

CHASE Workgroup Charter: Exploration of CHASE Program Reforms and State Directed Payments

Project Background:

[The Colorado Healthcare Affordability and Sustainability Enterprise \(CHASE\) Board](#) approved the creation of a workgroup at its October and November 2024 meetings. The workgroup was created in accordance with its bylaws to explore the establishment of a State Directed Payment (SDP) Program as well as reforms to the existing CHASE hospital provider fees and supplemental payments.

Through the CHASE program, hospitals pay a provider fee which is matched with federal Medicaid funds. These funds increase hospital reimbursement for care provided to Medicaid members and uninsured payments (above 99% of the upper payment limit and full funding of Disproportionate Share Hospital payments). Additionally, these funds improve quality of care through Hospital Quality Incentive Payments and the Hospital Transformation Program. They expand health coverage and access through expansions to Medicaid and Child Health Plan *Plus* (CHP+) coverage for children, pregnant people, low income adults, and working adults and children with disabilities.

When the hospital provider fee was first created in 2009, it was celebrated as a win-win-win by policy makers, the Department of Health Care Policy and Financing (HCPF), the Colorado Hospital Association (CHA), and community members because:

- Increasing hospital reimbursement rates reduces under-compensated care and the resulting cost shifting in the health care system
- Expanding eligibility for Medicaid and CHP+ provides coverage for thousands of uninsured Coloradans and reduces uncompensated care and its resulting cost shifting
- Receiving additional federal support for health care in Colorado without additional cost to the state's General Fund budget

The success of the hospital provider fee is evident through an average increase of \$450 million per year of net new funds to hospitals. As well as Medicaid and CHP+ coverage for more than 400,000 Coloradans; and an improvement in Medicaid's hospital payment compared to cost ratio - that is a reduction in the need to shift costs to private payers - from 54 cents on the dollar to 79 cents on the dollar.

Health care affordability remains a top concern for communities across Colorado, and this project presents an opportunity to strengthen investment in Colorado Medicaid without expending additional state budget dollars.

Workgroup Objective: Develop comprehensive recommendations for revisions to CHASE including the addition of a SDP for CHASE Board consideration. Such that HCPF can develop and advance a broadly supported proposal to submit to the federal Centers for Medicare and Medicaid Services (CMS) for implementation to begin no later than July 1, 2025.

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Key Workgroup Questions: In developing its recommendations, the workgroup will need to consider key questions including but not limited to:

- How does the recommendation(s) align with the goals of the CHASE Program as outlined in statute?
 - Maximize reimbursement to hospitals for care for Medicaid members and uninsured patients subject to federal limits
 - Increase the number of hospitals benefitting from the CHASE fee and minimize those hospitals that suffer losses
 - Support improvements in the quality of hospital care
 - Support the expanded health care coverage for the Medicaid and CHP+ programs
- Is legislation and/or changes to state regulations necessary to implement the recommendations?
- How do the recommendations align with federal requirements?
 - Are there any emerging or enacted changes to federal requirements that may affect these recommendations?
- What are the impacts on the CHASE program?
 - How do the net gains (losses) for hospitals compare to the CHASE status quo?
 - Is there any increased risk to expansion populations' health care coverage due to insufficient fees?
- What are the available funding source(s)?
- What are the different types of SDP and which best meet the workgroup's objective?
- Which services and provider types should be included in the SDP?

Workgroup Members: In accordance with the CHASE Board's decision and the Board's bylaws, the Board Chair appointed the following members of the workgroup [names to be added following Chair appointment]

- 2 HCPF representatives
- 2 CHA or hospital representatives, one of which must represent rural hospitals
- 1 consumer advocate representative who is a member of the CHASE Board
- 1 consumer representative who is a Medicaid member
- 1 Medicaid managed care organization or Regional Accountability Entity representative
- 1 Governor's Office representative
- The workgroup will be assisted by expert consultation and advice from Steve Perlin with Health Management Associates (HMA) under contract with CHA and from Matt Reidy with Public Consulting Group (PCG) under contract with HCPF

Workgroup Activities:

- In line with the CHASE Board's directive, agree to a scope of work, timeline, goals, and ground rules for collaboration.

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- Establish a common understanding among work group members about CHASE, State Directed Payment Programs, and federal guidelines.
- Develop and evaluate scenarios for an SDP program for Colorado.
- Develop and evaluate scenarios to revise or evolve the existing CHASE hospital provider fees and supplemental payments in line with the goals of CHASE to increase reimbursement to hospitals while maximizing hospitals benefitting from the provider fee and minimizing those who suffer losses.
- Develop mutually supported recommendations to address the creation of an SDP Program and/or reforms to Colorado's existing CHASE fees and supplemental payment program.
- Support the development of talking points for use with and by the CHASE Board, legislators, and other state-based stakeholders.
- Provide any additional necessary input for materials to be submitted CMS.

Initial Workgroup Ground Rules:

1. *Workgroup Members and Participation* - members of the workgroup have been appointed by the CHASE Board chair in line with the Board's bylaws and serve at the pleasure of the Board.
 - o While the meetings will be open to the public, and the workgroup may request information from subject matter experts, participation in the workgroup is limited to appointed workgroup members themselves with no alternates or proxies.
 - o Workgroup members must commit to consistently attending meetings and actively engaging in the work.
 - o Workgroup members are allowed actual and necessary traveling and subsistence expenses when in attendance at meetings away from their places of residence.
2. *Stick to the workgroup's objectives* - the workgroup will devote its efforts to the work set out in this charter and not creep into other subjects unless directed by the CHASE Board.
3. *Transparency within the group and commitment to working within the bounds of this process* - to foster trust, all parties need to be honest, direct, and forthcoming within the workgroup.
4. *Participate in good faith, assume best intent, and extend the benefit of the doubt* - the workgroup must work together in good faith and assume best intent. To do so, the workgroup should agree at the outset to align around the shared goal of developing a mutually beneficial proposal and commit to working in good faith.
5. *Coordinated communications* - workgroup member communication about this work outside of the workgroup should be aligned and coordinated using agreed-upon shared messaging and talking points. Following the CHASE Board's bylaws, individual workgroup members may not make a position statement that purports to be that of the workgroup or the CHASE Board unless the workgroup or Board has adopted such a position. However, no workgroup member is prohibited from stating his or her personal opinions, provided they are clearly identified as such.

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Conceptual Timeline

Conceptual Timeline		10/ 24	11/ 24	12/ 24	1/ 25	2/ 25	3/ 25	4/ 25	5/ 25	6/ 25	7/ 25	8/ 25	Dependencies
1	CHASE Board												
1.1	Reviews and approves scope, timeline, goals & ground rules for the workgroup												
1.2	Engages in learning about UPL & SDP Programs at Board meetings												
1.3	Receives briefings and updates on workgroup activity; provides input as needed / appropriate												
1.4	Approves initial framework / contours of proposal												2.6
1.5	Reviews state statutory and federal approvals / actions required to implement												2.6
1.6	Approves final proposal for submission to CMS												
2	Workgroup												
2.1	Is appointed & agrees to scope, timeline, goals & ground rules												1.1
2.2	Engages in learning about SDP												
2.3	Defines data scope, sources, and plan to fill any gaps												
2.4	Collects data, develops & evaluates scenarios for establishing a SDP Program												2.3
2.5	Evaluates scenarios to update existing UPL Program to align with SDP program with goal of identifying possible reforms to simplify and rebalance												2.4

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2.6	<p>Finalizes model assumptions and decisions: Establishes framework of proposal. Framework to include:</p> <ul style="list-style-type: none"> - Recommended funding source(s) - Funding splits between SDP vs. FFS supplemental payment program - Impacts on existing CHASE model - Recommend services eligible for SDP - Define provider class included in SDP - Recommend type(s) of SDP - Recommended timing/frequency of SDP - Recommend separate payment or part of capitation rate 												2.5
2.7	<p>Identifies requirements to address state statutory and federal approvals / actions required to implement *NOTE: this would include items identified in HCPF's 9/23/24 letter</p>												2.6
2.8	<p>Refines proposal and prepares materials for submission to CMS</p> <ul style="list-style-type: none"> - Fee Waiver - State Plan Amendment(s) - SDP Preprint 												2.6
3	<p>CHA & HCPF Outreach Activities: Coordinated Work, As Necessary, but Outside CHASE / HCPF</p>												

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3.1	Educates legislators and stakeholders about CHASE and federal Medicaid financing opportunities												
3.2	Presents conceptual proposals for CHASE reforms and SDP establishment												2.6
3.3	Advocates together for legislation to address any necessary statutory changes												
4	HCPF Execution Tasks												
4.1	Preliminary discussion with the actuarial team regarding rate certification timeline.												
4.2	Coordinate with HCPF managed care team to align quality goals with the state's managed care quality strategy												2.6
4.3	Prepare Average Commercial Rate demonstration for submission to CMS												2.6
4.4	Provider Payment Analysis by provider class and sub-class												2.6
4.5	Establish mechanisms to implement selected payment cadence with Plans and Hospitals; and coordinate that cadence with the State's payments to the MCOs/RAEs												2.6
4.6	Developing reporting mechanisms as needed for Plans and Hospitals												2.6
4.7	Submit PNI/Tribal Notice for SDP and changes to existing supplemental payment program												2.6

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4.8	Revisions to state rules												2.6
4.9	Submit Preprint and related documentation to CMS												2.6
4.10	Submission of actuarial certification												2.6
4.11	Completion of contract amendments with the MCOs and RAEs												2.6

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