



**COLORADO**  
Department of Health Care  
Policy & Financing

1570 Grant Street  
Denver, CO 80203

August 24, 2020

Michelle Mills, CEO  
Colorado Rural Health Center

Chris Tholen, CEO  
Colorado Hospital Association

Angelina Salazar, CEO  
Western Healthcare Alliance

Char Korrell, Chair  
Eastern Plains Healthcare Consortium

Dear Michelle, Chris, Angelina and Char:

Thank you for sharing your concerns regarding the implementation of the Hospital Transformation Program (HTP) in our meeting on July 23 and in your letter on Aug. 5. You have been thoughtful, collaborative partners in developing the HTP over these years and as we have weathered and responded to the current pandemic and economic downturn. In your letter, your commitment to HTP and our shared goals to improve health care outcomes and drive efficiency in the health care delivery system is apparent. Thank you for that ongoing commitment. I also want to thank and acknowledge you for rising to the challenge of the pandemic, to care for Coloradans and to be central to our public health preparedness and response. We, myself and staff at the Department of Health Care Policy & Financing (the Department), know hospitals are working hard to meet their community needs during this time.

It is no secret we are in the middle of an unprecedented health crisis, compounded by the worst budget shortfall in recent Colorado history, an estimated \$5 billion for the FY 2021-22 budget. Hospitals represent approximately 30% of Medicaid costs, the largest budget allocation. Alternative to HTP and systemic-change measures are Medicaid program or eligibility cuts and further across the board provider rate cuts. Gov. Polis and Lt. Gov. Primavera have directly tasked the Department with controlling the Medicaid cost spend and reducing the costs of health care for employers, something the HTP will immediately impact in terms of spending association with the neonatal intensive care unit, emergency room/emergency department and hospital re-admissions. Households and employers continue to struggle; hospitals are over 40% of the employer spend which is shared between employers and employees. As we face soaring unemployment and uninsured rates, increases in Supplemental Nutrition Assistance Program (SNAP) enrollment and a housing crisis, it's become apparent Coloradans can't afford to purchase health care. Hospitals must lead on affordability, and HTP is our jointly agreed upon way to do that.

Our mission is to improve health care access and outcomes for the people we serve while demonstrating sound stewardship of financial resources.  
[www.colorado.gov/hcpf](http://www.colorado.gov/hcpf)



In considering your request to delay implementation of HTP until six months after the public health emergency ends, I first want to be sure we have a shared understanding about the HTP startup timeline and modifications to the program we have already made through joint program development.

Per requests from hospitals about administrative burden and resources, we have twice delayed program implementation from October 2019 to April 2020 and again from April 2020 to October 2020. Through our work with hospital workgroups, we have reduced the number of required measures tied to the program as well as scaled down that number further based on hospital size and reduced the at-risk dollar percentage tied to measures from Critical Access Hospitals. We have also reduced milestone reporting from quarterly to twice annually, and data reporting to annually only. Further, wherever possible, Medicaid claims data reported by the Department will be the source for metric reporting, including measures crucial for improving value: all cause readmissions, emergency department follow up, high frequency chronic condition readmissions, hospital index, and severity adjusted length of stay.

Prior to COVID-19, we were slated to begin the application process on April 1, with many hospitals working directly with Department staff and at least twelve ready to submit applications. Our current proposed timeline intentionally has a long runway for hospitals to complete their HTP applications and implementation plans and to begin ramp-up work before any HTP activity or reporting begins. HTP activity does not begin until 12 months after the start of the hospital application process and the first program activity report is not until one year plus one quarter (15 months total) after the application begin date. See below:

- Application process: October 2020 through January 2021
- Implementation plan process: February through May 2021
- Project ramp-up and planning: June through September 2021
- HTP activity starts October 2021
- First activity report for prior quarter: January 2022

Turning to your request, currently the public health emergency ends Oct. 23, 2020; if we agree to your request, the HTP application process would not start until May 1, 2021, a seven-month delay from the current timeline - and that's if the public health emergency isn't extended until Jan. 31 or June 30, 2021. However, the need to reduce avoidable hospital utilization, improve health outcomes and drive efficiency in the hospital delivery system is more urgent now than ever, given the pandemic and budget constraints. We believe adhering to your request would further delay driving value and finding a sustainable solution to the health care crisis we are facing. It would also place the burden of balancing the shortfall of revenues on members and other providers via program and/or reimbursement cuts.

Given the long runway for the application, implementation plan and project ramp-up before any HTP activity or reporting begins, the Department would be flexible to a delay until February 2021 for the beginning of the application process, preferring a finite date versus any tie to the public health emergency. This provides a firm date for hospitals to plan toward, which is critical to ensure the necessary actions take place to achieve our shared goals for the betterment of



Coloradans, their employers, the Department, the state budget and the sustainability of rural hospitals.

I also want to note that the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) Board is charged with developing and implementing HTP in concert with the Department and we must seek CHASE Board input before we agree on a change in planned implementation. The next CHASE Board meeting is Aug. 25 and the Board chair has included on the agenda a presentation of your letter from Department staff and our response for Board discussion and recommendation. With a February 1 compromised and final start date - which will reflect a 16-month delay from three different requests by the Colorado Hospital Association - we recommend the timeline as follows:

- Application process: February through May 2021
- Implementation plan process: June through September 2021
- Project ramp-up and planning: October through December 2021
- HTP activity starts January 2022
- First activity report for prior quarter: April 2022

The Department will continue our monthly HTP urban and rural hospital workgroups during this time and continue our current practice of one-on-one feedback and assistance as requested by hospitals.

I look forward to hearing your thoughts on our response and your continued partnership on making the HTP a success.

Sincerely,



Kim Bimestefer  
Executive Director

Cc: Shelly Spalding, CEO Center for Mental Health, Montrose, CO  
Brian Turner, CEO, Soltivista Health  
Kristen Vigil, Executive Director, Moffat County United Way  
Kari Ladrow, MSW, LCSW, CCM, Moffat County Public Health Director  
Stephanie Monahan, Executive Director, The Health Partnership  
CHASE Board members

