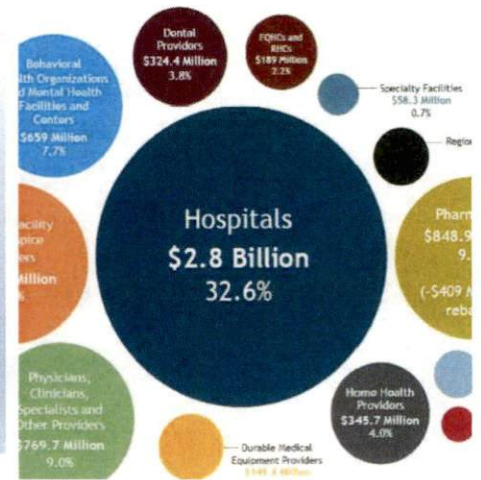


“The [hospital provider fee] was intended to reduce the need for hospitals to shift uncompensated care costs to private payers by increasing reimbursement to hospitals... and reducing the number of uninsured Coloradans. Since its inception, the hospital provider fee increased hospital reimbursement an average of more than \$200 million per year... **However, a positive impact on cost shifting to private payers is not apparent.** Since the hospital provider fee was implemented, Medicaid reimbursement compared to cost improved by 32% and hospitals’ bad debt/charity care write off costs decreased by 58%, yet payments in excess of costs by private payers increased by 6%. Determining the extent to which the hospitals reduced the cost shift requires additional data and analysis.”

Colorado Healthcare Affordability & Sustainability Enterprise Annual Report January 15, 2018



HCPF SMART Hearing • January 2017

**We all know that the high cost of health care is a problem,** but the solutions are far from obvious. That’s why we must start by increasing the transparency of our health care system, and more specifically, hospitals.

There are many sources of information about hospital spending including the Medicare Cost Reports, the Colorado Healthcare Affordability and Sustainability Enterprise Annual Report, the Financial Health of Colorado Hospitals Report, and the All-Payer Claims Database, but none of them are able to answer a key question:

*After all the money we’ve invested in our hospitals to improve Medicaid reimbursements and reduce uncompensated care, why is the cost shift to privately insured patients increasing?*

Insurer	2009	2010	2011	2012	2013	2014	2015	2016
Medicare	0.80	0.76	0.77	0.74	0.64	0.71	0.72	0.71
Medicaid	0.54	0.74	0.76	0.79	0.80	0.72	0.75	0.71
Insurance	1.55	1.49	1.54	1.54	1.52	1.59	1.58	1.64
CICP/Self/Other	0.52	0.72	0.65	0.67	0.84	0.93	1.11	1.07
Overall	1.05	1.06	1.07	1.07	1.05	1.07	1.08	1.09

JBC Staff Figure Setting • Department of Health Care Policy and Financing • March 5, 2018

**House Bill 18-1207 requires hospitals to share more of their financial information with the Colorado Department of Health Care Policy and Financing,** including audited financial statements, utilization and staffing information, and access to the existing secure data system containing utilization and financial data at the individual hospital level.

With this data, HCPF will be better equipped to engage with Colorado hospitals to design the Delivery System Reform Incentive Payments (DSRIP) program, also known as the Hospital Transformation Project, which seeks to accelerate hospitals’ transitions to value-based payment systems and improved care coordination.

operations and the governing boards who have a fiduciary duty to ensure their organization is financially sound. Second, while these figures are informative and illustrative of the financial state of Colorado hospitals, they are not capable of providing evidence-based, across-the-board answers to the difficult questions of what will ultimately create better affordability.

*The Financial Health of Colorado Hospitals • Prepared by the Colorado Hospital Association, October 6, 2017*

- Organizations Supporting This Bill**
- Colorado Dept of Health Care Policy & Financing
  - Colorado Consumer Health Initiative
  - Healthier Colorado
  - Colorado Competitive Council
  - Colorado Association of Health Plans
  - Colorado Medical Society