

**Schedule 13**


**Department of Health Care Policy and Financing**

**Funding Request for The FY 2020-21 Budget Cycle**

Request Title

**R-20 Safety Net Provider Payments Adjustment**

Dept. Approval By: \_\_\_\_\_



Supplemental FY 2019-20

OSPB Approval By: \_\_\_\_\_



Budget Amendment FY 2020-21

X

Change Request FY 2020-21

Summary Information	Fund	FY 2019-20		FY 2020-21		FY 2021-22
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	\$8,206,713,714	\$0	\$8,226,659,776	\$0	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
<b>Total of All Line Items Impacted by Change Request</b>	GF	\$2,285,686,174	\$0	\$2,294,366,911	\$0	\$0
	CF	\$1,139,191,391	\$0	\$1,140,256,874	\$0	\$0
	RF	\$88,876,290	\$0	\$88,876,290	\$0	\$0
	FF	\$4,692,959,859	\$0	\$4,703,159,701	\$0	\$0

Line Item Information	Fund	FY 2019-20		FY 2020-21		FY 2021-22
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	\$7,895,417,528	\$0	\$7,915,363,590	\$91,759,573	\$88,532,386
	FTE	0.0	0.0	0.0	0.0	0.0
02. Medical Services Premiums, (A) Medical Services Premiums, (1)	GF	\$2,285,686,174	\$0	\$2,294,366,911	\$0	\$0
Medical Services Premiums - Medical Services Premiums	CF	\$983,543,298	\$0	\$984,608,781	\$45,879,786	\$44,266,193
	RF	\$88,876,290	\$0	\$88,876,290	\$0	\$0
	FF	\$4,537,311,766	\$0	\$4,547,511,608	\$45,879,787	\$44,266,193
	<b>Total</b>	\$311,296,186	\$0	\$311,296,186	(\$91,759,573)	(\$88,532,386)
	FTE	0.0	0.0	0.0	0.0	0.0
05. Indigent Care Program, (A) Indigent Care Program, (1)	GF	\$0	\$0	\$0	\$0	\$0
Indigent Care Program - Safety Net Provider Payments	CF	\$155,648,093	\$0	\$155,648,093	(\$45,879,786)	(\$44,266,193)
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$155,648,093	\$0	\$155,648,093	(\$45,879,787)	(\$44,266,193)

**Auxiliary Data**

**Requires Legislation?** NO

**Type of Request?**

Department of Health Care Policy and  
Financing Prioritized Request

**Interagency Approval or  
Related Schedule 13s:**

No Other Agency Impact



**Department Priority: R-20**  
**Request Detail: Safety Net Provider Payments Adjustment**

<b>Summary of Incremental Funding Change for FY 2020-21</b>			
	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
Total Funds	\$0	\$0	\$0
FTE	0.0	0.0	0.0
General Fund	\$0	\$0	\$0
Cash Funds	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

***Summary of Request:***

The Department requests a net \$0 technical adjustment to more accurately align funding to current policy for Safety Net Provider Payments and Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) programs. The Department is requesting a budget neutral transfer of funding between line items for technical adjustments to the Safety Net Provider Payments funding to align with current timelines and policies.

***Current Program:***

The Safety Net Provider Payments line item is comprised of Disproportionate Share Hospital (DSH) and Upper Payment Limit (UPL) funding allotments for the Colorado Indigent Care Program (CICP). CICP is not an insurance program, but rather a financial vehicle for providers to recoup some of their costs for providing medical services to the low-income Coloradans who are not eligible for Medicaid or the Child Health Plan Plus (CHP+). The services offered at a discount vary from provider to provider and there is no defined benefit package. The number of persons receiving services has decreased since the implementation of the Affordable Care Act (ACA). Many clients previously covered under CICP are now covered under Medicaid. At its peak, the CICP reimbursed clinics and hospitals for approximately 225,000 Coloradans in FY 2010-11 who were uninsured or underinsured. In FY 2017-18, 49,118 Coloradans received services through the CICP, a 78%<sup>1</sup> reduction. While the number of persons receiving services has decreased since the implementation of the Affordable Care Act (ACA), CICP remains an important safety net for low-income Coloradans who are not eligible for Medicaid or the Child Health Plan Plus (CHP+) and who cannot afford their out of pocket health care costs. The uncompensated care payment has been redirected to be used as a Medicaid supplemental payment to reimburse hospitals for uncompensated care costs incurred by serving Medicaid clients. CICP and non-CICP hospitals receive the upper payment limit financing portion of the Safety Net Provider Payments for uncompensated care incurred serving Medicaid and uninsured patients. Only CICP hospitals are eligible to receive the Disproportionate Share Hospital payment portion of the Safety Net Provider Payments line.

The General Assembly first issued a Legislative Request for Information (LRFI) in FY 2008-09, which requires the Department to report by February 1 of each year the expected disbursement to each CICP hospital from the Safety Net Provider Payments line item. The LRFI has been requested each year since then and is currently the Department's FY 2019-20 LRFI number 4.

***Problem or Opportunity:***

With the implementation of Medicaid expansion under CHASE and SB 13-200 "Expand Medicaid Eligibility," the number of people served by CICP hospitals has declined by more than 78%. In FY 2014-15, the Hospital Provider Fee Oversight and Advisory Board recommended that CICP Hospitals continue to receive DSH funding and that all hospitals receive UPL funding for uncompensated care costs. Due to this change in these programs, it would be more appropriate to align the uncompensated care payment with the other Medicaid supplemental payments in Medicaid Services Premiums line item.

In FY 2014-15, the Hospital Provider Fee Oversight and Advisory Board recommended that CICP hospitals continue to receive DSH funding and that all hospitals receive UPL funding for uncompensated care costs. Due to this change in these programs, the Safety Net Payments line item should only reflect the DSH allotment of \$219,536,613 in FY 2020-21. The remaining UPL allotment of \$91,759,573 should be moved

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<sup>1</sup> Colorado Indigent Care Program and Primary Care Fund Fiscal Year 2017-18 Annual Report: <https://www.colorado.gov/pacific/sites/default/files/2017-18%20CICP%20Annual%20Report%20Web.pdf>

to the Medical Services Premiums line item, where the other CHASE fee-funded supplemental payments are appropriated.

The Joint Budget Committee issued the LRFI to monitor expected CICIP disbursements for each hospital. Prior to the Hospital Provider Fee/CHASE programs that began in FY 2009-10, the State share was primarily funded via certified public expenditure (CPE), along with a small portion of General Fund, to make CICIP payments to private hospitals. Private hospitals could not certify public expenditures, so they received smaller CICIP payments, and the General Assembly wanted a way to track payments to ensure adequate funding to these hospitals. The annual LRFI is no longer needed because the CICIP payments are no longer funded with CPE. As all CICIP hospitals (public and private) are now eligible for DSH funds with CHASE fees as the State share, the disparity no longer exists that led to the need for the LRFI. Additionally, CHASE also requires an annual report that details the payments and fees to all hospitals. Furthermore, section 25.5-3-107, C.R.S. (2019) requires the Department to prepare an annual report to the Health and Human Services committees of the Senate and House of Representatives concerning the status of the CICIP. These reports contain the same information that would otherwise be included in the LRFI, rendering the LRFI duplicative.

***Proposed Solution:***

The Department requests a net \$0 technical adjustment to more accurately align funding to current policy for Safety Net Provider Payments and Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) programs. To do this, the Department requests a funding adjustment to reduce the Safety Net Provider Payments line item in the Indigent Care Program Long Bill Group by \$91,759,573 total funds in FY 2020-21, which includes \$45,879,786 cash funds and \$45,879,787 federal funds with a corresponding increase to the Medical Services Premiums – Medical and Long-Term Care Services for Medicaid Eligible Individuals line item. This would allow the Safety Net Provider Payments to reflect the DSH payments only. In FY 2021-22, the Department requests a funding adjustment to reduce the Safety Net Provider Payments line item by \$88,532,386 total funds, including \$44,266,193 cash funds and \$44,266,193 federal funds with a corresponding increase to the Medical Services Premiums – Medical and Long-Term Care Services for Medical Eligible Individuals line item. Cash funds are from the Health Care Affordability & Sustainability Fee Cash Fund.

The requested adjustments would align the Safety Net Provider Payments appropriation to the expected DSH payment allotment and would move the UPL portion to the Medical Services Premiums appropriation. Overall, there would be no change in cash fund or federal fund expenditures and this would align appropriations with current practice. Payment allotments can change from year to year based on updates to the federal funding methodology (DSH reductions and delays). The Department will reevaluate the funding adjustment amount in future years and will use the regular budget process to request adjustments to the allotments when necessary.

Further, the Department requests the elimination of the FY 2019-20 LRFI #4, which requires the Department to report by February 1 of each year the expected disbursement to each CICIP hospital from the Safety Net

Provider Payments line item. This report is no longer needed because it is outdated and duplicative with other reporting requirements.

***Anticipated Outcomes:***

This request would align funding with actual utilization. Approval of the Department's net \$0 technical adjustment request would allow for a more accurate representation of the Department's budget and align appropriations to anticipated expenditures. Eliminating the LRFI associated with CICP hospital payments would relieve the Department of redundant and unnecessary administrative burdens, as CHASE now requires an annual report that details the payments and fees to all hospitals.

***Assumptions and Calculations:***

Detailed calculations for this request are provided in Appendix A attached. The expenditure data presented in this request is the most up-to-date expenditure forecasts of DSH allotments and payments as of submission.

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R-20 Safety Net Provider Payments Adjustment  
Appendix A - Calculations and Assumptions

Table 1.1: Summary by Line Item FY 2020-21								
Row	Line Item	Total Funds	FTE	General Fund	Cash Funds <sup>1</sup>	Reappropriated Funds	Federal Funds	Source
A	(2) Medical Services Premiums and Long-Term Care Services for Medicaid Eligible Individuals	\$91,759,573	0.0	\$0	\$45,879,786	\$0	\$45,879,787	Table 2.1 Row C
B	(5) Indigent Care Program, Safety Net Provider Payments	(\$91,759,573)	0.0	\$0	(\$45,879,786)	\$0	(\$45,879,787)	Table 2.1 Row C * -1
<b>C</b>	<b>Total Request</b>	<b>\$0</b>	<b>0.0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>Row A + Row B</b>

<sup>1</sup>Cash funds are from the Health Care Affordability & Sustainability Fee Cash Fund.

Table 1.2: Summary by Line Item FY 2021-22								
Row	Line Item	Total Funds	FTE	General Fund	Cash Funds <sup>1</sup>	Reappropriated Funds	Federal Funds	Source
A	(2) Medical Services Premiums and Long-Term Care Services for Medicaid Eligible Individuals	\$88,532,386	0.0	\$0	\$44,266,193	\$0	\$44,266,193	Table 2.2 Row C
B	(5) Indigent Care Program, Safety Net Provider Payments	(\$88,532,386)	0.0	\$0	(\$44,266,193)	\$0	(\$44,266,193)	Table 2.2 Row C * -1
<b>C</b>	<b>Total Request</b>	<b>\$0</b>	<b>0.0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>Row A + Row B</b>

<sup>1</sup>Cash funds are from the Health Care Affordability & Sustainability Fee Cash Fund.

Table 1.3: Summary by Line Item FY 2022-23								
Row	Line Item	Total Funds	FTE	General Fund	Cash Funds <sup>1</sup>	Reappropriated Funds	Federal Funds	Source
A	(2) Medical Services Premiums and Long-Term Care Services for Medicaid Eligible Individuals	\$85,257,758	0.0	\$0	\$42,628,879	\$0	\$42,628,879	Table 2.3 Row C
B	(5) Indigent Care Program, Safety Net Provider Payments	(\$85,257,758)	0.0	\$0	(\$42,628,879)	\$0	(\$42,628,879)	Table 2.3 Row C * -1
<b>C</b>	<b>Total Request</b>	<b>\$0</b>	<b>0.0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>Row A + Row B</b>

<sup>1</sup>Cash funds are from the Health Care Affordability & Sustainability Fee Cash Fund.

R-20 Safety Net Provider Payments Adjustment  
Appendix A - Calculations and Assumptions

<b>Table 2.1: FY 2020-21 Safety Net Provider Payments Funding Realignment</b>									
Row	Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP	Source
A	Safety Net Provider Payments Total Appropriation	\$311,296,186	0.0	\$0	\$155,648,093	\$0	\$155,648,093	50%	Long Bill Line Item (SB 19-207)
B	Projected Disproportionate Share Hospital Allotment <sup>1</sup>	\$219,536,613	0.0	\$0	\$109,768,307	\$0	\$109,768,307	50%	Table 3.1 Row A
C	<b>Upper Payment Limit Adjustment to Medical Services Premiums</b>	<b>\$91,759,573</b>	<b>0.0</b>	<b>\$0</b>	<b>\$45,879,786</b>	<b>\$0</b>	<b>\$45,879,787</b>	<b>50%</b>	<b>Row A - Row B</b>
D	Medical Services Premiums - Medical and Long-Term Care Services for Medicaid Eligible Individuals Appropriation	\$7,869,382,428	0.0	\$2,273,815,619	\$982,744,312	\$88,876,290	\$4,523,946,207	57%	Long Bill Line Item (SB 19-207)
E	Upper Payment Limit Adjustment from Safety Net Provider Payments	\$91,759,573	0.0	\$0	\$45,879,786	\$0	\$45,879,787	50%	Row C
F	<b>Total Medical Services Premiums</b>	<b>\$7,961,142,001</b>	<b>0.0</b>	<b>\$2,273,815,619</b>	<b>\$1,028,624,098</b>	<b>\$88,876,290</b>	<b>\$4,569,825,994</b>	<b>57%</b>	<b>Row D + Row E</b>
G	<b>Net Appropriation Adjustment</b>	<b>\$0</b>	<b>0.0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>	<b>Row C - Row E</b>

<b>Table 2.2: FY 2021-22 Safety Net Provider Payments Funding Realignment</b>									
Row	Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP	Source
A	Safety Net Provider Payments Total Appropriation	\$311,296,186	0.0	\$0	\$155,648,093	\$0	\$155,648,093	50%	Long Bill Line Item (SB 19-207)
B	Projected Disproportionate Share Hospital Allotment <sup>1</sup>	\$222,763,801	0.0	\$0	\$111,381,900	\$0	\$111,381,900	50%	Table 3.1 Row B
C	<b>Upper Payment Limit Adjustment to Medical Services Premiums</b>	<b>\$88,532,386</b>	<b>0.0</b>	<b>\$0</b>	<b>\$44,266,193</b>	<b>\$0</b>	<b>\$44,266,193</b>	<b>50%</b>	<b>Row A - Row B</b>
D	Medical Services Premiums - Medical and Long-Term Care Services for Medicaid Eligible Individuals	\$7,869,382,428	0.0	\$2,273,815,619	\$982,744,312	\$88,876,290	\$4,523,946,207	57%	Long Bill Line Item (SB 19-207)
E	Upper Payment Limit Adjustment from Safety Net Provider Payments	\$88,532,386	0.0	\$0	\$44,266,193	\$0	\$44,266,193	50%	Row C
F	<b>Total Medical Services Premiums</b>	<b>\$7,957,914,814</b>	<b>0.0</b>	<b>\$2,273,815,619</b>	<b>\$1,027,010,505</b>	<b>\$88,876,290</b>	<b>\$4,568,212,400</b>	<b>57%</b>	<b>Row D + Row E</b>
G	<b>Net Appropriation Adjustment</b>	<b>\$0</b>	<b>0.0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>	<b>Row C - Row E</b>



R-20 Safety Net Provider Payments Adjustment  
Appendix A - Calculations and Assumptions

Table 2.3: FY 2022-23 and Ongoing Safety Net Provider Payments Funding Realignment									
Row	Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP	Source
A	Safety Net Provider Payments Total Appropriation	\$311,296,186	0.0	\$0	\$155,648,093	\$0	\$155,648,093	50%	Long Bill Line Item (SB 19-207)
B	Projected Disproportionate Share Hospital Allotment <sup>1</sup>	\$226,038,428	0.0	\$0	\$113,019,214	\$0	\$113,019,214	50%	Table 3.1 Row C
C	<b>Upper Payment Limit Adjustment to Medical Services Premiums</b>	<b>\$85,257,758</b>	<b>0.0</b>	<b>\$0</b>	<b>\$42,628,879</b>	<b>\$0</b>	<b>\$42,628,879</b>	<b>50%</b>	<b>Row A - Row B</b>
D	Medical Services Premiums - Medical and Long-Term Care Services for Medicaid Eligible Individuals	\$7,869,382,428	0.0	\$2,273,815,619	\$982,744,312	\$88,876,290	\$4,523,946,207	57%	Long Bill Line Item (SB 19-207)
E	Upper Payment Limit Adjustment from Safety Net Provider Payments	\$85,257,758	0.0	\$0	\$42,628,879	\$0	\$42,628,879	50%	Row C
F	<b>Total Medical Services Premiums</b>	<b>\$7,954,640,186</b>	<b>0.0</b>	<b>\$2,273,815,619</b>	<b>\$1,025,373,191</b>	<b>\$88,876,290</b>	<b>\$4,566,575,086</b>	<b>57%</b>	<b>Row D + Row E</b>
G	<b>Net Appropriation Adjustment</b>	<b>\$0</b>	<b>0.0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>NA</b>	<b>Row C - Row E</b>

<sup>1</sup>DSH allotments are estimated using prior year Federal Fiscal Year (FFY) allotment grown by the 12-month average or estimated Consumer Price Index. A reduction is applied reflecting current federal statute, and calculated by applying Colorado's proportion of the FFY 2018-19 reductions to national reductions. DSH payments are estimated by applying a federal matching rate of 50.00%. Quarterly amounts are calculated for the three year period and combined to find State Fiscal Year payments.

R-20 Safety Net Provider Payments Adjustment  
Appendix A - Calculations and Assumptions

Table 3.1: State Disproportionate Share Hospital (DSH) Allotments							
Row	Item	Total Annual Payments	Quarter Ending 9/30	Quarter Ending 12/31	Quarter Ending 3/31	Quarter Ending 6/30	Source
A	FY 2020-21	\$219,536,613	\$54,285,654	\$55,083,653	\$55,083,653	\$55,083,653	QE 9/30: Table 3.2 Row A QE 12/31, 3/31, 6/30: Table 3.2 Row B
B	FY 2021-22	\$222,763,801	\$55,083,653	\$55,893,383	\$55,893,383	\$55,893,383	QE 9/30: Table 3.2 Row B QE 12/31, 3/31, 6/30: Table 3.2 Row C
C	FY 2022-23	\$226,038,428	\$55,893,383	\$56,715,015	\$56,715,015	\$56,715,015	QE 9/30: Table 3.2 Row C QE 12/31, 3/31, 6/30: Table 3.2 Row D

Table 3.2: Federal Disproportionate Share Hospital (DSH) Allotments				
Row	Item	Total Annual Payments	Quarterly Allotment	Source
A	FFY 2019-20	\$217,142,616	\$54,285,654	Department Forecast - Fund Split Calculations
B	FFY 2020-21	\$220,334,612	\$55,083,653	Department Forecast - Fund Split Calculations
C	FFY 2021-22	\$223,573,530	\$55,893,383	Department Forecast - Fund Split Calculations
D	FFY 2022-23	\$226,860,061	\$56,715,015	Department Forecast - Fund Split Calculations