



# 2025 Legislative Preview

December 2024

# Today's Presenters



Saskia Young  
Vice President  
Government Affairs



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Senior Manager  
Public Policy



# Today's Agenda



- Opening remarks
- CHA lobby team
- Election outcomes
- State budget & financial health of hospitals
- CHA's 2025 legislative agenda
- Bills on the horizon
- New CHA resources

# Opening Remarks



# CHA Lobby Team: Policy Matters



Tanya Kelly Bowry



Heather Retzko



Katie Hancock



Jenise May

# Election Outcomes

# Legislative Landscape: Influential Factors



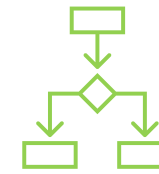
## No Supermajorities

- House Democrats lost three seats and their 46-19 supermajority – fell short by one seat
- Senate Democrats looked to build on 23-12 majority, but instead lost one seat



## New Leadership

- Senate President James Coleman
- Senate Assistant Majority Leader Lisa Cutter
- New committee assignments



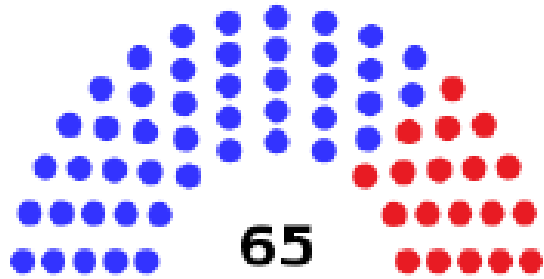
## Vacancy Committees

- 3 seats will be appointed by early January:
  - SD-29 – Janet Buckner (D)
  - SD-30 – Kevin Van Winkle (R)
  - SD-31 – Chris Hansen (D)

# Legislative Leadership



## House

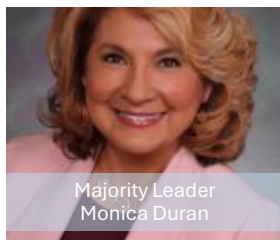


Democrats 43 Republicans 22

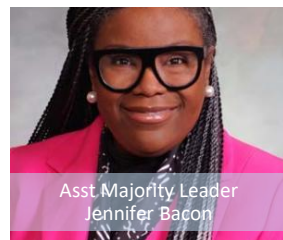
## Leadership



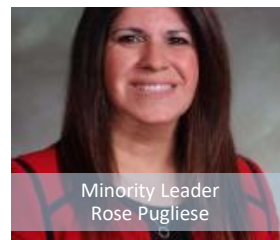
Speaker of the House  
Julie McCluskie



Majority Leader  
Monica Duran

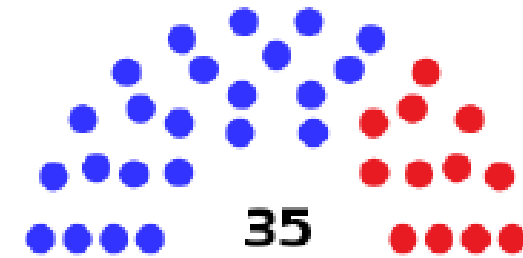


Asst. Majority Leader  
Jennifer Bacon



Minority Leader  
Rose Pugliese

## Senate

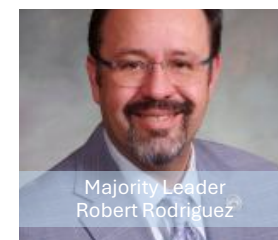


Democrats 23 Republicans 12

## Leadership



President of the Senate  
James Coleman



Majority Leader  
Robert Rodriguez



Asst. Majority Leader  
Lisa Cutter



Minority Leader  
Paul Lundeen



# State Budget & Hospitals' Financial Health

# Joint Budget Committee



Sen. Jeff  
Bridges (D),  
Chair



Rep.  
Shannon  
Bridges (D),  
Vice-Chair



Rep. Judy  
Amabile (D)  
**\*NEW\***



Sen.  
Barbara  
Kirkmeyer  
(R)



Rep. Emily  
Sirota (D)

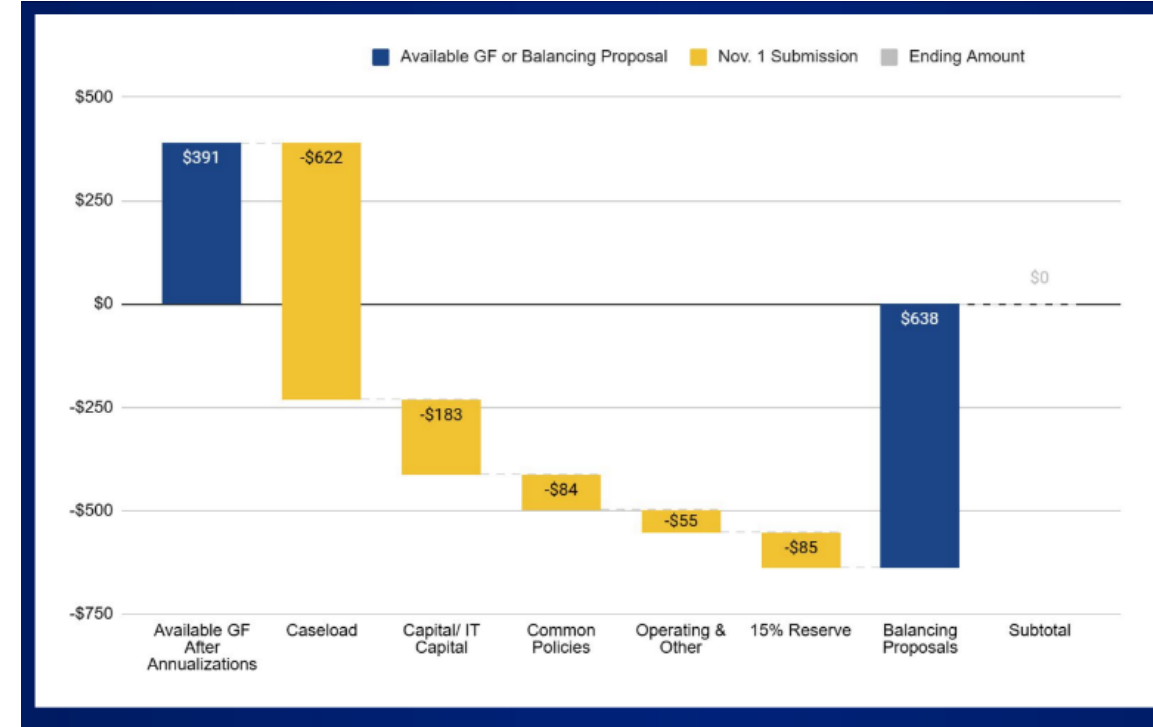


Rep. Rick  
Taggart (R)

# Governor's 2025-26 Budget



- Budget debate will be very heated through March in “deep cuts” environment
  - Request does not account for all likely cuts – “kicked the can” to January and may get worse
  - Governor proposed nearly \$640m in cuts (aka “balancing proposals”)
- HCPF requesting 10% increase (\$462m) over SFY 2024-25 due primarily to caseload and increased costs
  - Anticipating 6% increase in enrollment to 1.38m
  - **Proposing 0% increase in provider rates** along with targeted cuts and discontinued line-item funding
- JBC hearings have begun and budget process runs through March

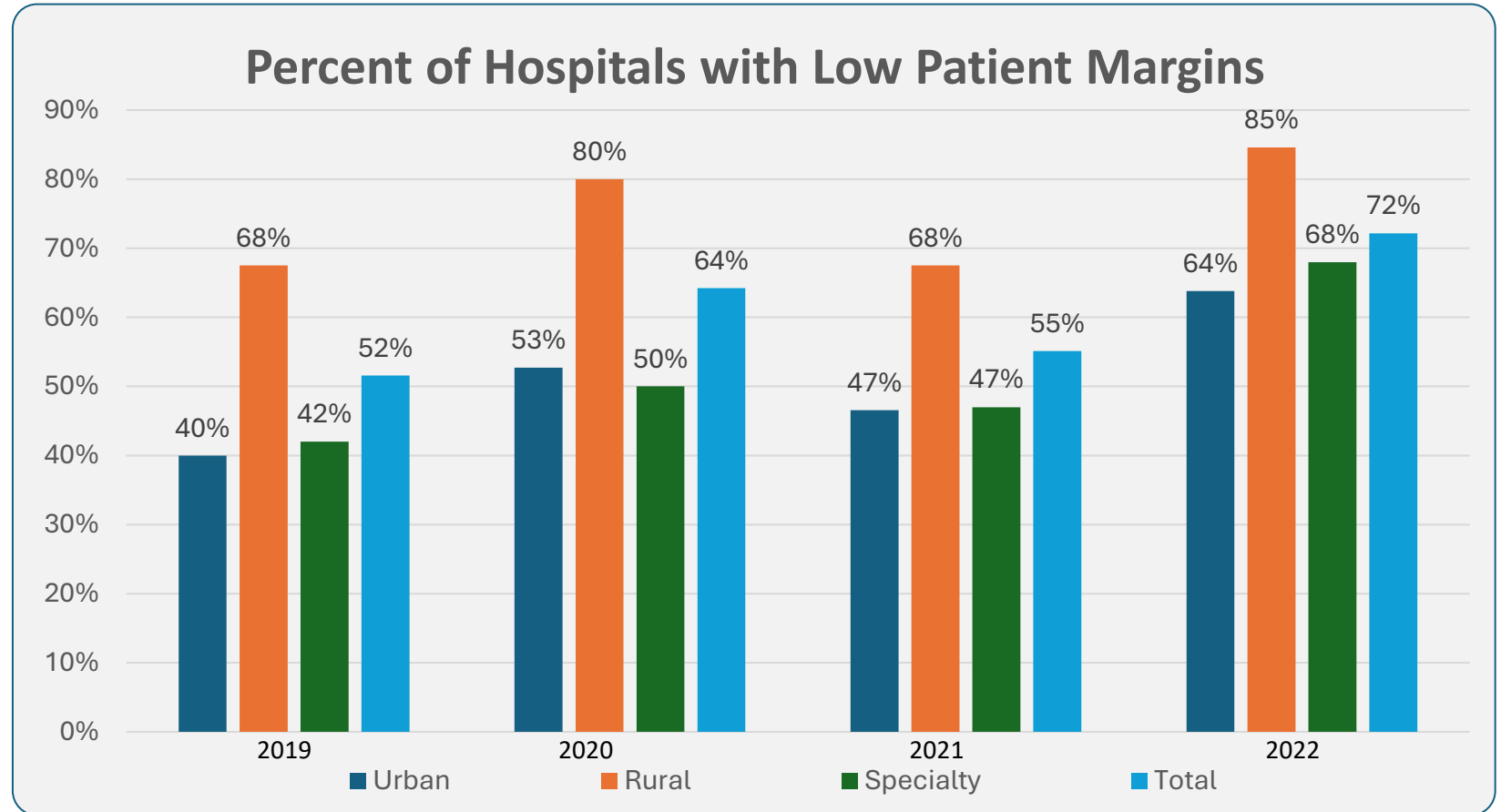


Will impact the feasibility of any 2025 legislation with a fiscal note

# Hospital Financial Challenges

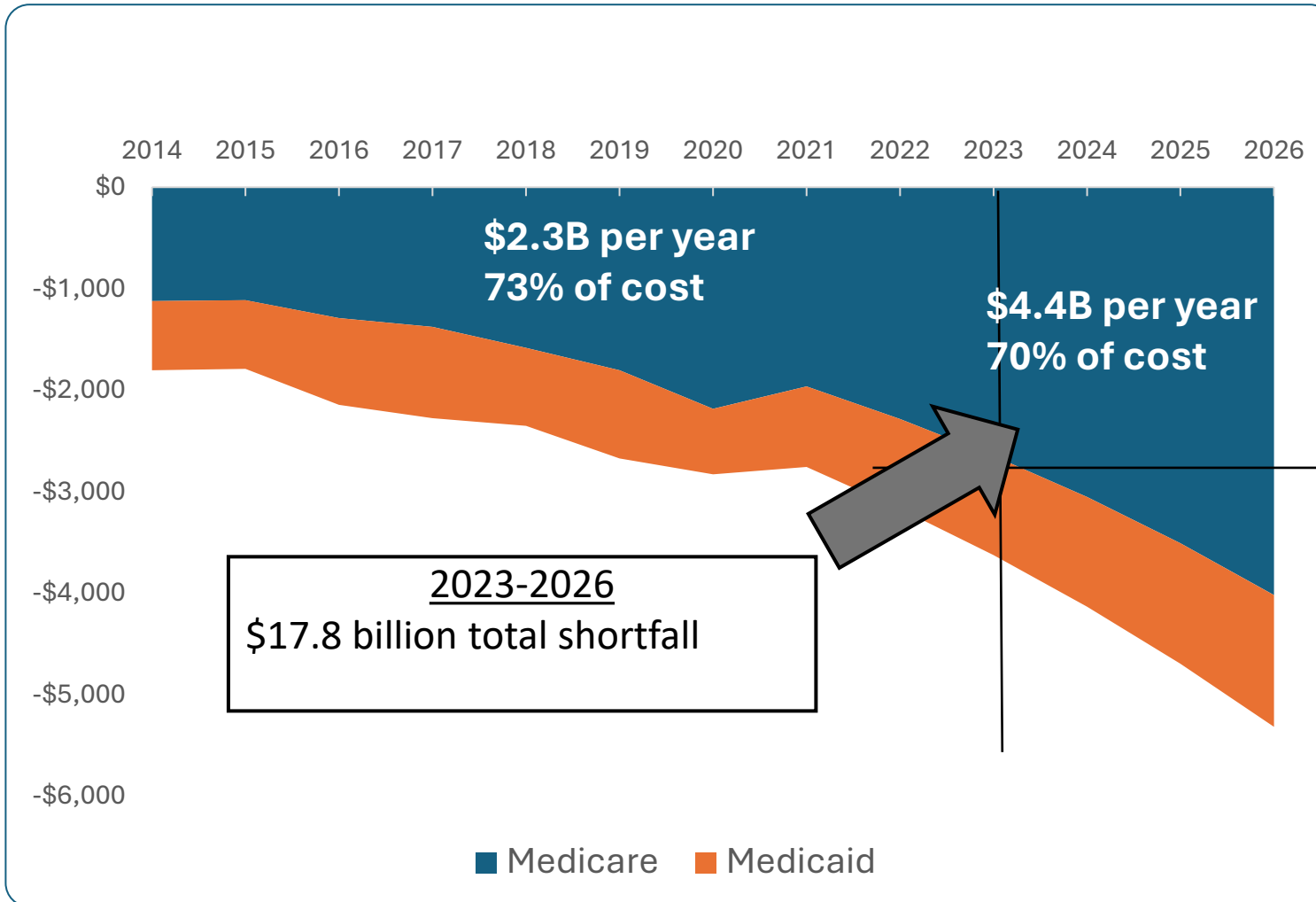


- More than 70% of Colorado hospitals have unsustainable operating margins.
- Hospital expenses are up nearly 40 percent since 2019.
- More patients are uninsured because they were wrongly dropped from Medicaid.
- State policies challenge hospitals operationally and financially.



*2019-22 data obtained from HCRIS database*

# Shortfall in Government Payer Reimbursement



Data obtained from 2023 CHASE Annual report. Forecast by CHA.

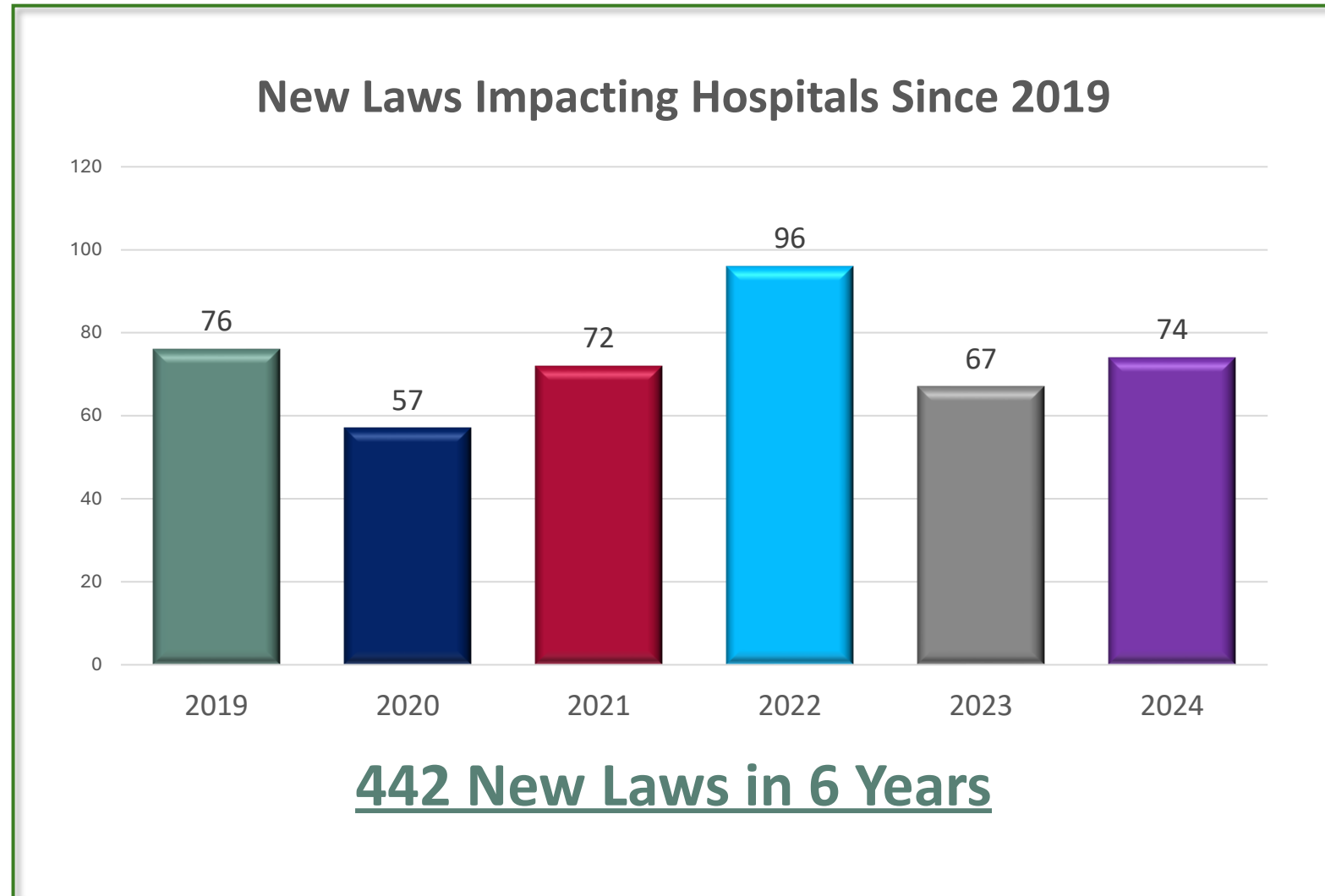
## Key Takeaways

- Medicare and Medicaid reimbursement is not covering the cost of care, and the outlook is compounding due to coverage growth, cost trends, and low reimbursement rates.
- The losses on Medicare and Medicaid are escalating and will nearly double by 2026.
- Medicare and Medicaid account for 53.1% of statewide payer mix (2022)

# Hospitals Overwhelmed by New Regulatory Requirements



- Burden of new laws often outweighs their benefit
- Expensive for hospitals to comply and keep up; raises costs for everyone
- Excessive regulation creates conflict, confusion, and even unfair or abusive government practices



# CHA 2025 Legislative Agenda

# 2025 Legislative Agenda At-A-Glance



## Medicaid Optimization and Accountability



- 1 CHASE Program:**  
Maximize Federal Funding
- 2 RAC Audits:**  
Improve Efficiency & Decrease Provider Burden
- 3 Medicaid Enrollment:**  
Correct Colorado's Coverage Trajectory

## Hospital Sustainability and Patient Care



- 4 Facility Fees:**  
Protect Access Throughout the State
- 5 340B Program:**  
Safeguard Availability of Life-Saving Treatment
- 6 Rural Health:**  
Strengthen Facilities & Communities



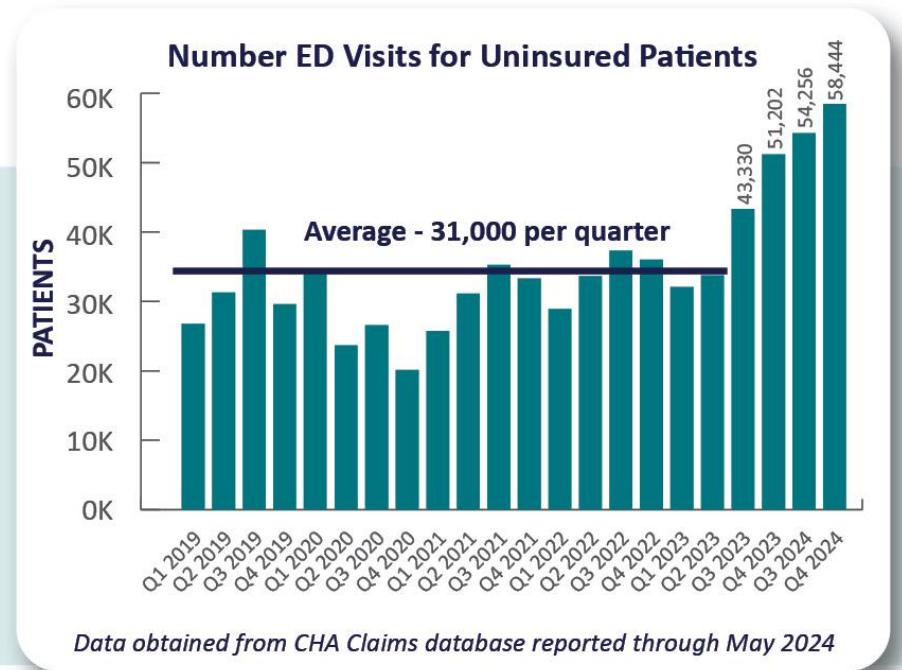
# Medicaid Enrollment



## Medicaid Enrollment: Correct Colorado's Coverage Trajectory

**Declines in Medicaid coverage are putting Colorado's patients and health care safety net at risk.** Colorado ranks **worst in the country**, and hospital ED visits among uninsured are up 50% – over 18,000 more uninsured patients every quarter than before or during the pandemic.

**Colorado must take action to improve coverage and secure the safety net.**



# Our Approach



**1. Colorado is among the worst states in the country for disenrolling Medicaid members.**



**2. The loss of Medicaid coverage is driving increases in the number of uninsured.**



**3. This crisis impacts the broader economy, as Medicaid is a critical piece of the health care sector, supporting employment statewide.**



**4. Without action, Colorado is poised to lose critical health care infrastructure that may be impossible to rebuild.**



**5. A broad group of stakeholders has come together to partner with the state to prioritize efforts to stabilize our safety net.**





## Medicaid Optimization and Accountability

### CHASE Program: Maximize Federal Funding

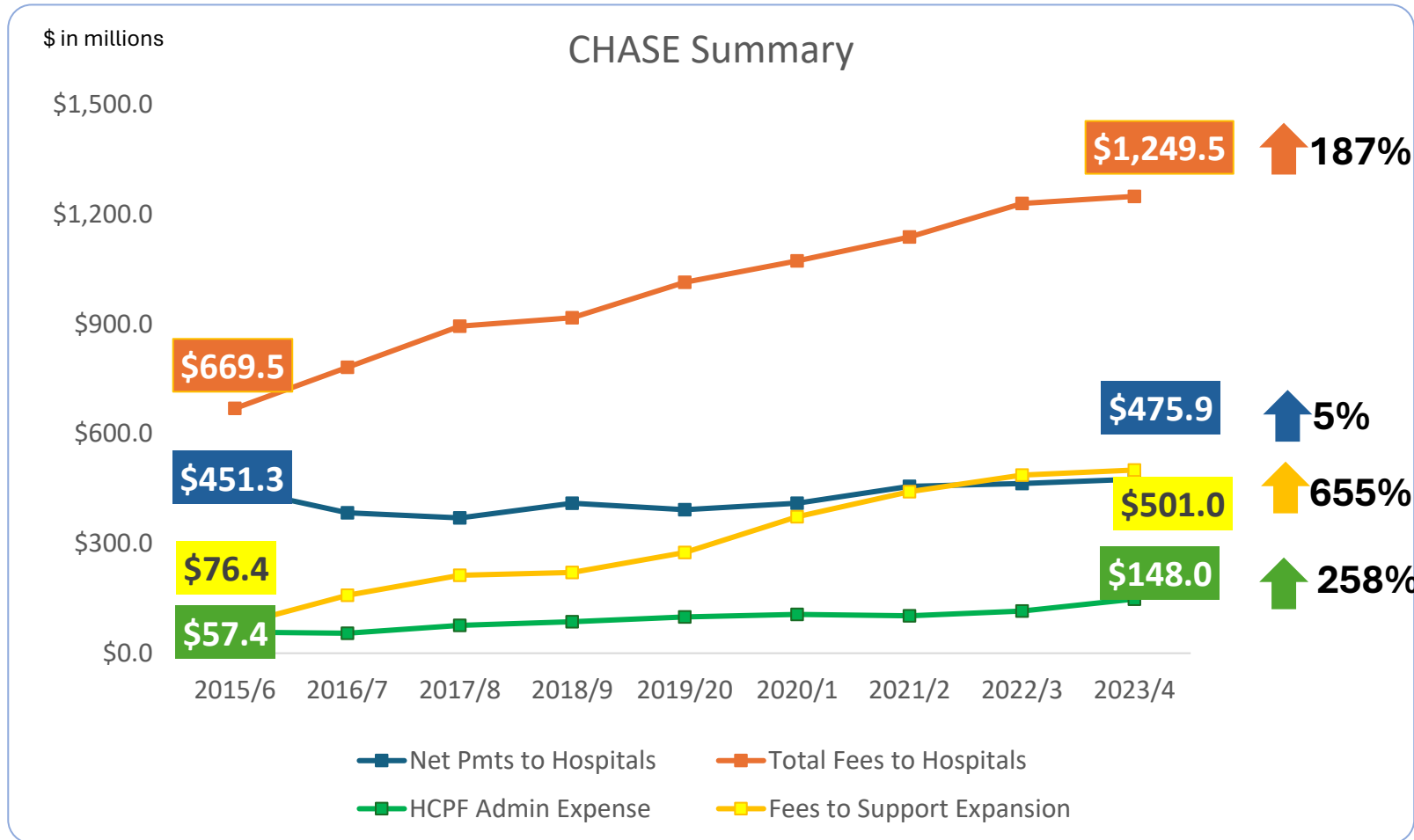
The Hospital Provider Fee (aka CHASE) program provides coverage for 662,000 Coloradans by drawing down billions in federal funds, while also supporting and stabilizing hospitals statewide.

Colorado has an opportunity to optimize this program through accessing \$150+ million per year **with no new investment from the state's budget.**



**\$150+ Million in Funding**

# CHASE Fee and Net Payment Trends



### Key Takeaways

Increases in CHASE hospital fees have become unbalanced over time and are being directed to finance other priorities:

- **Total fees to hospitals have increased 187%** since 2015-16
- **Net gain to hospitals has increased just 5%**
- Fees to finance expansion costs have increased 655%
- Fees to finance administrative costs have increased 258%

# Our Approach



1



Create a **State Directed Payment Program** for Medicaid managed care within CHASE to enable draw-down of new federal funds.

Today's CHASE Fee only captures Medicaid fee-for-service care; 15% of Medicaid hospital payments are managed care – primarily behavioral health, Denver Health, and Western Slope hospitals. CHA estimates Colorado could generate \$150 million in new funding annually.

2



With addition of new funding, **adjust and align CHASE funding model** to ensure Colorado continues to achieve the program's core goals.

Generate billions of dollars in federal support to Colorado  
Support expanded Medicaid coverage  
Provide adequate funding for hospital care for Medicaid and uninsured patients  
Take pressure off the state budget by providing appropriate support for Medicaid administrative expenses



## RAC Audits: Improve Efficiency and Decrease Provider Burden

**Colorado's RAC audits are the most aggressive in the country.** Instead, Colorado should “restore factory settings on this program” to ensure audits are **warranted, effective, and efficient.**

A recent report from the Office of the State Auditor confirmed significant operational and oversight issues with Colorado's Medicaid RAC audits, **including potential misuse of the General Fund.**

# RAC: Improve Efficiency & Decrease Provider Burden



- Colorado’s Medicaid Recovery Audit Contractor (RAC) is the **most aggressive in the country**, including:
  - Longest lookback period at seven years
  - Highest contingency fee to outside contractor at 18%
- Creates serious and multiple problems for hospitals and many other Medicaid providers – **CHA’s goal is to “restore factory settings”** on the program and align with national best practices
- 2024 State Auditor report confirmed program is **problematic and recommended a series of fixes** to make the program’s activities warranted, effective, and efficient

# Our Approach



## Restore Colorado's RAC Program to Federal Factory Settings and Improve Oversight

*Align with federal standards and best practices from other states:*

- Reduce “look back” period from 7 to 3 years
- Reduce financial incentive for aggressive audits from 18% to 12.5%
- Improve payment accuracy by incentivizing program to identify underpayments in addition to overpayments
- Align volume limits with Medicare
- Increase the accuracy of audit findings
- Address conflicts of interest and contractor compliance
- Improve the administrative process



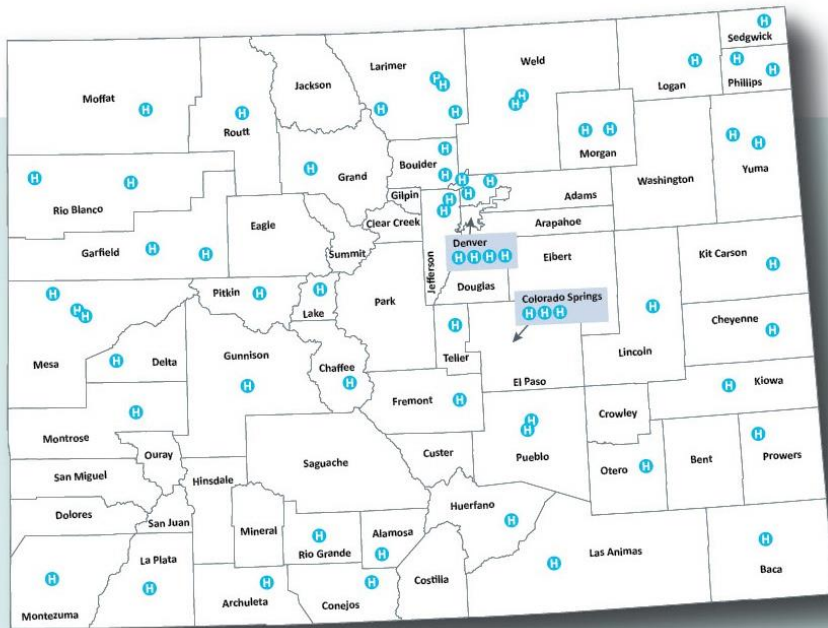
# Protect 340B



## 340B Program: Safeguard Availability of Life-Saving Treatment

Congress created the 340B program to support safety net providers in providing life-saving and affordable medicines and a broad range of health services to low income, uninsured, and underserved patients.

**Colorado has nearly 70 hospitals that participate in the 340B program, 89% of which** operate below a sustainable margin. In recent years, pharmaceutical companies have acted unilaterally to restrict this program, jeopardizing its purpose. **These abuses must be stopped.**



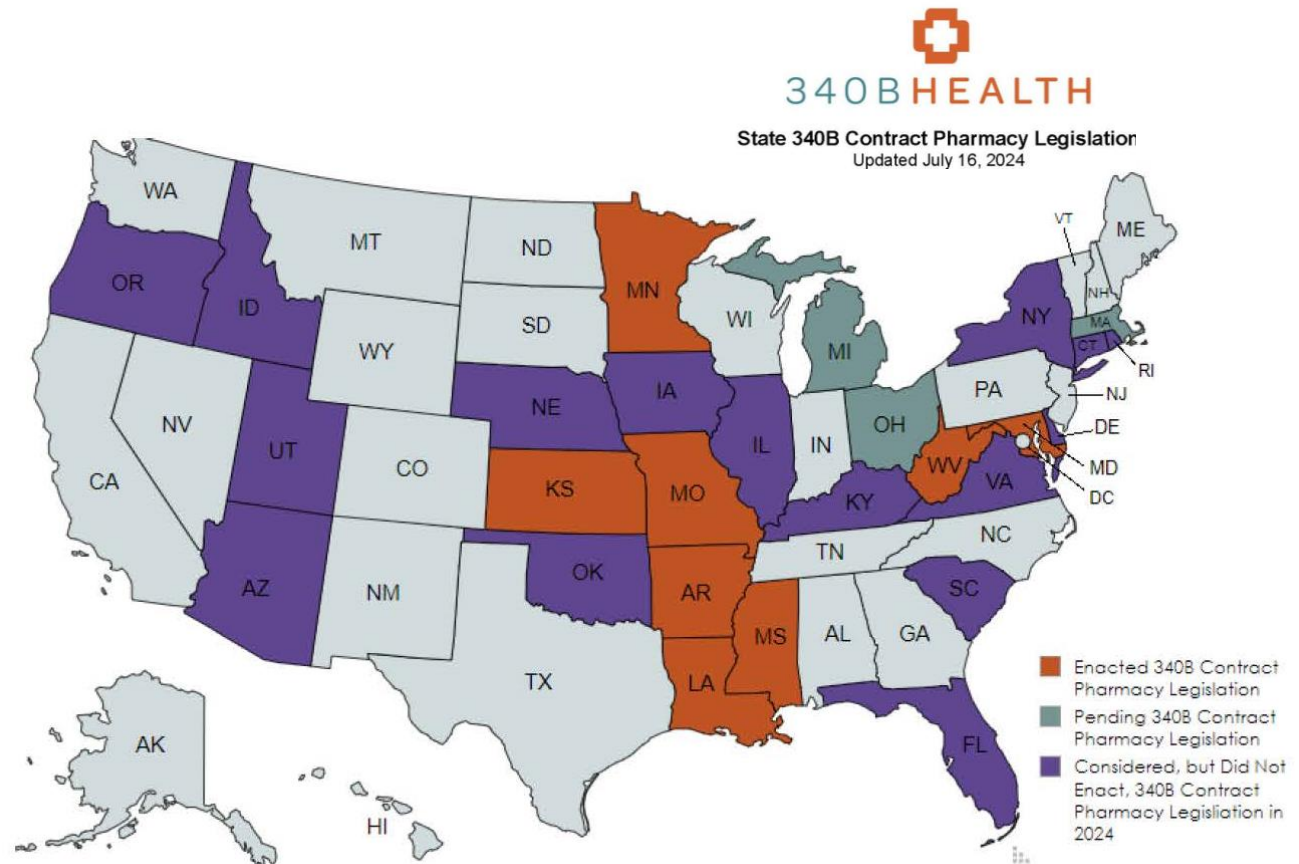
# 340B: Safeguarding Access to Lifesaving Care



Created by Congress more than 30 years ago to “stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.”

## Key Takeaways

- Supports safety net providers – including hospitals, community health centers, family planning and HIV/AIDS clinics by requiring discounts from drug manufacturers.
- Colorado has 68 hospitals participating in 340B, 89% of which operate without a sustainable margin for the long-term
- States are taking action to prevent pharmaceutical manufacturers from imposing “false ceilings” in the 340B program that hurt access and affordability – **Colorado is next!**



# Our Approach



## Lead Proactive Legislation to Protect 340B

Work with Colorado policymakers and other stakeholders to pass state legislation to prohibit pharmaceutical manufacturers from weakening the 340B program and restricting patient access to 340B discounted drugs.



# Rural Health Sustainability



## Rural Health: Strengthen Facilities and Communities

Rural hospitals are the **economic engines of their communities and are constantly forced to do more with less.** 85% of Colorado's rural hospitals provide care without sustainable operating margins.

**Your zip code should not determine your health.** By providing support for rural hospitals, Colorado can ensure that our rural health care system is strong, available, and sustainable.



# Return of Facility Fees Fight



## Facility Fees: Protect Access Throughout the State

Facility fees support patient care teams in hospital outpatient clinics.

More people have access to convenient preventive and specialized care in clinics paid through facility fees, improving quality and keeping patients out of more expensive settings like the emergency room and hospital inpatient departments.

A ban or limitations on facility fees would devastate the health care ecosystem in Colorado.



# Our Approach: Oppose Bans on Facility Fees to Protect Patient Care Statewide



- Banning facility fees would devastate Colorado’s health care ecosystem, forcing outpatient facilities to shrink or close and forcing patients to endure:
  - Longer wait times
  - More expensive settings (like the ED)
  - Farther travel distances
  - Less convenient locations
- Examples of services at risk of closure:
  - Outpatient hematology, oncology, radiation oncology
  - Primary care clinics and outpatient physical therapy clinics
  - Off-campus walk-in clinics
  - Potentially *all* outpatient services

## Facility Fees Pay For:



# Bills Coming

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Labor Peace Act

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Physician Non-Compete

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Medical Necessity

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Out-of-Network EMS Billing

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Disease Control Modernization Statute

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Obesity Medication Coverage

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Artificial Intelligence Clean-up

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Voluntary Do Not Sell List

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# Bill Rumors






# New CHA Resources



# Legislative Activation Resources



2025

## Colorado Legislative Advocacy Toolkit

- Relationship mapping & outreach guidance
- Hospital 101 & State of Hospitals Slides
- Issue-based fact sheets

## The State of Colorado Hospitals

Fall 2024



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### Hospitals at a Glance

**HOSPITALS:** *here for our patients*

100 Hospitals

- 80 acute care hospitals
- 12 rural hospitals
- 44 specialty hospitals
- 20 non-profit hospitals
- 20 for-profit hospitals
- 20 government-owned

**Patient Care in 2023**

- 487K outpatient admissions
- 9.8M outpatient visits
- 60K babies delivered
- 2.1M emergency department visits
- 764K behavioral health and substance care visits

**Hospitals fund health insurance fund for:**

- 622K Adults with Medicaid and kids with CHIP
- 27K CHIP children and pregnant patients
- 993K Parents with Medicaid
- 19K Working adults and kids with disabilities on Medicaid

**HOSPITALS:** *here for our people*

100K Colorado jobs and support

16K rural Colorado jobs

More than 1 billion invested by hospitals in strengthening the health care workforce since 2020

- Workforce retention
- Workforce development
- Human resource management assistance
- Pay increases
- Retention benefits

**HOSPITALS:** *here for our community*

In the most recent reporting year, Colorado hospitals invested \$2.1 billion in their communities, including:

- \$863 million in uncompensated services for medical patients
- \$399 million in free or reduced cost health care services
- \$54 million in programs addressing health behaviors or risks
- \$602 million in programs addressing social determinants of health
- \$174 million in other investments that address community health needs

Colorado hospitals provided \$3.2 billion in safety and support for Medicaid and Medicaid patients

Hospitals train 1,300 physicians each year

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### 2025 Legislative Agenda

**Background:** Colorado's hospitals are committed to providing safe, high-quality, affordable and accessible health care to patients. More than 70% of hospitals struggle to remain financially sustainable as they face rising burdens in the health care market and heavy regulatory burdens from the nearly 450 laws passed impacting hospitals by the General Assembly since 2015.

#### Medicaid Optimization and Accountability

**CHASE Program: Maximize Federal Funding**

The Hospital Provider Fee (aka CHASE) program provides coverage for 60,000 Coloradans by drawing down billions in federal funds, while also supporting and stabilizing hospital statewide.

Colorado has an opportunity to optimize this program through accessing \$150+ million per year with no new investment from the state's budget.

**\$150+ Million in Funding**

#### RAC Audits: Improve Efficiency and Decrease Provider Burden

Colorado's RAC audits are the most aggressive in the country. Instead, Colorado should "restore factory settings on the program" to ensure audits are warranted, effective, and efficient.

A recent report from the Office of the State Auditor confirmed significant operational and oversight issues with Colorado's Medicaid RAC audits, including potential misuse of the General Fund.

#### Medicaid Enrollment: Correct Colorado's Coverage Trajectory

Declines in Medicaid coverage are putting Colorado's patients and health care safety net at risk. Colorado ranks worst in the country, and hospital ED visits among uninsured are up 10%+ over \$3,000 more uninsured patients every quarter than before or during the pandemic. Colorado must take action to improve coverage and secure the safety net.



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### October 2024 Update to Policymakers: Colorado's Safety Net Crisis & Medicaid Disenrollment

Our report shows that crises of the safety net have become dire. According to this presentation, there are also more and more more we can do to address it. Additional pressure not addressed in this document are also impacting safety net patients in various other ways.

#### 5 KEY TAKE-AWAYS

1. Colorado is among the worst states in the country for disenrolling Medicaid members. Following the COVID-19 relief, there is significant evidence of Colorado where their Medicaid coverage did not get automatic renewal, and eligible residents receiving long-term care services health care benefits to which they are entitled under federal law.
2. This crisis impacts not only Medicaid adults and kids, but also seniors who come from the broader Colorado population to Medicaid as a critical piece of the health care system and health care is a major lifeline in our state, and it critical symptoms particularly in rural communities.
3. This is a crisis across the board. It is a crisis across the board. It is a crisis across the board. It is a crisis across the board.
4. A broad and diverse group of hospital providers, community organizations, and other stakeholders are working together to address our state's safety net crisis. Colorado must take action to address our state's safety net crisis. Colorado must take action to address our state's safety net crisis.
5. This crisis impacts not only Medicaid adults and kids, but also seniors who come from the broader Colorado population to Medicaid as a critical piece of the health care system and health care is a major lifeline in our state, and it critical symptoms particularly in rural communities.

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### Improve Efficiency and Decrease Provider Burden

Colorado's Medicaid Recovery Audit Contractor (RAC) program is the most aggressive in the country, jeopardizing patients' access to care and Medicaid provider participation. While federal law sets basic requirements for Medicaid RAC audits, 31 states have eliminated Medicaid RAC audits altogether, and the 18 states with them - including Colorado - have significant discretion. Colorado hospitals and providers agree that Medicaid audits have value to ensure the state's resources are safeguarded from fraud, but they must be warranted, effective, and efficient.

#### Federal "factory settings"

None of the State Auditor's Right Issues:

- Administrative burden and increased costs for providers
- Inconsistent and increased costs for patients and the state
- Limited availability of care for Medicaid patients

These failures have led to:

- 3x more likely than conventional patients to be hospitalized
- 3x more likely than conventional patients to be hospitalized

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### Facility Fees: Protect Access Throughout the State

Facility fees support your patient care team and improve access to critical services.

It is important to be clear and accurate about what critical outpatient fees support - and what they mean for Colorado patients.

#### Three important facts about facility fees:

1. Many states use an outdated model that is covered by a long-term contract. This includes many, but not all, states. Facility fees support services and everything else during your visit. This includes exams, treatments, emergency services, transportation, security personnel, lab workers, medical supplies, electronic health records, and much more.
2. Facility fees support the support team that provides your care, but also support a broader system that includes important specialized staff and equipment for other Coloradoans - especially those living in rural and other underserved areas.
3. Prohibiting facility fees would devastate Colorado's health care ecosystem. Without facility fees, outpatient facilities would close or shrink, leaving patients to bear expense and time burden from waiting like the emergency room. They would also be forced to bear the expense of transport and care to a more equipped and accessible facility care landscape.

**Can deeper:**

- Unlike independent clinics, outpatients clinics owned by hospitals are required to bill facility fees and provider fees separately by the Centers for Medicare and Medicaid Services and many private insurance carriers.
- Colorado already leads the nation as one of only a few states with clear strategies to make sure patient charges are transparent. These include public reporting requirements, financial transparency, establishing provider fees, and consumer notification requirements.
- Banning facility fees would result in more than \$9 billion in revenue to Colorado hospitals, making 90 percent of Colorado hospitals financially unsustainable.

**The bottom line:** Don't let the term "facility fees" fool you - these charges are often the only source of income hospitals have to support the broad and complex care that many patients receive.

**Prohibiting or facility fees are harmful to Colorado patients and their desired care teams.**

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### 340B Safeguard Availability of Life-Saving Treatment

What is 340B? The legislative intent of the 340B program, created by Congress more than 30 years ago, is to "stretch scarce federal resources as far as possible, reaching more eligible patients and providing more nonpartisan services."

It is to patients and health care providers from high drug costs - all as an additional cost to taxpayers.

**How is it paid for?** The program health services is paid for with drug discounts, not state or federal tax dollars. To qualify for the program, a provider must have a high number of low-income and uninsured patients. The program is not a source of revenue for participating Colorado hospitals, 90% of which operate with low or negative margins.

**What's the current problem?** The program's pharmaceutical industry has restructured a significant portion of its 340B program to ensure patients can access the program. Currently, Colorado hospitals treated with more than 1,300 medications across the state to dispense 340B medications, ensuring patients have access to these drugs. Restrictions and limitations on the program are increasingly reducing patients' access and options for low-income and uninsured patients to obtain their life-saving medications.

**What is the solution?** Colorado hospitals are currently facing a significant financial challenge. The program is being used to subsidize the program, making it clear that "the solution" is to ensure patients can access the program. Colorado hospitals are currently facing a significant financial challenge. The program is being used to subsidize the program, making it clear that "the solution" is to ensure patients can access the program.

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*Questions?*

# Contact Us



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Don't forget to check out:

- ✓ Annual Legislative Report
- ✓ CHA Regulatory Issue Briefs are available at [www.cha.com](http://www.cha.com).

Please let us know if you'd like to be added to the monthly *CHA Regulatory Update* newsletter and call.

