



Opportunities in Medicaid Recovery Audit Contractor Program, Rural Health Care, Engagement for Key Hospital Issues

ISSUE BRIEF | House Bills 23-1295, 23-1215, 23-1243, 23-1218, and Senate Bills 23-002, 23-298

Background

This issue brief covers a number of opportunity updates in the regulatory space, including Medicaid, rural issues, as well as stakeholder engagement that resulted from legislation during the 2023 session.

HB 23-1295: Audits of Department of Health Care Policy and Financing Payments to Providers

CHA heard significant concerns from members about HCPF's Medicaid Recovery Audit Contractor (RAC) process, which is one of the most aggressive in the country. Medicaid RAC audits are a method for ensuring Medicaid payments are appropriately made to health care providers. Over the past several years, providers and hospitals have identified significant transparency, accountability, and efficiency failures that have led to considerable administrative burden, unwarranted recoupments, and costly litigation activity. To address this issue, CHA championed legislation [HB 23-1295: Audits of Department of Health Care Policy and Financing Payments to Providers](#), to increase transparency, accountability, and efficiency in this program.

What the Bill Does:

- Requires a comprehensive audit by the office of the state auditor to review Colorado's Medicaid RAC audit practices, including:
 - Previous audit activity and impact on provider participation and access
 - Models to make providers whole for underpayments
 - The payment models used to reimburse the contractor and impacts on providers
 - The design and effectiveness of other state programs
 - Colorado's aggressive lookback period
- Requires HCPF to:
 - Hold quarterly provider convening meetings and trainings
 - Create a RAC provider advisory group to advise HCPF
 - Publish audit activity reports on HCPF's website quarterly, including a summary of audit findings, the RAC contractor contract, scope of work, and HCPF's supervision of the audits

Additional Resources

- [Bill Text](#)
- [CHA HB 23-1295 One Pager](#)
- [CHA RAC Audits by the Numbers](#)
- [HCPF's RAC Website](#)

Timeline:

- **June 1, 2023:** Effective Date
- **Aug. 3, 2023:** HCPF Quarterly Provider Meeting
- **Nov. 2, 2023:** HCPF Quarterly Provider Meeting
- **Feb. 1, 2024:** HCPF Quarterly Provider Meeting
- **May 2, 2024:** HCPF Quarterly Provider Meeting

SB 23-298: Rural Hospital Collaboration

[SB 23-298](#), Allow Public Hospital Collaboration Agreements (*effective date of Aug. 7*) – enables county public and special district hospitals (located in rural areas) to form collaborative agreements for the purposes of:

- Ancillary clinical services
- Acquisition of equipment
- Clinical management
- Health care provider recruitment
- Joint purchasing or leasing arrangements (e.g., supplies, equipment, pharmaceuticals, or staffing)
- Consulting services, such as public health and non-hospital specific innovation
- Purchasing joint professional, general liability, or property insurance
- Back-office services, such as human resources and compliance (this does not apply to sharing service charging expenses or rates among hospitals)
- Data services, such as electronic health records or data extraction services (this does not apply to sharing service charging expense or rates among hospitals)
- Negotiating health insurance rates limited to shared protocols intended to improve patient management and outcomes, collaborative efforts with payors to promote essential services in local communities, management of prior authorization requests, and analysis of aggregate data

Hospitals that wish to collaborate must submit a joint proposed collaborative agreement to HCPF (and DOI if the collaboration includes payor negotiations) for review and approval. Those entities shall review the proposal for potential impact on competition and make a referral to the Attorney General. At this point, the Attorney General will either approve or deny the collaborative agreement.

The collaborative agreements cannot have the effect of setting reimbursement rates or other compensation commercial health insurance or government payer, dividing specific markets for general acute/specialty care service lines, or negotiating compensation that reduces wages for hospital staff.

Engagement Opportunities for Key Hospital Issues:

[HB 23-1215](#), Limits on Hospital Facility Fees (*effective date of May 30, [bill text](#)*) - requires a report on the impact of hospital facility fees in Colorado to be delivered to the General Assembly by **Oct. 1, 2024**.

- **Steering Committee:** The report will be overseen by a steering committee that must include two hospital representatives – an individual designated by CHA and an individual representing a rural, critical access or independent hospital.

[HB 23-1243](#), Hospital Community Benefit (*effective date of Aug. 7, [bill text](#)*) - makes changes to the reporting hospitals submit to HCPF regarding community engagement activities and the annual data reporting to HCPF regarding community benefit.

- **Workgroup:** The bill requires HCPF to convene a stakeholder work group composed of consumer advocates, community organizations, and hospitals to develop best practices for community engagement.

[HB 23-1218](#), Health Facility Patient Information Denied Service (*effective date of Aug. 7, [bill text](#)*) - requires health facilities to submit data on service availability, including how frequently specific services are denied for non-medical reasons, to CDPHE. CDPHE must then develop forms to relay this information to the public by **Aug. 1, 2024**.

- **Workgroup:** CDPHE must work with stakeholders to identify services that may be subject to denial of care in the state and develop a clear and simple service availability form.

[SB 23-002](#), Medicaid Reimbursement for Community Health Services (*effective date of Aug. 7, [bill text](#)*) – this legislation will require HCPF to seek federal authorization from CMS by **July 1, 2024**, to provide reimbursement for community health workers, including, but not limited to the delivery of preventive services, group and individual health education and coaching, health navigation, transition of care supports, screening and assessment for nonclinical and social needs, and individual support and health advocacy.

- **Input Opportunity:** HCPF will hold at least four public stakeholder meetings to solicit input prior to seeking federal authorization.