



**COLORADO DEPARTMENT OF
HEALTH CARE POLICY AND FINANCING**

**OPERATIONS AND FINANCE OFFICE
SAFETY NET FINANCING SECTION**

REPORT TO THE JOINT BUDGET COMMITTEE

ON

SAFETY NET FINANCING PROVIDER PAYMENTS UPDATE

FEBRUARY 1, 2006

INTRODUCTION

This report is presented to the Joint Budget Committee (JBC) of the Colorado General Assembly in response to footnote 43 of Senate Bill 05-209, which states:

Department of Health Care Policy and Financing, Indigent Care Program, Safety Net Provider Payments -- The Department is requested to submit a report by February 1, 2006, to the Joint Budget Committee, estimating the final disbursements to each hospital from the Safety Net Provider Payment Line item for FY 2005-06 and FY 2006-07.

OVERVIEW¹

Funding for the Colorado Indigent Care Program, appropriated in the Safety Net Provider Payments line item, is through two unique funding sources. These funding sources are the Disproportionate Share Hospital Allotment and the Medicare Upper Payment Limit for inpatient hospital services (Inpatient UPL), which are financed with General Fund, federal funds and certification of public expenditures. Any provider who participates in the program is qualified to receive funding from both funding sources and to use those funds as partial compensation for providing medical care to those individuals who qualify to receive discounted services.

Currently, federal funding available under the Disproportionate Share Hospital Allotment is determined by the Medicare Prescription Drug, Improvement and Modernization Act of 2003. The formula in this federal law increased the Disproportionate Share Hospital Allotment for Colorado to \$87,127,600 in 2003-04 and maintains the allotment at this level until approximately Federal Fiscal Year 2009-10. It is possible that additional federal legislation could be implemented to change current or future allotments.

Chart 1
Disproportionate Share Hospital Allotment

Federal Fiscal Year	Disproportionate Share Hospital Federal Payment Maximum
1997-98	\$93,000,000
1998-99	\$85,000,000
1999-00	\$79,000,000
2000-01	\$81,765,000
2001-02	\$83,890,890
2002-03	\$75,110,000
2003-04	\$87,127,600
2004-05	\$87,127,600
2005-06	\$87,127,600

¹ This footnote report provides a summary of the Colorado Indigent Care Program, Disproportionate Share Hospital Allotment and Medicare Upper Payment Limit for inpatient hospital services. For more detail on these topics and the final FY 2004-05 payments to providers please see the *Medically Indigent and Colorado Indigent Care Program Fiscal Year 2004-05 Annual Report*.

FY 2005-06 SAFETY NET PROVIDER PAYMENTS

The Colorado General Assembly appropriated \$255,282,024 in total funds (General Fund \$9,432,484, federal funds \$127,641,012 and Cash Funds Exempt \$118,208,528) to the Safety Net Provider Payments line item in FY 2005-06. Effective February 1, 2006, House Bill 05-1349 increased the available funding by \$6,288,324 (General Fund \$3,144,162 and federal funds \$3,144,162).

The Department submitted a supplemental request for FY 2005-06 on January 3, 2006. This request would increase the appropriation for the Safety Net Provider Payments line item by \$12,862,863 in Cash Funds Exempt with an equal matching amount of federal funds. The request did not include any General Fund appropriation changes.

Together these changes would allow \$287,296,074 in total funds (General Fund \$12,576,646, federal funds \$143,648,037 and Cash Funds Exempt \$131,071,391) in FY 2005-06.

The Colorado Indigent Care Program provider payments have been calculated at \$156,079,213 and are reported in Table 1. The remaining \$145,470 in payments are Medicaid Shortfall payment to Haxtun Hospital District (\$616) and Presbyterian/St. Luke's Medical Center (\$144,854). The Medicaid Shortfall payment is a payment to providers who qualify to receive a payment from the Disproportionate Share Hospital Allotment under federal guidelines as they provide medical care to a large number of Medicaid clients, but do not participate in the Colorado Indigent Care Program.

The provider payments shown in Table 1 are accurate assuming no providers discontinue their participation in the Colorado Indigent Care Program before June 30, 2006 and that there are no federal modifications to the Inpatient UPL calculation or the Disproportionate Share Hospital Allotment for Federal Fiscal Year 2005-06. The final provider payment and related detailed analysis will be available with the release of the *Medically Indigent and Colorado Indigent Care Program Fiscal Year 2005-06 Annual Report* on February 1, 2007.

FY 2006-07 SAFETY NET PROVIDER PAYMENTS

As of February 1, 2006, the Department has not calculated the FY 2006-07 safety net provider payments. At this time, the Department estimates that the FY 2006-07 provider payments will not change significantly from those amounts reported in Table 1.

For FY 2006-07 provider payments, each provider receives a payment that is dependent upon several provider specific factors, such as FY 2004-05 indigent care costs, indigent care utilization and Medicaid utilization. These provider specific factors are not currently available to the Department and FY 2004-05 indigent care costs were released on February 1, 2006 in the *Medically Indigent and Colorado Indigent Care Program Fiscal Year 2004-05 Annual Report*. In addition, the provider payment is dependent upon how many providers desire to participate in the program during FY 2006-07, which may change during the fiscal year.

**Table 1
FY 2005-06 CICP Provider Payments**

CICP Provider	High-Volume Payment	Low-Income Payment	Bad Debt Payment	Total Payment
Denver Health Medical Center	\$21,451,088	\$54,159,103	\$88,304	\$75,698,495
University Hospital	\$17,365,064	\$18,164,981	\$21,578	\$35,551,623
Arkansas Valley Regional Medical Center	\$155,180	\$1,113,050	\$1,772	\$1,270,002
Aspen Valley Hospital	\$75,827	\$191,445	\$0	\$267,272
Delta County Memorial Hospital	\$100,317	\$253,279	\$0	\$353,596
East Morgan County Hospital	\$4,437	\$45,812	\$0	\$50,249
Estes Park Medical Center	\$44,896	\$113,352	\$0	\$158,248
Gunnison Valley Hospital	\$5,064	\$12,785	\$0	\$17,849
Heart of the Rockies Regional Medical Center	\$50,838	\$128,353	\$0	\$179,191
Kremmling Memorial Hospital	\$9,452	\$23,864	\$0	\$33,316
Melissa Memorial Hospital	\$6,036	\$15,239	\$0	\$21,275
Memorial Hospital	\$2,764,949	\$6,980,867	\$0	\$9,745,816
Montrose Memorial Hospital	\$151,015	\$381,277	\$0	\$532,292
North Colorado Medical Center	\$972,922	\$2,456,407	\$0	\$3,429,329
Poudre Valley Hospital	\$637,822	\$1,610,355	\$0	\$2,248,177
Prowers Medical Center	\$90,273	\$227,920	\$0	\$318,193
Sedgwick County Memorial Hospital	\$6,056	\$15,289	\$0	\$21,345
Southeast Colorado Hospital and LTC	\$4,771	\$37,365	\$0	\$42,136
Southwest Memorial Hospital	\$80,646	\$203,613	\$0	\$284,259
Spanish Peaks Regional Health Center	\$74,881	\$425,187	\$921	\$500,989
St. Vincent General Hospital District	\$11,164	\$28,185	\$0	\$39,349
The Memorial Hospital	\$36,638	\$92,501	\$0	\$129,139
Wray Community District Hospital	\$15,164	\$38,285	\$0	\$53,449
Yuma District Hospital	\$27,792	\$70,169	\$0	\$97,961
Public Hospitals Total	\$44,142,292	\$86,788,683	\$112,575	\$131,043,550
Boulder Community Hospital	\$858,464	\$8,722	\$0	\$867,186
Colorado Plains Medical Center	\$148,850	\$1,512	\$0	\$150,362
Community Hospital	\$95,740	\$974	\$0	\$96,714
Conejos County Hospital	\$110,132	\$1,120	\$452	\$111,704
Exempla Lutheran Medical Center	\$458,176	\$4,656	\$0	\$462,832
Longmont United Hospital	\$820,610	\$8,338	\$0	\$828,948
McKee Medical Center	\$1,376,966	\$13,990	\$0	\$1,390,956
Mercy Medical Center	\$514,546	\$5,228	\$0	\$519,774
Mount San Rafael Hospital	\$96,486	\$982	\$0	\$97,468
National Jewish Medical and Research Center	\$1,347,144	\$13,688	\$1,640	\$1,362,472
Parkview Medical Center	\$5,662,372	\$57,532	\$4,903	\$5,724,807
Penrose-St. Francis HealthCare Systems	\$2,134,862	\$21,690	\$0	\$2,156,552
Platte Valley Medical Center	\$2,081,146	\$21,144	\$3,316	\$2,105,606
Rio Grande Hospital	\$55,190	\$560	\$0	\$55,750
San Luis Valley Regional Medical Center	\$1,176,516	\$11,954	\$3,452	\$1,191,922
St. Mary-Corwin Hospital	\$3,511,968	\$35,682	\$0	\$3,547,650
St. Mary's Hospital and Medical Center	\$614,840	\$6,248	\$0	\$621,088
St. Thomas More Hospital	\$635,310	\$6,456	\$0	\$641,766
Sterling Regional Medical Center	\$269,674	\$2,740	\$0	\$272,414
The Children's Hospital	\$2,209,104	\$22,442	\$10,321	\$2,241,867
Valley View Hospital	\$442,808	\$4,498	\$3,757	\$451,063
Yampa Valley Medical Center	\$135,386	\$1,376	\$0	\$136,762
Private Hospitals Total	\$24,756,290	\$251,532	\$27,841	\$25,035,663
All CICP Providers	\$68,898,582	\$87,040,215	\$140,416	\$156,079,213