CHASE Board Meeting

August 24, 2021

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Department of Health Care Policy & Financing

CHASE
Colorado Healthcare Affordability and Sustainability Enterprise

Agenda

- Welcome, Call To Order, Approve Minutes
- Hospital Transformation Program (HTP) Update
- Hospital Quality Incentive Payment (HQIP) Update
- Hospital Cost, Price and Profit Analysis Review
- Public Comment
- Adjourn

Our Mission

Improving health care equity, access and outcomes for the people we serve while saving Coloradans money on health care and driving value for Colorado.

Hospital Transformation Program (HTP)

- Overview
- Application Results Summary
- Current and Next Steps
- HTP Community Advisory Council Report
- Board Discussion

HTP Overview

- Value-based purchasing strategies to more than $1 billion/year hospital provider fee payments
- Rural Support Fund $12 million per year x 5 years = $60 million to 23 Critical Access/Rural hospitals with low revenue/reserves
- Improves health outcomes through pay-for-performance incentives

HTP Overview

- Hospital led interventions and quality metrics to address priorities
  - Avoidable hospital utilization
  - Core populations
  - Behavioral health and substance use disorder (SUD)
  - Clinical and operational efficiencies
  - Community development efforts to address population health and total cost of care

HTP Rural Support Payment

- $12 million per year for five years
  - FFY 2020-21 was the first year
  - FFY 2021-22 is the second year
- 23 hospitals identified as having low revenue and fund balance
  - Yearly funding split evenly between all hospitals with a signed attestation form
  - No hospitals added to the program after the initial year
- Each hospital submitted an attestation form detailing the use of the funds
  - Attestation will be required for each subsequent year summarizing how the funds were utilized and how future funds will be allocated

HTP Timeline

APR. 2021
- Hospital application due with public input.

MAY - JUN. 2021
- HCPF and consultant review applications, request revisions if necessary.
- Complete applications with HCPF recommendations to Oversight Committee.

JUL. 2021
- Oversight Committee completes reviews, sends to HCPF.
- Additional application revisions and review, if needed.

AUG. 2021
- Presentation to CHASE Board.
- Final application review period ends and applications published.

SEPT. - DEC. 2021
- Implementation plan process.

DEC. - MAR. 2022
- Project ramp-up and planning.

APR. 2022
- HTP activity begins.

JUL 2022
- First activity reporting for prior quarter.

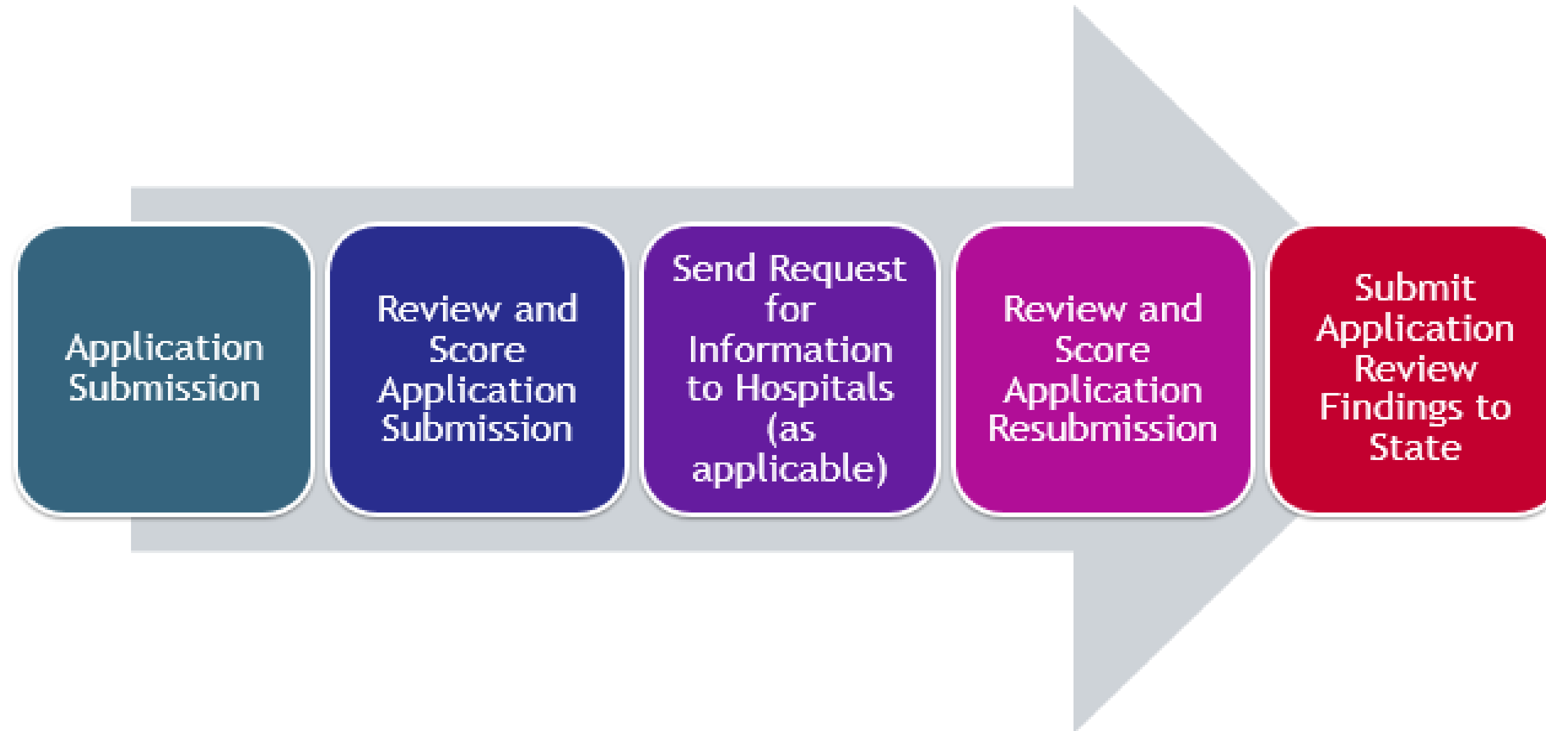
HTP Overview

- 5+ years engagement: monthly hospital workgroups, weekly CHA meetings, 1:1 hospital meetings, plus ongoing technical assistance
- Delayed 10/2019 to 4/2020 to 10/2020 to 4/2021
- Reduced measures from 15 to scaled by size
  - Large hospitals 10 measures
  - Medium 8 measures
  - Small hospitals 6 measures; Critical Access risk reduced 40%
- Reduced reporting frequency
  - Milestones from quarterly to twice yearly; data reporting to once yearly
- Increased funding
  - Enhanced federal match on supplemental payments ($127M FFY 2019-20; $140M FFY 2020-21; >$100M/year going forward)
  - Rural Support Fund $12M per year beginning FFY 2020-21 to 23 Critical Access/Rural hospitals with low revenue/reserves

HTP Reporting Overview

- Online portal
  - Complete and upload reports
  - Performance dashboard
  - Track progress against milestones and
  - Track supplemental payments across initiatives
- One time **Application** – complete
- One time **Implementation Plan** due by Sep 30, 2021
- Quarterly **Community and Health Neighborhood Engagement (CHNE)** (begins Apr 2022)
- Twice annually **Interim Activity** (Jan & Jul)
- Twice annually **Milestones** (Apr & Oct)
- Annual **Data Reporting** (begins Jan 2023, dress rehearsal Mar 2022)

HTP Application Review Process



HTP Application Review Oversight Committee (AROC)

- **Purpose:** evaluate the process implemented by the Department to ensure fair and equitable scores were issued and applications were complete.
- **Committee Composition:** six members (state executive branch, Regional Accountable Entity (RAE, consumer advocate, professional trade group, business community and public health organization)
- **Process:** Application Cover Sheets and final applications made available to members.
- **Results:** No member indicated disagreement with major concerns; some agreed with minor concerns and shared brief comments.

AROC Comments

- Reviewers noted that hospital systems often had same, or similar, information across all hospitals.
- Reviewers noted some instances where community engagement failed to include the whole community versus just other clinical organizations
- One member shared being hopeful about hospital approaches to avoid emergency department visits in the first place versus hospital readmission reduction.
- One member shared the perspective that hospitals working together may positively leverage the experience of their peers and accelerate learning.

HTP Full Participation Achieved

Timeliness

All 83 applications were submitted by April 30th on time.

Achievement

All 83 applications have passing scores and have been approved by the Department for participation in HTP.

HTP Community Advisory Council Update

Hospital Quality Incentive Payment (HQIP) Update

- Payment Letters for 2020 are now available
- Scoring progress for 2021
- Timeline for finalizing 2021
- Measure development process for 2023

HQIP *2020 Payment Letters*

- Payment Letters for 2020 are now available for viewing and download on the Data Collection Tool (DCT)

HQIP *Scoring Progress for 2021*

- Scoring for Measure Groups 1 & 2 are complete, but for the distribution measure 1.B Cesarean Section

- Hospitals received notification that their scores were available on the DCT on 7/30/2021 and they have until 8/13/2021 to submit scoring review and reconsideration requests.

- The distribution measures 1.B Cesarean Section, HCAHPS and Advance Care Planning will be reviewed today.

HQIP Review of Distributions

2021 Cesarean Section Distribution

Quartile	Lower Bound	Upper Bound	# of Hospitals (2021)	# of Hospitals (2020)
1st Quartile	0.0%	16.3%	8	13
2nd Quartile	16.4%	18.9%	8	12
3rd Quartile	19.0%	23.6%	10	12
>=23.6%	23.6%	100.0%	24	14

2021 Advanced Care Planning Distribution

Quartile	Lower Bound	Upper Bound	# of Hospitals (2021)	# of Hospitals (2020)
1st Quartile	0.0%	79.9%	24	23
2nd Quartile	80.0%	92.3%	8	10
3rd Quartile	92.4%	99.4%	28	32
4th Quartile	99.5%	100.0%	22	19

HQIP Review of Distributions

3.A Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS)

- HCAHPS Composite 5 Distribution

Quartile	Lower Bound	Upper Bound	# of Hospitals (2021)	# of Hospitals (2020)
1st Quartile	0	64	26	27
2nd Quartile	65	66	15	15
3rd Quartile	67	69	10	10
4th Quartile	70	86	17	17

- HCAHPS Composite 6 Distribution

Quartile	Lower Bound	Upper Bound	# of Hospitals (2021)	# of Hospitals (2020)
1st Quartile	0	88	30	28
2nd Quartile	89	89	19	19
3rd Quartile	90	90	10	10
4th Quartile	91	95	12	12

- HCAHPS Composite 7 Distribution

Quartile	Lower Bound	Upper Bound	# of Hospitals (2021)	# of Hospitals (2020)
1st Quartile	0	52	17	17
2nd Quartile	53	55	15	19
3rd Quartile	56	58	22	17
4th Quartile	59	71	14	16

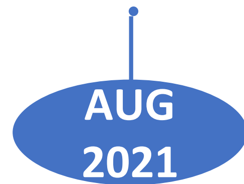
Timeline for Finalizing 2021 Scoring

- Scoring and reconsideration process concludes
- Distribution measures reviewed with subcommittee & CHASE board
- Division director review adverse reconsideration period
- Scoring files finalized

2023 HQIP Measures Development Cycle Overview

2023 Measures development cycle begins

1. Subcommittee, 8/12
2. CAC Touchpoint #1, 8/16
3. Status Update for CHASE, 8/24

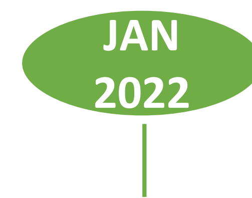


1. CAC Feedback is presented to Subcommittee, TBD
2. CAC Touchpoint #2, 9/20

1. CAC Feedback is presented to Subcommittee again, TBD
2. CAC Touchpoint #3, 10/18
3. Status Update for CHASE, 10/26

1. CAC Feedback is presented to Subcommittee, TBD
2. Subcommittee approves 2023 measure recommendations

Final 2023 measure recommendations presented to CHASE board, 12/14



2023 Measures Development Cycle ends

HQIP Measure Development Process for 2023

- Plan is for measures to remain mostly unchanged
- Focus will be on streamlining reporting requirements to make it easier for hospitals to report on their progress in implementing the measures
- First touchpoint will be with the Community Advisory Council (CAC) which meets on the third Monday of each month (8/16/2021)

Hospital Cost, Price and Profit Analysis Review

Colorado 2018 vs. 2019 Hospital Rankings

	2018	2019
Price/Patient	6th highest	3rd highest
Cost/Patient	9th highest	9th highest
Profit/Patient	2nd highest	4th highest
Total Profit	1st highest	5th highest

While all factors--price, cost, and profit--are important, collaboration on Colorado hospital PRICES is key to impacting consumer and employer premiums as well as self-funded employer benefit costs.

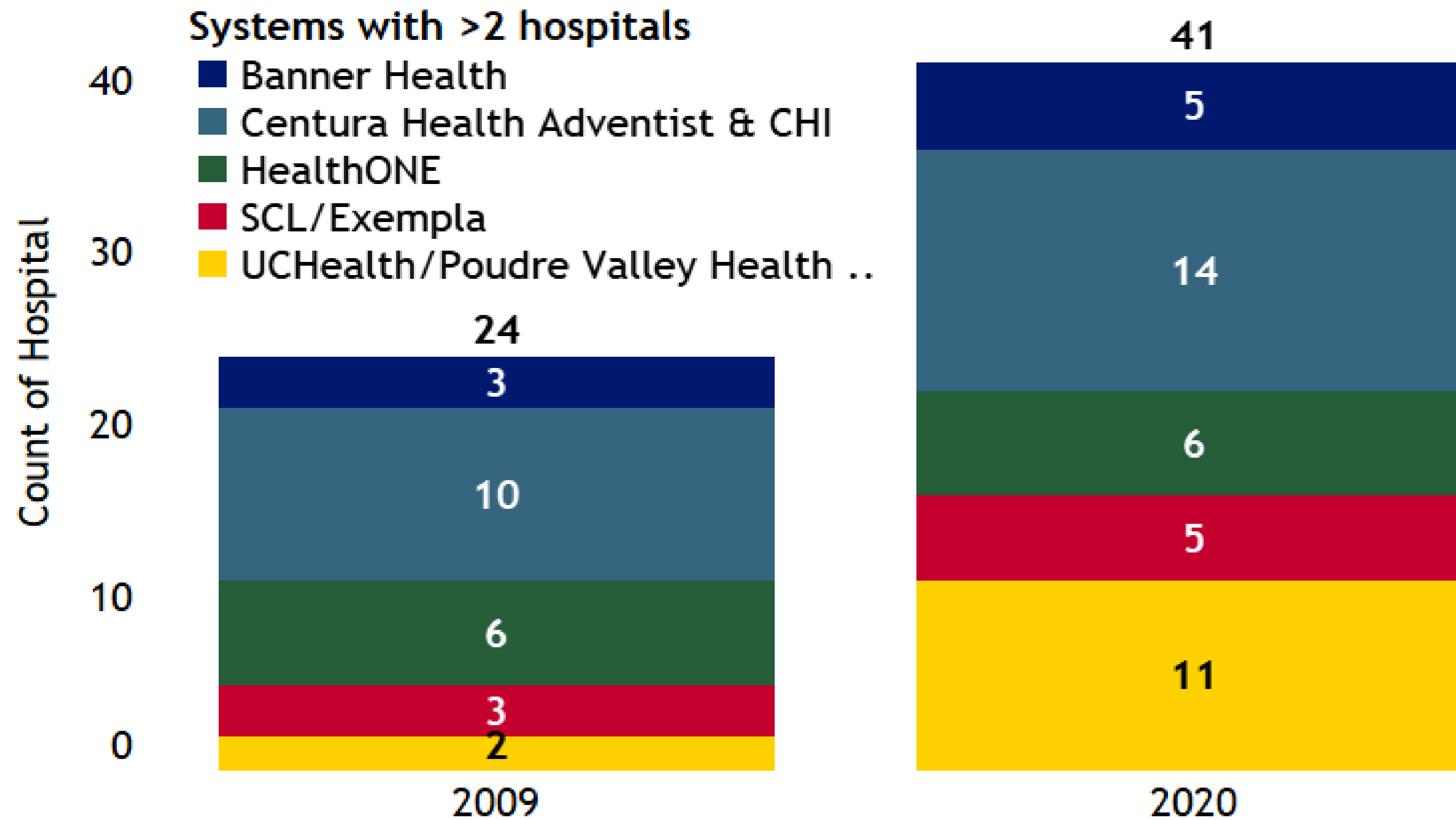
Source: Medicare Cost Report CMS 2552-10

2018 Income Statement Colorado Hospital System and Non-System Comparison

Statement Line	System	Non System
Net Patient Revenue	$12,356,264,589	$4,506,247,748
Profit	$2,485,834,177	$363,651,635
Total Profit Margin	19.8 %	6.4%

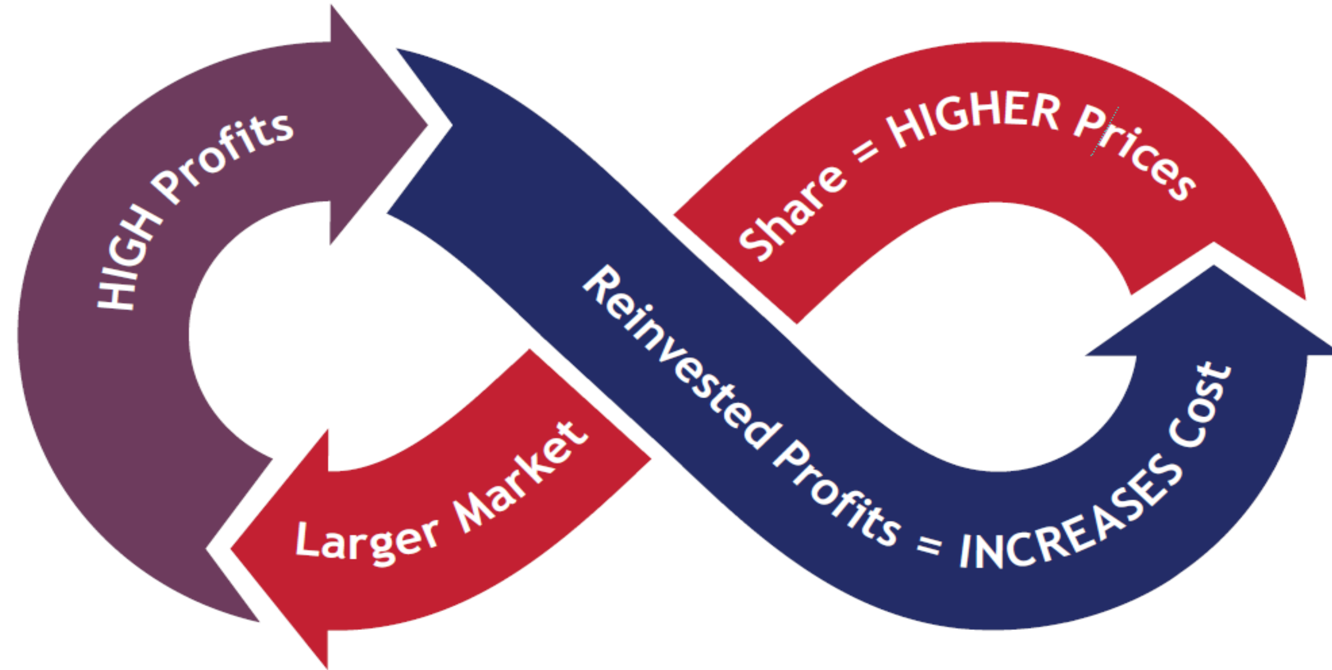
Source: Medicare Cost Report, CMS 2552-10. See the Hospital Cost, Price and Profit Review appendix for the methodology

Colorado Hospital Systems with More than Two Hospitals 2009 and 2020



Source: Medicare Cost Report, CMS 2552-10. See the Hospital Cost, Price and Profit Review Expansion and Reserve-building section

Need for smart spending, not more spending. Without direction, more spending can lead to higher cost, prices and profits.



When hospitals reinvest profits into property rather than patients, costs rise, resulting in larger market shares that drive up prices for patients while increasing profits for hospitals in an endless loop that does little to benefit patient health.

Rural Hospitals: Ripe for Public Investment

- Compared to Front Range hospital systems, rural hospitals have lower margins and serve more publicly insured patients.
- Hospitals with higher public payer mix/patients are better at managing their costs.
- Investments could address affordability, access, outcomes and health disparities.
  - ➢ Broadband and technology infrastructure to address inequity.
  - ➢ Information technology (IT) infrastructure investment to drive affordability and address disparities.
  - ➢ Providers of Distinction (cost and quality outcomes) best practices referrals among rurals and to the Front Range.
  - ➢ Expand access to behavioral health, chemotherapy, basic surgical, orthopedics, cardiac, etc.

For-Profit Hospitals Pay Taxes and Invest in Community Comparable to Nonprofit Hospitals

Community Benefit Category	Percent of total expense	Typical for nonprofit hospitals?	Typical for for-profit hospitals?
Financial assistance, unreimbursed Medicaid, unreimbursed costs from means-tested government programs	6.4%	✔	✔
Medicare shortfall	3.1%	✔	✔
Bad debt expense attributable to financial assistance	0.4%	✔	✔
Subtotal attributable for both nonprofit and for-profit	**9.9%**		
Health professions education	1.7%	✔	
Medical research	0.5%	✔	
Cash and in-kind contributions to community groups	0.3%	✔	
Community building activities	0.1%	✔	
Other (community health improvement, subsidized health)	1.7%	✔	
Total	**13.8%**		
Percent of total that is attributable for both nonprofit and for-profit	**71.7%**		

Total does not sum due to rounding.

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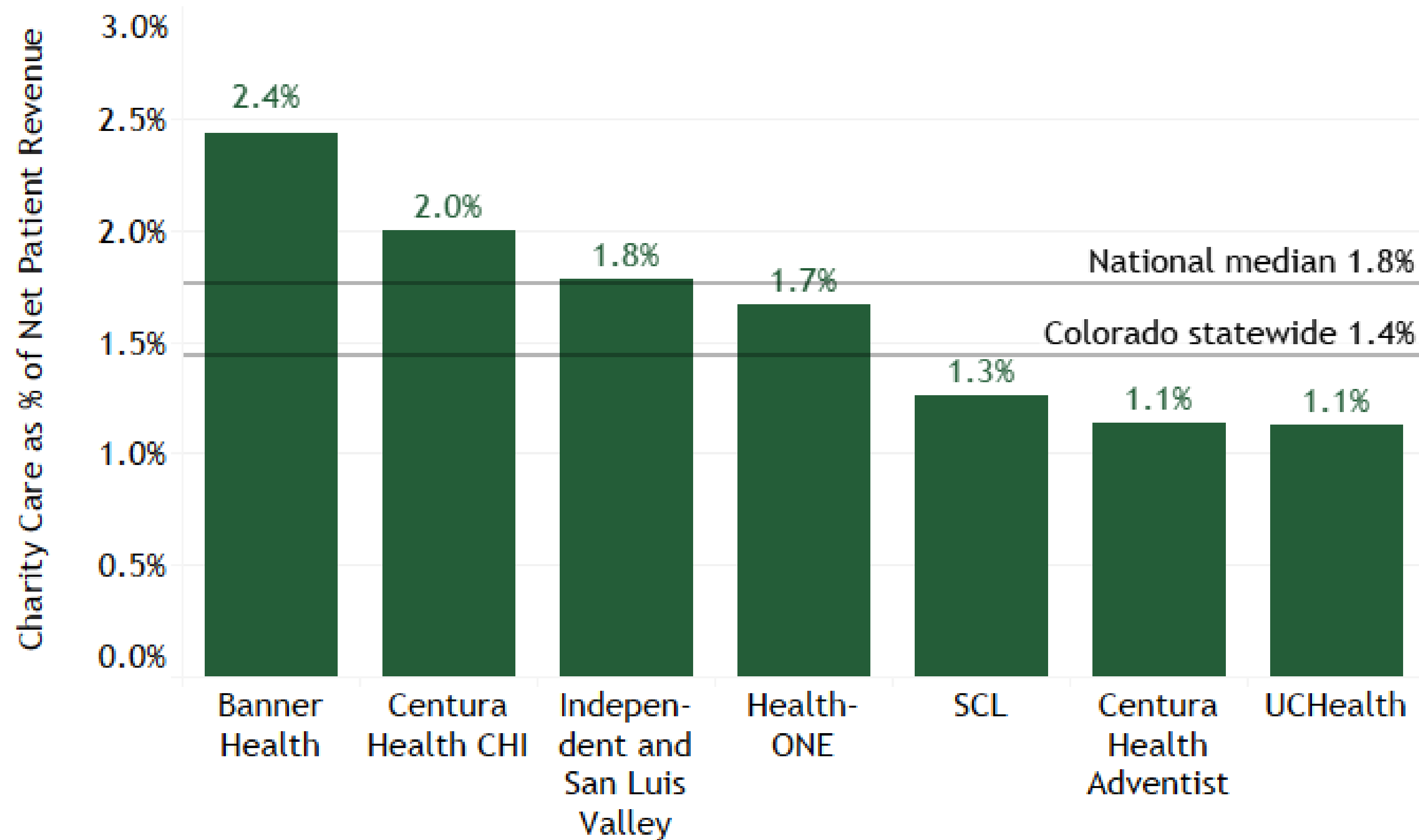
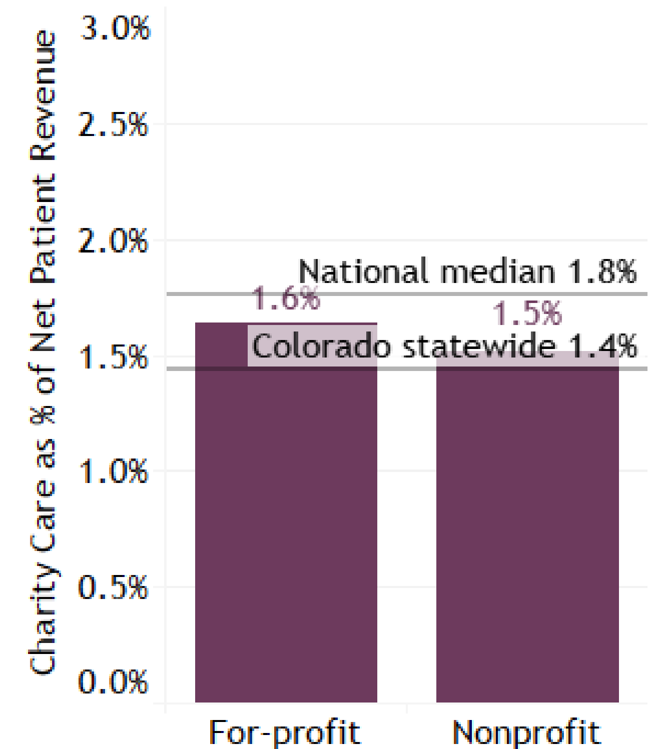
Source: American Hospital Association, 2020 www.aha.org/system/files/media/file/2020/07/aha-2017-schedule-h-reporting.pdf

2018 Charity Care as a Percent of Net Patient Revenues





Source: Medicare Cost Report CMS 2552-10, Worksheet S-10

COVID-19 Impact on Colorado Hospitals

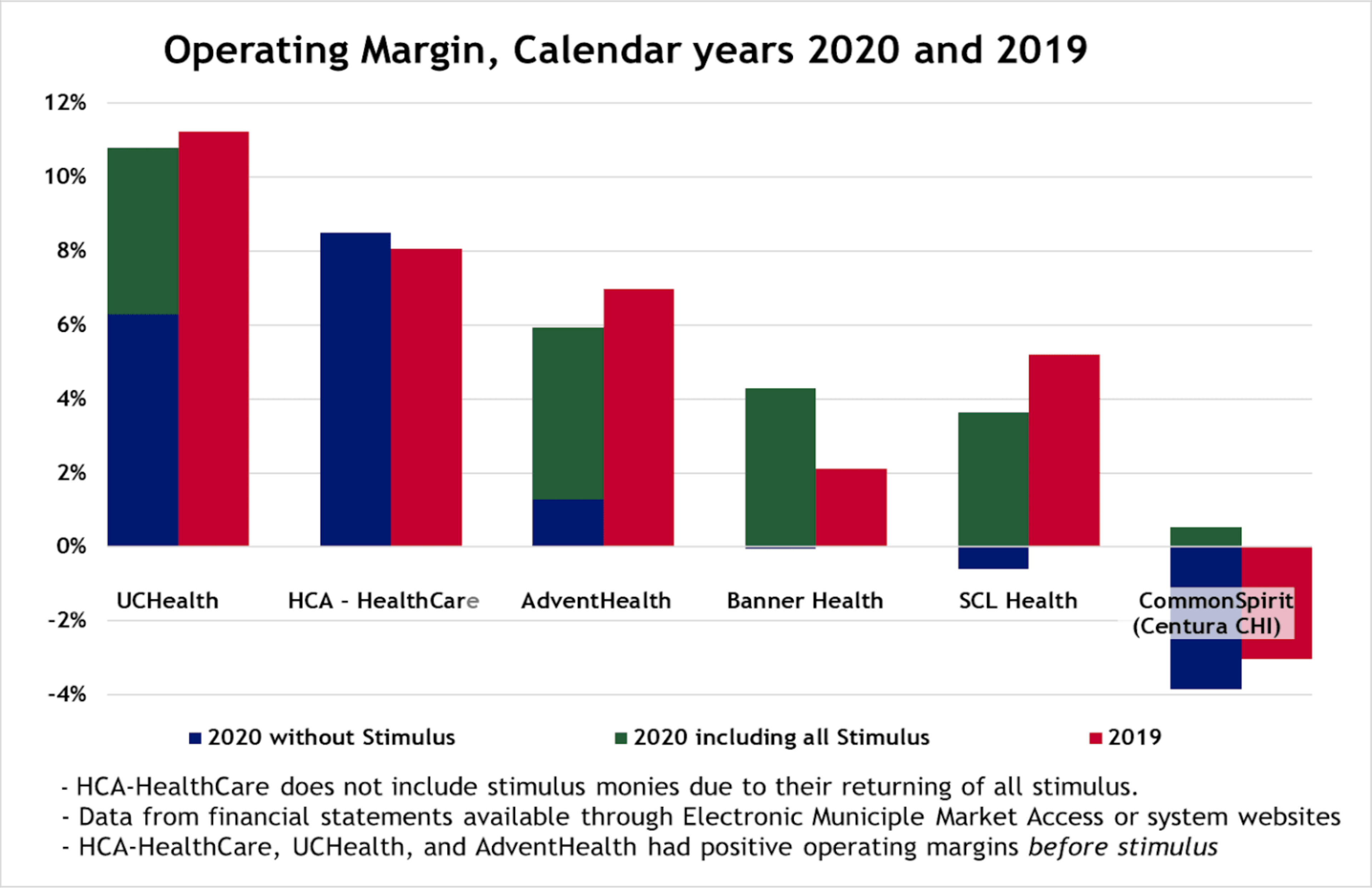
- Hospitals had various starting points in financial preparedness before the pandemic.
  - ➢ Some hospital systems' pre-pandemic reserves were large enough to continue operations for more than ten months with zero incoming revenue.
  - ➢ Other hospitals, the majority of which are in rural areas, were struggling before the pandemic.

- As of April 21, 2021, Colorado hospitals accepted an estimated $1.02 billion in non-repayable federal COVID-19 aid*

**HCA Healthcare (HealthONE) returned all COVID-19 federal aid*

COVID-19 Impact

Major Hospital Systems



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Source: *COVID-19's Impact on Colorado Hospitals' Finances*, Aug. 2021, https://hcpf.colorado.gov/hospital-reports-hub

COVID-19 and Rural & Urban Hospitals

Short-Term Liquidity of Colorado Hospitals Before and During COVID-19

Cash Measure	Rural	Urban
Days Cash on Hand - Median	99	238
Days Cash from Stimulus - Median	84	19
Days Cash in Total - Median	192	259

Source: *COVID-19's Impact on Colorado Hospitals' Finances*, Aug. 2021, https://hcpf.colorado.gov/hospital-reports-hub

Opportunities

- Hospital and hospital system-level financial analysis to understand the financial health of the hospital sector.
- Hospital price transparency (new federal requirements).
- Rural hospitals additional supports to drive rural affordability, access, equity, 21st century needs.
- Defining a new normal that includes full transparency, accountability, better community benefit impact, health equity, value based rewards

Available Analysis and Tools

- Hospital Reports Hub
  hcpf.colorado.gov/hospital-reports-hub
- Health Care Affordability Hub
  hcpf.colorado.gov/affordability
- A New Path Forward in Health Care (*the "new normal in healthcare"*)
  hcpf.colorado.gov/publications

Public Comment

Questions?

Thank You

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