



# CHASE

Colorado Healthcare Affordability and  
Sustainability Enterprise

1570 Grant Street  
Denver, CO 80203

## Supporting Hospitals to Implement the Hospital Transformation Program

CHASE supplemental payments to hospitals are funded from two sources: fees and federal matching funds calculated pursuant to the federal medical assistance percentage (FMAP) or federal Medicaid match rate. Historically, the FMAP for supplemental payments has been 50%, i.e., for every supplemental payment dollar, fifty cents were fees and fifty cents were federal matching funds. Beginning in FFY 2019-20, the Department applied an enhanced FMAP (eFMAP) to CHASE supplemental payments to support the Hospital Transformation Program (HTP). With the eFMAP, the Department can collect less fee to make the same payment due to the federal share of the payment increasing, which results in a net reimbursement increase for hospitals.

In developing the HTP, the Department explored multiple avenues to support hospital efforts under the program. A few other states had pursued an eFMAP for supplemental payments and had been successful, so the Department explored this route as part of our negotiations with the Centers for Medicare and Medicaid Services (CMS). After about nine months of negotiations, the Department reached an agreement with our federal partners on an approach and methodology to draw eFMAP on supplemental payments to support the hospitals with their interventions and program administration of HTP. The eFMAP is calculated using a combination of all federal matching percentages for all Medicaid members including those under the Affordable Care Act (ACA) expansions, which have higher federal match rates.

The Department estimates that net reimbursement increases due to the eFMAP will be at least \$100,000,000 per year. The eFMAP net reimbursement increases for each FFY to date are:

- FFY 2019-20 (Oct. 2019 - Sept. 2020) = \$127,000,000
- FFY 2020-21 (Oct. 2020 - Sept. 2021) = \$140,000,000

The eFMAP net reimbursement increase for a particular hospital or system can be estimated by year by multiplying the hospital's or system's percentage of total fees paid by the eFMAP net reimbursement increase.

- Fees collected were approximately \$1,015,000,000 in FFY 2019-20 and \$1,073,000,000 in FFY 2020-21
- Hospitals can find their fees paid each year in their final CHASE letter or on the Department's website:
  - FFY 2019-20 fees by hospital are published in the [January 2021 CHASE annual report](#)
  - FFY 2020-21 fees by hospital are published on the [CHASE Board webpage](#) under the April 27, 2021 meeting
- Example eFMAP net reimbursement calculation:
  - FFY 2019-20 eFMAP net reimbursement = hospital's FFY 2019-20 fees paid ÷ \$1,015,000,000 × \$127,000,000

