Colorado Health Care Affordability Act Annual Report

Medical Services Board

February 8, 2013

Our Mission:

Improving health care access and outcomes for the people we serve while demonstrating sound stewardship of financial resources

CHCAA Annual Report

- Due each January 15th
- Description of the fee
- Total fees and revenue by hospital
- Itemization of the Department's administrative costs
- Estimated difference of cost of care for Medicaid, Medicare and other payers

Goals and Priorities

- Increase Hospital Reimbursement
  - Medicaid reimbursement up to upper payment limit
  - CICP reimbursement up to 100% of costs
- Increase the Number of Insured Coloradans
  - Medicaid Parents to 100% FPL
  - CHP+ to 250% FPL
  - Adults without Dependent Children to 100% FPL
  - Medicaid Buy-in for People with Disabilities to 450% FPL
  - 12-months continuous eligibility for Medicaid children

Goals and Priorities

- Improve the Quality of Health Care for Medicaid Clients
  - Hospital quality incentive payments
  - Hospital rate reform and modernization

- Reduce the Need to Shift Costs of Uncompensated Care to Other Payers

Accomplishments

- Increased reimbursement to hospitals
  - $428 million in net new federal funds
- Expanded public health coverage to 65,000+
  - 39,689 Medicaid Parents
  - 14,749 CHP+ children and pregnant women
  - 539 working adults and children with disabilities
  - 9,880 Adults without Dependent Children
- General Fund budget relief
  - $149.5 million pursuant to SB 10-169 and SB 11-212

Cost Shift Data

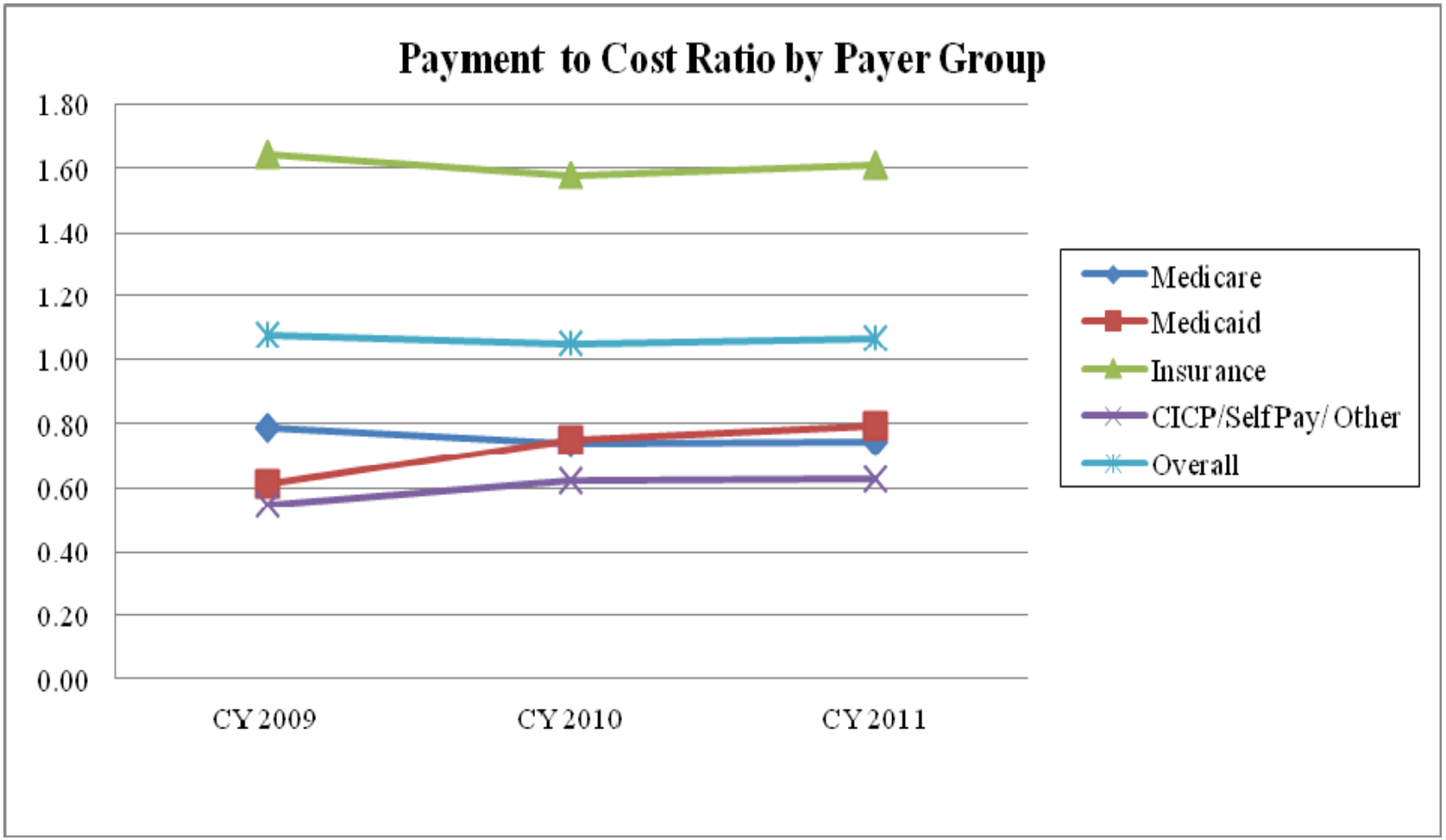
- Private insurance pays over cost due to uncompensated care
- CHCAA provides higher Medicaid and CICP hospital reimbursement covers more persons, reducing uncompensated care
- Reduced uncompensated care reduces the need to shift costs to private payers
- Early data shows decline in the rate of growth in private insurance

Cost Shift Data

- Payment to Cost ratio equals total costs divided by payments
- Ratios below one mean costs exceed payments

Payment to Cost Ratio by Payer Group			
	CY 2009	**CY 2010**	**CY 2011**
Medicare	0.79	0.74	0.75
Medicaid	**0.61**	**0.75**	**0.79**
Insurance	**1.64**	**1.58**	**1.61**
CICP/Self Pay/ Other	0.55	0.62	0.63
Overall	1.08	1.05	1.07

Cost Shift Data



The Model

- Fees sufficient to fund increased hospital payments, expansion populations, and Department's administrative expenditures
- Supplemental payments (lump sum, outside of regular claims payments)
- Developed annually
  - Department, CHA, and consultants
  - Oversight and Advisory Board
  - Federal approval
  - Medical Services Board approves rules

2011-12 Fees and Payments

Inpatient Fee	$556,852,000
Outpatient fee	$61,872,000
Total Hospital Provider Fees	**$618,724,000**
Inpatient Base Rate Payment	$164,039,000
Outpatient Payment	$127,764,000
CICP DSH Payment	$152,416,000
CICP UPL Payment	$134,639,000
Uninsured DSH Payment	$37,039,000
High Level NICU Payment	$5,815,000
State Teaching Hospital Payment	$10,100,000
Large Rural Payment	$22,589,000
Denver Metro Payment	$177,196,000
Metropolitan Statistical Area Payment	$69,148,000
Pediatric Specialty Hospital Payment	$2,000,000
Acute Care Psychiatric Payment	$1,784,000
Total Supplemental Hospital Payments	**$904,529,000**

2011-12 Net New Funds

Total Supplemental Hospital Payments	$904,529,000
Total Fees	($618,724,000)
Approximate CICP payments pre-CHCAA	($162,876,000)
Net New Funds to Hospitals*	**$122,929,000**

*Net new funds figure does not include revenue from expansion populations

- Fees, payments, and net gain by hospital are itemized in Appendix B, beginning on page B1 of the annual report

Total Expenditures

SFY 2011-12 Hospital Provider Fee Expenditures (Total Funds)*	
Supplemental Hospital Payments	$896,654,000
Department Administration	$15,825,000
Expansion Populations	$134,339,000
SB 11-212 – Provider Fee offset to General Fund	$50,000,000
25.5-4-402.3 (4)(b)(VII) – Offset revenue loss	$15,700,000
Total Expenditures	**$1,112,518,000**

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

Department's Expenditures

- $15,824,778 for SFY 2011-12
- Includes eligibility determinations and outreach costs, systems changes, and 47.2 FTE
- Approximately 1.42% of total CHCAA expenditures for administrative costs
- 0.3% of total expenditures for FTE
- Itemized on pages 12 and 13 of annual report

Future Direction

ESTIMATED 2012-13 Net New Funds to Hospitals	
Total Supplemental Hospital Payments	$982,400,000
Total Fees	($661,900,000)
Approximate CICP payments pre-CHCAA	($162,876,000)
Net New Funds to Hospitals*	**$157,600,000**

*Net new funds figure does not include revenue from expansion populations

Future Direction

- Hospital Quality Incentive Payments
  - Measures
    - Central Line-Associated Blood Stream Infections
    - Postoperative Pulmonary Embolism or Deep Vein Thrombosis
    - Elective Delivery Prior to 39 Weeks Gestation
    - Structured Efforts to Improve Care Transitions and Reduce Readmissions
  - Payments
    - $32 million
    - Points based on performance on each measure
  - Approved June 2012 for 2012-13 model

Future Direction

- Adults without Dependent Children (AwDC) Enrollment Cap
- Continuous 12-month Eligibility for Medicaid Children

Questions?

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