



Hospital Discounted Care Operations Manual

Fiscal Year 2025-26

Section VI: Audits and Compliance



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Article I. AUDIT PROCESSS

Section 1.01 Audits

The Department of Health Care Policy and Financing (HCPF) will periodically audit Health Care Facilities and Licensed Health Care Professionals to ensure compliance with the rules and policies related to Hospital Discounted Care. There are three separate components of the Hospital Discounted Care Audit, as listed below. Patient sample selections are made using the most recent data submitted by the Health Care Facility or Licensed Health Care Professional.

1. Eligibility Audit (Health Care Facilities only): This portion of the audit examines whether policies and procedures related to patient eligibility were correctly completed by the Health Care Facility. The Eligibility Audit will examine screenings, applications, determination notices, and screening best efforts completed for each selected patient.
2. Billing Audit: This portion of the audit examines the Health Care Facility or Licensed Health Care Professional's billing records to verify that patients were charged appropriately according to the Hospital Discounted Care rates established by HCPF. The Billing Audit will examine patient determination documentation, billing statements, itemizations, payment plan creation and completion, and collections notices and practices.
3. Policy Audit: This portion of the audit examines any additional policies that a Health Care Facility or Licensed Health Care Professional has that relate to Hospital Discounted Care. Some examples of policies that may be examined if applicable include deductions policies, extension of eligibility to non-Colorado residents, write off policies, internal screening forms, payment plan creation, and collections procedures. These policies will be reviewed to ensure they meet the minimum standards set by Hospital Discounted Care and that they are being followed uniformly for all patients.

Section 1.02 Timeframe

The table below lays out the audit timeline:

Audit Phase	Timeline and Description
Audit Notification	Health Care Facilities and Licensed Health Care Professionals will be notified in writing via email that they have been selected for audit
Entrance Conference	Entrance conferences are normally held within two weeks of audit notification
Data Collection	Facilities and professionals are given thirty (30) calendar days from the date they are notified of the audit to collect and submit the required data
Conduct Audit	The audit will be conducted following the submission of all required data, usually lasting around four months

Prepare Results Report	An audit report will be prepared and sent to the facility or professional the day before the Exit Conference for the facility or professional to review
Exit Conference	An Exit Conference will be scheduled after the audit is completed and an audit report is prepared
Review Period	The facility or professional will have five (5) business days after the Exit Conference to review and submit any missing data to the Audits team
Finalization of Audit	The Audits team will review and finalize the audit report using any extra data submitted within the Review Period and send a final report to the facility or professional and the State Programs team
Appeals	The facility or professional will have five (5) business days from the date of the final audit report to appeal the findings, the process for which can be found in Section 1.03 Appeals Process

Section 1.03 Appeals Process

If a Health Care Facility or Licensed Health Care Professional disagrees with and would like to appeal the audit findings, they may file a dispute in writing to the State Programs Unit Manager at hcpf_HospDiscountCare@state.co.us within five (5) business days after the final audit report is issued to the facility or professional by the Program Audits team. Following receipt of the dispute, the State Programs Unit Manager will perform a review of the validation process to determine if the basis of the dispute is valid. **No new data, information, or documentation can be submitted as part of the dispute process.** A determination will be made by the State Programs Unit Manager within ten (10) business days after receipt of the dispute.

If the facility or professional disagrees with the dispute determination made by the State Programs Unit Manager, they may file an appeal directly to the Special Financing Deputy Division Director within five (5) business days after receiving the final dispute determination from the State Programs Unit Manager. The appeal shall be sent to hcpf_HospDiscountCare@state.co.us. Following receipt of the appeal, the Special Financing Deputy Division Director will perform a review. As part of this review, the Special Financing Deputy Division Director will gather documents and information from the State Programs Unit Manager specific to their final determination. **No new data, information, or documentation can be submitted as part of the dispute process.** A decision will be made by the Special Financing Deputy Division Director within ten (10) business days after receipt of the dispute.

If the facility or professional disagrees with the dispute determination made by the Special Financing Deputy Division Director, they may file an appeal directly to the Special Financing Division Director within five (5) business days after receiving the final dispute determination from the Special Financing Deputy Division Director. The appeal shall be sent to

hcpf_HospDiscountCare@state.co.us. Following receipt of the appeal, the Special Financing Division Director will perform a review. As part of this review, the Special Financing Division Director will gather documents and information from the State Programs Unit Manager and Special Financing Deputy Division Director specific to their final determination. **No new data, information, or documentation can be submitted as part of the dispute process.** A final determination will be made by the Special Financing Division Director within ten (10) business days after receipt of the appeal. The decision of the Special Financing Division Director is final.

Article II. COMPLIANCE AND FINES

Section 2.01 Audit Findings

Any final audit findings that are at 10% and greater will result in a Corrective Action Plan (CAP). The determination of which findings meet the 10% threshold will be determined after the final audit report has been issued, or at the end of the appeals process, whichever is later. Health Care Facilities and Licensed Health Care Professionals will be sent a CAP letter and form to complete in the days following the report or appeal process. See Section 2.03 Corrective Action Plans for more information.

Section 2.02 Non-Compliance

If HCPF finds that a Health Care Facility or Licensed Health Care Professional is not in compliance with the Hospital Discounted Care rules or policies set forth in this manual, HCPF will notify the facility or professional of the non-compliance. HCPF may be alerted to non-compliance in various ways, including but not limited to receiving complaints from patients or other facilities or professionals, identification of non-conforming information or policies being followed by the facility or professional, and recognition of patterns in appeals.

HCPF will work with facilities and professionals to correct any non-compliance prior to the decision to issue a CAP. Should a CAP be determined necessary, the process will commence as outlined in Section 2.03 below.

Section 2.03 Corrective Action Plans

The facility or professional will have 90 days from the date of HCPF's notification to complete and submit a CAP addressing any and all compliance issues identified by HCPF. The CAP must include measures that will be or have been taken to inform patients about the noncompliance and provide any necessary financial corrections for impacted patients. Failure to submit a CAP may result in a fine until such a plan is received.

The State Programs Unit will review and either approve or deny the submitted CAP within 10 business days of receiving the CAP. If HCPF denies a CAP or requires more clarification, the facility or professional will then have 10 business days to correct and resubmit the CAP.

Facilities and professionals may request an extension to submit their corrective action plan. An additional extension of 30 days may be granted at HCPF's discretion, totaling 120 days to submit the CAP. HCPF may require any facility or professional who is not in compliance with the rules or policies to develop and operate under a corrective action plan until HCPF determines that the facility or professional is in compliance.

Section 2.04 Fines

If HCPF determines that a Health Care Facility or Licensed Health Care Professional's noncompliance with the rules or policies for Hospital Discounted Care is knowing or willful, or if there is a repeated pattern of noncompliance, HCPF may fine the facility or professional up to \$5,000. If the facility or professional fails to take corrective action and/or file a corrective action plan with HCPF, the facility or professional may be fined up to \$5,000 per week until the facility or professional takes corrective action.

HCPF will take into account the size of the facility or professional/professional group and the seriousness of the noncompliance issue when setting the fine amount.