



**HB09-1293 Oversight and Advisory Board
Hospital Provider Fee
August 18, 2009
Meeting Minutes**

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

AGENDA	PRESENTERS	TIME
Welcome	Bruce Alexander	3:00 pm – 3:05 pm
Review and Approve Minutes from 08/04/09 Meeting	Bruce Alexander	3:00 pm – 3:05 pm
New DRG System Update	Jessica McKeen Hospital Rates, HCPF	3:05 pm – 3:15 pm
Hospital Quality Incentive Committee Update, Proposed Members	Lesley Reeder, R.N., B.S.N. Performance Management, HCPF	3:15 pm – 3:25 pm
Fee and Payment Scenarios Follow-up from 8/4/09 meeting	Nancy Dolson Safety Net Programs, HCPF	3:25 pm – 3:35 pm
Board Discussion and Feedback on Scenarios	Board Members	3:35 pm – 3:55 pm
Public Comment	Public	3:55 pm – 4:55 pm
Wrap up and Next Steps	Bruce Alexander	4:55 pm – 5:00 pm
Adjournment	Bruce Alexander	5:00 pm

Updates:

August 4, 2009 meeting minutes – request to add the conversation about cost shifting.

Presentations:

Jessica McKeen gave an update on the new DRG system. The Department recommends the APR DRG system. It was noted that adopting a new program will create some payment shifts in the hospitals. It was also noted that implementation would take a couple of years, but that the decision needed to be made soon. The new DRG system is part of hospital rate reform and is funded by HB 09-1293; therefore, the Department wanted to keep the Board informed of its decision process.

Lesley Reeder presented the Department's updated recommendation of proposed members for Hospital Quality Incentive Committee. The Board approved the committee.

Nancy Dolson started a discussion on the follow-up on fee and payment scenarios. It was noted that a correction on the Days Data was made because Medicaid HMO days were double counted. Also, on the Charges Data handout, other uninsured cost for CICP hospitals was added. It was noted that on the Net Gain On Fee vs. Estimated Payments that the administrative fee covers the Departments administrative cost this year and the cost is about 1.5% - 2.7%.

Regarding uninsured costs, the Department found that some CICP hospitals would be reimbursed less than 40% of their total uninsured costs.

A question was raised about reimbursing critical access hospitals on cost for Medicaid. It was noted that that is not the Department's current methodology, but as the rate reform process moves forward, such changes can be considered.

Chris Underwood noted that there was another change to the model. Previously the Department did not model an inpatient base rate change for The Children's Hospital because it was believed that The Children's Hospital had an enhanced rate already. However, after review, it was noted that this was incorrect and that Children's rates adjusted over time like other hospitals. Giving Children's the same rate increase as others results in a \$6.5 million increase to Children's but it does not fit under the current UPL.

Action Items:

The next meeting on September 1st will be held from 2:00 – 5:00 pm. Additional meetings were scheduled for September 15th and 29th from 3:00 pm – 5:00 pm.

At the 9/1/2009 meeting, the Department will present a comparison between the early draft model to the state of the model now. The public is interested to know how the number of winners and the net dollar gain changed from earlier estimates.

Uninsured Costs Questions

1. For the upcoming year, request that all hospitals track the charity care and the income level they use.

2. In the current model, the Department will make a change to level the percentage of uninsured costs reimbursed, so that CICP hospitals do not receive less than 40% of their total uninsured uncompensated costs.
3. CHA and the Department should collaborate on defining charity care and recommending what uninsured costs will be eligible for reimbursement under the model in the future.

Earlier in the day, the Governor gave a presentation to the Joint Budget Committee to discuss its budget cuts to balance the FY 2009-10 budget.

The enhanced FMAP under ARRA from the hospital provider fee will flow to the state. The FMAP that will go to the state should be demonstrated.

Provider Medicaid rates will be cut by 1.5%. The Board indicated it would like to see the 1.5% rate reduction in the model.

CICP funding for private hospitals from the state's General Fund (approximately \$13.5 million) was cut from the budget. Currently, the model does not include this figure (it was to be added later when the model was finalized). If the Board chooses to finance this loss, the model will not change in that regard. If the Board does not want to finance this loss of General Fund, payments to private CICP hospitals would be reduced.

Public comment:

Russ Johnson with San Luis Valley Regional Medical Center

1. Fee discounts - there is a misunderstanding of what safety net hospitals are and very little reason to differentiate between public and private hospitals, and the model should not be built on this difference. Feels there is not logic and is not applied equitably. Focus instead much more on the goals of the commission to 1. expand coverage to a 100,000 people, 2. to expand access to providers for Medicaid recipients to encourage more people to participate in Medicaid and CICP 3. Move the cost shift more, which will not happen if you focus on four providers.
2. Regarding CICP supplemental payments – if hospitals should get 80% or 90% of CICP costs. 1. If you want to drive people into CICP then eliminate the other but not very equitable. 2. You allow people to get participate in both.
3. Supplemental rural and critical access hospital payment does not make sense. Stated he sees no difference in these hospitals and does not understand why some get more of a payment than others. Lower the amount overall and have it apply to everyone.

Janice Sundin with Colorado Concern

1. Gave the Board a letter addressing concerns about the model, including the different number of losers and total gain than previously understood and the discount to the four hospitals.

Peg Burnette with Denver Health Medical Center

1. When talking about paying for 40 % of uninsured costs need charity care definition. Applauds the Board and their efforts in that area.
2. Consistent, auditable data is important. If there are data errors, the Department will need be clear about any payment adjustments.
3. Disparity in payment is due to different payer mix, i.e. Denver Health has 9% commercial business and there is not another hospital with less then 10% commercial care. Feels it is fair to give those who give more Medicaid care more money.
4. Thinks scenario 3 is fair.

Elisabeth Arnelas with Colorado Center of Law and Policy

1. Perplexed on what is going to happen to DSH money under this. Ask for an assessment going forward to see how it is spent. How much net gain in terms of funds are you going to get? Cannot figure out what is happening to CICP and DSH payments long term.

Dede dePercin with Colorado Consumer Health Initiative

1. 250% of Federal Poverty Level is going to leave out a lot of people who need charity care – it is way too low.
2. There are people who are never going to have the documentation to be on CICP so will always need some sort of charity care.
3. Would like an ad hoc work group on standard definitions because the topic keeps coming up.

Meeting adjourned at **5:07** pm.

The next meeting is scheduled for Tuesday, September 1, 2009, from 2:00 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."