



# CHASE

Colorado Healthcare Affordability and  
Sustainability Enterprise

## Meeting Minutes

### Colorado Healthcare Affordability & Sustainability Enterprise (CHASE) Board Meeting

Via [Zoom](#)

Tuesday, May 13, 2025, 3:00 P.M.

#### 1. Call to Order & Introductions

- a. Patrick Gordon, Chair, 3:02 p.m.
- b. Members Present: Patrick Gordon, Dr. Kim Jackson, Jon Alford, Dr. Claire Reed, Matt Colussi, Jason Amrich, Bob Vasil, Jeremy Springston, Ryan Westrom, Mannat Singh, Margo Karsten, George Lyford, Scott Lindblom
- c. Members Excused: None
- d. A quorum was established.

#### 2. Approve Minutes from April 22, 2025 Meeting

- a. Board members, 3:03 pm
- b. Dr. Kim Jackson motioned to approve the meeting minutes from the previous board meeting. Jason Amrich seconded the motion.
- c. The meeting minutes were unanimously approved by the board.

#### 3. CHASE and HCPF Updates

- a. Nancy Dolson, HCPF, 3:04 pm
- b. Nancy Dolson first thanked departing board members, Jon Alford, Matt Colussi, and George Lyford, for their service as their terms come to an end on May 15, 2025.
- c. Nancy Dolson presented Department updates, beginning with the Federal budget reconciliation recommendations (see [Summary Memo](#) and [Health Legislative Text](#)).

- i. CHASE-related items include proposed changes to the State Directed Payments program, moratorium on new provider fees, work requirements for non-exempt adults, and a 6-month redetermination window for expansion adults.
- ii. Patrick Gordon asked if there was an estimate of the differential between Medicaid to Medicare for Colorado hospitals in an average year.
  - 1. Nancy Dolson replied that in the CHASE annual report, the Medicaid fee-for-service and supplemental payments payment-to-cost ratio is approximately 79 to 81, and the Medicare payment-to-cost ratio is slightly lower than that. More analysis is needed to see how Medicaid hospital rates for managed care programs compare to Medicare rates. It is expected that the proposed changes to the state-directed payments program would likely reduce the available funds.
- iii. Bob Vasil asked Nancy Dolson to clarify that the Medicaid payment rate doesn't include fees but does include supplemental payments.
  - 1. Nancy Dolson said that it does include the fees in the payment rate.
- d. The Centers for Medicare & Medicaid Services (CMS) proposed rule, [CMS-2448-P](#), will be published on May 15, 2025 (see slide 6).
  - i. Public comment will be open until July 14, 2025.

- ii. The proposed rule would prohibit states from assessing fees on Medicaid business at higher rates than non-Medicaid business, prohibit vague language to hide Medicaid-specific fees, prevent system gaming, and provide timelines based on the age of existing waivers.
  - iii. The proposed rule seems to be in line with the stricter requirements proposed in the federal reconciliation bill.
  - iv. It's not expected that these changes would change the CHASE program but a review will be conducted to confirm any impact or concern.
- e. Ryan Westrom commented on the state-directed payments program and said that the proposed reconciliation bill's recommendation that would require using Medicare average cost rates will apply to new programs, which is why the workgroup and the board are aiming to submit their preprint before the effective date to not be subject to those lowered rates.
  - i. Nancy Dolson responded that the rule's language seems to pertain to preprints that are approved before the effective date, not preprints that have been submitted and are under consideration. More changes will most likely occur before the proposed bill is confirmed.
- f. Bob Vasil revisited the payment-to-cost ratios topic and said that the full cost is not claimed on the cost reports for the payment-to-cost ratios or the payments. He said that while the cost reports wouldn't include the full cost, it's included as separate data, and another calculation is used for the ratios and that the full supplemental payments are included. Medicaid's

percentage of the total fee that hospitals incur is included in the cost, and the non-Medicaid portion of the cost is not included in the calculation.

- i. Nancy Dolson replied that the Medicaid payment-to-cost ratio is the Medicaid payments and the Medicaid allowed cost, resulting in the Medicaid portion of the total fee, the commercial portion of the total fee would be included in the commercial cost, and the Medicare portion of the total fee is included in the Medicare cost. These fees are assessed across all patients in the cost calculation, not just Medicaid.
- g. Nancy Dolson also gave an overview of Colorado legislation and the budget, with attention to HCPF- and hospital-related bills (see slide 7):
  - i. [SB25-206](#): Long Bill
  - ii. [HB25-1213](#): Updates to Medicaid
    - 1. These updates include giving the CHASE the authority to accept intergovernmental transfers (IGTs) and direction to pursue directed payments.
  - iii. [SB25-166](#): Health-Care Workplace Violence Incentive Payments
  - iv. [SB25-078](#): Nonprofit Hospitals Collaborative Agreements
  - v. [SB25-228](#): Enterprise Disability Buy-In Premiums
  - vi. [SB25-270](#): Enterprise Nursing Facility Provider Fees
  - vii. [SB25-290](#): Stabilization Payments for Safety Net Providers
- h. Patrick Gordon asked if it was a correct interpretation of HB25-1213 to say that the bill was allowing retroactive rate

implementation through managed care agreements.

- i. Nancy Dolson said that the bill's overall impact to the CHASE will be clearing the way to support state-directed payments and IGTs. Other provisions were not being tracked, aside from the CHASE amendments, and Nancy Dolson offered that her team do a follow-up to check on that question.
- i. Nancy Dolson then gave a progress update for the CHASE state-directed payments program workgroup (see slides 8-15).
  - i. Emerging consensus and a timeline of the meetings schedule were reviewed to show what has been accomplished and what is still in the works.
  - ii. Upcoming work includes the modeling of the state-directed payments program and the adjustments that would occur to the CHASE program.
  - iii. The subgroups that have been working on the average commercial rate (ACR) methodology and the quality measures have made progress.
    - 1. The ACR methodology subgroup's approach and next steps were presented and discussed.
  - iv. Dr. Kim Jackson commented that the proposed CMS rule could switch the state-directed payments program from using the ACR rates to the published Medicare rates and asked what effect that change could have on the preprint.
    - 1. Nancy Dolson answered that HCPF is watching the federal reconciliation bill move through Congress and that they are waiting until the details are finalized

before making changes to their approach.

- v. Nancy Dolson described the process of the quality measure selection for the program. The workgroup decided on some overall principles and achieved consensus, and some workgroup members agreed to be a part of the quality metric subgroup. Potential quality measures and their criteria were developed. These measures must be aligned with HCPF's managed care quality strategy, but no official decision has been made yet.
  - 1. A chart was presented showing the potential quality measures versus their criteria (see slide 14).
  - 2. The workgroup and its subgroup will continue to work with the hospitals, the regional accountable entities (RAEs), and managed care organizations to discuss gathering relevant data.
- vi. Patrick Gordon asked if mental health utilization was limited to psychiatric hospitals licensed as IMDs or if it included every psychiatric bed in the state.
  - 1. Nancy Dolson said that the metric that refers to "follow-up after emergency department visit for mental illness" will likely apply exclusively to acute care hospitals because psychiatric hospitals do not usually have emergency departments. The "follow-up after hospitalization for mental illness" metric would apply to acute care hospitals or psychiatric hospitals.
- vii. Ryan Westrom said that discussing the potential federal

impacts of the proposed reconciliation bill shows the importance of the workgroup staying on its current timeline and hitting the July 1st deadline.

- viii. Dr. Kim Jackson commented that the workgroup is working to meet the deadline to possibly be grandfathered into old rules before new rules take effect. Dr. Kim Jackson brought up quality metrics and said that if patients are admitted to the emergency room for psychiatric issues, they typically require medical clearance before being transferred to a mental health facility or released. One of the factors considered by the workgroup was which metrics the hospitals already collect to reduce administrative burden, and the first four metrics listed on the “Potential Quality Measures v. Criteria” graphic are metrics that the hospitals already have the data for. The last two listed metrics are important factors for people with complex chronic illnesses. Dr. Kim Jackson said that not every metric will be included in the upcoming preprint because CMS will be looking for baseline data, but the data could start being collected now to include in the future.
- ix. Patrick Gordon asked which entities would be responsible for fulfilling the quality measures.
  - 1. Nancy Dolson replied that the workgroup is still determining that, as well as how the data would be gathered and what data will be collected by the Accountable Care Collaborative Phase 3.

- x. Patrick Gordon concurred that it's important for the workgroup to stay on track and that the workgroup continues to communicate any obstacles to the board.

j. Proposed 2024-25 CHASE Model

- i. Nancy Dolson, 3:31pm
- ii. The proposed model was published on May 5, 2025, and HCPF held a webinar on May 8, 2025, to give an overview for the proposed model and invite questions or concerns.
- iii. Nancy Dolson reminded the board that the Colorado Hospital Association sent a letter detailing their concerns with the proposed model the previous day, May 12, 2025 (see handouts). HCPF will review it and present a response in the coming weeks.
- iv. Nancy Dolson presented a background of the CHASE program, including its purpose, responsibilities, authorities, goals, observed trends and trend drivers (see slides 16-34).
  - 1. A graphic was shown that presented the proposed 2024-25 model as compared to the 2023-24 model (see slide 25).
- v. Nancy Dolson highlighted the increase in expenditures and the needs of the Healthcare Affordability and Sustainability (HAS) fee as some of the main drivers in the model.
  - 1. It was explained that there were extra fees collected in December 2024 to fund the increase in the upper payment limit (UPL) to 99.25% for the 2022-23 and



2023-24 models, but those fees were counted against the net patient revenue (NPR) for the 2024-25 model.

2. It was also explained that \$71 million of the cash fund reserve would be used to offset the higher costs of the model, leaving an estimated 1.6% reserve in the fund. This aligns with the board recommendation that the cash fund reserve maintains at least a 1.5% reserve limit.

vi. Ryan Westrom asked if there were more details of the cash fund reserve that were going to be presented.

1. Nancy Dolson responded that she didn't have greater detail at this time but could provide it later.
2. Ryan Westrom added that the board approved a reserve of 1.5% in order to cover the federal match delay and cover estimates vs. actual cost, and that any excess over the 1.5% reserve would be refunded to hospitals via a one-time transaction. Ryan Westrom argued that the proposed model's use of the cash fund reserve is not what the board approved.
3. Nancy Dolson said that the request to the board for this year's model is to approve the use of the excess reserve to fully fund the model. Another option includes reverting the UPL back to its original 97.2% limit, which would reduce the need for reserve funds to \$40 million. The request to use the funds falls

under the scope of the approved use of the cash fund reserve for CHASE purposes.

- vii. Bob Vasil pointed out that the net hospital reimbursement doesn't include the cash fund amount, so a year-over-year comparison of the models including the reserve funds would show a decline in net benefits. Bob Vasil said that decline amounted to an estimated 11% and that not including that in the presentation was misleading.

- 1. Nancy Dolson replied that there was no intention to mislead and the presentation was made to be very detailed. Nancy Dolson also mentioned that the model hasn't been prepared or presented that way in the past.

- viii. Nancy Dolson reviewed HCPF cost trends and the budget for the state fiscal year (see slide 26). The year-over-year growth in cost for expansion populations is one of the main factors in the proposed model.
- ix. Nancy Dolson explained that the delay in the model's presentation to the board was due to waiting for the February 2025 Medicaid case load and forecast update, which was necessary to make sure that the proposed model was as accurate as possible.
- x. Key Medicaid expenditure trend drivers include increased acuity and utilization of services; expanded access to services; and increased provider payment rates.
  - 1. These trends have been observed in Colorado and in other Medicaid programs across the country since the

unwind of the public health emergency.

- xi. Nancy Dolson reviewed the health coverage expansion caseload and funds (see slide 32).
- xii. Ryan Westrom asked that the board have more regular updates and discussions on expansion estimates and costs. Ryan Westrom said that the increase of approximately \$98 million of CHASE funds for health coverage expansion and the increase in the CHASE fee is concerning.
  - 1. Nancy Dolson said that she would be happy to do so in future meetings.
- xiii. Jason Amrich agreed with Ryan Westrom's comments and was concerned about the pace at which expansion costs are outpacing hospitals.
  - 1. Nancy Dolson said that similar concerns have been voiced throughout HCPF and that leadership has been discussing ways to reduce Medicaid cost trends as it continues to grow past the TABOR limit.
- xiv. Jon Alford commented that the table on slide 32 was very helpful but would like to see the year-over-year comparison across previous years to better understand the 30% increase and where it's coming from.
  - 1. Nancy Dolson said that she would follow up with colleagues that had more knowledge in this area. Nancy Dolson also noted that the managed care organization rates shown in the table are the rates that were paid in state fiscal year 2023-24 and not reflective of the higher acuity of the population that

was experienced. Part of what has caused the increase in cost of managed care are the expansion populations that are being covered by the HAS fee. The acuity increase in the 2023-24 year is what drove up the 2024-25 rates. Nancy Dolson said that she'd get more specific information in the future.

- xv. Nancy Dolson mentioned that the later slides included historic trends that have been updated with actuals through this current year (see slide 81).
- xvi. Brett Bateman said that there's a provision in the proposed federal reconciliation bill that would reduce the federal match for some Affordable Care Act (ACA) expansion populations from 90% to 80% if requirements are not met and asked if there has been thought given to that possibility.
  - 1. Nancy Dolson replied that HCPF is monitoring those bill provisions and will watch what happens as the bill continues through the federal process. Non-board members were invited to save their comments until the public comment section of the meeting.
- xvii. Bob Vasil said that only 2 of the 8 listed programs were truly ACA expansions and the others are Colorado add-on programs. CHASE funds help fund these programs, but they don't give a direct benefit to hospitals, raising concerns about the sustainability of the enterprise.
  - 1. Nancy Dolson pointed out that all of the expansion populations use inpatient and outpatient services

and that these expansion populations are included by Colorado legislation. The concerns about how expansion coverage is funded are being discussed between HCPF, the Joint Budget Committee and other legislative partners.

- xviii. Patrick Gordon asked if the federal requirements for assessing the fee is what's driving the fund allocation.
  - 1. Nancy Dolson responded that yes, the fee rate was set with an approved federal waiver.
- xix. Nancy Dolson reviewed the administrative expenditures for CHASE-related activities, such as full time staff for the program, systems access, and contracts (see slide 33).
  - 1. Nancy Dolson addressed the \$2.6 million increase in the fee from last year, which was due to inflation, utilization and the public health emergency unwind.
- xx. Nancy Dolson presented an overview of the proposed fees and payments framework (see slides 36-57).
  - 1. [FFY 24-25 CHASE Overview](#)
  - 2. [FFY 24-25 CHASE Adjustment Group Definitions](#)
  - 3. [FFY 24-25 CHASE Financial Statements](#)
  - 4. [FFY 24-25 CHASE Group Net Reimbursement](#)
  - 5. [FFY 24-25 CHASE Hospital Net Reimbursement](#)
  - 6. [FFY 24-25 CHASE Hospital UPL and Adjustment Group](#)
  - 7. [FFY 24-25 CHASE Model Limits \(UPL & NPR\)](#)

#### **4. Board Discussion**

- a. 4:23 pm
- b. Patrick Gordon invited the board members to ask their questions

and to discuss the letter sent by CHA (see handouts).

- c. Ryan Westrom said that the letter detailed out the major concern from CHA and that the CEO will make a statement during public comment. Ryan Westrom repeated that some frustration comes from the model being released to the public 8 days prior to this meeting and wanted to discuss how to get the model earlier in the future. Another point was the CHA disagrees that the transfer of \$71 million from the cash fund reserve is an appropriate use of the reserve. Ryan Westrom said that the board should consider a delay in approving the model until the hospital community has had more time to review the new model and discuss it with HCPF.
- d. Jon Alford said that he also needed more time to understand the 30% increase in costs.
- e. Bob Vasil referred back to the cash fund reserve and asked Nancy Dolson to explain the variation in budget amounts between the CHASE financial statements and the HCPF budget in previous years.
  - i. Nancy Dolson brought up the [updated 2024-25 budget request for the CHASE](#) to show how the previous year's balance had moved forward and the actuals v. estimates for this fiscal year and the upcoming year. The budget request will be updated with the decisions from the legislature's budget bill.
- f. Patrick Gordon asked Nancy Dolson to comment on the process and timing issues that the CHA had mentioned.
  - i. Nancy Dolson agreed and said that HCPF's preference was

also to get the information out earlier. Nancy Dolson added that much of the data was sent to the CHA in February and in April for their review and that no questions were received from them. The thought was that the extra time would give the CHA the time that they needed to review the data, as well as the webinar held on May 8, 2025, to explain the model in depth and allow for questions. No questions were received after the webinar.

- g. Patrick Gordon asked what comes next and what the potential impact could be by delaying the approval of the model. Patrick Gordon voiced his concern over any delays that may negatively impact the state directed payments program or the state's budget.
  - i. Nancy Dolson said that the state directed payments program is a concern, since the CHASE team has a limited bandwidth and didn't receive additional resources. Nancy Dolson reiterated that the model needs sufficient revenue to cover its expenses before taking emergency rules to the Medical Services Board in June. Ms. Dolson invited more discussion about the budget in future sessions, but the expenditures have passed through the legislative process and the funds have been allocated.
- h. Patrick Gordon mentioned that some board members' terms are ending soon and asked when the terms were officially finished and how quickly those seats could be filled to approve the model.
  - i. Nancy Dolson responded that 7 members' terms were

expiring on May 15, 2025, and recommendations were going to the governor for review this week to fill the seats left by members who are either not returning or ineligible for another term. There's no known timeline for the executive order. The business representative seat is still looking for applicants.

- ii. Patrick Gordon asked if the vote of approval were moved to June, if that could be with new appointments and/or without a complete board.
- iii. Nancy Dolson confirmed that that was a possibility.
- i. Dr. Kim Jackson asked how it may affect a quorum on the vote for the model if the board had unfilled seats.
  - i. Nancy Dolson said that the board must have at least 7 members for a quorum.
  - ii. Dr. Kim Jackson pointed out that if all empty seats were filled, the new members may not have a background on the CHASE and its fees and payments, which may delay the vote even further.
- j. George Lyford commented that it seemed like a better option to pass the model now and make adjustments later rather than incoming members potentially abstaining from a vote while they try to catch up on all of the information. George Lyford asked how a delay could impact the timeline going forward.
  - i. Nancy Dolson replied that the Medical Services Board (MSB) will meet on June 13th and then July 11th. There must be enough revenue to meet expenditures for the MSB to decide on the rules surrounding the fee, taking into



consideration recommendations from the CHASE board.  
HCPF then has to give 30 days notice to hospitals with a  
detailed fee and payment letter

- k. Patrick Gordon invited Mannat Singh and Jason Amrich to make their comments before moving on to public comment.
- l. Mannat Singh said that she agreed with the board members who were concerned about procedural risks from any delays to the model and that any delay from this board would further delay the MSB from approving the rules and funding the program. Future sustainability is a concern with new enterprises being implemented under the CHASE and those concerns can be addressed after this year's model is approved.
- m. Jason Amrich said that a potential opportunity for having new board members could be that the proposed model may be simplified, since the model has become complicated and difficult to understand. Jason Amrich also said he was concerned about the \$71 million transfer from the cash reserve fund and that if the 6% fee limit is being maxed out, then the upper payment limit (UPL) should be increased to 100%. He recommended a delay to further study the fees and limits.

## **5. Public Comment**

- a. 4:49 pm
- b. Joe Theine, CEO of Southwest Health System, said that one reason why HCPF hasn't heard questions from hospital staff was there was a 2-day turnaround before the webinar to review several large documents, while HCPF has stated that they won't be able to respond to the letter from CHA for several weeks.

Joe Theine said that his hospital hasn't had the opportunity to review and validate the new model to understand it. After working with an operating loss for 3 out of 4 years, the hospital almost had to close down their labor and delivery center. If the model goes forward as presented, his hospital would have to pay back \$1 million which would empty their capital budget for the year. Joe Theine said he appreciated the work that the board is doing but asked them to understand the impact this could have on rural communities.

- c. Jeff Tieman, CEO of the Colorado Hospital Association (CHA), said that without the hospital provider fee, the healthcare system in Colorado would break and that the program is no longer achieving the "win-win-win" goal it had started with. A reason for this includes using the fee to cover Medicaid expansions, while the benefit to hospitals has grown at a much slower rate. The timeliness of the release of the annual model is also an issue, giving the hospitals less time to review it. Jeff Tieman pointed out that hospitals have taken \$8.3 billion of losses for Medicaid patient services in the last 10 years, and that the state has underperformed in getting eligible Medicaid beneficiaries re-enrolled, resulting in more uninsured patients. The CHA letter stated that they were asking for a 100% UPL to remedy some of these losses. Jeff Tieman reiterated that a delay in approving the model would give hospitals more time to understand and ask questions about the fees and payments.
- d. Maureen Tarrant, VP of External Affairs for HCA HealthONE, commented that she was the chair of the board of the CHA

when the provider fee was approved in 2009, that the CHASE of today was no longer supporting the original intent of the program, and that the proposed model was unsustainable.

e. Patrick Gordon asked Nancy Dolson what the process was for adjusting the model later on in the event of an error.

i. Nancy Dolson responded that HCPF would correct any errors found and repeated that concerned parties could reach out to her or her staff at any time.

## **6. Board Action**

a. 4:58 pm

b. 2024-25 CHASE Model

i. Patrick Gordon stated that he was concerned about the issues brought up in public comment, as well as the effort that the state put in to balance the budget this year. The comments on the sustainability of the CHASE model were heard and will be taken into account. Patrick Gordon said that using the cash reserve to cover the state portion of the model was not a long-term solution and will be evaluated for future models. He also said that it was very important for the model to be approved and to keep the state-directed payment workgroup on track to complete their work. Patrick Gordon said that HCPF, the CHA and other stakeholders should discuss these issues, but there are public policies at work that are outside the scope of the board. He encouraged the board to move forward to the vote.

c. Scott Lindblom motioned to approve the proposed model as-is.

Matthew Colussi seconded.

d. Votes to approve the model:

- i. Scott Lindblom - Yes
- ii. Jeremy Springston - Yes
- iii. Matt Colussi - Yes
- iv. Margo Karsten - Yes
- v. George Lyford - Yes
- vi. Ryan Westrom - No
- vii. Dr. Claire Reed - Yes
- viii. Bob Vasil - No
- ix. Mannat Singh - Yes
- x. Jason Amrich - No
- xi. Jon Alford - No
- xii. Dr. Kim Jackson - Yes
- xiii. Patrick Gordon - Yes

e. The proposed 2024-25 CHASE model was approved by a 9-4 vote.

## 7. Adjourn

a. Next meeting: June 24, 2025, at 3:00 p.m. via [Zoom](#)

Reasonable accommodations will be provided upon request for persons with disabilities. Please notify the Board Coordinator at 303-866-4764, or [Shay.Lyon@state.co.us](mailto:Shay.Lyon@state.co.us), or the 504/ADA Coordinator [hcpf504ada@state.co.us](mailto:hcpf504ada@state.co.us), at least one week prior to the meeting to make arrangements.

