COLORADO
Department of Health Care Policy & Financing

Department of Health Care Policy and Financing
1570 Grant Street
Denver, CO 80203

January 15, 2016

Governor John W. Hickenlooper
136 State Capitol
Denver, CO 80203-1792

Dear Governor Hickenlooper:

Enclosed please find a legislative report to the Governor from the Department of Health Care Policy and Financing on and the Hospital Provider Fee Oversight and Advisory Board on the Colorado Health Care Affordability Act.

Section 25.5-4-402.3 (6)(f), C.R.S. requires the Board to submit a written report to the health and human services committees of the senate and the house of representatives, or any successor committees, the joint budget committee, and the medical services board concerning the implementation of the Colorado Health Care Affordability Act by January 15 each year. This report includes a description of the hospital provider fee; the total amount of the provider fee paid and revenue received by each hospital; an itemization of the Department's costs in administering the hospital provider fee; and estimates of the differences between the cost of care provided and payment received by hospitals for patients covered by Medicaid, Medicare, and other payers.

During the October 2014 through September 2015 time period, the Colorado Health Care Affordability Act reduced hospitals' uncompensated care by providing $335 million in net new federal funds to hospitals and funding health coverage through Medicaid and the Child Health Plan Plus (CHP+) for more than 409,000 Coloradans with no increase in state General Fund expenditures.

If you require further information or have additional questions, please contact the Department's Legislative Liaison, Zach Lynkiewicz, at Zach.Lynkiewicz@state.co.us or 720-854-9882.

Sincerely,

Susan E. Birch, MBA, BSN, RN
Executive Director

David Livingston
Chair, Hospital Provider Fee
Oversight and Advisory Board

SEB/nad
Enclosure(s): Colorado Health Care Affordability Act Annual Report

Cc: Kyle M. Brown, Senior Health Policy Advisor, Governor's Office
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Tom Massey, Policy, Communications, and Administration Office Director, HCPF
Rachel Reiter, External Relations Division Director, HCPF
Zach Lynkiewicz, Legislative Liaison, HCPF

COLORADO
Department of Health Care
Policy & Financing

Department of Health Care Policy and Financing
1570 Grant Street
Denver, CO 80203

January 15, 2016

The Honorable Beth McCann, Chair
Health, Insurance, and Environment Committee
200 E. Colfax Avenue
Denver, CO 80203

Dear Representative McCann:

Enclosed please find a legislative report to the House Health, Insurance, and Environment Committee from the Department of Health Care Policy and Financing on and the Hospital Provider Fee Oversight and Advisory Board on the Colorado Health Care Affordability Act.

Section 25.5-4-402.3 (6)(f), C.R.S. requires the Board to submit a written report to the health and human services committees of the senate and the house of representatives, or any successor committees, the joint budget committee, and the medical services board concerning the implementation of the Colorado Health Care Affordability Act by January 15 each year. This report includes a description of the hospital provider fee; the total amount of the provider fee paid and revenue received by each hospital; an itemization of the Department's costs in administering the hospital provider fee; and estimates of the differences between the cost of care provided and payment received by hospitals for patients covered by Medicaid, Medicare, and other payers.

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Oversight and Advisory Board

SEB/nad
Enclosure(s): Colorado Health Care Affordability Act Annual Report

Cc: Representative Joann Ginal, Vice Chair, Health, Insurance and Environment Committee
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Representative Janet Buckner, Health, Insurance and Environment Committee
Representative Daneya Esgar, Health, Insurance and Environment Committee
Representative Steve Humphrey, Health, Insurance and Environment Committee
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Representative Lois Landgraf, Health, Insurance and Environment Committee
Representative Susan Lontine, Health, Insurance and Environment Committee
Representative Dianne Primavera, Health, Insurance and Environment Committee
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COLORADO
Department of Health Care
Policy & Financing

Department of Health Care Policy and Financing
1570 Grant Street
Denver, CO 80203

January 15, 2016

The Honorable Dianne Primavera, Chair
Public Health Care and Human Services Committee
200 E. Colfax Avenue
Denver, CO 80203

Dear Representative Primavera:

Enclosed please find a legislative report to the House Public Health Care and Human Services Committee from the Department of Health Care Policy and Financing on and the Hospital Provider Fee Oversight and Advisory Board on the Colorado Health Care Affordability Act.

Section 25.5-4-402.3 (6)(f), C.R.S. requires the Board to submit a written report to the health and human services committees of the senate and the house of representatives, or any successor committees, the joint budget committee, and the medical services board concerning the implementation of the Colorado Health Care Affordability Act by January 15 each year. This report includes a description of the hospital provider fee; the total amount of the provider fee paid and revenue received by each hospital; an itemization of the Department's costs in administering the hospital provider fee; and estimates of the differences between the cost of care provided and payment received by hospitals for patients covered by Medicaid, Medicare, and other payers.

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If you require further information or have additional questions, please contact the Department's Legislative Liaison, Zach Lynkiewicz, at Zach.Lynkiewicz@state.co.us or 720-854-9882.

Sincerely,

Susan E. Birch, MBA, BSN, RN
Executive Director

David Livingston
Chair, Hospital Provider Fee
Oversight and Advisory Board

SEB/nad
Enclosure(s): Colorado Health Care Affordability Act Annual Report

Cc: Representative Jonathan Singer, Vice-Chair, Public Health Care and Human Services Committee
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Representative Joann Ginal, Public Health Care and Human Services Committee
Representative Dominick Moreno, Public Health Care and Human Services Committee
Representative Brittany Pettersen, Public Health Care and Human Services Committee
Representative Max Tyler, Public Health Care and Human Services Committee
Representative Lois Landgraf, Public Health Care and Human Services Committee
Representative Kathleen Conti, Public Health Care and Human Services Committee
Representative Justin Everett, Public Health Care and Human Services Committee
Representative Janak Joshi, Public Health Care and Human Services Committee
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Zach Lynkiewicz, Legislative Liaison, HCPF

COLORADO
Department of Health Care Policy & Financing

Department of Health Care Policy and Financing
1570 Grant Street
Denver, CO 80203

January 15, 2016

The Honorable Millie Hamner, Chair
Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, CO 80203

Dear Representative Hamner:

Enclosed please find a legislative report to the Joint Budget Committee from the Department of Health Care Policy and Financing on and the Hospital Provider Fee Oversight and Advisory Board on the Colorado Health Care Affordability Act.

Section 25.5-4-402.3 (6)(f), C.R.S. requires the Board to submit a written report to the health and human services committees of the senate and the house of representatives, or any successor committees, the joint budget committee, and the medical services board concerning the implementation of the Colorado Health Care Affordability Act by January 15 each year. This report includes a description of the hospital provider fee; the total amount of the provider fee paid and revenue received by each hospital; an itemization of the Department's costs in administering the hospital provider fee; and estimates of the differences between the cost of care provided and payment received by hospitals for patients covered by Medicaid, Medicare, and other payers.

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If you require further information or have additional questions, please contact the Department's Legislative Liaison, Zach Lynkiewicz, at Zach.Lynkiewicz@state.co.us or 720-854-9882.

Sincerely,

Susan E. Birch, MBA, BSN, RN
Executive Director

David Livingston
Chair, Hospital Provider Fee Oversight and Advisory Board

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Enclosure(s): Colorado Health Care Affordability Act Annual Report

Cc: Senator Kent Lambert, Vice-chair, Joint Budget Committee
Representative Bob Rankin, Joint Budget Committee
Representative Dave Young, Joint Budget Committee
Senator Kevin Grantham, Joint Budget Committee
Senator Pat Steadman, Joint Budget Committee
John Ziegler, Staff Director, JBC
Eric Kurtz, JBC Analyst
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COLORADO
Department of Health Care Policy & Financing

Department of Health Care Policy and Financing
1570 Grant Street
Denver, CO 80203

January 15, 2016

Brenda LaCombe
President, Medical Services Board
Department of Health Care Policy and Financing
1570 Grant Street
Denver, CO 80203

Dear Ms. LaCombe:

Enclosed please find a legislative report to the Medical Services Board from the Department of Health Care Policy and Financing on and the Hospital Provider Fee Oversight and Advisory Board on the Colorado Health Care Affordability Act.

Section 25.5-4-402.3 (6)(f), C.R.S. requires the Board to submit a written report to the health and human services committees of the senate and the house of representatives, or any successor committees, the joint budget committee, and the medical services board concerning the implementation of the Colorado Health Care Affordability Act by January 15 each year. This report includes a description of the hospital provider fee; the total amount of the provider fee paid and revenue received by each hospital; an itemization of the Department's costs in administering the hospital provider fee; and estimates of the differences between the cost of care provided and payment received by hospitals for patients covered by Medicaid, Medicare, and other payers.

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If you require further information or have additional questions, please contact the Department's Legislative Liaison, Zach Lynkiewicz, at Zach.Lynkiewicz@state.co.us or 720-854-9882.

Sincerely,

Susan E. Birch, MBA, BSN, RN
Executive Director

David Livingston
Chair, Hospital Provider Fee Oversight and Advisory Board

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Enclosure(s): Colorado Health Care Affordability Act Annual Report

Cc: Christy Blakely, Vice President, Medical Services Board
Timothy Fox, Medical Services Board
Patricia Givens, Medical Services Board
Bregitta Hughes, Medical Services Board
Amanda Moorer, Medical Services Board
Paul Melinkovich, MD, Medical Services Board
Ginny Riley, Medical Services Board
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Michael Stahl, Medical Services Board
Mary Trujillo-Young, PhD, Medical Services Board
Judi Carey, Medical Services Board Coordinator
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COLORADO
Department of Health Care Policy & Financing

Department of Health Care Policy and Financing
1570 Grant Street
Denver, CO 80203

January 15, 2016

The Honorable Kevin Lundberg, Chair
Health and Human Services Committee
200 E. Colfax Avenue
Denver, CO 80203

Dear Senator Lundberg:

Enclosed please find a legislative report to the Senate Health and Human Services Committee from the Department of Health Care Policy and Financing on and the Hospital Provider Fee Oversight and Advisory Board on the Colorado Health Care Affordability Act.

Section 25.5-4-402.3 (6)(f), C.R.S. requires the Board to submit a written report to the health and human services committees of the senate and the house of representatives, or any successor committees, the joint budget committee, and the medical services board concerning the implementation of the Colorado Health Care Affordability Act by January 15 each year. This report includes a description of the hospital provider fee; the total amount of the provider fee paid and revenue received by each hospital; an itemization of the Department's costs in administering the hospital provider fee; and estimates of the differences between the cost of care provided and payment received by hospitals for patients covered by Medicaid, Medicare, and other payers.

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Susan E. Birch, MBA, BSN, RN
Executive Director

David Livingston
Chair, Hospital Provider Fee Oversight and Advisory Board

SEB/nad
Enclosure(s): Colorado Health Care Affordability Act Annual Report

Cc: Senator Larry Crowder, Vice-Chair, Health and Human Services Committee
Senator Beth Martinez Humenik, Health and Human Services Committee
Senator Irene Aguilar, Health and Human Services Committee
Senator Linda Newell, Health and Human Services Committee
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Colorado Health Care Affordability Act Annual Report

Hospital Provider Fee Oversight and Advisory Board

January 15, 2016

COLORADO
Department of Health Care
Policy & Financing

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I. Executive Summary

The Department of Health Care Policy and Financing (the Department) and the Hospital Provider Fee Oversight and Advisory Board (OAB) have prepared this annual report concerning the implementation of the Colorado Health Care Affordability Act (CHCAA). The CHCAA authorizes the Department to assess a hospital provider fee to generate additional federal Medicaid matching funds to expand health care access, improve the quality of care for clients serviced by public health insurance programs, increase funding for hospital care for Medicaid and Colorado Indigent Care Program (CICP) clients, and reduce cost-shifting to private payers.

From October 2014 through September 2015, the CHCAA has:

Provided $335 million in increased reimbursement to hospital providers

During the October 2014 through September 2015 time period, hospitals received more than $1.1 billion million in supplemental Medicaid and Disproportionate Share Hospital (DSH) payments financed with hospital provider fees, including $61 million in hospital quality incentive payments. This funding increased hospital reimbursement by nearly $335 million for care provided to Medicaid and CICP clients with no increase in General Fund expenditures.

Reduced uncompensated care costs and the need to shift uncompensated care costs to other payers

The CHCAA reduces uncompensated care for hospital providers and the need to shift those costs to private payers by increasing reimbursement to hospitals and by reducing the number of uninsured Coloradans. From 2009 to 2014, the payment for care provided to Medicaid clients has improved overall from 54% to 72% of costs. In 2014, the amount of bad debt and charity care decreased by more than 50% compared to 2013. This sharp reduction in hospitals' uncompensated care follows the increased reimbursement to hospitals under CHCAA and the reduction in the number of uninsured Coloradans due to the CHCAA and the federal Affordable Care Act (ACA).

Provided health care coverage through Medicaid and the Child Health Plan Plus (CHP+) for more than 409,000 Coloradans

Health coverage expansions in Medicaid and CHP+ funded with hospital provider fees began in 2010, when the population expansions for Medicaid parents and CHP+ children and pregnant women were implemented. In 2012, the Medicaid Buy-In Programs for Working Adults and Children with Disabilities, as well as a limited enrollment for adults without dependent children, were implemented. In 2014, pursuant to Senate Bill 13-200, Medicaid coverage for parents and adults without dependent children was increased up to federal limits and 12-month continuous eligibility for children enrolled in Medicaid were implemented.

As of September 30, 2015, the Department has enrolled approximately 91,000 Medicaid parents, 15,000 CHP+ children and pregnant women, 10,000 adults and children with disabilities, and 293,000 adults without dependent children with no increase in General Fund expenditures.

III. Hospital Provider Fee Oversight and Advisory Board

A thirteen member Hospital Provider Fee Oversight and Advisory Board (OAB) appointed by the Governor provides oversight and makes recommendations to the Department and the Medical Services Board on the implementation of the CHCAA. See Appendix C for a list of OAB members.

The CHCAA outlines the specific duties of the OAB, including:

- Recommend to the Department the method of calculating the provider fee, the amount of the provider fee, and changes in the provider fee that increase the number of hospitals benefitting from the fee;
- Recommend to the Department changes to Medicaid inpatient and outpatient hospital payments and quality incentive payments to increase hospital accountability, performance, and reporting;
- Recommend to the Department the approach to health coverage expansions;
- Monitor the impact of the hospital provider fee on the broader health care marketplace; and
- As requested, consult with the Health and Human Services Committees (or any successor committees) of the Colorado Senate and House of Representatives.

The OAB's meetings are held regularly from 3:00 p.m. to 5:00 p.m. on the fourth Tuesday of most months (the OAB typically does not meet in January, March, May, or September). Time for public comments is reserved at all meetings and the meetings are streamed over the Internet. All OAB meeting dates, agendas, minutes, and materials discussed at the meetings are posted on the Department's website under Colorado.gov/hcpf/hospital-provider-fee-oversight-and-advisory-board.

Department and Medical Services Board Roles

The Medical Services Board, in consultation with the OAB, is responsible for promulgating rules related to implementing the CHCAA, including the calculation, assessment, and timing of the hospital provider fee; the reports that hospitals will be required to report to the Department; and other rules necessary to implement the CHCAA. Rules regarding the hospital provider fee and payments can be found at 10 CCR 2505-10, Section 8.2000.

The Department administers and provides technical and regulatory expertise to the OAB. Department staff prepares and presents proposed rule changes as recommended by the OAB to the Medical Services Board. The Department is responsible for calculating the fee and assessing the fee on a schedule established in rule by the Medical Services Board. The Department implements and calculates the hospital payments and administers the public health care expansions.

After taking into account the hospital provider fees collected for health coverage expansions, the Department's administrative expenses, and the CICP hospital reimbursement level prior to increased payments under CHCAA, the net reimbursement increase to hospitals for care provided to Medicaid and uninsured patients and quality incentive payments was more than $334 million for the 2014-15 time period.

2014-15 Net Reimbursement Increase to Hospitals

Total Supplemental Hospital Payments	$1,186,200,000
Total Fees	($688,448,000)
Approximate CICP payments pre-CHCAA	($162,876,000)
Net Reimbursement Increase to Hospitals	**$334,876,000**

Table 2

See Appendix B for a list of fees, payments, and net reimbursement increases by hospital.

Increase the Number of Insured Coloradans

In May 2010 the population expansions for Medicaid parents to 100% FPL and CHP+ to 250% FPL were implemented. In March 2012, the Medicaid Buy-In Program for Working Adults with Disabilities to 450% FPL was implemented, and in July 2012 the Medicaid Buy-In Program for Children with Disabilities to 300% FPL was implemented. In April 2012, Medicaid coverage for AwDC up to 10% FPL with enrollment capped at 10,000 individuals was implemented. Subsequently, in April 2013, the Department increased the AwDC enrollment cap by 3,000 individuals, then by 1,250 additional individuals each month. On January 1, 2014, pursuant to Senate Bill 13-200, coverage for Medicaid parents and AwDC was increased to 133% FPL and the waitlist for AwDC clients was eliminated. On March 1, 2014, 12-month continuous eligibility for children enrolled in Medicaid was implemented.

The caseload reported as of September 30, 2015 was as follows:

91,116 Medicaid parents,

15,330 CHP+ children and pregnant women,

10,175 working adults and children with disabilities, and

293,526 adults without dependent children.

The HQIP payments earned for each of the 2014-15 measures are based on points per Medicaid adjusted discharge. Medicaid adjusted discharges are calculated by dividing the total Medicaid gross charges by Medicaid inpatient service charges and multiplying the result by the total Medicaid discharges.

Points Eligible

The total points eligible for any hospital are the sum of points for each measure for which the hospital qualified.

Points Earned

Total points earned are normalized so hospitals are not negatively impacted by the measures for which they did not meet the minimum criteria. That is, if a hospital scored 21 points, but only qualified for three measures worth a total of 36 points, the total HQIP points earned would be 27: (21/36 = 0.58 x 46 = 27). A maximum award of 10 points was possible for four of the five HQIP measures with 6 points for the emergency department process measure for 46 total possible points.

Payment Calculation

Each hospital's HQIP payment is calculated as:

> Points Earned multiplied by Medicaid Adjusted Discharges multiplied by $20.32 (dollars per adjusted discharge point) equals HQIP Payment.

During the 2014-15 timeframe, HQIP payments totaled more than $61 million with 75 hospitals receiving payments. HQIP payments, Medicaid adjusted discharges, and earned points by hospital are listed in the following table.

2014-15 Hospital Quality Incentive Payments

Hospital	County	Points Earned	Medicaid Adjusted Discharges	HQIP Payment
Centura Health-St. Anthony North Hospital	Adams	24	2,665	$1,300,000
HealthOne North Suburban Medical Center	Adams	32	3,781	$2,459,000
HealthOne Spalding Rehabilitation Hospital	Adams	14	75	$21,000
Platte Valley Medical Center	Adams	19	1,805	$697,000
The Children's Hospital	Adams	32	9,917	$6,373,000
University of Colorado Hospital	Adams	25	7,039	$3,576,000
San Luis Valley Regional Medical Center	Alamosa	26	1,552	$820,000
Centura Health-Littleton Adventist Hospital	Arapahoe	19	1,375	$531,000
Craig Hospital	Arapahoe	14	64	$18,000
HealthOne Swedish Medical Center	Arapahoe	17	3,189	$1,102,000
HealthOne The Medical Center of Aurora	Arapahoe	27	4,002	$2,196,000
Pagosa Mountain Hospital	Archuleta	16	153	$50,000
Southeast Colorado Hospital & LTC	Baca	26	119	$62,000
Boulder Community Health	Boulder	15	1,083	$330,000
Centura Health-Avista Adventist Hospital	Boulder	21	1,653	$705,000

Hospital	County	Points Earned	Medicaid Adjusted Discharges	HQIP Payment
Arkansas Valley Regional Medical Center	Otero	27	1,040	$567,000
Melissa Memorial Hospital	Phillips	17	56	$20,000
Aspen Valley Hospital	Pitkin	25	156	$79,000
Prowers Medical Center	Prowers	24	880	$429,000
Centura Health-St. Mary Corwin Medical Center	Pueblo	31	3,079	$1,940,000
Parkview Medical Center	Pueblo	24	5,321	$2,595,000
Pioneers Hospital	Rio Blanco	6	87	$10,000
Rangely District Hospital	Rio Blanco	46	18	$17,000
Rio Grande Hospital	Rio Grande	20	241	$98,000
Yampa Valley Medical Center	Routt	27	431	$237,000
Sedgwick County Memorial Hospital	Sedgwick	14	104	$30,000
Centura Health-St. Anthony Summit	Summit	29	401	$236,000
Pikes Peak Regional Hospital	Teller	16	272	$88,000
Banner Health-North Colorado Medical Center	Weld	24	5,684	$2,773,000
Wray Community Hospital	Yuma	21	191	$82,000
Yuma District Hospital	Yuma	46	224	$210,000
Total				**$61,449,000**

Table 3

Cost Shift Data: Payment less Cost per Patient by Payer Group

The table below display the difference between total payments and total costs on a per patient basis for Medicare, Medicaid, private sector insurance, and CICP/Self Pay/Other payer groups. Negative values indicate that costs exceed payments, while positive values indicate that payments exceed costs. This is the essence of cost shift as publicly funded (Medicare and Medicaid) care and uninsured care (CICP/Self Pay/Other) are paid under cost while private payers pay more to cover those costs.

The data in Table 4 show that the undercompensation for the Medicaid and CICP/Self Pay/Other payer groups reduced sharply following the implementation of the CHCAA. From 2009 to 2014, the payment below cost for hospital care improved by more than $800 per patient for Medicaid patients. For uninsured patients (i.e., CICP/Self Pay/Other), the payment below cost improved by more than $3,700 per patient.

Payment Less Cost per Patient by Payer Group

	CY 2009	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014
Medicare	($2,853)	($3,361)	($3,097)	($3,886)	($5,318)	($4,706)
Medicaid	($4,480)	($2,586)	($2,488)	($2,465)	($2,418)	($3,665)
Insurance	$6,820	$6,518	$7,358	$7,746	$7,717	$8,838
CICP/Self Pay/ Other	($4,563)	($2,897)	($3,920)	($4,013)	($2,070)	($860)
Overall	$542	$701	$918	$903	$747	$1,039

Table 4

Cost Shift Data: Payment to Cost Ratio

Another way to view the impact of cost shifting is through the ratio of total payments to total costs for Medicare, Medicaid, private sector insurance, and CICP/Self Pay/Other payer groups.

Ratios below 1 mean that costs exceed payments, which is the case for Medicare, Medicaid, and the CICP/Self Pay/Other payer groups. Values greater than 1 mean that payments exceed costs, as is the case for the private sector insurance group.

As shown below, in 2009, prior to the implementation of the CHCAA, Medicaid reimbursement to Colorado hospitals was approximately 54% of costs, while in 2014, the payment to cost ratio for Medicaid is 72% of costs. Again, the most dramatic change is reflected in the uninsured population where the ratio for CICP/Self Pay/Other increased significantly to 93%.

Payment to Cost Ratio by Payer Group

	CY 2009	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014
Medicare	0.78	0.76	0.77	0.74	0.66	0.71
Medicaid	0.54	0.74	0.76	0.79	0.80	0.72
Insurance	1.55	1.49	1.54	1.54	1.52	1.59
CICP/Self Pay/ Other	0.52	0.72	0.65	0.67	0.84	0.93
Overall	1.05	1.06	1.07	1.07	1.05	1.07

Table 5

V. Department of Health Care Policy and Financing Expenditures

As funding is appropriated on a state fiscal year basis, expenditures in this section are reported on a state fiscal year (SFY) basis. In SFY 2014-15 the Department collected $529 million in fees from hospitals, which, with federal matching funds, funded health coverage expansions, payments to hospitals, and the Department's administrative expenses. The following table outlines the Hospital Provider Fee expenditures in SFY 2014-15.

SFY 2014-15 Hospital Provider Fee Expenditures (Total Funds)[3]

Supplemental Hospital Payments	$897,431,000
Department Administration	$38,289,000
Expansion Populations	$1,452,500,000
25.5-4-402.3 (4)(b)(VII) – Offset revenue loss	$15,700,000
Total Expenditures	**$2,403,899,000**

Table 7

Funding in SFY 2014-15 was appropriated for CHCAA administrative expenses through the normal budget process. For SFY 2014-15, the Department had approximately 65.1 regular full-time equivalent (FTE) positions for the administration of the CHCAA. The expenditures reflected in the following table are funded entirely by hospital provider fees and federal funds. These are new expenditures and do not supplant existing Department administrative funds. Approximately 1.59% of total CHCAA expenditures were for the Department's administrative expenses of administering the CHCAA, while about 0.21% of total CHCAA expenditures were for the personal services costs of the FTE administering the program.

SFY 2014-15 Administrative Expenditures

(1) Executive Director's Office; (A) General Administration, Personal Services	$5,133,264
(1) Executive Director's Office; (A) General Administration, Legal Services	$255,480
(1) Executive Director's Office; (A) General Administration, Administrative Law Judge Services	$83,992
(1) Executive Director's Office; (A) General Administration: Operating Expenses	$64,380
(1) Executive Director's Office; (A) General Administration: Payments to OIT	$9,472
(1) Executive Director's Office; (A) General Administration: CORE Operations	$960,912
(1) Executive Director's Office; (A) General Administration: Leased Space	$249,848
(1) Executive Director's Office; (A) General Administration: General Professional Services and Special Projects	$725,536
(1) Executive Director's Office; (C) Information Technology Contracts and Projects, MMIS System	$7,396,809

[3] Figures in this table are reported on a state fiscal year basis (July 1 through June 30) and will not match other figures in this report, which are reported on an October 1 through September 30 basis.

VI. Hospital Provider Fee – Fee and Payment Methodologies

On March 31, 2010, the CMS first approved the Department's request to waive the "uniform" and "broad-based" requirements for a provider fee under 42 CFR § 433.68(e)(2) and approved the Department's State Plan Amendments for supplemental Medicaid and DSH payments. The hospital provider fee, State Plan Amendments, and UPL methodologies were first approved by the CMS on March 31, 2010 and retroactively effective July 1, 2009.

The fee and payment calculations are dynamic where fee and payment methodologies are calculated, reviewed, and approved on an annual basis. Data to calculate fees and payments are compiled annually. Changes to fee or payment methodologies may be needed to respond to changing Medicaid and uninsured client utilization patterns, Medicaid caseload, strategic goals of the Department, the health care market, or other factors.

Hospital provider fees are calculated on inpatient and outpatient hospital services. Inpatient hospital fees are assessed on patient days; outpatient hospital fees are assessed on outpatient charges. Free-standing psychiatric, long term care, and rehabilitation hospitals are exempt from paying the fees, while high-volume Medicaid and CICP hospitals and small rural hospitals pay reduced fees. The OAB continued its recommendation to exempt free-standing psychiatric hospitals, long term care hospitals, and rehabilitation hospitals from fees because the goals of the CHCAA include reducing uncompensated costs and increasing access for Medicaid and uninsured clients. Free-standing psychiatric hospitals meet the definition of Institutions for Mental Diseases (IMDs) under 42 CFR §435.1010. Federal Financial Participation (FFP) is not available for Medicaid clients from age 22 through age 64 who are patients in an IMD, as noted under 42 CFR §435.1009(a)(2). Long term care and rehabilitation hospitals do not pay fees but do receive an increased Medicaid inpatient hospital payment if they choose to participate in Medicaid to assure access for Medicaid clients.

Hospital payments financed with provider fees are made for services provided to Medicaid and CICP patients through supplemental payments that are paid directly to hospitals, outside the Department's Medicaid Management Information System (MMIS). The purpose of these inpatient and outpatient Medicaid payments, uncompensated care and DSH payments, and quality incentive payments is to reduce hospitals' uncompensated care costs for providing care for Medicaid clients and the uninsured and to incentivize quality care.

Fees are collected and payments are made on a monthly basis, and nearly all hospitals have authorized electronic fee and payment processing. The 2014-15 fee and payment amounts by type are outlined in the following table. See Appendix A for more information about fee and payment methodologies.

APPENDIX A: 2014-15 Hospital Provider Fee Overview

This overview describes the fee assessment and payment methodologies for October 2014 through September 2015 under the CHCAA. While no hospital is eligible for all payments, all methodologies are described.

Provider Fees

Inpatient Hospital Fee and Outpatient Fee

Total Fees collected were $688,448,000. Inpatient fees comprised 53% of total fees, while outpatient fees comprised 47%.

Inpatient fee is charged on a facility's managed care days and non-managed care days. fee charged on managed care days are discounted by 77.63% compared to the rate assessed on non-managed care days. Managed care days are Medicaid HMO, Medicare HMO, and any commercial PPO or HMO days. Non-Managed Care Days are all other days (i.e., fee for service, normal DRG or indemnity plan days).

Outpatient fee is assessed as a percentage of total outpatient charges.

Hospitals Exempt from Inpatient and Outpatient Hospital Fees

State Licensed Psychiatric Hospitals

Medicare Certified Long Term Care (LTC) Hospitals

State Licensed and Medicare Certified Rehabilitation Hospitals

Hospitals Assessed Discounted Fees

High Volume Medicaid and CICP providers are those providers with at least 35,000 Medicaid days per year that provide over 30% of their total days to Medicaid and CICP clients. The inpatient fee calculation for High Volume Medicaid and CICP providers is discounted by 47.79%. The outpatient fee for High Volume Medicaid and CICP providers is discounted by 0.84%.

Essential Access providers are those providers that are Critical Access Hospitals and other rural hospitals with 25 or fewer beds.

The inpatient fee calculation for Essential Access providers is discounted by 60%.

APPENDIX B: October 2014 - September 2015 Hospital Provider Fees and Payments by Hospital

Fee-Exempt Hospitals – Free-Standing Psychiatric, Long Term Care, and Rehabilitation Hospitals

Hospital Name	County	Fees	Payments	Appx CICP Payments pre-CHCAA	Net Reimbursement Increase
Haven Behavioral Health at North Denver	Adams	$0	$0	$0	$0
HealthOne Spalding Rehabilitation Hospital	Adams	$0	$126,580	$0	$126,580
Vibra Long Term Acute Care Hospital	Adams	$0	$30,503	$0	$30,503
Craig Hospital	Arapahoe	$0	$538,245	$0	$538,245
HealthSouth Rehabilitation Hospital - Denver	Arapahoe	$0	$114,255	$0	$114,255
Kindred Hospital Aurora	Arapahoe	$0	$2,473	$0	$2,473
Centennial Peaks Hospital	Boulder	$0	$0	$0	$0
Colorado Acute Long Term Hospital	Denver	$0	$194,771	$0	$194,771
Colorado Mental Health Institute-Ft Logan	Denver	$0	$0	$0	$0
Eating Recovery Center	Denver	$0	$0	$0	$0
Kindred Hospital	Denver	$0	$14,682	$0	$14,682
Select Specialty Hospital - Denver	Denver	$0	$888	$0	$888
Highlands Behavioral Health System	Douglas	$0	$0	$0	$0
Cedar Springs Behavior Health System	El Paso	$0	$0	$0	$0
HealthSouth Rehabilitation Hospital - Colorado Springs	El Paso	$0	$167,250	$0	$167,250
Select Long Term Care Hospital	El Paso	$0	$2,056	$0	$2,056
Northern Colorado Long Term Acute Care Hospital	Larimer	$0	$1,274	$0	$1,274
Colorado West Psychiatric Hospital Inc	Mesa	$0	$0	$0	$0
Colorado Mental Health Institute-Pueblo	Pueblo	$0	$0	$0	$0
Haven Behavioral Senior Care at St. Mary-Corwin	Pueblo	$0	$0	$0	$0
Peak View Behavioral Health	Pueblo	$0	$0	$0	$0
Northern Colorado Rehabilitation Hospital	Weld	$0	$92,910	$0	$92,910
Total		**$0**	**$1,285,888**	**$0**	**$1,285,888**

Hospital Name	County	Fees	Payments	Appx CICP Payments pre-CHCAA	Net Reimbursement Increase
Centura Health - Parker Adventist Hospital	Douglas	$11,235,748	$11,491,997	$0	$256,249
HealthOne Sky Ridge Medical Center	Douglas	$18,615,564	$8,685,694	$0	-$9,929,870
Vail Valley Medical Center	Eagle	$4,282,959	$7,171,861	$0	$2,888,902
Centura Health - Penrose -St. Francis Health Services	El Paso	$35,731,616	$38,537,291	$2,195,836	$609,840
Memorial Hospital	El Paso	$36,200,137	$61,466,998	$16,142,511	$9,124,350
Centura Health - St. Thomas More Hospital	Fremont	$3,218,090	$8,147,626	$779,972	$4,149,563
Grand River Medical Center	Garfield	$863,772	$4,213,479	$190,609	$3,159,098
Valley View Hospital	Garfield	$5,401,842	$17,744,644	$444,750	$11,898,052
Kremmling Memorial Hospital	Grand	$362,532	$2,231,869	$117,393	$1,751,944
Gunnison Valley Hospital	Gunnison	$577,277	$2,634,484	$42,048	$2,015,159
Spanish Peaks Regional Health Center	Huerfano	$367,904	$2,873,271	$135,879	$2,369,488
Centura Health - Ortho Colorado	Jefferson	$1,589,360	$0	$0	-$1,589,360
Exempla Lutheran Medical Center	Jefferson	$29,514,347	$35,348,126	$0	$5,833,779
Weisbrod Memorial County Hospital	Kiowa	$54,335	$616,872	$0	$562,537
Kit Carson County Memorial Hospital	Kit Carson	$363,885	$2,249,456	$0	$1,885,571
Animas Surgical Hospital	La Plata	$823,410	$1,897,849	$0	$1,074,439
Mercy Medical Center	La Plata	$6,290,868	$14,428,119	$534,968	$7,602,283
St. Vincent General Hospital District	Lake	$206,756	$2,024,493	$118,153	$1,699,584
Estes Park Medical Center	Larimer	$812,811	$1,845,983	$435,234	$597,937
McKee Medical Center	Larimer	$7,296,628	$11,463,344	$2,131,572	$2,035,144
Medical Center of the Rockies	Larimer	$12,928,455	$19,519,694	$1,584,786	$5,006,453
Poudre Valley Hospital	Larimer	$22,569,004	$40,760,824	$5,935,254	$12,256,567
Mount San Rafael Hospital	Las Animas	$977,885	$4,794,690	$134,622	$3,682,183
Lincoln Community Hospital and Nursing Home	Lincoln	$253,464	$1,259,483	$0	$1,006,019
Sterling Regional MedCenter	Logan	$1,470,381	$5,848,241	$794,952	$3,582,908
Community Hospital	Mesa	$3,494,521	$5,085,317	$170,542	$1,420,254
Family Health West Hospital	Mesa	$475,243	$1,604,038	$0	$1,128,795
St. Mary's Hospital and Medical Center	Mesa	$21,468,852	$33,037,834	$1,747,192	$9,821,790

APPENDIX C: Hospital Provider Fee Oversight and Advisory Board Members

As required in the CHCAA, the OAB is comprised of the following:

- Five hospital members including at least one rural hospital representative and one safety-net hospital representative;
- One statewide hospital organization member;
- One health insurance organization or carrier member;
- One health care industry member who does not represent a hospital or health insurance carrier;
- One health care consumer who does not represent employees of a hospital, health insurance carrier, or other health care industry entity;
- One representative of persons with disabilities who does not represent employees of a hospital, health insurance carrier, or other health care industry entity;
- One business representative who purchases health insurance for employees; and
- Two Department of Health Care Policy and Financing members.

Current Board Members by Term Expiration Date

For terms expiring May 15, 2016:

Peg Burnette of Denver, representing a hospital
Dan Enderson of Castle Rock, representing a hospital
George O'Brien of Pueblo, representing persons with disabilities

For terms expiring May 15, 2017:

Kathryn Ashenfelter of Denver, representing a hospital
Dr. Jeremiah Bartley of Brighton, representing the health care industry
Ann King of Denver, representing a statewide hospital organization
David Livingston of Denver, representing a business, to serve as Chair
Mirna Ramirez-Castro of Thornton, representing a consumer of health care
Dan Rieber of Castle Rock, representing a safety-net hospital
Christopher Underwood of Evergreen, representing the Department

For terms expiring May 15, 2019:

John Gardner of Yuma, representing a rural hospital
William Heller of Denver, representing the Department
Thomas Rennell of Castle Rock, representing a health insurance organization