



CHASE

Colorado Healthcare Affordability and
Sustainability Enterprise

CHASE Initiatives Workgroup Meeting Notes

February 12, 2025
12:00pm- 1:30pm

[CHASE Workgroup Meeting 4 Slides](#)

[Meeting Recording](#)

Decisions:

- Use Medicare hospital cost reports as data source for calculating the average commercial rate (ACR).

Actions:

- CHA to share examples of recently approved preprints, including dates of approval, with HCPF.

Notes:

1. Introductions and Recap

- a. Workgroup members (*regrets with strikethrough*)
 - i. Alison Sbrana, Consumer
 - ~~ii. Annie Lee, President & CEO, Colorado Access~~
 - iii. Emily King, Senior Policy Advisor/Deputy Director of the Office of Saving People Money on Health Care, Governor's Office
 - iv. Josh Block, Deputy Chief Financial Officer, HCPF
 - v. Dr. Kimberley Jackson, CHASE Board Vice President
 - vi. Nancy Dolson, Special Financing Division Director, HCPF
 - vii. Shauna Lorenz, Partner, Gjerset & Lorenz LLP
 - viii. Tom Rennell, Senior Vice President Financial Policy and Data Analytics, CHA



- b. Additional attendees:
 - i. Melissa Eddleman, HCPF
 - ii. Jeff Wittreich, HCPF
 - iii. Shay Lyon, HCPF
 - iv. Matt Reidy, Public Consulting Group
 - v. Mary Goddeeris, Health Management Associates
 - vi. Stephanie Glover, Colorado Access
 - vii. Jacki Cooper Melmed, Chief Legal Officer, UCHealth
 - viii. Greg Boyle, UCHealth
 - ix. Rae True UCHealth
 - x. Jaret Kanarek, LS Point
 - xi. Claire Bornstein, Dentons
 - xii. Jason Durrett, Adelanto HealthCare Ventures
 - xiii. Jamie Whitney, Unknown organization
 - xiv. R. Hales, Unknown organization
- c. GPS recapped ground rules, caveats, emerging consensus, open questions, and an approach for working together (slides 6-12)

2. Preprint Requirements

- a. Matt Reidy (PCG) presented information about the CMS preprint document, including requirement and sections linked to workgroup discussion points (slides 14-16).
- b. Every state must use this [Preprint Template](#). At first glance, it may appear that options are limited, but in practice, states have a fair bit of latitude in how SDPs are designed. No two preprints are identical and some sections are standardized to support CMS review for allowability. Today, we are focusing on 9-10 preprint items for the workgroup to be aware of (see slides 15-16).
- c. *Discussion*:
 - i. Tom Rennell (CHA): some components might be contingent on other pieces of information, so not all questions can be answered at the same time. For example, determining IGT amounts and participants will be determined after identifying the total dollar amount of the SDP and fee revenue. There is some logic in sequencing that is important.
 - ii. Mary Goddeeris (HMA): have seen CMS request to separate managed care contracts by type when applying certain calculations (e.g., behavioral health, etc.).
 - iii. Josh Block (HCPF): this preprint is outdated and is no longer consistent with the federal regulations that exist in this



moment. Very likely that there will be questions coming from CMS that are not included in this current document that will require us to respond.

1. Matt Reidy (PCG): likely that CMS will ask questions once they receive and review a state's proposal.
2. Josh Block (HCPF): the preprint will give a good roadmap but we might want to anticipate, in the absence of federal guidance, what additional questions might be submitted based on current regulations.
3. Nancy Dolson (HCPF): Is there a clock for CMS review?
 - a. Mary Goddeeris: no real clock, but there is time sensitivity regarding how quickly they review. Preprints do generally get approved faster than a state plan amendment.
4. Alison Sbrana (Consumer): Can you remind us of the timeline for workgroup decisions and focus areas?
 - a. Nancy Dolson: overall goal is to have the package ready to go to CMS by July 1, including the preprint(s) and all other necessary documentation. Working backward, the goal for this workgroup is finalize a proposal by the end of May to be submitted to the CHASE Board in early June.

3. State Directed Payment Discussion (slides 17-29)

- a. Nancy Dolson (HCPF) reviewed data sources, options, and mechanics used to calculate the average commercial rate (slides 17-24). ACR influences the total amount of the SDP, so deciding data source, calculation, and payment methodology are important early discussions.
 - i. **Data source recommendation: Medicare hospital cost reports. May consider suggesting to CHASE Board to explore other data sources in the future.**
 1. **Any objections to accepting this recommendation to use hospital cost reports as the data source for the ACR?**
 - a. **Decision: No objections**
 - ii. **ACR calculation recommendation: Payment-to-Cost ratio**
 1. Kim Jackson (Consumer): Some of the data we have includes pandemic and Medicaid unwind and other components. Do we need to account for these variances?



- a. Nancy Dolson (HCPF): Total payments divided by total costs show a ratio that we'll use
- b. Tom Rennell (CHA): Thoughtful question. HCPF has to wrestle with this when thinking through supplemental payment calculations on the UPL side. Need to look at variances in the data and make decisions about outliers and how they influence the overall calculation. Must be mindful of this, e.g. try to remove those years (e.g., pandemic data) or adjust the years. 2023 data may not be as influenced.
- c. Shauna Lorenz (Gjerset & Lorenz): Applying the ratio to the current data in the new year, regardless of the number of days or claims. Applying to new claims with volume changes ensures an appropriate relationship increase.
- d. Alison Sbrana (Consumer): The unwind started in May 2023. Will this impact this calculation?
- e. Josh Block (HCPF): The actuaries who will ultimately be responsible for setting the rates understand this issue and will apply adjustments to get to a projection that will be applicable to the future. Actual payments will be based on the claim year and may be higher or lower than the projection, and so then therefore would need to be adjusted again. Not overly concerned about the base data.
- f. Shauna Lorenz (Gjerset & Lorenz): risk based capitation payments will be applicable in SFY 2029 and forward. Does not apply if we use a separate payment term in the more immediate future.
- g. Josh Block (HCPF): Understand that reading; HCPF's long experience that that CMS does not always approve proposals under old regulations. We should be prepared to respond to current regulations in the case CMS will not approve something under the old methodology to avoid significant delays.
- h. Shauna Lorenz (Gjerset & Lorenz): Experience is that CMS has continued to approve under old regulations as recently as December. May not be



feasible to address 2029 CMS requirement by July 2025.

- i. Tom Rennell (CHA): We recently received a survey on filing preprints and CMS approval timeframes and process. One notable finding is that the filing of preprint established the start date, so even if it took 2-3 months to iron out methodology with CMS, the filing date is considered the start date. While there have been 1-4 month delays in getting preprints filed, did not see delays related to separate payment terms in the survey results.
 - j. Josh Block (HCPF): Are you aware of CMS approval after new regulations? Would like to see the language and the date that CMS approved it (preprints and approval dates).
 - i. **ACTION: CHA to share examples of approved preprints, including dates, with HCPF**
 - k. Melissa Eddleman (HCPF): CMS is requiring preprints to be submitted 90 days prior to rate period effective date. They also have indicated that they do not want draft proposals.
 - l. Mary Goddeeris (HMA): Propose a preferred methodology (e.g., separate payment terms) rather than waiting to develop multiple plans (primary and backup or short term and long term).
 - m. Alison Sbrana (Consumer): Agree that we should continue developing an approach once the initial proposal is in to account for future requirements and timelines.
 - n. **Decision pending (to be confirmed at 2/26 meeting): Use Payment to Cost ratio method in the near term but desire to continue to explore longer-term opportunities**
- b. Nancy Dolson (HCPF) reviewed key design components of state directed payment programs, along with considerations for payment mechanics and SDP quality measures (slides 25-29).
- i. **Directed payment design recommendation:** Uniform dollar or percentage increase (fee schedule)



1. Alison Sbrana (Consumer): Understand time constraints; want to make sure we aren't prioritizing short term gain over long term appropriate support. If we have to make compromises based on time constraints, want to be sure we have a long term plan to adjust, revise, and design with long term outcomes in mind.
- ii. Payment mechanics and key considerations (slide 28)
 1. Matt Reidy (PCG): the state's decision on payment mechanics would be informed by clarity of methodology, administrative ease, and monitoring.
 2. Josh Block (HCPF): Once this has to be loaded into the capitation rate as a population or condition-based payment, the mechanics become very important and becomes an important question when the actuarial estimate differs from actual cost and how we will manage this and the impact on various funding source (e.g., General Fund).
- iii. Quality: will discuss in upcoming workgroup meetings

4. Model Update Requirements

- a. Nancy Dolson (HCPF) reviewed components of model development and current status (slides 30-34).

5. Next Steps

- a. GPS to share meeting notes with decisions and actions.
- b. Modeling resources will begin doing their work and tap analytic support as needed.
- c. HCPF will post the next workgroup meeting on its [website](#).
- d. HCPF will post an agenda ahead of the second workgroup meeting.

6. Next Meeting: February 26, 2025, from 12:00-1:30pm MT. Please visit [Colorado Healthcare Affordability and Sustainability Enterprise \(CHASE\) State Directed Payment Program Workgroup](#)

Resources

1. HCPF has created a resource bank to enable asynchronous and self-paced learning. Scroll to the bottom of the [Work Group webpage](#) and click on "Resource Bank"
2. Opportunities for independent study, feedback, and questions



- a. Individualized support and deeper learning for workgroup-relevant topics are available upon request. Please direct requests to Laura and Greg and they will facilitate responses (laura@governmentperformance.us and greg@governmentperformance.us).
- b. There is also a dedicated email box for this project, available to workgroup members and any other stakeholders: HCPF_CHASE_SDP@state.co.us
- c. The Workgroup will have a few business days in advance of each meeting to review upcoming meeting materials
- d. Agendas, meetings materials, and notes will be posted on the [CHASE SDP Workgroup website](#)

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