



**HB09-1293 Oversight and Advisory Board
Hospital Provider Fee
August 4, 2009
Meeting Minutes**

PRESENT	ABSENT	GUESTS
Bruce Alexander – Chair		Laura Scott – PCG
Mimi Roberson – Vice-Chair		Sean Huse – PCG - Phone
Jeremiah Bartley		Lesley Reeder
James Shmerling		
Joan Henneberry		
Chris Underwood		
Flora Russel		
Thomas Nash		
Anne Holton – Staff		
Randy Safady		
Robert Omer - Phone		
Menda Warne - Phone		
Janet Pogar		
Thomas Henton		
Nancy Dolson – Staff		
Jeff Orford – Staff		

AGENDA	PRESENTERS	TIME
Welcome	Bruce Alexander	2:00 pm – 2:10 pm
Review and Approve Minutes from 07/21/09 Meeting	Bruce Alexander	2:10 pm – 2:15 pm
Travel Reimbursement for Board	Chris Underwood	2:15 pm – 2:20 pm
Hospital Quality Incentive Committee Update, Proposed Members	Lesley Reeder, R.N., B.S.N. Performance Management, HCPF	2:20 pm – 2:40 pm
Presentation of Provider Fee and Payment Scenarios	Nancy Dolson and Jeff Orford Safety Net Programs, HCPF	2:40 pm – 3:30 pm
Break		3:30 pm – 3:45 pm
Public Comment	Public	3:45 pm – 4:00 pm
Continued Discussion of Scenarios	Nancy Dolson and Jeff Orford Safety Net Programs, HCPF	4:00 pm – 4:55 pm
Wrap up and Next Steps	Bruce Alexander	4:55 pm – 5:00 pm
Adjournment	Bruce Alexander	5:00 pm

Bruce Alexander called the meeting to order at 2:05 pm.

Bruce Alexander asked for any corrections to the minutes from the July 21, 2009, meeting. When there were none he asked for approval of said minutes and **Jeremiah Bartley** raised the motion and it was seconded by **Mimi Roberson**.

Nancy Dolson started a discussion regarding travel reimbursements for the Board. It was decided to have W-9 and June & July reimbursements in by end of the week.

Chris Underwood stated that the Medical Services Board meeting on August 11 was canceled and rescheduled until the end of August. **Chris** wanted to know if the board still wanted him to go to that meeting. **Bruce** said yes still go and present to the Medical Services Board.

Lesley Reeder gave a handout with a proposed list of members for the Hospital Quality Incentive Committee. **Lesley** commented that she did notice that they needed to reach out more to consumers and expects to receive a few more applications yet this week. Expects to have the first meeting in August and will present a final membership for the HQIP list at the next 1293 OAB meeting on August 18. HQIP is responsible for coming together on measures that are nationally accepted and appropriate for incentive payments based on quality improvement. By December hope to be able to recommend to the board the measures that are appropriate for incentive payment and some discussion on payment methodology. **Robert Omer** commented that there was only one hospital represented outside of metro area and that there were no critical access hospitals. **Lesley** said did reach out to CICP provider hospitals and received little response along with help from **Tom Nash**. **Robert** said he will also contact the Rural Hospital Association. **Chris Underwood** asked if got a response from St. Mary's or someone on western slope. **Lesley** said yes she has but has not received anything back. It was mentioned that **Lesley** will possibly come back in October or November for update prior to the December presentation. **Jeremiah Bartley** suggested that HQIP focus on a few concentrated measures rather than a ton of different measures. **Mimi Roberson** advised that there are measures that are appropriate for pediatric care and those that are appropriate for adult care and finding a good balance to blend them will be important. **Mimi** also suggested that they have a physician serving on HQIP as well.

Nancy Dolson started the presentation on the Provider Fee and Payment Scenarios

General Overview

Mimi Roberson what a safety net hospital is and if it has to include CICP? **Nancy** explained 30% or greater Medicaid and CICP days (combined) and 35,000 or more on Medicaid days.

Chris Underwood clarified that this is the definition that they have chosen to fit this model. It does not have to include CICP days but choose to include it.

Randy Safady asked about CICP payments if they will be double dipping because of cost on CICP and payments?

Randy Safady asked regarding psychiatric hospitals if they are getting excluded because they don't get paid or contract for Medicaid between the ages of 22-65. **Nancy Dolson** said between

the age of 22 or 65 we will not get a Federal Match so essentially there is no Medicaid available for those ages.

Chris Underwood clarified that within the group of Long Term Hospitals only 3 take Medicaid clients; the Department's believes the extra incentive may get them to enroll.

Fee Discounts

Tom Nash asked regarding Safety Net what happens when you lower the fee does it mess up the B1/B2? **Nancy Dolson** explained that you can always balance the B1/B2 but when you take money away from one group someone else has to make it up.

Jim Shmerling asked if there were any hospitals that have 35,000 in Medicaid days and if it was "and" or "or" providing 30% Medicaid/uninsured days? **Nancy** explained that it was the number of Medicaid days and percentage of days.

Chris Underwood said basically Safety Net could be the hospitals that get the discount that make the model balance. We can add more hospitals to the amount of Safety Net Hospitals but the percent of discount they get will go down and the other hospitals will pay more. **Chris** also said that it might make sense to call them something other than Safety Net Hospitals.

Inpatient Payment

They are all supplemental payments. **Chris Underwood** explained that they will be using **approximate** on the base rate of Medicare much more it is just a way to calculate a supplemental payment. **Jim Shmerling** asked if payment could be less than 2003 payment? **Chris** said did not think so but would look into it.

Supplemental CICP Payments

Tom Nash asked why the supplemental CICP payments were not at 100%. **Nancy Dolson** explained because the UPL had previously been overstated and did not want to take away from a greater number of hospitals so lowered the payment and then they could still reach everyone.

Jeremiah Bartley asked how you determine CICP cost. **Nancy** said the CICP cost equals the hospital cost to charge ratio times write off charges.

Supplemental Uninsured Payments

Randy Safady asked as a non CICP hospital you will get 40% of your uninsured and if you are CICP you will get 80 or 90% of their CICP cost. **Nancy** confirmed this.

Mimi Roberson asked if these numbers will have to be exact to approve a model? **Nancy** had modeled at 40% the approximate is because of the numbers margin of error of the numbers given to us from the hospitals and 80 and 90 are exact as stated in 5a and 5b.

Bruce asked what are the audit requirements if someone gave some false information? **Nancy** explained there is an audit process prior year for current year. **Chris Underwood** said there is money in HB 09-1293 to build the cost reports. So going forward will capture the costs. After the first year it will be documented better.

Randy Safady asked if getting 40% of the uninsured cost, can you then go after the individual for bad debt? And asked if you even will have bad debt and process wise what are you suppose to do? **Chris Underwood** said it is offset to charity care. **Bruce Alexander** said hospitals are going to create their own definitions of their level of uninsured and **Nancy** agreed. **Tom Henton** said this clause could cause drop in CACP and have hospitals just go with the 40% so therefore you cannot leave it up to the hospitals. **Joan Henneberry** clarified that they need introduce a statewide standard for what the uninsured is. **Chris Underwood** stated that it might be in the wording and will look at the survey and see what the actual wording is.

Supplemental Rural and Critical Access Hospital Payments

Janet Pogar clarified that the supplemental payment is not through the clients it is through bonus. **Tom Henton** asked why the big difference between public and private? **Nancy** said it comes down to balancing the model. **Chris** said to minimize the losers in the public realm.

Supplemental Denver Metro Area Payment

Chris Underwood commented that the groupings are similar to the BHO groupings.

Jim Shmerling commented that The Children's Hospital that although the main Children's Hospital moved from Denver, they have added a substantial number of patient beds in Denver county.

Supplemental Non-Rural, Metro Area Payment

Bruce Alexander asked what is the difference between #8 group 2 that gets \$500/day and #9.c. that gets only \$200 is this saying that ones that are not seeing a lot of Medicaid patients is it an incentive to see more – **Nancy** confirmed this.

Randy Safady asked if you are putting others at a disadvantage if they are serving the same people and one gets big discount and the other does not? **Chris** said yes and it is a constant item they are looking at.

Chris Underwood said if you see something in the policy justification document that you don't like please say something because they want this to be a formal document in the future. **Bruce Alexander** said this document should also explain why we did what we did.

Scenario 1 – Denver Health Medical Center, University of Colorado Hospital and Memorial Hospital pay discounted fee

The Children's' Hospital would be eligible for a Metro Denver supplemental payment.

The payment remains the same no matter the match rate, but fee assessed is reduced.

Bruce Alexander asked how CMS will look at this? 50/50 or the enhanced rate? **Nancy Dolson** said the consultants felt they would look at the current rate (enhanced). **Bruce** stated that there will be more losers at the 50/50 match.

Randy asked that this year checks would be going back to July 1, 2009 because this year we will implement retroactively. **Nancy** agreed and stated that in upcoming years the fee and supplemental payment amounts will be calculated beforehand, then the fee and payments will be collected and paid periodically.

Mimi asked when the legislation process was going through there were 79 winners and 11 losers why did the numbers go up so much for losers to 20? **Nancy** explained there are a few reasons for this including the recent UPL overstatement issue, and the fact that FY10 rates are lower (due to budget issues) than FY09 rates which were used for earlier modeling. The question of why the net gain went down as **Chris Underwood** explained that the gain will go up when there is the expansion population gain. Chris Underwood also noted that numbers for the model had not previously been released and asked what numbers these concerns were based upon. Chris also noted that no official numbers had been released by the Department previously as the modeling was in the development stages. Chris and Nancy agreed to

Robert Omer asked again if the expansion population payment will be modeled before board makes a decision. Chris said the fee is not in the model but the payment is and both will be in there in the upcoming years.

Bruce Alexander summarized scenario - blue side is the one that will be presented to the board. On regards to the yellow side we will get answers to why losers went up and payments went down. **Robert Omer** asked if the admin fees were identified and is this shows admin costs netted out **Nancy** clarified yes they are.

Scenario 3 – The Children’s Hospital is added to the Discounted payers list.

The fee discount per hospital is less. The total fee amount collected is slightly higher, because Children’s would not receive the Denver Metro supplemental payment. Winners and losers are exactly the same hospitals as in scenario 1.

Jim Shmerling said the fee is being paid by a reduced discount rate and adding a fourth hospital – **Nancy** clarified yes this is true.

Bruce Alexander asked why moved from 1 to 3 for your recommendation? **Nancy** said you had to look at the large safety net hospitals. By taking a little bit of money away from those in scenario 1 and giving it to those in scenario 3 you are making a little bit more of an incentive to do so and decreasing the magnitude of losses.

Net Gain on Fee vs. Estimated Payment under the CICP

Fee for CICP payment – 13.5 million will be backed out and everyone will be a little better off.

Detailed summary for Scenarios 1 and 3

Chris said it is always easy to increase payment to the 3 large safety net hospitals but someone else will have to pay the fee to make that up.

Hospitals by Systems

Jeremiah Bartley asked if Centura is two systems or are they combined with one side that truly loses. **Nancy** explained that yes there is one side of Centura that loses and that the financials for the Centura Catholic Health Initiatives and Centura Adventists hospitals are separate systems. **Randy Safady** confirmed that this is the case.

Bruce Alexander asked to make an agenda item for the Department to weigh in on the concept of cost shifting.

Correction to minutes: During the meeting, the Board discussed cost-shifting to private payers and how a reduction in cost-shifting will be measured. Department staff indicated that the assumption is that if uncompensated costs are reduced, the assumption is that cost-shifting will be reduced, but does not know how to measure the reduction or how much reduction to expect. The Department agreed with Board members that this is an important element to measure and that it is one of the primary goals of HB 09-1293. **Janet Pogar** asked that the Department work with the Colorado Association of Health Plans to make a proposal.

Bruce Alexander opened the meeting for public comment.

Steve Braun with Kaiser - Commercial vs. non-commercial **Nancy** clarified commercial days are commercial managed care days – non-commercial days include Medicaid managed care, Medicaid, Medicare fee for service, self paid days, charity days, CACP days, all government payer, Tricare, Champus) will add to Q and A document.

Steve Scheer with Health Management Associates - 1. reconciling the dollars from earlier phases to now, thinks that would be a great contribution. 2. knows there is a lot of emphasis on 1 and 3 and thinks it can be improved on. Not sure if handing out hospital specific today will be very useful.

Dede dePercin with Colorado Consumer Health Initiative - Charity care and bad debt should have standard definitions and terms for them. Larger stakeholder meeting thought it was changed – maybe should be a stakeholder Q and A with Department staff. When we think about making as many hospitals gain are the winners a number of hospitals and target ratio or a percent of fee or revenue. **Nancy Dolson** clarified that it was by percentage of hospitals. **Chris Underwood** said the ideal is 10% but it is not a steadfast number. Will add to Q and A document.

Elisabeth Arnelas with Colorado Center of Law and Policy – Would like to see standard or uniform definitions. Bad debt and charity care – if you do that what impact does it have on the DSH or UPL limits payments. Definition of cost, if hospitals are getting more than 100% of cost how much more and should there be a limit. With increased federal match (FMAP) is there room for creative ways to use that additional FMAP money to give enhanced support to those who actually are in need for it during the economic downturn. **Chris Underwood** said that with the extra FMAP the nursing home rates were decreased and held harmless and state got the extra FMAP. Under CICIP general assembly took away the extra FMAP from uncompensated cost and did not get the extra bonus of FMAP. Under ARRA you could get feedback from General Assembly that they can say that is not what the money was intended for and have it returned to general fund. **Elisabeth Arnelas** asked is there a way to bolster the use of services or payment of services for those in need with the inability to pay because of the economic downturn. **Joan Henneberry** commented that the FMAP money we are getting in Colorado is going to fill in the hole in the increased caseload. Caseload is still going up and so additional FMAP is not available to fund expansions - it is there to help the core population the Department serves.

Bruce Alexander closed public comment.

Bruce Alexander asked if there were any additional comments from the board and asked to hand out the hospital specific numbers for scenarios 1 and 3.

Hospital Specific Numbers

Tom Henton asked does your data show facilities that are over 100%? **Nancy Dolson** commented that she did not know. **Chris Underwood** clarified that over 100% to what depends what you are looking at and could be bad data based on the information obtained from the hospitals.

Jeremiah Bartley asked if the Adventist hospitals' payment is lower because they are not doing Medicaid? **Nancy Dolson** said that it does come down to Medicaid days and **Chris Underwood** said that these are also hospitals that dropped out of CICIP, so if they join back in their payment could go up.

Bruce Alexander asked if there were any other questions for staff or direction for next meeting? It was noted that the public or members of the OAB can contact to Nancy Dolson for questions outside of the meeting.

Bruce Alexander applauded the staff (Nancy, Jeff and Chris) for the work they did on the project and the honesty and truth in answers they always give.

Bruce Alexander asked for any other questions or comments.

Bruce Alexander adjourned the meeting at **5:08** pm.

The next meeting is scheduled for Tuesday, August 18, 2009, from 3:00 pm – 5:00 pm. It will be held at 225 E. 16th Avenue, Denver, CO 80203.

"The mission of the Department of Health Care Policy & Financing is to improve access to cost-effective, quality health care services for Coloradans."