Notes

HB23-1215 Hospital Facility Fee Steering Committee Meeting

Tuesday, July 16, 2024
4:00 – 6:00 p.m.

Participants register for Zoom meeting

Resources:

- Slides: HB23-1215_SteerCo_July-16-2024.pdf (colorado.gov)
- Professional and Facility Fee Comparison Methodology Report: CO HB1215 - Comparison Methodology Report_2024.07.08_DRAFT.pdf (colorado.gov)
- Comparison by Year Top Codes
- Data scorecard: CO HB1215 - Data Progress.xlsx - Google Sheets
- Meeting video recording

1. **Agenda, shared purpose, and commitments (5 minutes) – slides 1 - 9**
    a. Introduce steering committee members to the public
    b. Facilitator recaps the shared purpose, boundaries, open meeting law, and shared commitments
        a. Isabel Cruz, Policy Director, Colorado Consumer Health Initiative
        b. Diane Kruse, Health Care Consumer
        c. Dr. Omar Mubarak, Managing Partner, Vascular Institute of the Rockies
        d. Dan Rieber, Chief Financial Officer, UC Health
        e. Bettina Schneider, Chief Financial Officer, Colorado Department of Health Care Policy and Financing (HCPF)
        f. Kevin Stansbury, Chief Executive Officer, Lincoln Community Hospital
        g. Karlee Tebbutt, Regional Director, America's Health Insurance Plans

2. **Data scorecard recap and action items (5 minutes) – slides 11 - 13**
   a. Facilitator shares updated data scorecard ([CO HB1215 - Data Progress.xlsx - Google Sheets]) and the plan for this July 16 and August 13 meetings
      i. No steering committee comments.

3. **Impact on Colorado Healthcare Affordability and Sustainability (CHASE) (20 minutes) – slides 15 - 28**
   a. HCPF provides background on CHASE
      i. No comments or questions from the steering committee.
   b. HCPF shares the impact on CHASE
   c. Steering committee discussion
      i. Dan: Are you going to call out Medicare separately? Answer: We will use the commercial and all-payers, then estimate (see slide 22 for the total and slide 23 for the methodology).
      ii. Kevin: I feel compelled to point out that this is across all hospitals and not reflective of individual hospitals. Many of us have much higher Medicaid and Medicare and fewer percentages of commercial payers.
         1. Nancy: It is the total of all hospitals in the state and does not represent any individual hospital.
      iii. Dan: My understanding of the data being pulled excludes the emergency department. How will this exclusion impact your results?
         1. Nancy: We are focusing on hospital fees for outpatient care since that is the intent of the legislation.
      iv. Dan: Do you include outpatients related to hospital emergency departments in your net patient revenue? Optumas was excluded, so I want to ensure you have excluded it, too.
         1. Nancy: In this analysis, we have estimated facility fees applicable to hospital outpatient departments excluding the emergency department, as is the focus of the committee's work. We are evaluating the total effect of hospital outpatient department

facility fees on hospital patient revenues. Since provider fees are limited to 6% of total patient revenues, if patient revenues are lowered, there would be a corresponding impact to the amount of fees CHASE could assess and collect.

v. Dan: Why did you raise it to 6% instead of holding at 5.6% to keep it an apples-to-apples comparison? Wouldn't it be 63.5 million?
    1. Nancy: Federal limits allow us to go to 6%. We are currently at 5.6% because it is fully funded, but we have been higher in the past when we went to 6%.
    2. Diane: Suggest we look at the past 3 years and use an average.
    3. Kevin: Thank you for the work and teamwork. I am jumping ahead, and you show the impact on collections and the fees hospitals pay. Do you show the total effect of the program? This will reduce our federal match.
        a. Nancy: You are correct that we show the impact on the fees (slide 28) but not on the federal funds.

vi. Isabel: I think forward-thinking is useful. It makes sense to include both.

vii. Isabel: Does this include on-campus outpatient department facilities?
    1. Seth: It should be both combined.

viii. Isabel: If we include this in the report, I think it would be beneficial to understand the on- and off-campus.

ix. Dan: I respectfully disagree with putting forward-looking data. I think we use the 5.6% and not the 6% and not the 6% for apples-to-apples and extrapolate to the actual net payment.

x. Kevin: I agree with Dan that we look at what is known, and I like Diane's suggestion of using the average of the past three years.

xi. Kevin: What is the residual impact on the state general fund? If a hospital is not breaking even on Medicaid payments, it impacts its ability to take Medicaid patients.

1. Nancy: The CHASE statute does not include a mechanism for the general fund to take that up, and CHASE must go to the complete 6% first to meet its statutory obligations.

xii. Isabel: I support both options and use an average as a fair way to look at the past to inform the future. Also, site-specific pieces are to be included.

xiii. Diane: I think we stay within the report's scope and do not get into conjecture in the report.

xiv. Dan: I **motion** we keep it **the same percent** all the way through, whether 6% or 5.6%, to get to the dollar value.

1. Isabel: yes
2. Diane: yes
3. Dr. Mubarak: yes
4. Dan: yes
5. Bettina: yes
6. Kevin: yes
7. Karlee: yes

xv. Kevin: I **motion** to **use the average of the last 3 years**, excluding COVID-19 years. I think we want to use the typical, expected amount and calculate the actual impact to the state (showing the impact to the fee, federal funds, and total funds)

1. Isabel: yes
2. Diane: yes
3. Dr. Mubarak: yes
4. Dan: yes
5. Bettina: yes
6. Kevin: yes
7. Karlee: yes

ACTION ITEM: HCPF recalculates CHASE impact to show the effect of the fee, federal match, and total funds using the average percentage from the past 3 years to ensure apples-to-apples comparison (exclude public health emergency years).

4. Comparison of professional and facility fees for independent and affiliated providers (30 minutes) – slides 30 - 33

a. Optumas recaps methodology from July 9 and shares data summarizing the findings related to the comparison of top codes
b. Steering committee discussion
    i. Kevin: The fees vary widely across different care settings. So, remind people to be sensitive to rural hospitals and that using averages across all hospitals may not give a complete picture.
    ii. Dan: Do you intend to review the memo/report? I want to understand the completeness of the data you used.
        1. Optumas: Last week, we went through the methodology. The IQVIA data is a separate data set that individual providers identify, and their NPI is the National Provider ID.
    ii. Dan: I have many questions the committee may have gone through last week.
        1. Facilitator: Watch last week's recording, and if you still have questions, send them to us in writing.
    iii. Isabel: Based on the methodology from last week, we are comparing the amount of the facility fee to the professional fee amounts for essentially the same services.
        1. Optumas: Correct.
    iv. Optumas reviewed the report appendices listing the data of the top 25 codes.
        1. Dan: Has a hospital billing professional reviewed this to ensure the modifiers and overall data have been pulled together? I think picking a code and comparing one line to another captures everything on a consolidated HOPD when multiple splits exist.
            a. Optumas: We discussed this before, separated out when there is a modifier, and identified three cases to look at comparable data.
        2. Dr. Mubarak: I agree with your summary. The professional fees have been devalued while the facility fees have increased.
        3. Dan: I will watch last week's meeting, but did you walk through this methodology, including the exclusion and zero allowed amounts?
            a. Optumas: Yes, and it is also in the slides from last week.

4. Dan: Take a look at the Excel file. There is interesting information on reimbursement trends. The costs go up, but the reimbursement doesn't keep pace. The sheer volume of specific codes is starting to go down.
5. Isabel: Does the aggregated amount include the member cost share?
    a. Optumas: It is both combined payer and member, so we are looking at total reimbursement for an accurate comparison.

5. Impact of facility fee & payer coverage policies (30 minutes) - slides 35 - 40

a. HCPF shares a high-level summary of the discernable impacts:
    i. Consumers, small and large employers, and the medical assistance program
    ii. Independent health-care provider charges
    iii. Access to care, integrated care systems, health equity, and the health-care workforce

b. Steering committee discussion
    i. Diane: I am reacting negatively to the "shop for care." Shopping for care is nearly impossible. Also, getting an accurate cost estimate before you are seen is incredibly difficult. It's not like shopping for a new car.
    ii. Kevin: I agree with Diane. We have a very complex system, especially in an emergency. Also, rural patients need to consider the travel costs if seeking care outside their area and ensure the costs will be covered.
    iii. Dr. Mubarak: If you get paid less consistently year after year, those providers either quit or fall into the hands of hospital systems or private equity, making it worse for private practices. This is not a statement on hospitals, but it is a statement that the system is killing private practices.
    iv. Kevin: I agree with Dr. Mubarak. I think there is a real crisis for independent physicians because the complexity of billing is increasing, and reimbursements are not

keeping up. The insertion of private equity will only drive up the cost of care because of their motivations.

v. Kevin: Government payers, Medicare and Medicaid, are not keeping up with the cost of care. We need to mention this in the report somehow.

vi. Dan: When I looked at the data in the Excel file and reimbursement rates, I noticed that they don't match the actual costs (e.g., facility, non-medical professionals/staff, supplies, etc.).

ACTION ITEM: The steering committee is encouraged to continue the discussion in writing, asking additional questions and proposing edits to language to promote clarity.

6. Legal and historical reasons for split billing (15 minutes) – slide 41

a. HCPF shares a brief description of the Legal and Historical Reasons for Split Billing as requested by the legislation (details will be shared in the final report draft)

b. Steering committee discussion

i. Kevin: There are certain allowable costs, but those do not match our total costs. There is a downward pressure that exacerbates the problem.

ii. Dan: Will you include why they had a reimbursement differential?

1. Nancy: Yes, of course; MedPAC also has a good background.

iii. Dr. Mubarak: Dan points out that hospitals must operate 24 hours a day. However, professional fees have not increased in over a decade, and we must maintain billing people, electronic medical records, etc. When you kill the private practice group, you raise costs for consumers. I'm not saying there should not be facility fees, but to take a common sense approach to reimbursement.

iv. Diane: I understand facility fees were meant to simplify things.

v. Dr. Mubarak: Yes, it also occurred because hospitals have a big lobby and can lobby Congress for a more significant piece of the pie.

vi. Kevin: I'm afraid I have to disagree that facility fees are skyrocketing and that lobbying drives the difference.

7. Public comment 5:45 - 5:55 p.m. (10 minutes) - slide 44

a. Time is divided equally between the people who ask to speak
b. **Written comments are also welcome at:** hcpf_facilityfee@state.co.us
c. Erica Pike, Colorado Academy of Family Physicians (CAFP) – The spreadsheet comparing CPT codes vs. outpatient hospital facility fees is enlightening, but it still is not an accurate comparison. We're not seeing the facility and professional fees of hospitals and affiliates versus what the professional fee for independent providers gets paid. I recommend you view the chart on page 192 of this report: https://www.medpac.gov/wp-content/uploads/2022/06/Jun22_MedPAC_Report_to_Congress_v2_SEC.pdf to understand payments for independent providers vs. hospital outpatient departments.
    i. I encourage the group to find a few examples to include in the report.
    ii. I want to encourage this group to rally around comprehensive payment reform.
    iii. Lastly, I encourage you to also look at: https://doi.colorado.gov/insurance-products/health-insurance/health-insurance-initiatives/primary-care-payment-reform
d. Adeline Ewing, Colorado Hospital Association (CHA): The data is not an apples-to-apples comparison because of the limitations of the data. We cannot compare the total cost of care. Therefore, taking these results with a grain of salt is important. Our white paper has a lot more information on this.

8. Next steps (5 minutes) - slide 46

a. Next meeting: **August 13**, from 4:00 – 6:00 p.m.
b. Please visit: Hospital Facility Fee Steering Committee | Colorado Department of Health Care Policy & Financing

Reasonable accommodation will be provided upon request for persons with disabilities. Please notify the Board Coordinator at 303-866-4764 or Shay.Lyon@state.co.us or the 504/ADA Coordinator at hcpf504ada@state.co.us at least one week before the meeting to make arrangements.