

FFY 2019-20 CHASE Fees and Payments

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Colorado Healthcare Affordability and
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FFY 2019-20 Overview

- \$904.5 million fees
 - \$904.5 million to be collected at 4.76% of the estimated net patient revenue (NPR)
 - Limited by Upper Payment Limit (UPL)
 - No fee to be used from the cash fund reserve
- \$1.37 billion in hospital supplemental payments including \$90.7 million in quality incentive payments
 - UPL at 97%
 - Disproportionate Share Hospital (DSH) Limit
- \$465.7 million in net reimbursement



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2019-20 Fees and Payments

Expenditures	Cash Fund	Federal Fund	Total Fund
IP Supplemental Payment	\$229,700,000	\$318,800,000	\$548,500,000
OP Supplemental Payment	\$229,400,000	\$318,600,000	\$548,000,000
Essential Access Supplemental Payment	\$9,400,000	\$13,100,000	\$22,500,000
DSH Supplemental Payment	\$80,300,000	\$80,300,000	\$160,600,000
HQIP Supplemental Payment	\$45,300,000	\$45,300,000	\$90,600,000
Total Supplemental Payment	\$594,100,000	\$776,100,000	\$1,370,200,000
MAGI Parents/Caretakers 60-68% FPL	\$9,800,000	\$9,800,000	\$19,600,000
MAGI Parents/Caretakers 69-133% FPL	\$16,400,000	\$166,800,000	\$183,200,000
MAGI Adults 0-133% FPL	\$130,300,000	\$1,269,000,000	\$1,399,300,000
Buy-In for Adults & Children with Disabilities	\$46,900,000	\$46,900,000	\$93,800,000
Twelve Month Continuous Eligibility for Children	\$25,200,000	\$25,200,000	\$50,400,000
Non-Newly Eligible	\$12,100,000	\$51,000,000	\$63,100,000
CHP+ 206-250% FPL	\$17,800,000	\$54,900,000	\$72,700,000
Other (Incentive payments and a Substance Abuse Disorder)	\$2,600,000	\$28,100,000	\$30,700,000
Medicaid Expansion	\$261,100,000	\$1,651,700,000	\$1,912,800,000
Administration	\$33,600,000	\$65,000,000	\$98,600,000
Transfer to General Fund - 25.5-4-402.4 (5)(b)(VII)	\$15,700,000	*\$0	\$15,700,000
Total Other Expenditures	\$49,300,000	\$65,000,000	\$114,300,000
Grand Total	\$904,500,000	\$2,492,800,000	\$3,397,300,000

*Federal funds drawn from the transfer to the General Fund are not shown



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Return on Fee

- **\$ 904.5 million** generates **\$2.5 billion** in federal funds, a **276%** return rate
- Administrative expenditures (\$98.6 million) are **2.9%** of total expenditures (\$3.4 billion)
- Administrative expenditures include the following
 - 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 400,000 covered lives

Inpatient & Outpatient Fee

- Inpatient fee assessed on managed care & non-managed care days
 - Inpatient fee - \$501.2 million
 - Per non-managed care day: \$439.94
 - Per managed care day: \$98.41
- Outpatient fee assessed on percentage of total Outpatient charges
 - Outpatient fee - \$403.3 million
 - Percentage of total charges: 1.3704%
- High Volume CICP and Essential Access hospitals receive discounted fees
- Psychiatric, Long Term Care, and Rehabilitation hospitals are fee exempt

Inpatient Supplemental Payment

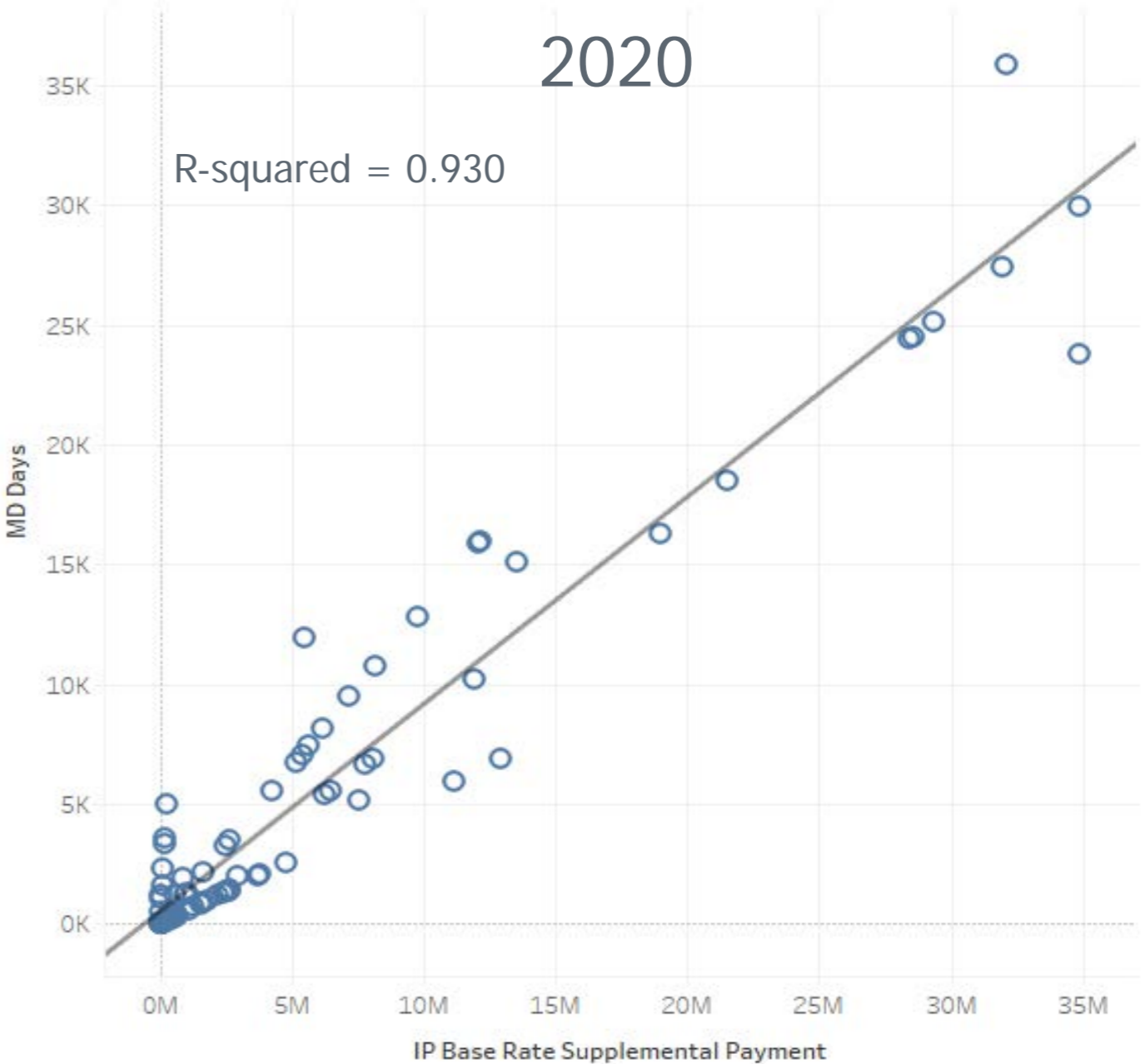
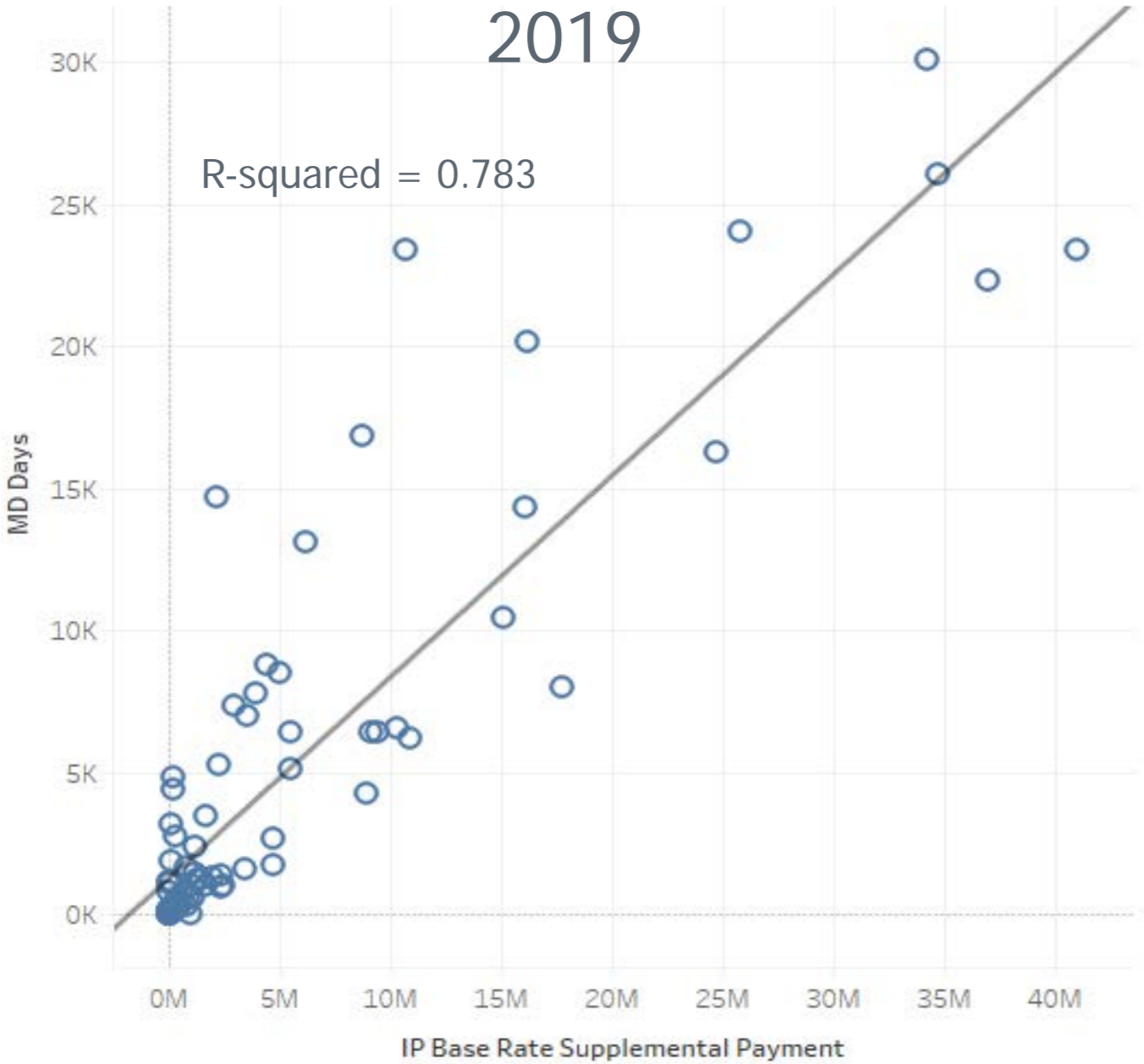
- Reimbursement for inpatient (IP) Medicaid utilization
- Total Payments: **\$548.5 million**
- Inpatient Payment = Medicaid Patient Days * Inpatient Adjustment Factor
- Replaces Inpatient Base Rate Supplemental Payment
- Allows for greater variation in reimbursement due to changing Medicaid utilization



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Relationship between IP Payments & IP Medicaid Utilization



R² takes values between 0 and 1; closer to 1, better it is

Outpatient Supplemental Payment

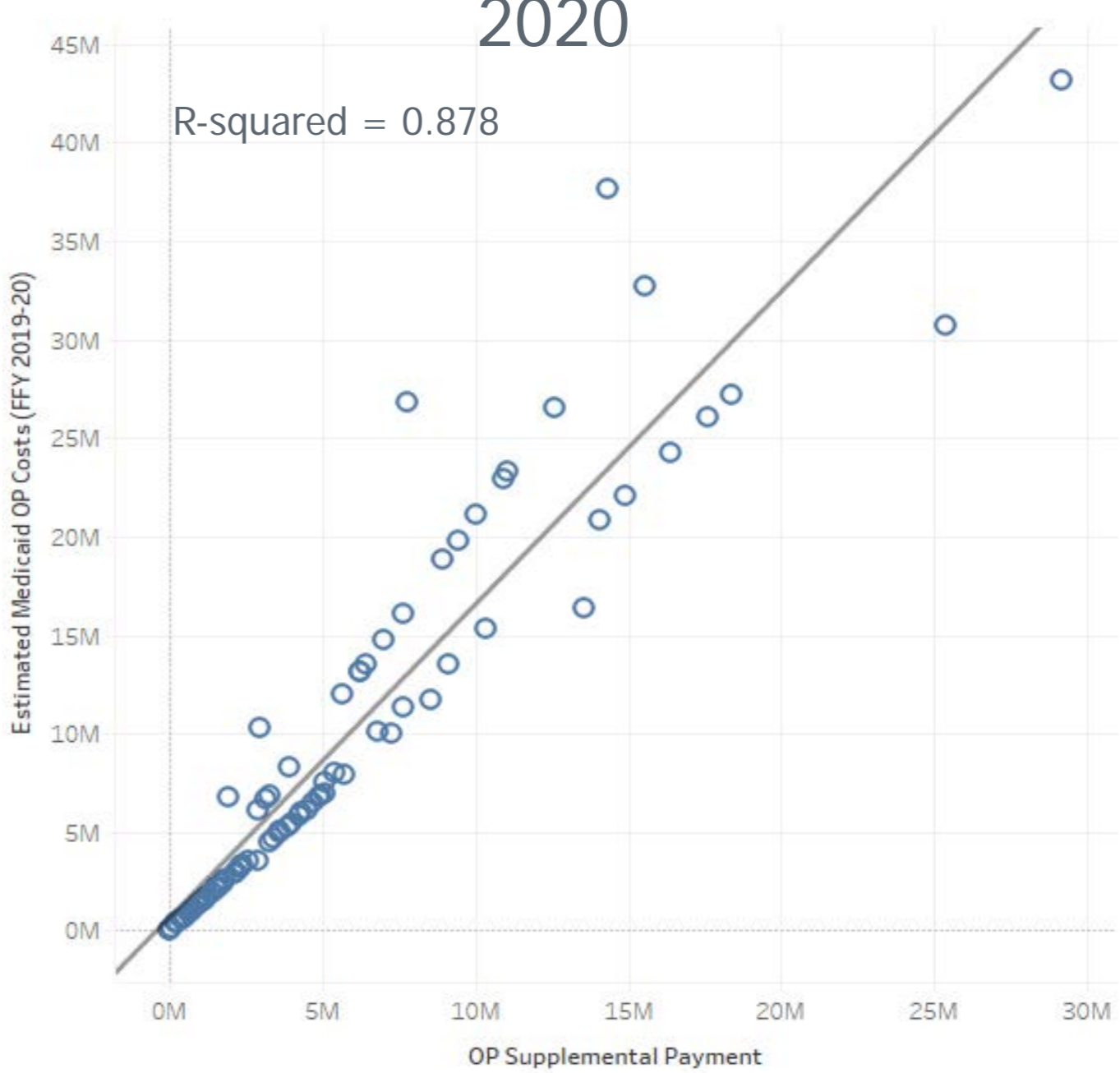
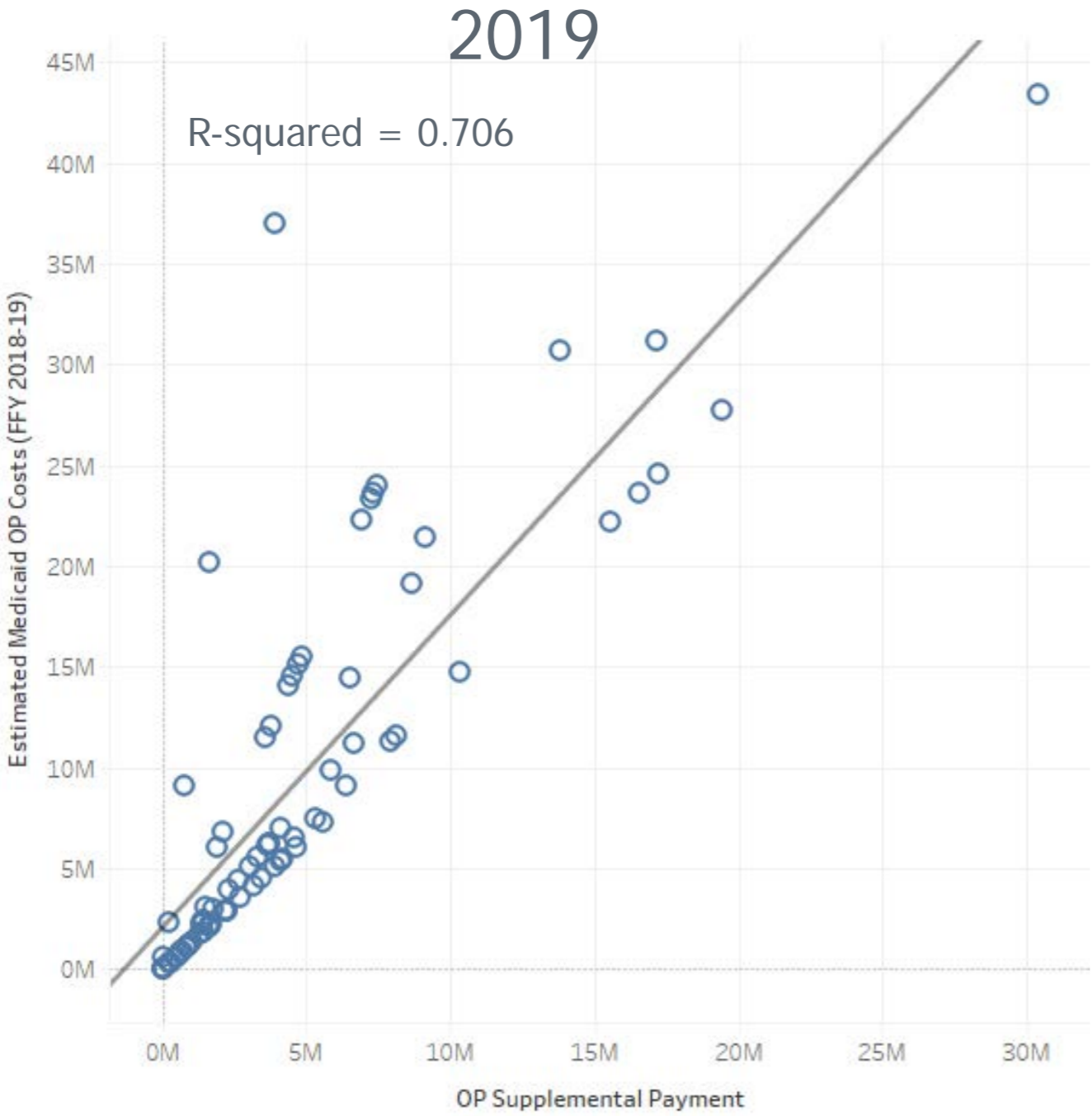
- Increase rates for outpatient (OP) hospital services for Medicaid members
- Total Payments: **\$548.0 million**
- Outpatient Payment = Estimated Medicaid Outpatient Cost * Outpatient Adjustment Factor



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Relationship between OP Payments & OP Medicaid Cost



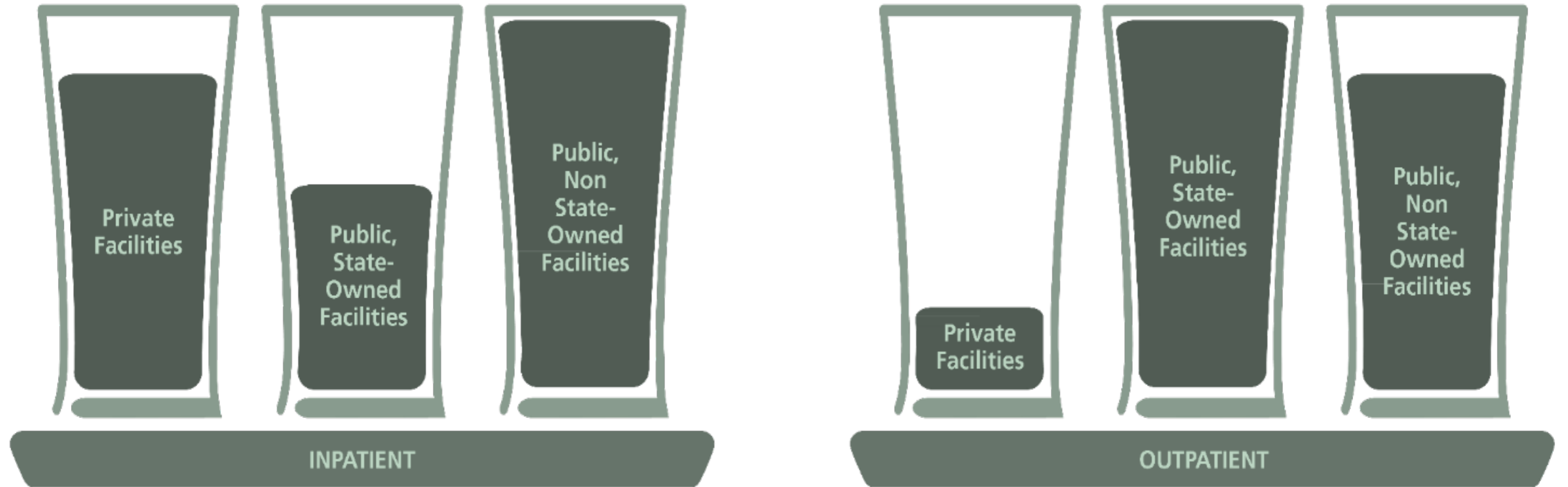
R² takes values between 0 and 1; closer to 1, better it is

Percent Adjustment Changes

2018-19				Adjustment Factors reduced from 15 to 11	2019-20			
UPL Group	UPL Pool	IP Adjustment Factor	OP Adjustment Factor		UPL Group	UPL Pool	IP Adjustment Factor	OP Adjustment Factor
Rehab/Long Term Acute	All	5.00%	5.00%		Rehab/Long Term Acute	All	\$ 50.00	50.00%
Teaching	State Gov.	24.42%	48.30%		Teaching	State Gov.	\$ 629.00	34.45%
Rural/CAH	Non-State Gov.	82.00%	76.25%		Rural/CAH	Non-State Gov.	\$ 1,750.00	71.50%
Teaching	Non-State Gov.	3.00%	3.00%		Teaching	Non-State Gov.	\$ 171.50	5.50%
High Volume Medicaid CICP	Non-State Gov.	44.50%	35.65%		Non-State Gov.	Non-State Gov.	\$ 920.00	37.50%
Non-Denver Metro	Non-State Gov.	87.52%	55.00%		Rural/CAH	Private	\$ 1,800.00	66.00%
Non-State Gov.	Non-State Gov.	9.30%	10.62%		Pediatric Specialty	Private	\$ 286.00	22.50%
Self-Reported	Private	8.00%	8.00%		NICU	Private	\$ 1,174.00	67.00%
Rural/CAH	Private	127.21%	59.00%		Independent Metro	Private	\$ 1,455.00	77.50%
CICP Specialty	Private	7.00%	8.00%		New Hospital	Private	\$ 432.00	28.00%
Heart Institute	Private	36.00%	42.50%		Private	Private	\$ 715.75	46.50%
NICU	Private	119.00%	70.00%					
Non-Denver Metro	Private	133.83%	45.00%					
Non-Metro Western Slopes	Private	10.00%	48.00%					
Private	Private	36.27%	31.00%					

Coefficient of Variation		
Year	2019	2020
IP	3.36	1.086
OP	1.504	.953

UPL Pools

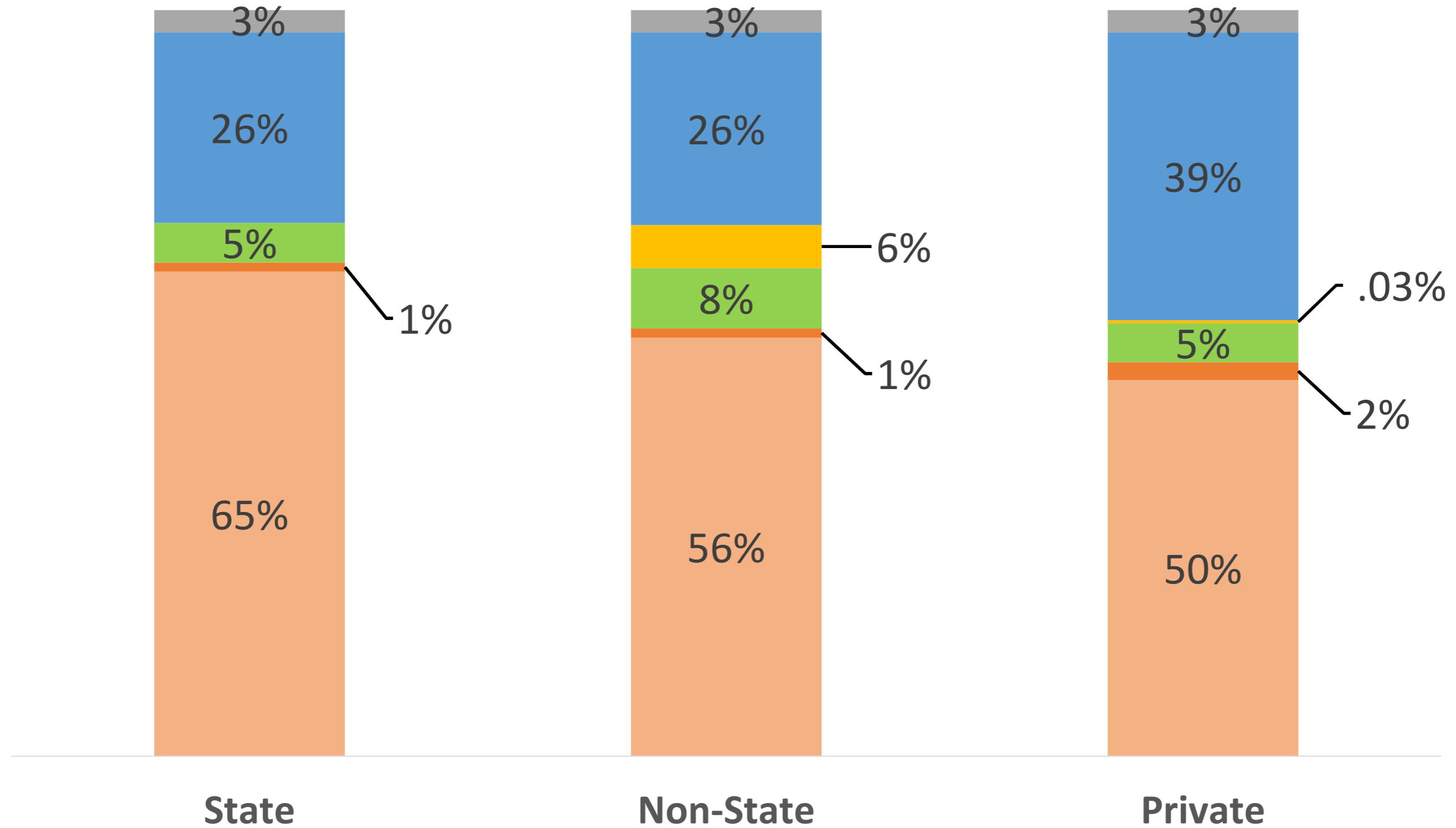


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IP UPL Pools

■ IP FFS Base
 ■ Non-CHASE
 ■ HQIP
 ■ EA
 ■ IP
 ■ UPL Gap



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Example State Government IP UPL Pool

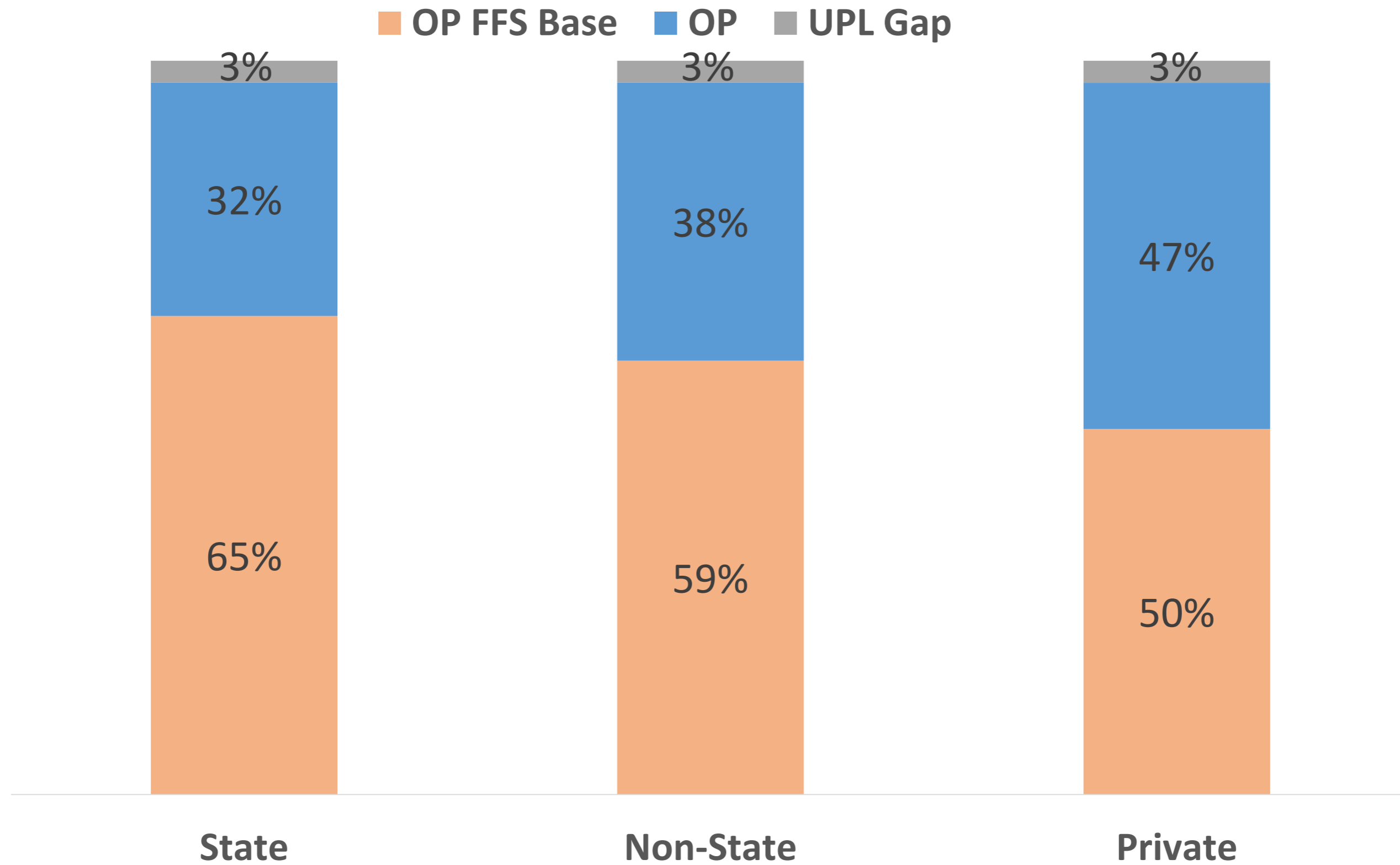
Row	Description	FFY 18-19	FFY 19-20	Unit Change	Notes
Row 1	UPL	\$ 136,340,000	\$ 147,640,000	\$ 11,300,000	
Row 2	IP FFS	\$ 92,250,000	\$ 96,000,000	\$ 3,750,000	
Row 3	Non-CHASE	\$ 1,650,000	\$1,800,000	\$ 150,000	
Row 4	<i>Remaining Funds</i>	\$ 42,440,000	\$ 49,940,000	\$ 7,500,000	<i>Row 1 - Row 2 - Row 3</i>
Row 5	UCC/EA	\$ 8,450,000	\$ -	\$ (8,450,000)	
Row 6	HQIP	\$ 6,060,000	\$ 7,850,000	\$ 1,790,000	
Row 7	IP	\$ 23,790,000	\$ 37,680,000	\$ 13,890,000	
Row 8	Total	\$ 132,200,000	\$ 143,330,000	\$ 11,130,000	Sum Row 2, 3, 5, 6, 7
Row 9	Percent of IP UPL	97%	97%		Row 8 / Row 1



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OP UPL Pools



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Essential Access Supplemental Payment

- Reimbursement to rural hospitals providing care to Medicaid residents
- Total Payments: **\$22.5 million**
- Essential Access Payment = (Essential Access beds / Total Essential Access beds for all eligible hospitals) * \$22.5 million
- Replaces Uncompensated Care Cost (UCC) payment
- Difference between UCC payment and Essential Access Payment reimbursed through Inpatient Payment



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DSH Supplemental Payment

- Reimbursement to hospitals providing services to the uninsured
- Total Payments: **\$160.6 million**
- DSH Payment capped at 92% of a hospital's estimated DSH limit
 - A High CICP Cost hospital's DSH Payment equals 92% of their estimated DSH limit
 - A new CICP hospital's or a low Medicaid hospital's DSH Payment equals up to 10% of their estimated DSH limit
- DSH payment calculated with FFY 2020 DSH allotment reduction

HQIP Supplemental Payment

- Reimbursement to hospitals providing services that improve health care outcomes
- Total Payments: **\$90.6 million**
- Quality measures and payment methodology approval by the CHASE Board on August 27, 2019
- $HQIP\ Payment = Normalized\ Awarded\ Points * Medicaid\ Adjusted\ Discharges * Dollars\ Per\ Adjusted\ Discharge\ Point$

HQIP Tier	Lower Bound	Upper Bound	Dollars Per Adjusted Discharge Point
0	0	19	\$0.00
1	20	39	\$2.04
2	40	59	\$4.08
3	60	79	\$6.12
4	80	100	\$8.16

Net Reimbursement

- \$55 million increase in net reimbursement
- Net reimbursement increase due to:
 - \$13 million decrease in provider fee
 - \$42 million increase in supplemental payments
- Enhanced FMAP - 58.13% enhanced FMAP rate will be applied to Inpatient, Outpatient, and Essential Access payments instead of 50.00% FMAP rate

Item	2018-19	2019-20	Difference
Supplemental Payments (Total Funds)	\$ 1,328,099,058	\$ 1,370,184,919	\$ 42,085,861
Fee (Cash Funds)	\$ 917,879,440	\$ 904,528,339	\$ (13,351,101)
Net Reimbursement	\$ 410,219,618	\$ 465,656,580	\$ 55,436,962

Net Reimbursement YOY Change

Row	Item	Value	Calculation
Row 1	CHASE Fee	\$ (13,350,000)	
Row 2	Cash Fund Reserve	\$ (13,500,000)	
Row 3	Enhanced FMAP Rate	\$ 87,840,000	
Row 4	Total Additional Funds	\$ 60,990,000	Row 1 + Row 2 + Row 3
Row 5	Expansion Expenditure due to FMAP Rate	\$30,150,000	
Row 6	Expansion Expenditure due to Caseload	\$9,850,000	
Row 7	Administration Expenditure	\$3,070,000	
Row 8	Total Increase in Expenditure	\$43,070,000	Row 5 + Row 6 + Row 7
Row 9	Funds Available for Supplemental Payments (Cash Fund)	\$ 17,920,000	Row 4 - Row 8
Row 10	Funds Available for Supplemental Payments (Total Fund)	\$42,160,000	Row 9 * FMAP Rate
Row 11	Net Reimbursement Increase	\$55,510,000	Row 10 - Row 1



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Next Steps

- CHASE fees and supplemental payments have been at interim levels since October 2019
- Following CHASE Board approval, we will
 - Seek federal approval from CMS
 - Present rules to Medical Services Board
 - Reconcile between the final model and the interim model in Spring 2020
 - Notify hospitals and host webinar

Thank You

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