

04-06-16

## **ACTION ITEM**

### Introduction

At this next Commission meeting you will be asked if you would support the following idea. Please read this and be prepared to ask questions. Regrettably, time is short because of the nature of the funds, and the rapidly approaching end of the State's Fiscal Year.

### Background

The State of Colorado has a long standing fund called CICIP that is a financing mechanism for participating hospitals and clinics to provide discounted services to low income people and families who are at or below 250% of FPL. Since CICIP is not health insurance, medical services covered under CICIP may be different at each participating hospital or clinic. CICIP Providers are only required to treat patients for emergency care. It is up to the provider to decide which other types of services they are willing to cover under CICIP. Some providers may cover urgent care, inpatient hospital care, primary care and prescription drugs.

CICIP with the addition of funding from the hospital provider fee reimburses hospitals for the care provided up to 100%.

Several years ago this financing mechanism was used to offset expenses for over 200,000 patients per year. Now, after the ACA and its Medicaid expansion, that number is approximately 50,000, and is dropping. HCPF administers this fund.

The funds allocated for CICIP in the FY15-16 state budget will revert to the State at the end of this fiscal year (June 30), if they are not used. There is a surplus but the use of these funds is limited to initiatives within the original scope of the CICIP enabling legislation (primarily uncompensated care).

In discussions with HCPF, they expressed interest in seeing how these dollars might be reconfigured in light of today's need.

### Concept

The question is whether we might request that HCPF engage the Commission with funding from CICIP to assess the level and nature of the uncompensated care in Colorado's rural areas ("rural/frontier") and then to consider a proposal on how to reconfigure CICIP to better serve the needs of those communities.

In order to do this work the Commission would need to hire a Consulting firm/consultant who has actuarial expertise and significant knowledge of health care financing, especially hospital funding.

The rationale for us entering this discussion would be to:

- Provide data that could inform other policy discussions related to health care costs and insurance costs in rural areas ("rural/frontier")
- Consider ideas about how the current CICIP program might be modified to more effectively address the uncompensated care in rural ("rural/frontier") areas

Proposal

HCPF allocate up to \$100,000 of current CICP funds (FY15-2016) for a study of rural hospital's unmet needs. An outside consultant hired by the Commission for this purpose would conduct this study by August 1<sup>st</sup>. The results of the study would be presented to HCPF no later than November 1<sup>st</sup>, 2016.

The Commission would convene an advisory committee that would include a subset of the Commission, as well as non-Commission experts to monitor and manage this activity.