



HB09-1293 Oversight and Advisory Board Hospital Provider Fee Meeting Minutes

303 East 17th Avenue, Conference Room 11 BC
February 23, 2016

1. Call to Order

Ann King called the meeting to order at 3:04 p.m.

2. Roll Call

There were sufficient members for a quorum.

A. Members Present

Chris Underwood, Bill Heller, Jeremiah Bartley, Ann King, John Gardner, Dan Rieber

B. Members on the Phone

George O'Brien, Peg Burnette, Kathryn Ashenfelter, Mirna Castro

C. Members Excused

Dan Enderson, David Livingston, Tom Rennell

D. Staff Present

Nancy Dolson, Cynthia Miley, Jeff Wittreich, Yoon Hwang, Dan Pace

3. Approval of Minutes

John Gardner motioned that the minutes of the December 15, 2015 meeting be accepted as amended, **Dan Rieber** seconded. Motion passed.

4. Proposed FY 2015-16 Hospital Provider Fee Model

- **Eric Kuhn** - During Executive Session legal advice was given but no decisions were made by the board
- **Nancy Dolson** presented an overview of the 2015-16 hospital provider fee model. Fee model means the calculation of the hospital fees that we receive and the supplemental payments we make to hospitals
- Hospital provider fee overview
 - Increase hospital reimbursement for Medicaid and uninsured patients
 - Fund hospital quality incentive payments
 - Expand health care coverage in Medicaid and CHP+ programs
 - Reduce uncompensated costs and the need to shift those costs



- When we ended the FY 14-15 model year we had over 409,000 individuals covered
- Net patient revenue limits the total provider fees that can be collected
- Upper payment limit limits the total supplemental Medicaid payments that can be paid
- Disproportionate share hospital limit limits the hospital specific DSH payment that can be paid
- Provider fee collection is limited to 6% of the NPR
 - Historical data is used and then inflated forward
 - Federal limit is 6%, we target 5.5%
 - Recommending the inpatient NPR be at 5.5% and the outpatient be at 4.4%
- UPL must be approved each year by CMS even if there are no state plan changes
 - Supplemental Medicaid payments are limited to the UPL
 - Aggregate limits not hospital specific
 - Calculations are done for both inpatient and outpatient
 - All payments cannot exceed the UPL, that includes the base rate payments and the supplemental payments
- DSH limit
 - Hospital specific calculation
 - Limit equal to the total cost of care for Medicaid and uninsured clients both inpatient and outpatient minus the total Medicaid payments
 - These are subject to audits
 - All hospitals receive DSH payments
- Proposed HPF model was posted to the website in January to give hospitals a chance to review and raise questions
 - Process worked as expected, did find that some hospitals were just missing some of the data elements they needed
- The data aggregation survey will be going out this week
- Setting this for FY 15-16 so that fees collected will fall in the Governor's budget proposal in the state fiscal year basis
- If action is taken by general assembly that effect the model we will reconvene this board
- Total supplemental payments \$1.1 billion dollars
- Net reimbursement to hospitals \$290 million
- 5 payment areas that we make payments to hospitals
 - Inpatient
 - Outpatient
 - Uncompensated Care
 - DSH
 - HQIP
- Other fee expenditures



- Medicaid expansion
- Administration
- Cash fund reserve
- Transfer to general fund
- Standard federal match rate is 15.72% this year
- Hospital provider fee with federal matching dollars will be over \$3 million
- Administrative cost \$55 million total funds, 1.8%
- Inpatient fee assessed on managed care and non-managed care patient days
 - Total \$385.4 million
- Outpatient fee assessed on percentage of total outpatient charges
 - Total \$282.4 million
- Psychiatric, long term acute care, and rehab hospitals are exempt from the fees
- Discounted fees
 - Inpatient fee
 - High volume Medicaid and CICP hospitals
 - Essential access hospitals
 - Outpatient fee
 - High volume Medicaid and CICP hospitals
- Inpatient base rate supplemental to increase rates for inpatient hospital care for Medicaid clients
 - Total \$456.8 million
 - Follow Medicaid inpatient rate methodology used in the Colorado Medicaid program
- Outpatient base rate supplemental to increase rates for outpatient hospital care for Medicaid clients
 - Total \$265.5 million
 - Use the estimate of Medicaid cost from our outpatient UPL to calculate payment
- Uncompensated care supplemental reduces uncompensated hospital care provided to persons who are uninsured
 - Total \$115.5 million
 - \$23.5 million distributed to hospitals with 25 or fewer beds
 - \$92 million distributed to other qualified hospitals
- DSH payment for hospitals that participate in CICP
 - Total \$198.2 million
 - CICP hospitals with costs more than 750% of average are getting 100% of the hospital specific DSH limit
 - CICP hospitals with costs between 200% and 750% of average are getting 96% of the hospital specific DSH limit



- Remaining funds distributed to qualified hospitals to not exceed 96% of the DSH limit
- Quality incentive payment to hospitals providing services that improve quality of care and health outcomes
 - Limited amount on how much funds can be in bucket
 - \$84.8 million
- In payment rates for this model there is less variability than in previous models
- Inpatient pool overall 90% before HQIP payments, 94% to 96% after HQIP
- Outpatient pool overall 96.3%
- In general the hospitals that are netting a loss are 10, 7 are within one system
 - One system is netting a loss over all
- Recommendation will be taken to MSB in April
- Will also work with CMS to get SPA approved
- Expected to be wrapped up by June and can get rate letters out to hospitals
- No sooner than 30 days after rate letter we can start reconciliation process

5. Public Comment

- No public comment

6. Action Items

- **John Gardner** motioned to move into executive session, **Ann King** seconded. Motion passed
Board entered Executive session at 3:12 pm with legal counsel
Board ended Executive Session at 3:26 pm
- **Peg Burnette** motioned that the model be approved as presented, **Jeremiah Bartley** seconded motion. Motion passed

7. Additional Discussion

- No additional discussion

8. The meeting was adjourned at 4:03 p.m.

The next scheduled meeting is at 3:00 p.m. on Tuesday, April 26, 2016 at 303 E 17th Avenue, Denver, CO in conference room 11 BC.

Reasonable accommodations will be provided upon request for persons with disabilities. Please notify the Nancy Dolson at 303-866-3698 or nancy.dolson@state.co.us or the 504/ADA Coordinator hcpf504ada@state.co.us at least one week prior to the meeting.

