

CHASE Board

February 24, 2026

Jeff Wittreich and Austin Wozniak
Department of Health Care Policy & Financing

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.

Approval of the Minutes

December 16, 2025

Cash Fund Reserve Level

CHASE Cash Fund Reserve

- The purpose of the Cash Fund reserve is to:
 - Address timing delays between Medicaid expenditures and standard federal matching funds drawdowns.
 - Manage differences between projected and actual Medicaid expansion expenditures funded through CHASE.
 - Offset timing delays between provider fee refunds and enhanced federal matching funds (EFMAP) drawdowns.
- Can occur concurrently and require separate fund reserve balances

CHASE Cash Fund Reserve

- The reserve level is at 1.5% of total CHASE funding obligations.
- Calculated annually and compared to the prior year's ending fund balance.
 - If ending fund balance exceeds the required reserve, the difference is returned to hospitals through reduced provider fee collections.
 - If the ending fund balance is below the required reserve, the difference may be collected through additional provider fees.

FFY 2025 Ending Fund Balance

- For FFY 2025, the ending fund balance was **\$136.2M** (2.0% of FFY 2026).
- Primary drivers of the FFY 2025 increase include:
 - Higher-than-projected enhanced federal matching funds
 - Lower-than-estimated Medicaid expansion and administrative expenditures
 - Interest earnings
 - Prior-quarter EFMAP calculation updates, including the addition of Non-Newly Eligible (NNE) populations

FFY 2025 Ending Fund Balance

Category	Estimates	Actuals	Difference
Enhanced Federal Matching Funds	\$188.8M	\$229.3M	\$40.5M
Prior-Period Enhanced Federal Matching Funds	\$0.0	\$12.3M	\$12.3M
Interest	\$0.0	\$6.3M	\$6.3M
Medicaid Expansion Expenditures	-\$653.1M	-\$646.7M	\$6.4M
CHASE Administrative Expenditures	-\$47.3M	-\$40.8M	\$6.5M

Enhanced Federal Matching Funds

- The FFY 2025 ending fund balance was driven by higher-than-projected enhanced federal matching funds.
- Enhanced federal matching funds are estimated at the start of the year because they depend on actual hospital expenditures.
- The FFY 2025 CHASE model assumed an EFMAP rate of 63%.
- Actual hospital expenditures resulted in an effective EFMAP rate closer to 65.5%, increasing federal drawdowns.

Enhanced Federal Matching Funds

- Based on FFY 2025 experience, the CHASE model will use updated EFMAP assumptions for FFY 2026.
- Updated assumptions are expected to improve projection accuracy and reduce provider fee contributions.
- The cash fund reserve will be required if actual federal matching funds come in lower than projected.
- Together with the CHASE Board-approved interim fee refunds, these updates are expected to keep the cash fund balance closer to the reserve level throughout the year.

FFY 2026 Reserve Level

Row	Current Policy Reserve Level	With State Directed Payments	Without State Directed Payments	Calculation
Row A	<u>Projected</u> Total CHASE Funding Obligation	\$6,900M	\$6,200M	
Row B	1.5% Reserve Level	\$104M	\$93M	Row A * 1.5%
Row C	FY25 Ending Fund Balance	\$136M	\$136M	
Row D	Projected Provider Fee Refund	\$32M	\$43M	Row C - Row B

- Due to the growth in overall CHASE funding obligations, the required reserve has grown by nearly \$20M since FFY 2022.

Recommendation

- Revise the CHASE Cash Fund reserve level from 1.5% to 1.25% of total CHASE funding obligations, excluding State Directed Payments.
- A 1.25% reserve aligns with the total reserve amounts originally agreed upon by the CHASE Board in 2022.
 - Proposed Reserve Level: 1.25% (excluding SDPs)
 - Estimated reserve level: ~\$77M
 - Estimated FFY 2025 provider fee refund: ~\$59M

Recommendation

- Recent changes make it easier to track cash flow needs and reserve requirements.
- These changes include monthly interim provider fee refunds (approved by the CHASE Board in December) and updated EFMAP rates used in the FFY 2026 model.
- Can provide the CHASE Board with monthly average daily cash fund balances, enhanced federal drawdown amounts, and high-level summaries of key drivers of cash fund changes.
- This information will support informed CHASE Board oversight by tracking changes that affect cash flow, including EFMAP rates, provider fee refund frequency, and State Directed Payment (SDP) program needs.
- Future review of the various changes, how they impact the reserve fund, and potential tweaking of the reserve fund percentage.

Hospital Quality Incentive Payment (HQIP) Program

HQIP Updates

1. Introductions
2. Review Proposed 2027 Antibiotic Stewardship Modifications
3. Review Proposed 2027 Zero Suicide Modifications
4. Review Proposed 2027 Workplace Violence Measure
5. Review Proposed 2027 Postpartum Discharge Transition Modifications
6. Action Items

2027 Recommendation Summary: Antibiotic Stewardship

- Update language throughout measure to “Antibiotic Stewardship” from “Antibiotics Stewardship”.
- Include additional examples of qualifying clinical conditions and report types in measure Level 3.
- Add additional detail to resources in Appendix E.
- Retire 2026 deliverable 4a (examples of how antibiotic use and resistance data from NHSN is reported internally).
- Make 2026 deliverable 4b (description of specific, measurable antibiotic stewardship goal) 2027 deliverable 4a.
- Implement new deliverable 4b (narrative description of the quality improvement project supporting goals described in new deliverable 4a).
- No scoring modifications recommended.

2027 Recommendation Summary: Zero Suicide

- Update measure language to include additional examples of initiatives recommended to link to Zero Suicide.
- Update duration of LivingWorks Start training resource.
- Update Level 3 measure language to explicitly reference secure temporary storage of lethal means.
- Update “most affected” to “disproportionately affected” in deliverable 4b for clarity.
- Update “gatekeeper” to “community helper” to best align with current language in field.
- Modify deliverable 2a to limit Zero Suicide Workforce Training frequency to once every 2 years from once annually, and require a narrative describing how the results were used to formulate training plans and other system changes.
- No scoring modifications recommended.

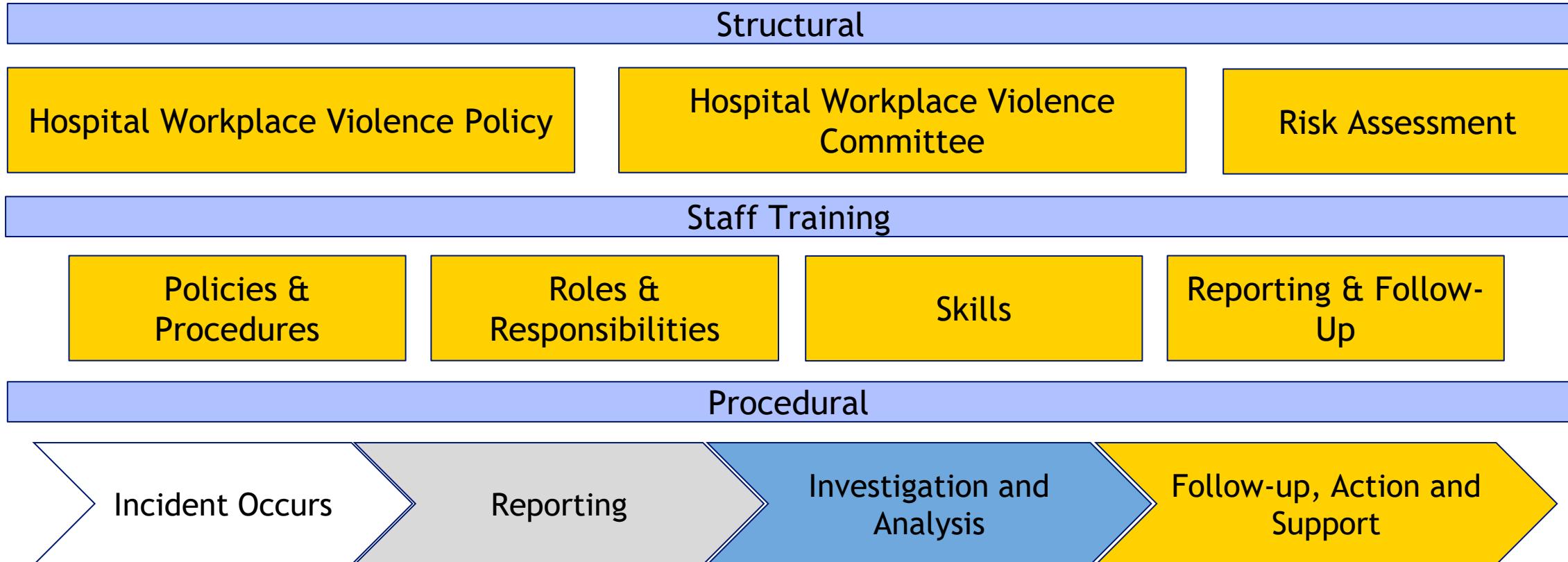
Workplace Violence Measure Background

- [SB25-166](#) states that the Colorado healthcare affordability and sustainability enterprise created in section 25.5-4-402.4 (3) shall pay an additional amount based upon performance to those hospitals that provide services that improve health-care outcomes for their patients, **INCLUDING A PERFORMANCE METRIC RELATED TO WORKPLACE VIOLENCE.**
- A multidisciplinary workgroup was convened to develop and recommend workplace violence metrics to the hospital quality incentive payment program (HQIP) subcommittee.
- Workplace Violence measure recommendations were introduced to the HQIP subcommittee on 10/2/2025 and discussed/refined in subsequent monthly meetings between December 2025 and February 2026.

2027 Recommendation Summary: Workplace Violence

- Introduce scored Workplace Violence measure with 5 deliverables across 3 elements (Structural, Staff Training, Procedural).
- Score measure in levels, with the maximum points available for the measure being 9.
- Retire 2.G Culture of Safety Survey with all 5 points reallocated to Workplace Violence measure.
- Reallocate 1 point from each HCAHPS composite reducing the maximum points for each composite from 5 to 4. A total of 3 points will be reallocated to Workplace Violence measure.
- Retire 1.A Exclusive Breastfeeding (PC-05) and reallocate 1 point to Workplace Violence measure.

Workplace Violence Measure Elements



2027 Proposed Measure Scoring: WPV

- The proposed point allocation for Workplace Violence (WPV) is **9** points.
- It is proposed that measure 2.G Culture of Safety Survey is retired, and all 5 points are reallocated to Workplace Violence.
- It is proposed that 1 point be reallocated from each HCAHPS composite reducing the maximum points for each composite from 5 to 4. A total of 3 points will be reallocated to WPV.
- It is proposed that 1.A Exclusive Breastfeeding (PC-05) is retired, and 1 point is reallocated to WPV.

2027 Proposed Measure Scoring: WPV

- Points will be earned in levels. To earn any points for this measure, hospitals must meet measure criteria for Deliverable 1. Additional points may be earned for completion of additional deliverables.
- Hospitals have discretion over which deliverables they complete beyond Level 2.

Scoring Level	Deliverables	Points Available
1	1	1
2	1 & 2	3
3	Level 2 and one additional deliverable	5
4	Level 2 and two additional deliverable	7
5	All deliverables	9

2027 Recommendation Summary: Postpartum Discharge Transition (PPDT)

- Expand bundle Element 6 from SUD to screening to SUD care.
- Add 3 deliverables to Element 6 (number of positive SUD screens, SUD education narrative, naloxone policies/procedures upload).
- Introduce inactive Element 4: Educate outpatient care setting staff* on how to use a standardized discharge summary form to review patient data and ensure that recommendations made for outpatient follow-up and community services/resources have been carried out (1 deliverable).
- Introduce inactive Element 10: Convene inpatient and outpatient providers in an ongoing way to share successful strategies and identify opportunities for prevention of undesired outcomes in the postpartum period, including emergency and urgent care clinicians and staff (2 deliverables).
- Retire 1.C Perinatal Depression and Anxiety and reallocate all 5 points to PPDT for increasing the maximum score for PPDT to 10 points.

2027 Proposed Measure Scoring: PPDT

- Postpartum Discharge Transition (PPDT) is proposed to increase to a maximum of 10 points from 5 points.
- It is proposed that measure 1.C Perinatal Depression and Anxiety be retired, with all 5 points being reallocated to PPDT.

2027 Proposed Measure Scoring: WPV

- To earn any points for this measure, hospitals must have all deliverables under Elements 1, 2 & 8 in place.
- Additional points may be earned for completion of additional elements. Hospitals have discretion over which deliverables they complete past Level 1.

Scoring Level	Elements	Points Available
1	1, 2, 8	1
2	1, 2, 8, and one additional element	3
3	1, 2, 8, and two additional elements	5
4	1, 2, 8, and three additional elements	7
5	All elements	10

HQIP 2027 Action Items

1. Vote to accept changes to 2.E Antibiotic Stewardship.
2. Vote to accept changes to 2.A Zero Suicide.
3. Vote to adopt Workplace Violence measure and reallocate 5 points from retirement of 2.G Culture of Safety, 1 point from retirement of 1.A Exclusive Breastfeeding (PC-05), and 3 points from scoring modification of 3.A HCAHPS to the measure.
4. Vote to accept changes to 1.E Postpartum Discharge Transition Bundle, and reallocate 5 points to the measure from retirement of 1.C Perinatal Depression & Anxiety.

State Directed Payments (SDPs)

What Is a State Directed Payment (SDP)

- A State Directed Payment (SDP) is a Medicaid payment that allows a state to increase hospital reimbursement to support access, quality, and sustainability of care.
- For the current period, SDPs function as supplemental payments made through Medicaid managed care plans (HMOs and RAEs), increasing total Medicaid reimbursement in addition to standard Medicaid payments.
- SDPs require CMS approval through submission of a preprint prior to implementation.

CHASE SDP Subgroup

- A CHASE Board-directed SDP subgroup met over several months to develop a payment model that:
 - Incorporates State Directed Payments
 - Revises the provider fee waiver methodology
 - Simplifies existing CHASE supplemental payments
- This work was guided by CHASE's statutory program goals, including:
 - Maximizing hospital reimbursement
 - Increasing the number of hospitals that benefit
 - Supporting hospital quality
 - Sustaining and expanding Medicaid coverage

SDP Subgroup Related Work in June 2025

The SDP subgroup developed a proof-of-concept model with financing (primarily IGTs) that achieved the identified program goals.



The CHASE Board approved the SDP proposal and preprint submission to CMS.



The Department submitted an SDP Preprint and related provider fee waiver to CMS on June 27, 2025.

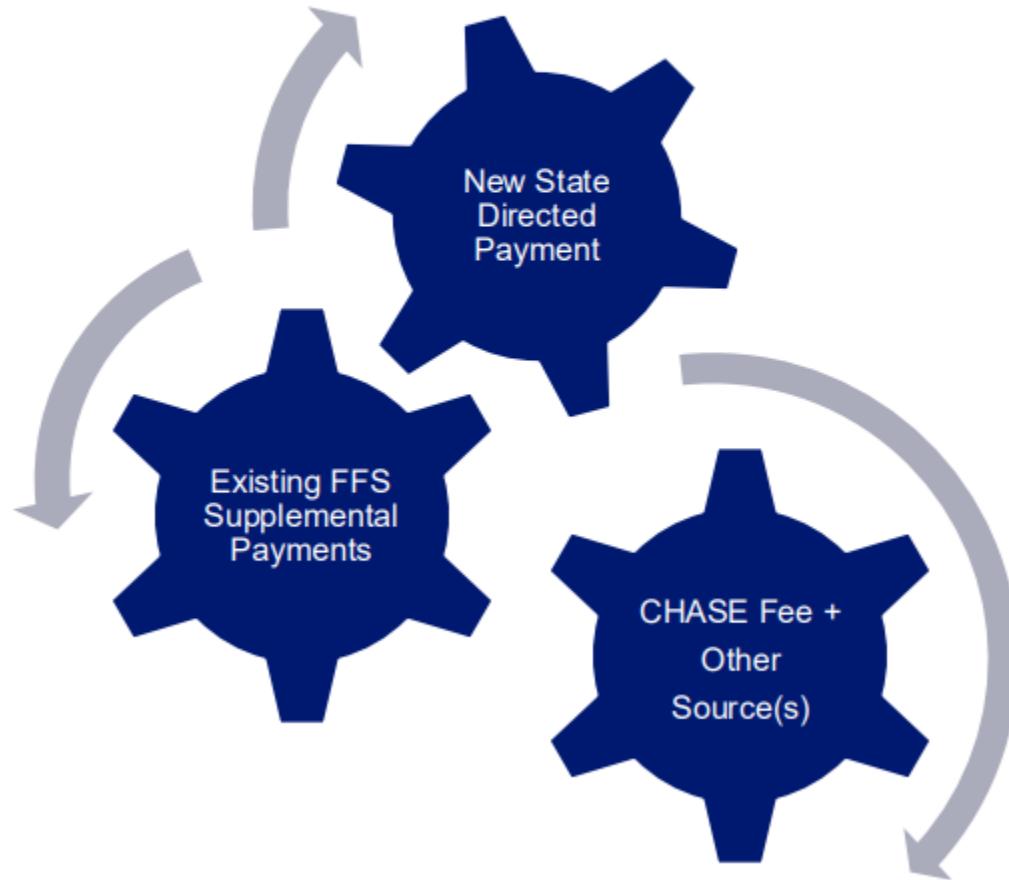


H.R. 1 was enacted on July 4, 2025.

Updates since June 2025

- The SDP preprint and provider fee waiver were submitted to CMS prior to enactment of H.R. 1.
- CMS review is ongoing, including multiple rounds of questions, and the Department continues to respond as part of the standard federal review process.
- During this time, HCPF is developing an updated FFY 2025-26 model that builds on the proof-of-concept work and incorporates more recent data.
- Will provide updates to the CHASE Board as information becomes available.

Interconnectedness of CHASE Program



Reminder: The CHASE program is subject to federal and state requirements as well as CHASE goals and statutes. **A change to one element of CHASE may impact compliance or yield unintended consequences in other areas.**

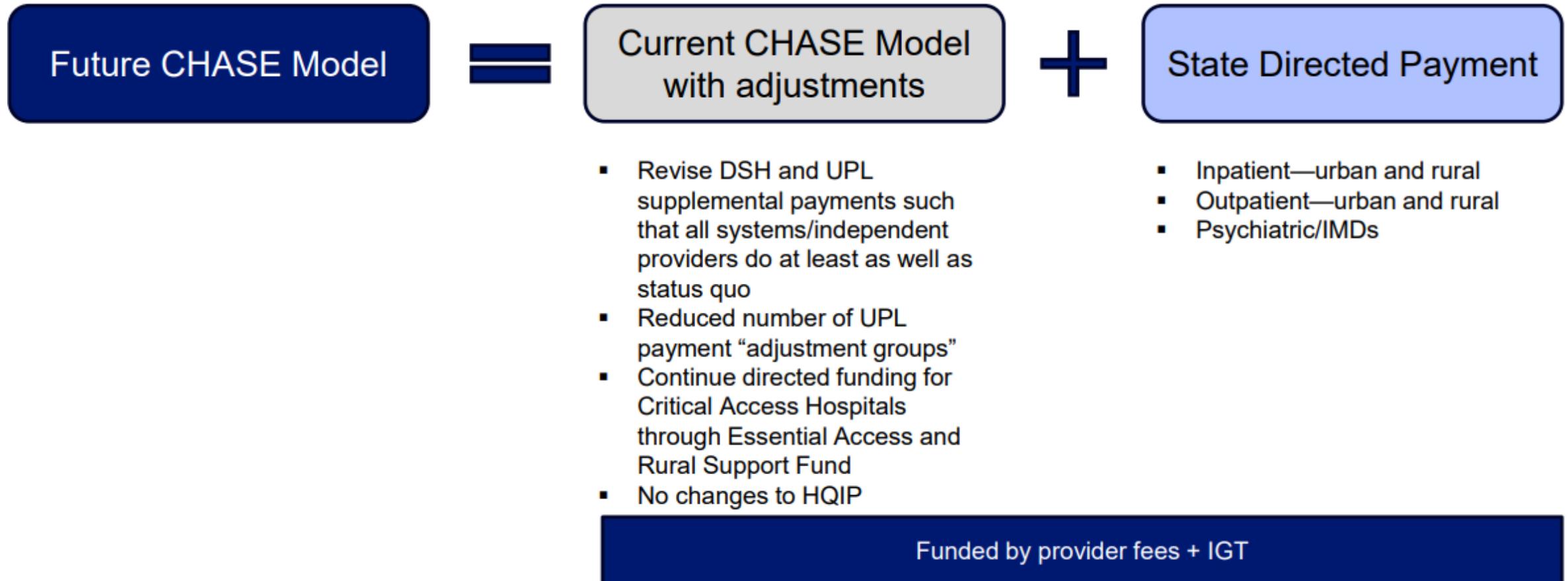
Factors Impacting Funds Available

- Broad based/uniformity requirements for provider fees
- Hold harmless restrictions/6% NPR safe harbor threshold
- Expansion coverage and administrative costs
- Varying federal match rates across programs

Factors Impacting Supplemental Payments

- Upper payment limits for fee for service and managed care
- Alignment with CO managed care quality strategy
- Shifts in managed care utilization during rating period

The (emerging) Future of CHASE



Overview of the SDP Calculation

- SDP payments are based on actual quarterly SFY 2026 encounter data, rather than historical utilization, in contrast to CHASE supplemental payments.
- For each hospital, HCPF calculates:
 - **Inpatient SDP Payment**

Number of inpatient MCO days in the quarter (SFY 2026)



Per-Unit Amount

- **Outpatient SDP Payment**

Number of outpatient MCO visits in the quarter (SFY 2026)



Per-Unit Amount



Board Discussion



Public Comment

Thank You!