



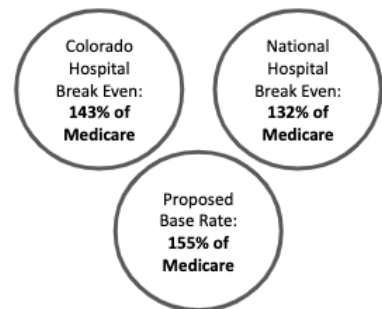
Hospital Reimbursement under the Colorado Health Insurance Option Recommendation

The formula proposed under the Colorado health insurance option would save Coloradans between **7%-20% on premiums** in the individual health insurance market. This formula is one component of the larger recommendation delivered to the legislature in November, 2019 in response to HB19-1004.

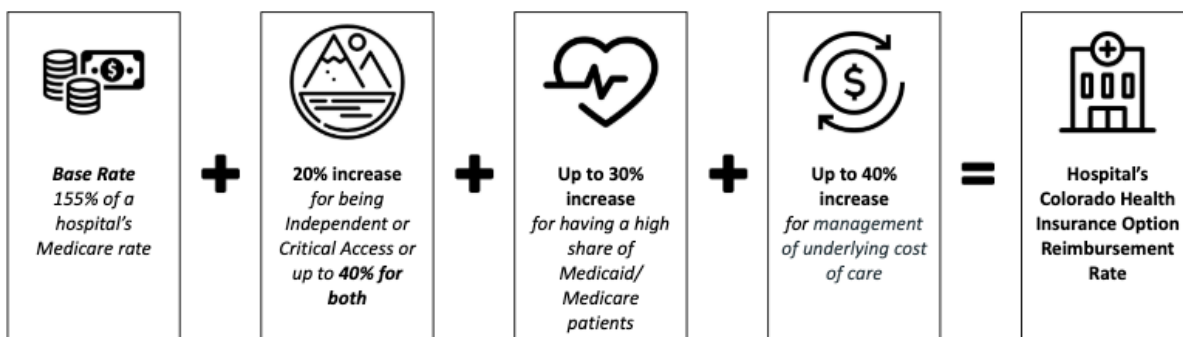
On average, Colorado Hospitals are able to cover their costs when they are reimbursed at 143% of Medicare rates. This number is calculated from annual data that Colorado hospitals submit to the Colorado Hospital Association (CHA). CHA submits this data to the Colorado Health Care Affordability Sustainability Enterprise (CHASE) board, which includes the data in an [annual report](#).

This public and transparent formula sets a base rate that comfortably covers costs at 155% of Medicare rates, then considers a number of unique characteristics of each individual hospital to increase the reimbursement for that hospital:

- *Is the hospital an **Independent or Critical Access hospital**?*
- *Does the hospital serve **a high percentage of Medicare or Medicaid patients**?*
- *Does the hospital do a good job **managing administrative costs, the underlying cost of care, and/or are they already charging reasonable rates**? This is calculated by factoring in operating costs, prices charged, and profit margins.*



Proposed Formula:



This formula will ensure that:

- **rural and critical access hospitals** are reimbursed at rates that promote financial sustainability,
- **independent hospitals** are reimbursed at rates that support their independence, and
- **large hospital systems** are reimbursed at rates that cover average costs and allow for profitability.