



What is the CHASE enterprise and how does it work?

An **enterprise** is a **government-owned business** that receives less than 10% of its revenue from state government sources. Enterprises are primarily funded by the **fees they collect** in return for providing a specific good or service to fee payers. Enterprises have become increasingly common in Colorado. Since 1993, over 30 state government entities had received enterprise status for at least one fiscal year.¹

The Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) was established in 2017 by SB 17-267², a bipartisan bill sponsored by Sens. Jerry Sonnenberg & Lucia Guzman and Reps. Jon Becker & KC Becker.

The CHASE charges and collects a fee (the Hospital Provider Fee) on Colorado hospitals to obtain federal matching funds that are used to reimburse hospitals, cover administrative costs in Medicaid, and pay for Medicaid expansion. The revenue within the CHASE enterprise is exempt from TABOR limits. This gives Colorado **\$3.6 billion³ from the federal government** to spend caring for Medicaid patients. Because these matching fees pay for the state portion of Medicaid and administrative fees, the state legislature frees up **\$700 million in General Fund³** each year that can be used on other priorities such as education.

If hospital provider fee revenue charged and collected within the CHASE is insufficient to fund all categories identified in statute, hospital payments must be prioritized to maintain the CHASE as a legal enterprise, delivering benefits to fee payers.

¹ Legislative Council Staff Memo from Jan. 22, 2025

² Senate Bill 17-267

³ Program Financial Statements

⁴ CHASE Annual Report

How is funding prioritized?

To continue to qualify as an enterprise, the CHASE must provide certain business services to fee-paying hospitals. The CHASE complies with this requirement, in part, by prioritizing how CHASE revenue is spent. First priority is to hospital fee payers through payments to hospitals for services furnished to Medicaid members.

How does the Hospital Provider Fee help patients?

- **More Coloradans get coverage:** Provides money for Colorado to expand Medicaid coverage to an additional 427,000 Coloradans⁴ (\$3.6 billion)
- **Underfunding by government payer reduced:** Increases reimbursement to hospitals for patient care, helping to keep Colorado hospitals in business (Less than \$500 million³)
- **Saves the state money:** Pays for a significant portion of the administration of the Medicaid program, which would otherwise be paid from the state General Fund (\$159 million³)
- **Saves commercially insured patients money:** Reduces the need to cost shift to insured patients (2023 payment-to-cost ratio was 1.0⁴, showing a reduction in the amount charged to commercially insured patients)

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