

# HB23-1215

## Hospital Facility Fee Steering Committee

Facilitated by:

Government Performance Solutions, Inc. (GPS)

Tuesday, December 12, 2023

4:00 – 6:00 p.m.



**COLORADO**

Department of Health Care  
Policy & Financing



# Virtual meeting guidelines

Here are some ideas to make virtual collaboration easy on us all:



This meeting is being recorded!



If your computer has a camera, please keep it on. Be careful there is nothing revealing in your background. We suggest using the blur feature or virtual background.



Put your computer microphones (or phone) on mute



Use the chat feature to share ideas and ask questions



Click the Live Transcript icon at the bottom of your screen

# Welcome



# Who's on the steering committee?

1. Isabel Cruz, Policy Director, Colorado Consumer Health Initiative
2. Diane Kruse, Health Care Consumer
3. Dr. Omar Mubarak, Managing Partner, Vascular Institute of the Rockies
4. Dan Rieber, Chief Financial Officer, University of Colorado Hospital Authority
5. Bettina Schneider, Chief Financial Officer, Colorado Department of Health Care Policy and Financing (HCPF)
6. Kevin Stansbury, Chief Executive Officer, Lincoln Community Hospital
7. Karlee Tebbutt, Regional Director, America's Health Insurance Plans



# Why are we here? [HB23-1215](#)

- HCPF must form a steering committee to deliver to the state House of Representatives Health and Insurance Committee, the Senate Health and Human Services Committee, or their successor committees a separate, one-time report by October 1, 2024, that details the impact of facilities fees using data from the past 10 years.
- **The Steering Committee is required to develop a report detailing the impact of facility fees**, defined as “any fee a hospital or health system bills for outpatient hospital services that is intended to compensate the hospital or health system for its operational expenses and separate and distinct from a professional fee charged or billed by a health-care provider for professional medical services.”
- The Steering Committee is entitled to receive and request data from the All-Payers Claims Database, hospitals, and health systems, Health Care Policy and Financing (HCPF), Division of Insurance (DOI), commercial payers, and independent providers.

# What will we accomplish today?

- Introduce steering committee members (5 min)
- Confirm purpose, agenda, norms, and boundaries (5 min)
- Learn about facility fees from various sources—key terms, Billing 101, and how prices are set (60 min)
- Share a summary of data requirements and discuss a potential methodology for estimating facility fees, then confirm the gaps the provider surveys must close (30 min)
- Revisit the emerging meeting roadmap (5 min)
- Hear public comment (10 min)
- Engage in Q&A and discuss next steps (5 min)

# Group norms

- Engage in candid, honest dialogue while maintaining an open mind about other's positions
- Avoid acronyms and speak up if you require clarification
- Stay on topic and within the boundaries established in [HB23-1215](#)
- Remember to follow protocols of [open meeting laws](#)
  - Communication between 2 or more steering committee members requires public notice
- If we need to vote to confirm consensus on the accuracy and completeness of the language/data that explain impact, we will
  - Use roll call vote and ask dissenters to draft their opinion
  - If unable to attend a meeting that a vote is occurring, share your vote and opinion in writing before the meeting
- Have public comment at the end of the meeting, unless voting on impact/decision, then prior to the vote

# Recap: Our boundaries

- The steering committee will keep the scope of work confined to HB23-1215's requirements.
- There may be limitations on the data available data for actuarial analysis, so the report will be based on what is available.
- The steering committee shall not share publicly any information submitted to the steering committee as “confidential.”



# Priorities from last meeting

- Develop a shared understanding of facility fees and how these work (e.g., terminology, codes and billing mechanism, etc)
- Continue to define gaps in what data is available and design data requests or accommodation methodologies to close them

# Develop a shared understanding



# Develop a shared understanding

- Last meeting, we agreed that moving forward on this task requires a shared understanding of complicated situation.
- GPS circulated a request to steering committee members to identify key educational needs and resources—key terms, concepts, and trends. [Here's a link to the living document](#) which includes links gleaned from internet searches based on suggestions.
- Steering Committee members offered many suggestions and today we will discuss:
  - Key terms
  - Billing 101
  - How prices are set
- Continued education will be critical to building our fact base and creating exhibits that can become part of the report (e.g., definitions, description of the situation, etc).

# Key Terms

- HCPF has assembled draft definition utilizing several sources and attempting to remove biased language
- The glossary can be found on the Steering Committee website
- Let's discuss what definitions you found most interesting, which ones you want to edit, and what you think is missing
- The draft, once edited, can become an exhibit in the Steering Committee's report

# Billing 101: How a Clinic Visit Becomes a Bill

- HCPF has engaged Haugen Consulting Group to share the basics of billing with the Steering Committee

**Haugen Consulting Group** is a prominent Colorado-based healthcare consulting firm specializing in a wide range of services related to healthcare auditing, consulting, and education. With a strong focus on assisting healthcare organizations, Haugen provides expert guidance and solutions to enhance operational efficiency and ensure compliance with healthcare regulations.



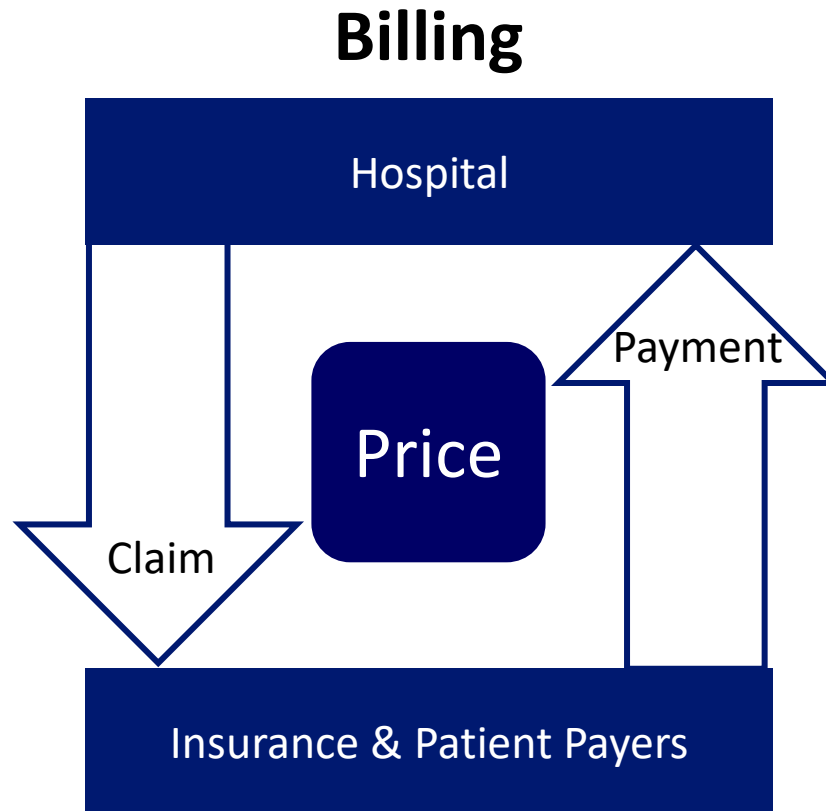
**Mary Beth Haugen**  
MS, RHIA



**Jennifer McCann**  
RHIA, CHPS, CTR

- Haugen will present for ~ 15 minutes and then answer steering committee questions for another 15 minutes

# Billing & Price



# Separate Facility and Professional Bills

## EXAMPLE 1: Hospital Outpatient Clinic Visit\*

**Bill for Professional Fee** ..... \$100

Covers the cost of the services your doctor provides

**Bill for Facility Fee** ..... \$250

Covers the cost of front desk staff, nurses, other clinical staff, maintaining your electronic health record, support staff, environmental services, security, leasing the clinic space, administrative services, etc.

**GRAND TOTAL** ..... **\$350**

## EXAMPLE 2: Private Physician Clinic Visit

**“Global” Bill** ..... \$330

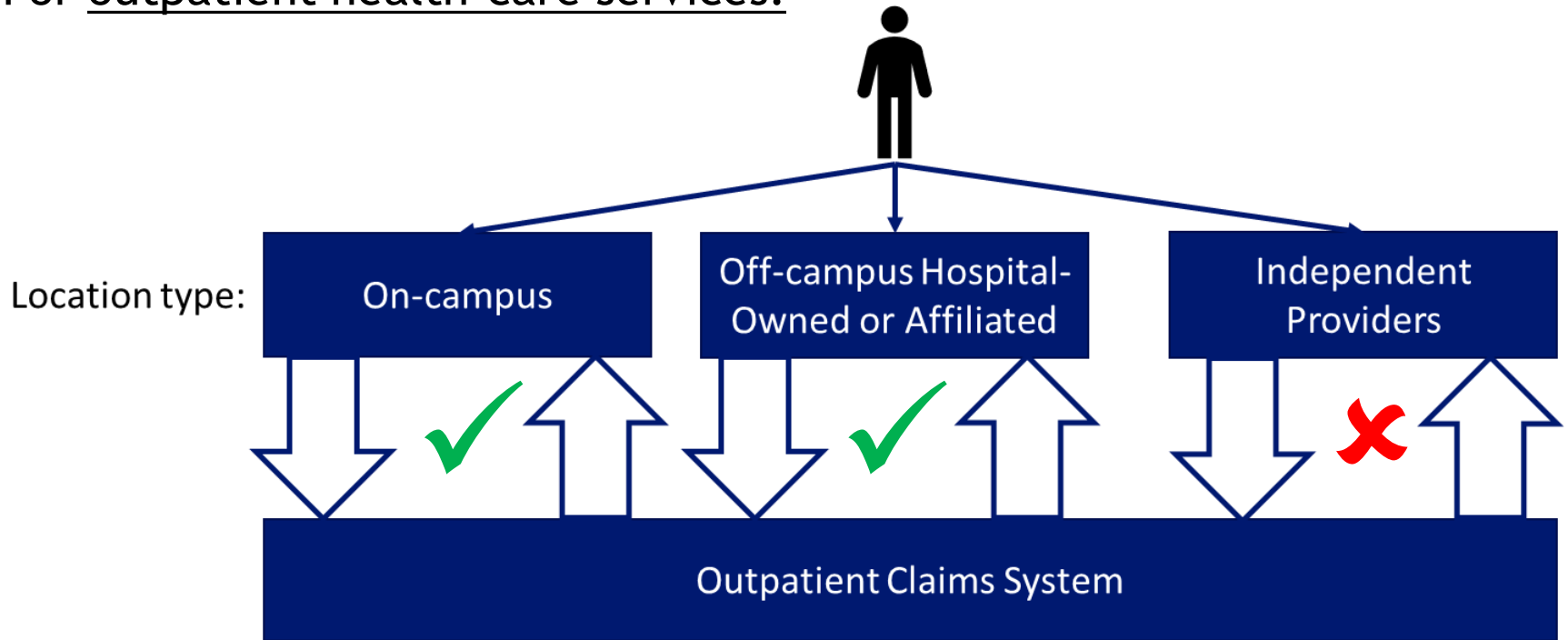
Covers the cost of the services your doctor provides **AND** the cost of front desk staff, nurses, other clinical staff, maintaining your electronic health record, support staff, environmental services, security, leasing the clinic space, administrative services, etc.

**GRAND TOTAL** ..... **\$330**



# Where facility fees happen

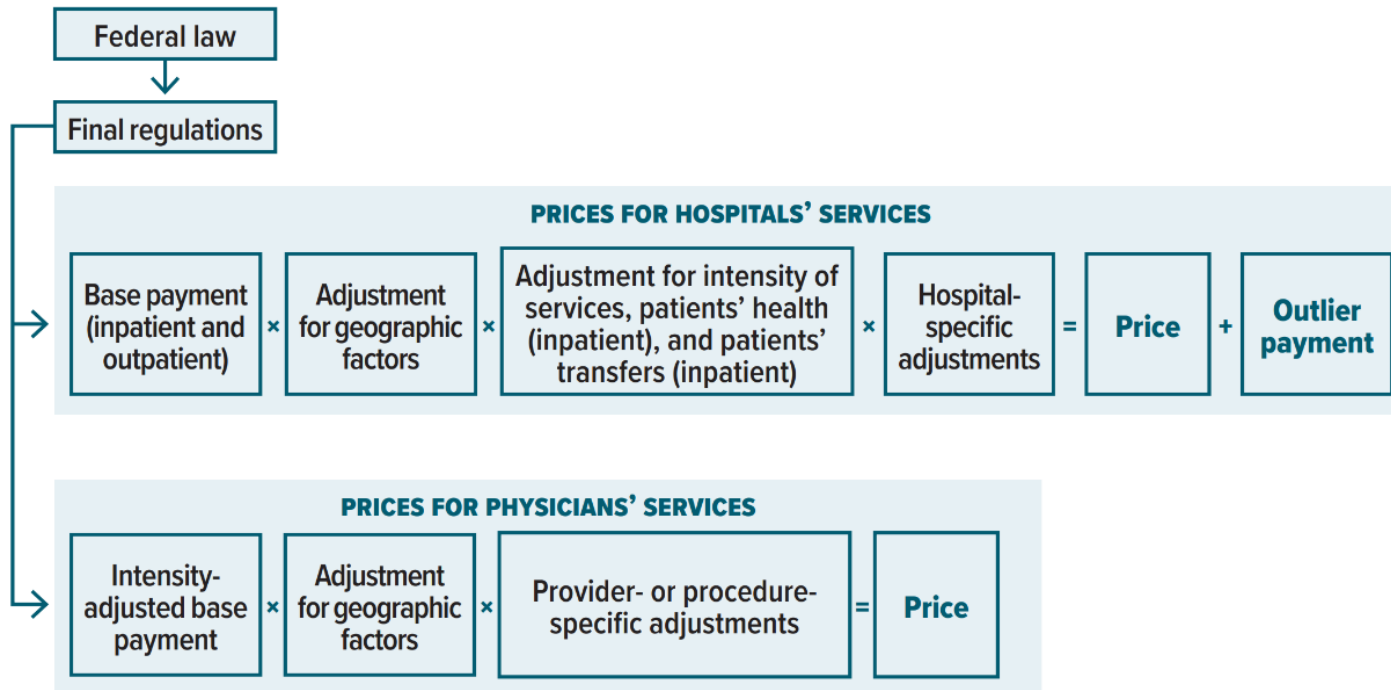
For outpatient health-care services:





# How prices are set: Medicare

Stylized Illustration of How the Medicare FFS Program Determines Prices for Hospitals' and Physicians' Services



The Medicare FFS program's prices for inpatient, outpatient, and physicians' services are set administratively by the federal government. Base-payment rates are adjusted for specifics of the provider, patient, or service.

**Congressional Budget Office**  
*Nonpartisan Analysis for the U.S. Congress*

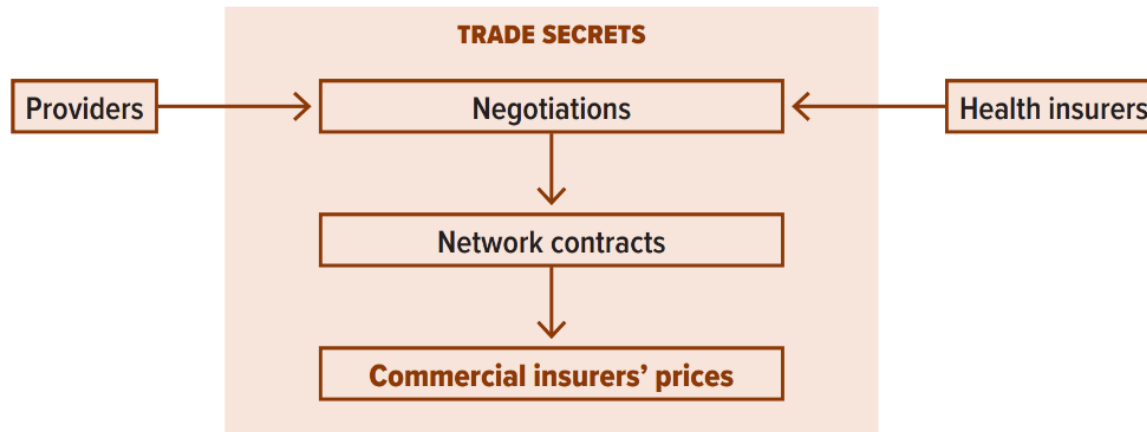
**The Prices That Commercial Health Insurers and Medicare Pay for Hospitals' and Physicians' Services**

**January 2022**



# How prices are set: Commercial

Stylized Illustration of How Commercial Insurers Determine Payments for Hospitals' and Physicians' Services



The prices paid by commercial insurers are determined through confidential negotiations between individual insurers and individual providers or groups of providers.

Source



[The Prices That Commercial Health Insurers and Medicare Pay for Hospitals' and Physicians' Services](#)

January 2022

# How prices are set: Medicaid Outpatient

- Enhanced Ambulatory Patient Grouping (EAPG) methodology
- Hospital specific EAPG payment rates based on individual hospital cost profiles
- EAPG relies on both revenue and Current Procedural Terminology (CPT)/Healthcare Common Procedure Coding System (HCPCS) codes to price claim details
- For each detail, payment = assigned EAPG's adjusted relative weight X billing hospital's base rate
- Professional services by *salaried* physicians included in hospital's rate and not billed separately
- Professional services by *contract* physicians billed on professional claim and Medicaid pays the physician or physician clinic



# Report Drafting: Explanation of Facility Fees

25.5-4-216(6)

The report must include an analysis of:

25.5-4-216(6)(g) A description of the way in which health-care providers may be paid or reimbursed by payers for outpatient health-care services, with or without facility fees, that explores any legal and historical reasons for split billing between professional and facility fees at:

25.5-4-216(6)(g)(I) On-campus locations;

25.5-4-216(6)(g)(II) Off-campus locations by health-care providers affiliated with or owned by a hospital or health system; and

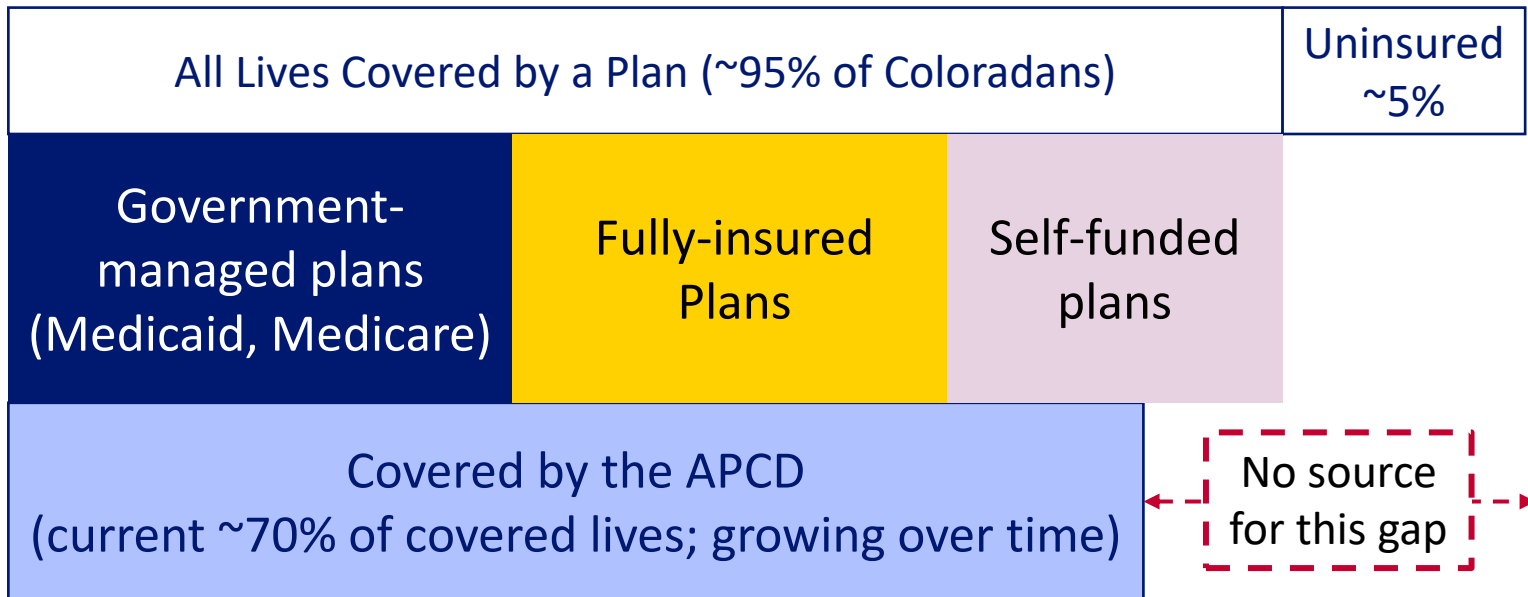
25.5-4-216(6)(g)(III) Locations by independent health-care providers not affiliated with or owned by a hospital system.

# Closing data gaps



# Recap: Data sources

Gathering data on 100% of claims is very challenging. Here's how the sources line up:



# Recap: Gap number 1

Gap 1 of 5 shared last time:

1. CIVHC informed HCPF/Optumas the APCD does not have a flag or indicator to identify Facility Fees within the data
  - *Alternatives must be sought, and additional validation will be necessary to deliver accurate, detailed analysis*

# Estimating facility fees (1 of 5)

- Proposal
  - Utilize billing education from prior slides
  - Leverage provider survey results\*
    - Surveys will be discussed in more detail during January meeting prior to distribution
  - Continue discussion with billing experts to understand specifics of facility fee billing
  - Starting point for this dialogue outlined in upcoming slides
    - Steering committee feedback is essential

\*Data collection requirements outlined in 25.5-4-216(6)(b)





# Estimating facility fees (2 of 5)

- Medicare
  - Utilize information from Novitas\* as starting point
    - Identify off-campus practice location billing using modifier codes PN, PO, ER as defined by Medicare billing guidelines
  - Continuing to review options for identifying potential facility fee amount for outpatient and inpatient services

\* <https://www.novitas-solutions.com/webcenter/portal/MedicareJH/pagebyid?contentId=00208509>



# Estimating facility fees (3 of 5)

- Medicaid
  - Current understanding is that State does not explicitly include any facility fee component for their fee schedule for Fee-for-Service (FFS)
    - Continue to review billing specifics
  - Review managed care plan reimbursement differences
    - Can deviate from FFS reimbursement
    - Reimbursement can be determined by health plan/provider negotiation
    - Many health plans index to State fee schedule

# Estimating facility fees (4 of 5)

- Commercial
  - Rely on billing experts and billing education presented
  - Rely on results from surveys\* to:
    - 1) Understand provider specific billing practices for facility fees, and potential use to identify in APCD
    - 2) Benchmark results of facility fee amounts to survey reported amount

\*Data collection requirements outlined in 25.5-4-216(6)(b)



# Estimating facility fees (5 of 5)

- Additional considerations
  - Consider impact of global billings vs. Line level billing
    - May present difficulty in identifying specific facility fee amount itemized at the line level
  - Delineate facility fee amount vs. negotiated reimbursement
    - Ensure we are not over/under counting facility fee amounts

# Provider surveys to close gaps

## Situation:

- Important to supplement APCD data with provider specific survey\* results given data limitations identified above
- Survey response rate will be crucial to:
  - 1) understanding provider specific billing practices (both hospitals and independent providers)
  - 2) benchmarking results

## Proposal:

- Encourage provider-based steering committee members and CHA to relay the importance of responding to surveys to peers

\*Data collection requirements outlined in 25.5-4-216(6)(b)



# Steering Committee Discussion: Emerging Meeting Roadmap

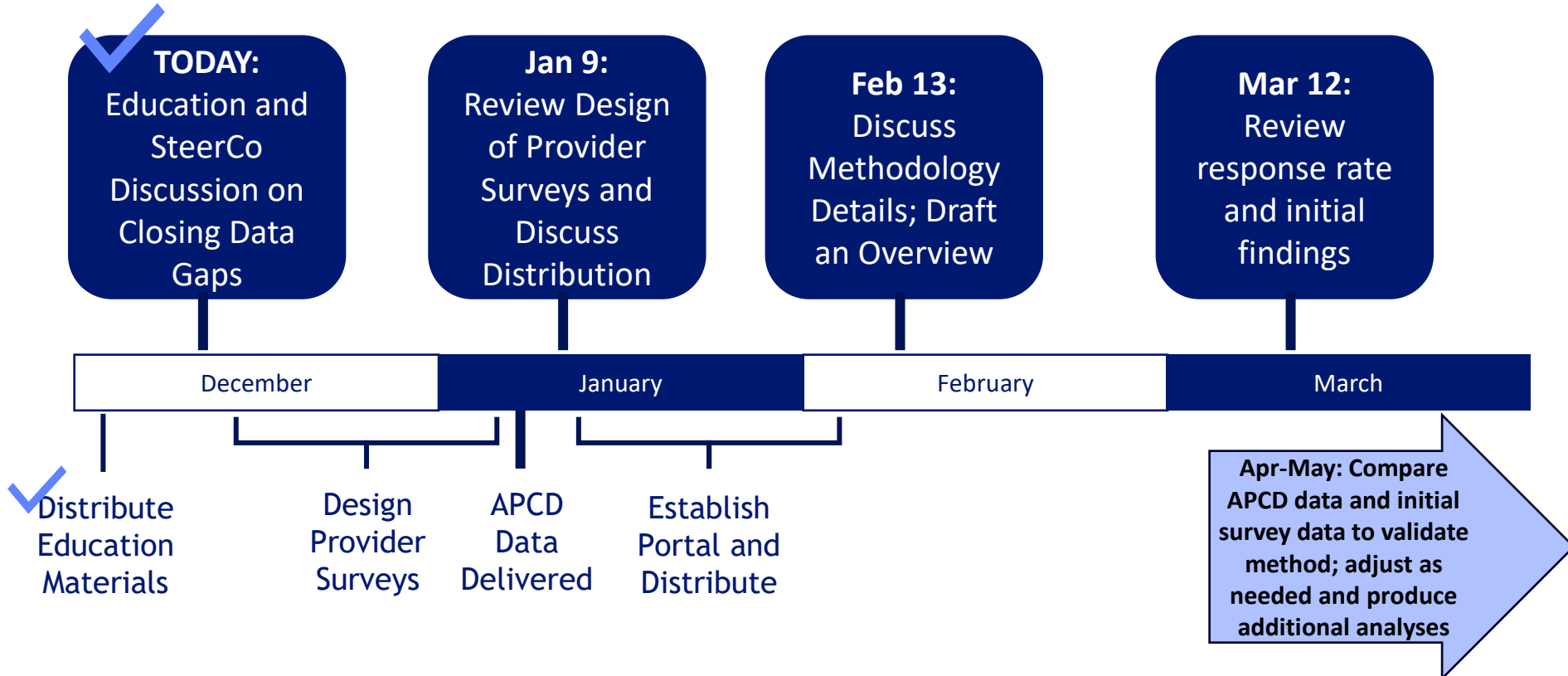


# Our priorities remain the same

- Develop a shared understanding of facility fees and how these work (e.g., terminology, codes and billing mechanism, etc)
- Continue to define gaps in what data is available and design data requests or accommodation methodologies to close them

# Upcoming meetings

GPS is working with HCPF and Optumas to refine the meeting roadmap. Here is what is emerging, subject to discussion:





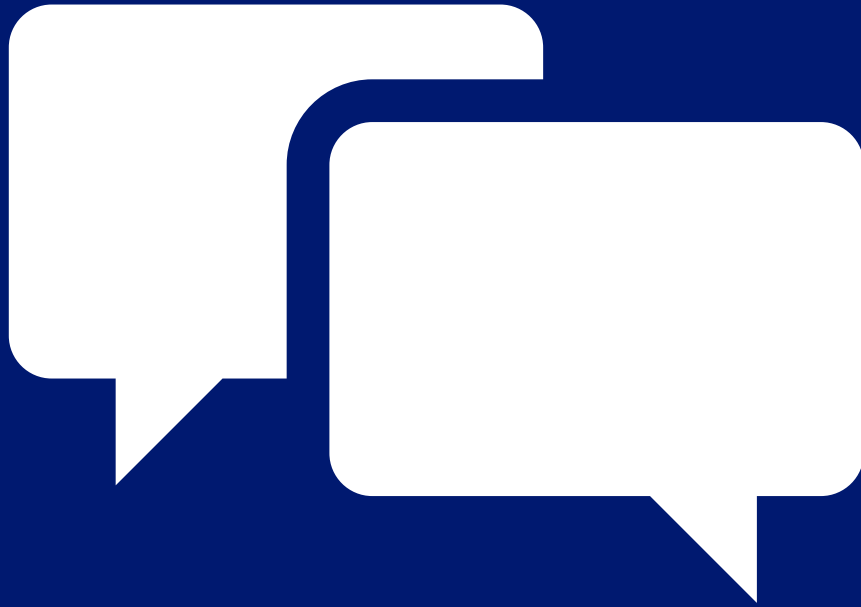
# Public Comment

Reactions  then click Raise Hand 

Please...

1. Use the “raise your hand” icon.
2. Use \*9 to raise your hand if you are on the phone.
3. Wait to speak until the facilitator calls your name.
4. Make your comment in 5 minutes or less.
  - This allows others time to speak.

Thank you!



# Steering Committee Questions?



# Next steps/Actions

- Next meeting is Tuesday, January 9, 2024, from 4:00 - 6:00 p.m. - please register
  - HCPF will post an agenda and registration link on its [website](#)
  - Topics covered will include:
    - Review design of provider surveys
    - Discuss survey distribution
    - Confirm consensus on definitions and determine which educational exhibits the Committee believes should be part of the final report
    - Continued discussion on education topics, as needed



[Government Performance Solutions, Inc.](#)

Your Partner for:

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**Strategic  
Planning**

**Stakeholder  
Engagement**

**Operational  
Excellence**

**Organizational  
Effectiveness**



# Thank you!



# Who are your facilitators?



- Greg & Kate work for Colorado-based Government Performance Solutions, Inc. (GPS)
- GPS partners with public and social sector organizations to navigate change by:
  - Using deep listening & a collaborative approach,
  - Engaging agency staff, their partners, & and the community to co-create solutions that drive sustainable transformations.



Learn more about GPS at [governmentperformance.us](https://governmentperformance.us)

# Who are your actuaries?



- CBIZ Optumas (Optumas) is Colorado's actuary of record since 2012
- Set actuarially sound capitated rates for all managed care programs:
  - Physical health (DHMC and PRIME), behavioral health (RAEs), CHP+ (HMO & Dental), and PACE
- Provided actuarial analytics and development for alternate payment models for the State:
  - APM 2, Maternity Bundled Payment, Hospital Transformation Program
- Conducted rate review and access to care studies

# Who are your actuaries?



- Currently lead the vertical integration analysis for HCPF
  - Studies the effect of hospital systems acquiring independent physician practices
- Optumas will provide the actuarial analysis for the HB23-1215 project
  - Study the financial impact of facility fees on Colorado payers



# What are the roles and responsibilities?

## Steering Committee:

- Read all required materials to prepare for meetings
- Participate actively in all steering committee meetings
- Understand implication and evaluate options, recognizing constraints and limitations of data
- Debate proposals to consensus

## GPS Facilitators:

- Provide a structured approach
- Ensure meetings are productive with balanced participation
- Act as a liaison between the steering committee and actuarial vendor

## HCPF & Actuarial Vendor:

- Conduct research
- Perform analysis based on available data
- Share analysis in a user-friendly format
- Answer questions as timely as feasible

# Reminder: Open Meetings Law

Statutorily defined as:

- A gathering of 2 or more members
- Discussing public business or taking formal action
- Communicating in-person, by phone, electronically (e.g., email, text, instant message), or other means (e.g., chat, Google documents, etc.)

[Open-meeting-requirements-of-the-colorado-sunshine-law.pdf](#)

[FAQ on § 24-6-402\(2\)\(a\), C.R.S.](#)

