Hospital Provider Fee

and the State Budget

Colorado **hospitals pay a Hospital Provider Fee** into the **Colorado Healthcare Affordability and Sustainability Enterprise (CHASE),** which enables the state to draw down federal matching dollars. Together those resources then fund care for the state's expanded Medicaid populations, help fill hospital reimbursement gaps, and pay a significant portion of HCPF administrative expenses.

Legislation creating the original provider fee passed in 2009[1], and the fee was moved to an enterprise in 2017[2], making it **exempt from TABOR** spending limits and unable to trigger tax refunds. This helps the state stretch its budget further, leaving **more funding for schools, transportation, and other health care priorities**.

Hospitals Boost the Budget

Each year, hospitals are assessed $1.4 billion through the Hospital Provider Fee, which brings in $4.2 billion in federal matching funds to support Medicaid in Colorado. In total, **the Hospital Provider Fee saves the state budget an estimated $700 million per year.** This arrangement helps federal taxes, paid by Coloradans, return to Colorado stabilizing the state budget and health care infrastructure.

COLORADO HOSPITALS FEES **$1.4 BILLION**[3]	**+**	FEDERAL MATCH **$4.2 BILLION**[3]	**=**	**$5.6 BILLION**[3] IN FUNDING FOR COLORADO

Benefits of the Enterprise Model

When Colorado created CHASE in 2017, it solved several budgetary challenges for the state:

- Lowered the state's revenue cap while honoring TABOR.
- Allowed the state to maximize federal taxes, paid by Coloradans, to come back into the state.
- Adopted payment reforms like the Hospital Transformation Program to improve patient care and care coordination.

Protecting the Hospital Provider Fee is essential, not just for Colorado's health care system, but for every state-funded priority.

K-12 EDUCATION

TRANSPORTATION

AFFORDABLE HOUSING

FOOD SECURITY

HIGHER EDUCATION

[1] House Bill 09-1293
[2] Senate Bill 17-267
[3] Program Financial Statements

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