to determine costs.
- Direct outcomes from the CHASE Report remain the same but some tables have been reformatted with the new information.



# Payment to Cost Ratio

Original

Year	Medicare	Health First Colorado	Insurance	Self Pay	CICP/ Other	Overall
2019	0.72	0.75	1.85	0.26	0.71	1.07
2020	0.67	0.83	1.66	0.43	0.94	1.02
2020 w/ stimulus	0.74	0.89	1.73	0.49	1.01	1.09
2021	0.73	0.81	1.72	0.35	0.99	1.06

Updated

Year	Medicare	Health First Colorado	Insurance	Self Pay	CICP/ Other	Overall
2019	0.72	0.75	1.85	0.26	0.71	1.07
2020	0.67	0.83	1.66	0.43	0.94	1.02
2020 w/ stimulus	0.74	0.89	1.73	0.49	1.01	1.09
2021	0.73	0.80	1.72	0.35	0.99	1.05



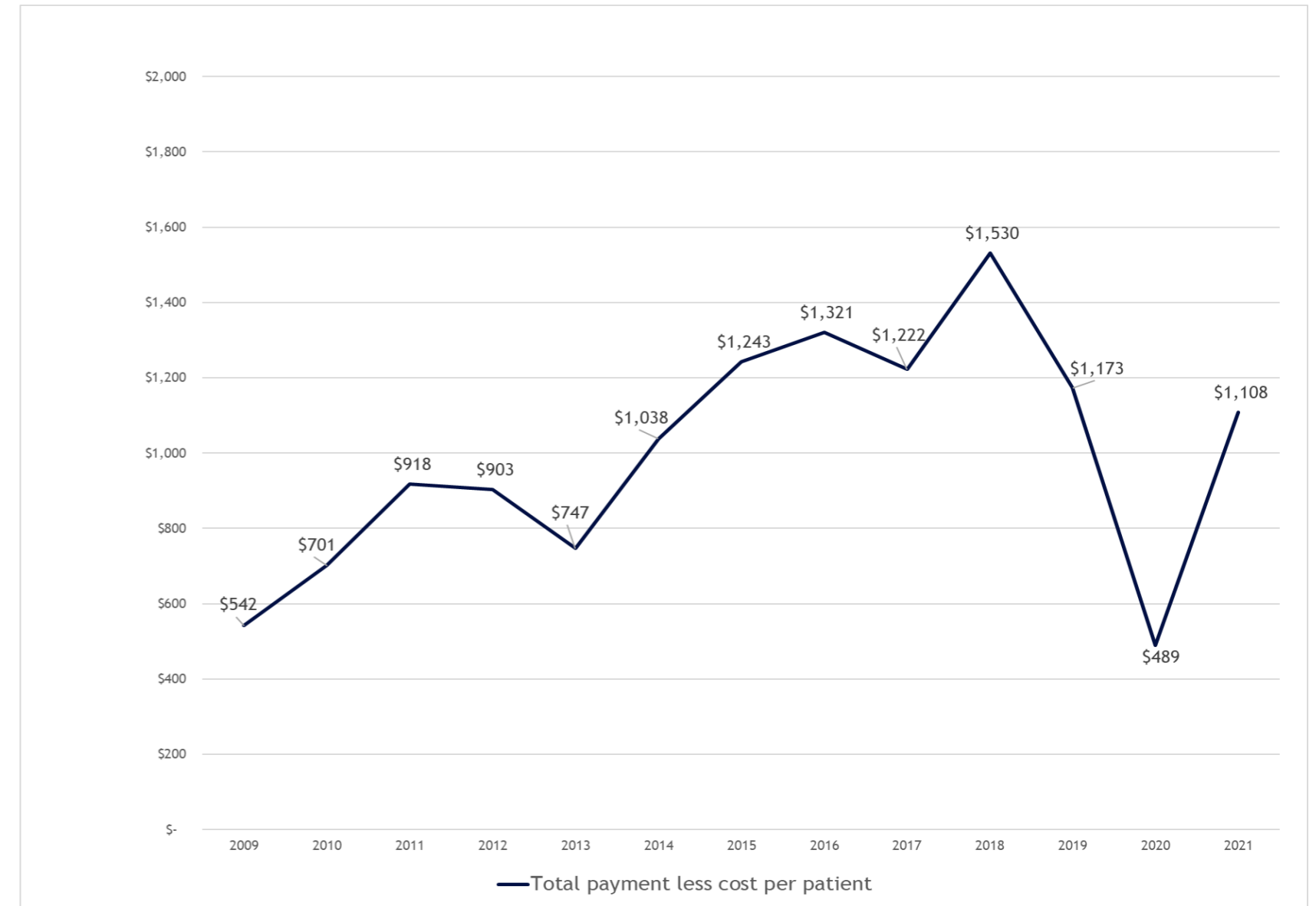
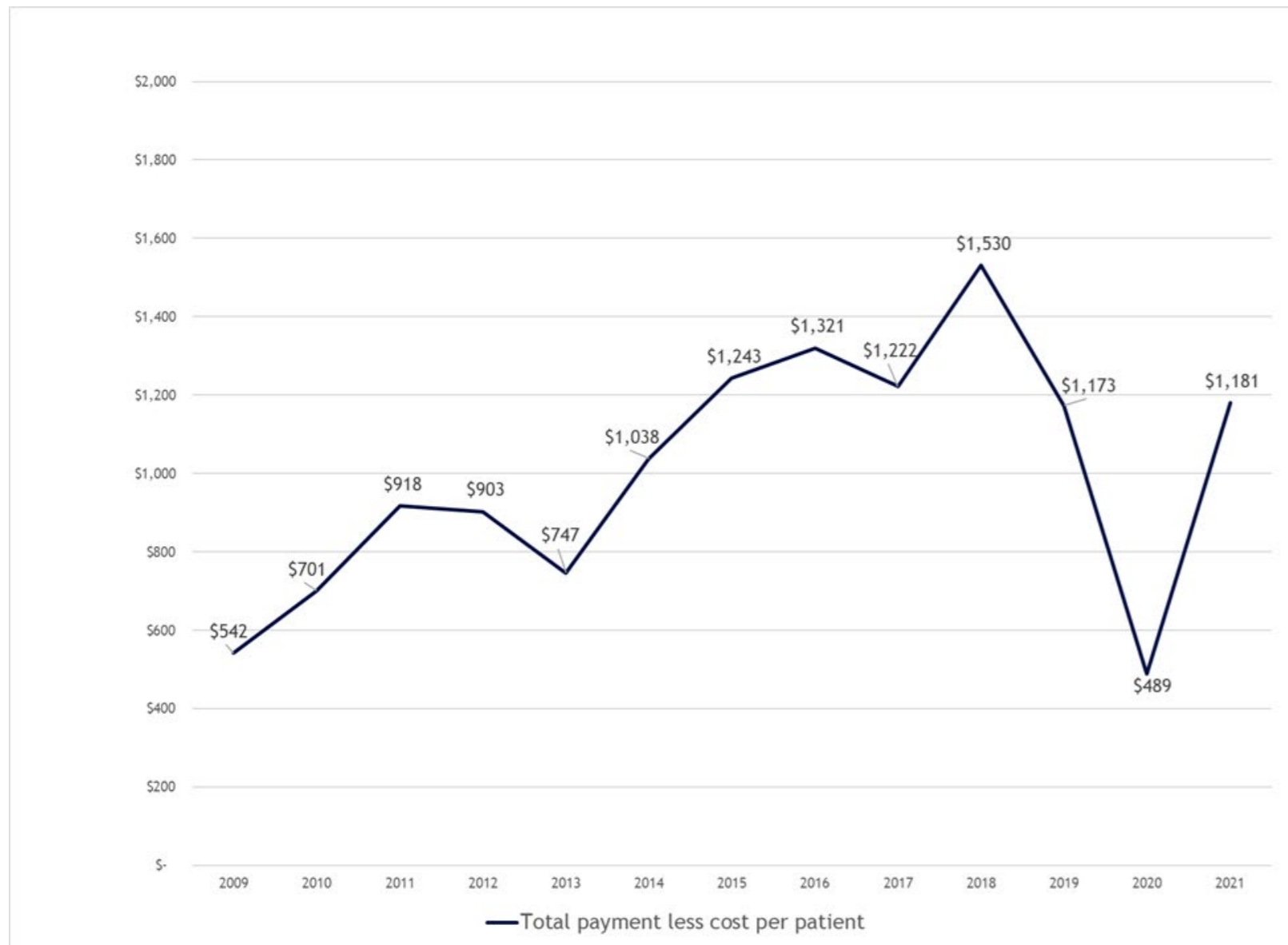
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# Total Payment less Cost per Patient

Original

Updated



# Payment less Cost per Patient by Payer

Original

Year	Medicare	Health First Colorado	Insurance	Self Pay	CICP/ Other	Overall
2019	(\$5,429)	(\$3,820)	\$13,632	(\$8,399)	(\$3,935)	\$1,173
2020	(\$7,649)	(\$3,333)	\$13,640	(\$9,309)	(\$1,123)	\$489
2020 w/ stimulus	(\$6,048)	(\$2,024)	\$15,042	(\$8,205)	\$97	\$1,928
2021	(\$6,357)	(\$3,708)	\$14,366	(\$10,270)	(\$217)	\$1,181

Updated

Year	Medicare	Health First Colorado	Insurance	Self Pay	CICP/ Other	Overall
2019	(\$5,429)	(\$3,820)	\$13,632	(\$8,399)	(\$3,935)	\$1,173
2020	(\$7,649)	(\$3,333)	\$13,640	(\$9,309)	(\$1,123)	\$489
2020 w/ stimulus	(\$6,048)	(\$2,024)	\$15,042	(\$8,205)	\$97	\$1,928
2021	<b>(\$6,439)</b>	<b>(\$3,774)</b>	<b>\$14,297</b>	<b>(\$10,325)</b>	<b>(\$287)</b>	<b>\$1,108</b>



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# All Payer Payment, Cost and Profit

## Original

Year	Payment Per Patient	Cost Per Patient	Profit Per Patient
2009	\$12,313	\$11,771	\$542
2010	\$13,285	\$12,584	\$701
2011	\$13,786	\$12,868	\$918
2012	\$14,663	\$13,760	\$903
2013	\$15,224	\$14,477	\$747
2014	\$15,766	\$14,727	\$1,039
2015	\$16,045	\$14,802	\$1,243
2016	\$17,126	\$15,779	\$1,347
2017	\$17,777	\$16,555	\$1,222
2018	\$18,816	\$17,286	\$1,530
2019	\$18,028	\$16,855	\$1,173
2020	\$21,628	\$21,138	\$489
2020 w/ stimulus	\$23,066	\$21,138	\$1,928
2021	\$22,296	\$21,115	\$1,181
Average Annual Change	5.2%	5.2%	15.4%

## Updated

Year	Payment Per Patient	Cost Per Patient	Profit Per Patient
2009	\$12,313	\$11,771	\$542
2010	\$13,285	\$12,584	\$701
2011	\$13,786	\$12,868	\$918
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2019	\$18,028	\$16,855	\$1,173
2020	\$21,628	\$21,138	\$489
2020 w/ stimulus	\$23,066	\$21,138	\$1,928
2021	\$22,296	\$21,188	\$1,108
Average Annual Change	5.2%	5.2%	14.1%



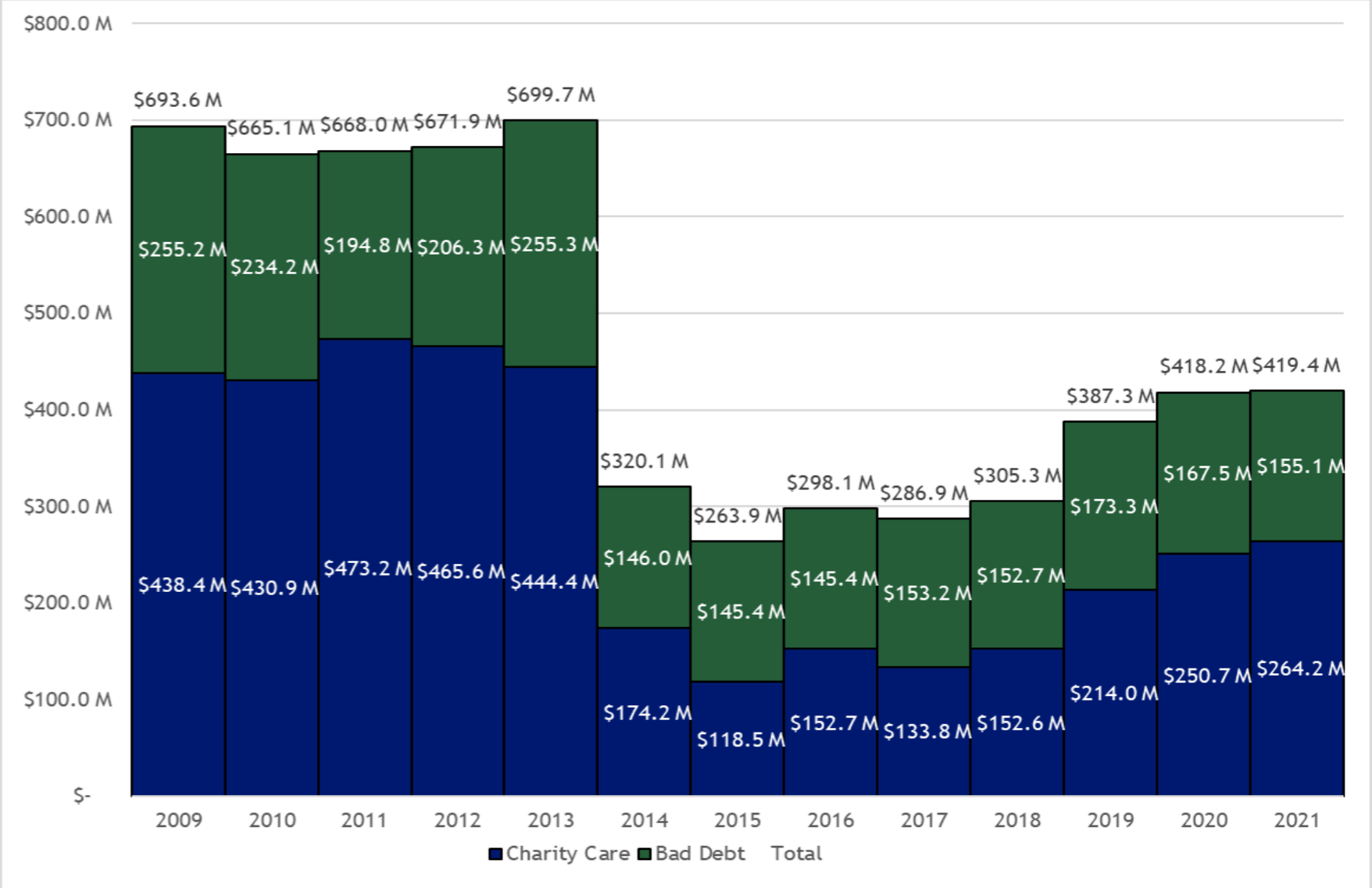
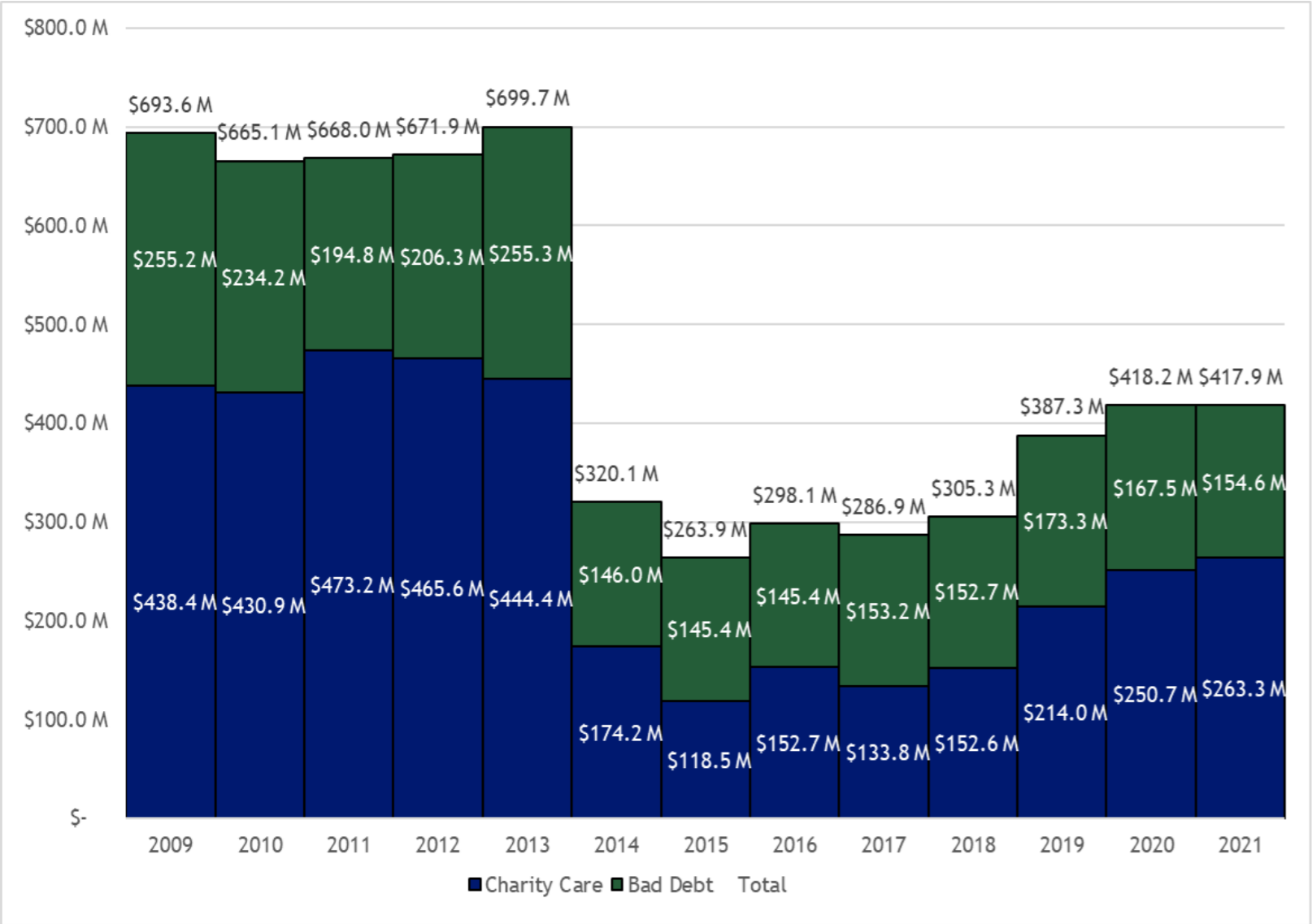
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# Bad Debt and Charity Care

Original

Updated





# *FFY 2021-22 CHASE Fees Refund*

Nancy Dolson  
Special Financing Division



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# CHASE Fee Refund

Starting Balance	\$ 63,294,988
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Row	Revenue	Actual	Model	Total
A	Provider Fee	\$ 1,138,720,283	\$ 1,138,720,283	\$ 0
B	Interest	\$ 2,017,932	\$ 0	\$ 2,017,932
C	Unutilized EFMAP Funds	\$ 22,764,989	\$ 0	\$ 22,764,989
D	Total Revenue	\$ 1,163,503,204	\$ 1,138,720,283	\$ 24,782,921

Row	Expenditures	Actual	Model	Total
E	Admin Payments	\$ (28,303,005)	\$ (35,433,208)	\$ 7,130,203
F	CHASE Payments	\$ (646,030,286)	\$ (646,030,286)	\$ 0
G	Expansion Payments	\$ (438,278,728)	\$ (441,556,789)	\$ 3,278,061
H	General Fund Offset	\$ (15,700,000)	\$ (15,700,000)	\$ 0
I	Total Expenditures	\$ (1,128,312,020)	\$ (1,138,720,283)	\$ 10,408,263

J	Net	\$ 35,191,185	\$ 0	\$ 35,191,185
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K	Ending Balance	\$ 98,486,173
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# CHASE Fee Refund

Row	Expenditures	Cash Fund	Federal Fund	Total Fund
A	Admin Payments	\$ 39,633,149	\$ 75,808,036	\$ 115,441,185
B	CHASE Payments	\$ 687,301,698	\$ 1,006,888,123	\$ 1,694,189,821
C	Expansion Payments	\$ 487,396,780	\$ 2,779,362,802	\$ 3,266,759,582
D	General Fund Offset	\$ 15,700,000	\$ 0	\$ 15,700,000
E	<b>Total Expenditures</b>	<b>\$ 1,230,031,627</b>	<b>\$ 3,862,058,961</b>	<b>\$ 5,092,090,588</b>



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# CHASE Fee Refund

Row	Description	Amount	Note
A	FFY 23 Total Expenditures	\$ 5,092,090,588	Table 2, Row E (Total Fund)
B	Reserve Limit Percent	1.50%	
C	Reserve Limit Amount	\$ 76,381,359	Row A * Row B
D	FFY 22 Ending Balance	\$ 98,486,173	Table 1, Row K (Ending Balance)
E	FFY 22 Fee Refund	\$ 22,104,814	Row D - Row C



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# *Proposed FFY 2022-23 CHASE Fees & Payments*

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Special Financing Division



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# *Fees and Payments Overview*

- \$1.23 billion in fees
  - At 5.74% NPR (Limited by the UPL)
- \$1.69 billion in hospital supplemental payments including \$119 million in quality incentive payments
  - UPL at 96%
  - DSH limit at 96%
- \$464 million in net reimbursement



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# Fees and Payments Overview

Expenditures	Cash Fund	Federal Fund	Total Fund
IP Supplemental Payment	\$ 240,200,000	\$ 391,800,000	\$ 632,000,000
OP Supplemental Payment	\$ 253,700,000	\$ 413,900,000	\$ 667,600,000
Essential Access Supplemental Payment	\$ 7,600,000	\$ 12,400,000	\$ 20,000,000
Rural Support Program Supplemental Payment	\$ 4,500,000	\$ 7,500,000	\$ 12,000,000
HQIP Supplemental Payment	\$ 59,300,000	\$ 59,300,000	\$ 118,600,000
DSH Supplemental Payment	\$ 122,000,000	\$ 122,000,000	\$ 244,000,000
<b>Total Supplemental Payment</b>	<b>\$ 687,300,000</b>	<b>\$ 1,006,900,000</b>	<b>\$ 1,694,200,000</b>
Medicaid Expansion	\$ 487,400,000	\$ 2,779,400,000	\$ 3,266,800,000
Administration	\$ 39,600,000	\$ 75,800,000	\$ 115,400,000
General Fund Transfer	\$ 15,700,000	\$ 0	\$ 15,700,000
<b>Total Other Expenditures</b>	<b>\$ 542,700,000</b>	<b>\$ 2,855,200,000</b>	<b>\$ 3,397,900,000</b>
<b>Grand Total</b>	<b>\$ 1,230,000,000</b>	<b>\$ 3,862,100,000</b>	<b>\$ 5,092,100,000</b>



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# Return on Fee

- **\$1.23 billion** in fees generates **\$3.86 billion** in federal funds, a **214%** return rate
- Administrative expenditures (\$115 million) are **2.27%** of total expenditures (\$5.1 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 500,000 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
  - FFY 2022-23: \$160 million
- A total of \$579 million in fee savings has been realized using this methodology
- This year hospitals would have received \$304 million in net reimbursement but will instead receive \$464 million in net reimbursement with increased federal matching funds.



# *Inpatient and Outpatient Fee*

- Inpatient fee assessed on managed care and non-managed care days
  - Inpatient fee - \$548 million
    - Per non-managed care day: \$510.05
    - Per managed care day: \$114.10
- Outpatient fee assessed on percentage of total outpatient charges
  - Outpatient fee - \$682 million
    - Percentage of total charges: 1.8705%
- High volume CICP and Essential Access hospitals pay discounted fees
- Psychiatric, long term care, and rehabilitation hospitals are fee exempt



# *Inpatient Supplemental Payment*

- Reimbursement for inpatient (IP) Medicaid utilization
- Total payment: **\$632 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: **\$668 million**
- OP Payment = estimated Medicaid OP cost \* OP adjustment factor



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# Adjustment Factors

FFY 2022-23				
UPL Group	# of Hospitals	UPL Pool	IP Adjustment Factor	OP Adjustment Factor
Rehab/Long Term Acute	13	All	\$ 15.00	15.00%
Teaching	1	State Gov.	\$ 867.85	50.33%
Teaching	1	Non-State Gov.	\$ 1,413.00	10.20%
Rural/CAH	28	Non-State Gov.	\$ 1,275.00	101.75%
Non-State Gov.	2	Non-State Gov.	\$ 550.00	7.55%
Rural/CAH	15	Private	\$ 700.00	93.00%
Heart Institute	1	Private	\$ 1,055.00	84.00%
Pediatric Specialty	2	Private	\$ 534.00	6.45%
NICU	12	Private	\$ 1,355.00	106.35%
Independent Metro	3	Private	\$ 1,280.00	95.50%
Private	19	Private	\$ 560.00	31.60%



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# *Essential Access Supplemental Payment*

- Reimbursement to Rural and Critical Access Hospitals
- Total payment: **\$20. million**
- Essential Access Payment = \$20.0 million / total number of Essential Access hospitals.



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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: **\$118.6 million**
- Quality measures and payment methodology approved by the CHASE Board
- HQIP Payment = normalized awarded points \* Medicaid adjusted discharges \* dollars per adjusted discharge point

HQIP Tier	Lower Bound	Upper Bound	Dollars Per Adjusted Discharge Point
0	0	19	\$ 0.00
1	20	39	\$ 2.46
2	40	59	\$ 4.92
3	60	79	\$ 7.38
4	80	100	\$ 9.84



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# DSH Supplemental Payment

- Reimbursement to hospitals providing services to the uninsured
- Total payment: **\$244 million**
- DSH payment capped at 96% of a hospital's estimated DSH limit
  - High CICP 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 96% of their estimated DSH limit
  - Low Medicaid IP utilization rate (MIUR) hospital's DSH payment limited to 10% of their estimated DSH limit



# Net Reimbursement

- \$7.0 million increase in net reimbursement
  - \$98.6 million increase in supplemental payments
  - \$91.7 million increase in fees
- Net reimbursement is impacted by:
  - \$45.8 million fee increase in expansion expenditure estimates
  - Enhanced FMAP - 62.0% enhanced FMAP rate applied to IP, OP, Essential Access, and Rural Support payments

Item	2021-22	2022-23	Difference
Supplemental Payments (Total Funds)	\$ 1,595,600,000	\$ 1,694,200,000	\$ 98,600,000
Fee (Cash Funds)	\$ 1,138,400,000	\$ 1,230,100,000	\$ 91,600,000
Net Reimbursement	\$ 457,200,00	\$ 464,100,000	\$ 6,900,000

# Next Steps

- CHASE fees and supplemental payments have been at interim amounts since October 2022
- Following CHASE Board approval, we will
  - Present rules to the Medical Services Board
  - Continue pursuit CMS approval
  - Notify hospitals
  - Reconcile between the approved figures and the interim figures by September

# *Thank You*

Nancy Dolson  
Special Financing Division Director  
Department of Health Care Policy & Financing  
Nancy.Dolson@state.co.us



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