



COLORADO

Department of Health Care
Policy & Financing

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Proposed Disproportionate Share Hospital (DSH) Payment Qualification

January 2025

The Department of Health Care Policy and Financing (HCPF) invites feedback on proposed revisions to the state's Medicaid Disproportionate Share Hospital (DSH) payment qualification requirements.

This document includes the current DSH qualification policy, proposed revisions to the DSH qualification policy, and background information.

Feedback

Feedback may be provided via email to hcpf_CICPCorrespondence@state.co.us or during public comment at the following meetings where this proposal will be presented:

- January 13th at 11 am: [Hospital Discounted Care](#) stakeholder meeting [via Zoom](#)
- January 27th at 1 pm: [CICP Stakeholder Advisory Council](#) meeting [via Zoom](#)
- February 25th at 3 pm: [Colorado Healthcare Affordability and Sustainability Enterprise \(CHASE\) Board](#) meeting [via Zoom](#)

Current DSH Requirements

Today CICP participating hospitals are funded through the DSH payment that is part of the CHASE. Under [current rules](#), to qualify for a DSH payment a Colorado hospital must meet the federal minimum requirements and

- Participate in CICP, or
- Be a Critical Access Hospital, or
- Be a hospital that must receive DSH payments under federal law, i.e., a Medicaid utilization at least one standard deviation above the mean for hospitals in the state that receive Medicaid payments or a low-income inpatient utilization in greater than 25%



Proposed DSH Requirements effective July 1, 2025

With changes from current policy highlighted in yellow, HCPF proposes to qualify for a DSH payment a Colorado hospital must meet the federal minimum requirements, and:

- Have an approved charity care program, or
- Be a Critical Access Hospital or Sole Community Hospital located in a rural county, or
- Be a hospital that must receive DSH payments under federal law, i.e., a Medicaid utilization at least one standard deviation above the mean for hospitals in the state that receive Medicaid payments or a low-income inpatient utilization greater than 25%

An approved charity care program must include at a minimum:

- Discounted hospital services for uninsured patients with incomes up to and including 250% of the federal poverty guideline.
- A sliding fee scale consisting of a tiered co-payment system with at least three tiers that determines the level of patient's financial participation.
 - The sliding fee scale shall guarantee that the highest co-payment tier for patient financial participation is below the rates established for [Hospital Discounted Care](#).
 - Factors considered in establishing the tiered co-payment system shall only be the patient's income and the number of members in the patient's family unit.
 - The patient's co-payment determination must be good for at least one year from the date of income determination.
 - Payment plans must be allowed and shall not exceed the amount and duration established in [Hospital Discounted Care](#).
 - The sliding fee scale must include the following hospital services at a minimum: emergency department visits, inpatient stays, laboratory services, imaging services, and hospital dispensed pharmaceuticals.
- A policy exempting patient debt from any permissible collection action for those who qualify for the hospital's charity care program.

Background

House Bill (HB) 24-1399

[HB24-1399](#) sunsets the CICP effective July 1, 2025. As directed in the legislation, in consultation with the CHASE Board, HCPF will present rules for the Medical Services Board's consideration to revise the DSH payment qualification policy. Subject to the federal requirements, the DSH payment policy must direct funding to hospitals serving a greater proportion of Medicaid and uninsured patients compared to other hospitals and offering financial assistance to lower-income Coloradans.



CICP Advisory Council

In contemplating the sunset of the CICP, the CICP Advisory Council developed [a proposal for the future of the CICP](#) in May 2022. The Council recommendations included adjusting DSH rules to reflect the current minimum requirements of CICP related to hospital charity care programs and allocate funding to hospitals providing services to Coloradans making up to 250% of the federal poverty guideline.

Federal Requirements

[Federal law](#) requires that state Medicaid programs make DSH payments to qualifying hospitals that serve a large number of Medicaid and uninsured individuals.

States have broad flexibility in both determining which hospitals receive DSH payments and in how the payments are calculated. However, states must make DSH payments to deemed DSH hospitals, which must meet one of two criteria specified in federal statute:

- A Medicaid utilization at least one standard deviation above the mean for hospitals in the state that receive Medicaid payments, or
- A low-income inpatient utilization in excess of 25 percent

States may designate other hospitals to receive DSH payments as long as they have a Medicaid utilization rate of at least one percent and, with certain exceptions, at least two obstetricians with staff privileges that treat Medicaid enrollees.

As a result, states may designate a wide range of hospitals as DSH hospitals, as long as those meeting the specified minimum criteria are included. A state's DSH payment methodology is specified within its Medicaid State Plan.

Additional References

- [Medicaid Disproportionate Share Hospital \(DSH\) Payments](#)
- [Disproportionate share hospital payments - MACPAC](#)
- [Medicaid Base and Supplemental Payments to Hospitals | MACPAC](#)

For more information contact

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