



COLORADO DEPARTMENT OF HEALTH CARE POLICY & FINANCING

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Bill Ritter, Jr., Governor • Joan Henneberry, Acting Executive Director

February 1, 2007

The Honorable Abel Tapia, Chairman
Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, CO 80203

Dear Senator Tapia:

Enclosed please find a report to the Joint Budget Committee on Safety Net Provider Payments pursuant to footnote 30 of the Long Bill, House Bill 06-1385, 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, 2007, to the Joint Budget Committee, estimating the disbursement to each hospital from the Safety Net Provider Payment line item for FY 2006-07.

Questions regarding the Safety Net Financing Provider Payments Update can be addressed to Greg Tanner, Manager, Safety Net Financing Section at (303) 866-5177.

Sincerely,

Joan Henneberry
Executive Director

JH:gpt

Enclosure(s)

Cc: Representative Bernie Buescher, Vice-Chairman, Joint Budget Committee
Senator Moe Keller, Joint Budget Committee
Senator Steve Johnson, Joint Budget Committee
Representative Jack Pommer, Joint Budget Committee
Representative Al White, Joint Budget Committee
Senator Joan Fitz-Gerald, President of the Senate
Senator Ken Gordon, Senate Majority Leader
Senator Andy McElhany, Senate Minority Leader
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**COLORADO DEPARTMENT OF
HEALTH CARE POLICY AND FINANCING**

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

REPORT TO THE JOINT BUDGET COMMITTEE

ON

SAFETY NET FINANCING PROVIDER PAYMENTS UPDATE

FEBRUARY 1, 2007

INTRODUCTION

This report is presented to the Joint Budget Committee (JBC) of the Colorado General Assembly in response to footnote 30 of House Bill 06-1385, 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, 2007, to the Joint Budget Committee, estimating the disbursements to each hospital from the Safety Net Provider Payment line item for 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 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
2006-07	\$87,127,600

¹ This footnote report provides a summary of the Colorado Indigent Care Program, Disproportionate Share Hospital Allotment and Upper Payment Limit for inpatient hospital services. For more detail on these topics and the final FY 2005-06 payments to providers please see the *Medically Indigent and Colorado Indigent Care Program Fiscal Year 2005-06 Annual Report*.

FY 2006-07 SAFETY NET PROVIDER PAYMENTS

The Colorado General Assembly appropriated \$296,188,630 in total funds (General Fund \$13,090,782, federal funds \$148,094,315 and Cash Funds Exempt \$135,003,533) to the Safety Net Provider Payments line item in FY 2006-07.

The Colorado Indigent Care Program provider payments have been calculated at \$152,867,712 and are reported in Table 1. Additionally, \$189,588 in payments are Medicaid Shortfall payments to Kit Carson Memorial Center (\$4,416) and Presbyterian/St. Luke's Medical Center (\$185,172). 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, 2007 and that there are no modifications to the Inpatient UPL calculation or the Disproportionate Share Hospital Allotment for Federal Fiscal Year 2006-07. 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 2006-07 Annual Report* on February 1, 2008.

**Table 1
FY 2006-07 CICP Provider Payments**

CICP Provider	High-Volume Payment	Low-Income Payment	Bad Debt Payment	Total Payment
Denver Health Medical Center	\$15,417,685	\$47,450,525	\$117,670	\$62,985,880
University Hospital	\$16,916,605	\$23,789,121	\$29,067	\$40,734,793
Arkansas Valley Regional Medical Center	\$181,945	\$863,475	\$3,449	\$1,048,869
Aspen Valley Hospital	\$137,310	\$263,711	\$0	\$401,021
Delta County Memorial Hospital	\$146,198	\$301,983	\$0	\$448,181
East Morgan County Hospital	\$13,883	\$82,793	\$0	\$96,676
Estes Park Medical Center	\$119,901	\$230,277	\$0	\$350,178
Gunnison Valley Hospital	\$5,624	\$10,801	\$0	\$16,425
Heart of the Rockies Regional Medical Center	\$72,619	\$139,469	\$0	\$212,088
Kremmling Memorial Hospital	\$14,017	\$26,921	\$0	\$40,938
Melissa Memorial Hospital	\$11,727	\$22,523	\$0	\$34,250
Memorial Hospital	\$3,609,757	\$6,932,744	\$0	\$10,542,501
Montrose Memorial Hospital	\$222,661	\$427,633	\$0	\$650,294
North Colorado Medical Center	\$1,525,972	\$2,930,715	\$0	\$4,456,687
Poudre Valley Hospital	\$1,160,346	\$2,228,509	\$0	\$3,388,855
Prowers Medical Center	\$127,990	\$369,252	\$0	\$497,242
Sedgwick County Memorial Hospital	\$8,716	\$16,740	\$0	\$25,456
Southeast Colorado Hospital and LTC	\$6,034	\$24,899	\$0	\$30,933
Southwest Memorial Hospital	\$57,993	\$111,380	\$0	\$169,373
Spanish Peaks Regional Health Center	\$123,475	\$280,232	\$1,975	\$405,682
St. Vincent General Hospital District	\$10,527	\$20,217	\$0	\$30,744
The Memorial Hospital	\$38,374	\$73,699	\$0	\$112,073
Wray Community District Hospital	\$9,374	\$18,004	\$0	\$27,378
Yuma District Hospital	\$35,105	\$84,013	\$0	\$119,118
Public Hospitals Total	\$39,973,838	\$86,699,636	\$152,161	\$126,825,635
Boulder Community Hospital	\$993,418	\$10,110	\$0	\$1,003,528
Colorado Plains Medical Center	\$175,936	\$1,790	\$0	\$177,726
Community Hospital	\$16,578	\$168	\$0	\$16,746
Conejos County Hospital	\$154,206	\$1,568	\$559	\$156,333
Longmont United Hospital	\$1,411,780	\$14,366	\$0	\$1,426,146
McKee Medical Center	\$1,431,906	\$14,570	\$0	\$1,446,476
Mercy Medical Center	\$768,634	\$7,822	\$0	\$776,456
Mount San Rafael Hospital	\$34,816	\$354	\$0	\$35,170
National Jewish Medical and Research Center	\$1,014,460	\$10,322	\$2,435	\$1,027,217
Parkview Medical Center	\$6,167,878	\$62,760	\$8,812	\$6,239,450
Penrose-St. Francis HealthCare Systems	\$1,911,344	\$19,448	\$0	\$1,930,792
Platte Valley Medical Center	\$1,671,776	\$17,010	\$5,116	\$1,693,902
Rio Grande Hospital	\$46,752	\$474	\$0	\$47,226
San Luis Valley Regional Medical Center	\$991,664	\$10,090	\$5,190	\$1,006,944
St. Mary-Corwin Hospital	\$3,349,506	\$34,082	\$0	\$3,383,588
St. Mary's Hospital and Medical Center	\$915,082	\$9,312	\$0	\$924,394
St. Thomas More Hospital	\$1,006,828	\$10,246	\$0	\$1,017,074
Sterling Regional Medical Center	\$360,250	\$3,666	\$0	\$363,916
The Children's Hospital	\$2,703,614	\$27,510	\$22,652	\$2,753,776
Valley View Hospital	\$488,042	\$4,966	\$5,343	\$498,351
Yampa Valley Medical Center	\$115,690	\$1,176	\$0	\$116,866
Private Hospitals Total	\$25,730,160	\$261,810	\$50,107	\$26,042,077
All CICP Providers	\$65,703,998	\$86,961,446	\$202,268	\$152,867,712