

04/01/2024

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POLICY ANALYSIS

SB24-116: DISCOUNTED CARE FOR INDIGENT PATIENTS

Concerning health care billing for indigent patients receiving services not reimbursed through the Colorado indigent care program.

Details

Bill Sponsors:	House – <i>Jodeh (D)</i> Senate – <i>Buckner (D)</i>
Committee:	Senate Health & Human Services Senate Appropriations
Bill History:	02/22/2024- Senate Committee on Health & Human Services Refer Amended to Appropriations
Next Action:	Hearing in Senate Appropriations Committee
Fiscal Note:	<u>02/20/2024</u>

Bill Summary

The bill proposes changes to Hospital Discounted Care, which is intended to aid uninsured patients in hospitals, freestanding emergency departments, or outpatient facilities licensed as a service of a hospital. The bill aims for individuals to receive necessary care without facing excessive costs. The legislation adjusts limits on charges, expands reporting requirements, and allows hospitals to determine presumptive eligibility for Medicaid. Additionally, primary care in certain clinics may be excluded from discounted care, and facilities can deny discounted care if patients are presumptively eligible for Medicaid during screening.

Issue Summary

Insurance Coverage

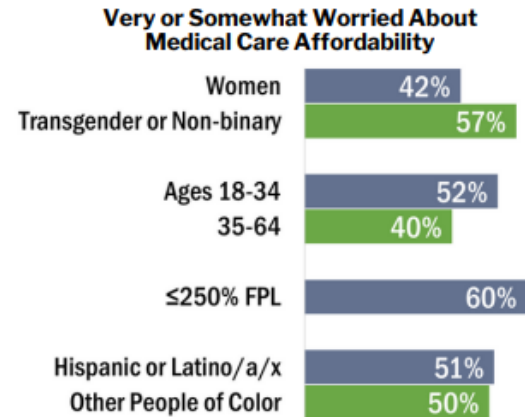
Starting in 2014, there was a big drop in the number of people without health insurance as a result of the Affordable Care Act (ACA). Under the ACA, some states expanded Medicaid and added new discounted options for health insurance through the Marketplace.¹ These changes meant that by early 2016, around 20 million adults who did not have insurance before were able to get coverage. Those who had low incomes and people from minority backgrounds, who often did not have insurance before, saw the biggest increases in coverage, especially in states where Medicaid expanded.² Expansion enrollment refers to total number of adults who have enrolled in Medicaid after being made newly eligible as a result of the ACA expansion of the

¹ Finegold, K., Conmy, A., Chu, R. C., Bosworth, A., & Sommers, B. D. (2021). Trends in the US Uninsured Population. *Washington, DC: Office of the Assistant Secretary for Planning and Evaluation*. Accessed at: <https://aspe.hhs.gov/sites/default/files/private/pdf/265041/trends-in-the-us-uninsured.pdf>

² Garfield, R. et al. (2019). The Uninsured and the ACA: A Primer – Key Facts about Health Insurance and the uninsured amidst Changes to the Affordable Care Act. Kaiser Family Foundation. Accessed at: <https://www.kff.org/racialequity-and-health-policy/issue-brief/changes-in-health-coverage-by-race-and-ethnicity-since-the-aca-2010-2018/>.

program.³ Medicaid enrollment grew by 72% in the first two years of Medicaid expansion implementation in Colorado and by 2022 expansion enrollment was 557,818 individuals.⁴ As of October 2023, there were 1,534,304 Coloradans covered by Medicaid.⁵

Concerns of medical care affordability are still widespread in the community. According to the 2022 Community Health Assessment Survey, conducted by the Health District, 1 in 5 individuals from lower income households have fair or poor access to care and 2 in 5 are very or somewhat worried that they will not be able to afford the medical care they need.⁶



Hospital Discounted Care & the Colorado Indigent Care Program (CICP)

The Colorado Indigent Care Program (CICP) offers discounted health care to individuals and families with low incomes, though it's not an insurance program.⁷ It provides funding to hospitals and clinics for caring for uninsured or underinsured.⁸ In current Colorado law, health care facilities must screen uninsured patients for eligibility for public health insurance programs or discounted care, including CICP.⁹ To qualify for discounted care through CICP, patients must have a household income below 250% of the federal poverty level and confirm they live in Colorado. A 2024 report from the Colorado Department of Health Care Policy and Financing (HCPF) indicates a consistent decrease in CICP utilization due to increased Medicaid enrollment, particularly after Colorado's expansion of Medicaid eligibility under the ACA.¹⁰ Based on the 2024 report, between September 2022 and June 2023, of the 212,913 Coloradans who received financial assistance for hospital bills, 66,848 (31%) were expected to be presumptively eligible for Medicaid.¹¹

³ Medicaid. (n.d.). Total Medicaid Enrollment [Data set]. Retrieved from <https://data.medicaid.gov/dataset/6c114b2c-cb83-559b-832f-4d8b06d6c1b9>

⁴ Medicaid. (2022). Medicaid Enrollment Data. Retrieved from [https://data.medicaid.gov/dataset/6c114b2c-cb83-559b-832f-4d8b06d6c1b9/data?conditions\[0\]\[resource\]=t&conditions\[0\]\[property\]=enrollment_month&conditions\[0\]\[value\]\[0\]=7&conditions\[0\]\[value\]\[1\]=8&conditions\[0\]\[value\]\[2\]=9&conditions\[0\]\[operator\]=in&conditions\[1\]\[resource\]=t&conditions\[1\]\[property\]=enrollment_year&conditions\[1\]\[value\]=2021&conditions\[1\]\[operator\]=](https://data.medicaid.gov/dataset/6c114b2c-cb83-559b-832f-4d8b06d6c1b9/data?conditions[0][resource]=t&conditions[0][property]=enrollment_month&conditions[0][value][0]=7&conditions[0][value][1]=8&conditions[0][value][2]=9&conditions[0][operator]=in&conditions[1][resource]=t&conditions[1][property]=enrollment_year&conditions[1][value]=2021&conditions[1][operator]=)

⁵ September 2023 Medicaid & CHIP Enrollment Data Highlights", Medicaid.gov, Accessed March 2024.

<https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/report-highlights/index.html>

⁶ Health District of Northern Larimer County. (2023). Larimer County Community Health Survey 2022 Key Findings. Retrieved from <https://www.healthdistrict.org/sites/default/files/larimer-county-community-health-survey-2022-key-findings-022423.pdf>

⁷ Colorado Department of Health Care Policy and Financing. Colorado Indigent Care Program. Retrieved from <https://hcpf.colorado.gov/colorado-indigent-care-program>

⁸ Kaiser Family Foundation. (2022). Hospital Charity Care: How It Works and Why It Matters. Retrieved from <https://www.kff.org/health-costs/issue-brief/hospital-charity-care-how-it-works-and-why-it-matters/>

⁹ Colorado Secretary of State. Department of Health Care Policy and Financing Medical Services Board: Medical Assistance – Section 8.900. 10 CCR 2505-10 8.900. Retrieved from <https://www.sos.state.co.us/CCR/GenerateRulePdf.do?ruleVersionId=1583>

¹⁰ Colorado Department of Health Care Policy & Financing. (2024). FY 2022-23 CICP Annual Report. Retrieved from <https://hcpf.colorado.gov/sites/hcpf/files/FY%202022-23%20CICPAnnual%20Report%20V2.pdf>

¹¹ Colorado Department of Health Care Policy & Financing. (2024). FY 2022-23 CICP Annual Report. Retrieved from <https://hcpf.colorado.gov/sites/hcpf/files/FY%202022-23%20CICPAnnual%20Report%20V2.pdf>

Presumptive Eligibility (PE)

The Affordable Care Act (ACA) allowed for entities like hospitals, schools, and federally qualified health centers (FQHCs) to offer a temporary Medicaid coverage called presumptive eligibility (PE) to uninsured patients in various situations.¹² Hospital PE provides access to some Medicaid covered services starting the day it is approved, lasting up to 60 days.¹³ PE covers children under 19 and pregnant people, individuals eligible for the Breast and Cervical Cancer Program (BCCP), and individuals eligible for the Family Planning Limited Benefit.¹⁴ PE offers immediate, temporary coverage of specific benefits for individuals who appear to meet eligibility requirements and have completed an application for Medical Assistance.

Currently, there are 40 hospitals designated as presumptive eligibility sites across the state and only two in the Health District's boundaries, UHealth Poudre Valley Hospital and the Family Medicine Center- both in Fort Collins.¹⁵ The 84 hospitals required to follow hospital discounted care would also determine PE for health care coverage, more than doubling the number of PE sites.¹⁶ During application processing, individuals have provisional eligibility and timely access to services. Currently, only HCPF, Denver Health and Hospital Authority can determine PE.

During the first encounter with someone not yet enrolled in Medicaid, a skilled hospital staff member guides them through the process of filling out a hospital PE application. This assistance entails aiding with necessary inquiries and figuring out monthly family earnings and household members.¹⁷ Should the individual qualify under the hospital's PE criteria, they are entitled to receive written confirmation of their eligibility, details regarding the start and end dates of their hospital PE coverage, and a concise overview of the benefits for which they are eligible.¹⁸

Public Health Emergency (PHE) Unwind

Colorado saw a spike in Medicaid enrollment between 2020-2023 due to the COVID pandemic Public Health Emergency (PHE) declaration allowing for certain flexibilities in the program to respond during an emergency, such as continuous coverage.¹⁹ This prevented states from disenrolling Medicaid members and

¹² Centers for Disease Control and Prevention. (n.d.). Hospital Preparedness Exercises: An Overview. Retrieved from <https://www.cdc.gov/phlp/docs/hospitalpe-brief.pdf>

¹³ Gibson, A. B., Hendricks, W. D., Arnow, K., Tran, L. D., Wagner, T. H., & Knowlton, L. M. (2023). State-Level Variability in Hospital Presumptive Eligibility Programs. *JAMA Network Open*, 6(11), e2345244-e2345244.

¹⁴ Colorado Department of Health Care Policy & Financing. (n.d.). Presumptive Eligibility. Retrieved from <https://hcpf.colorado.gov/presumptive-eligibility>

¹⁵ Colorado Department of Health Care Policy and Financing. Application Assistance Mapping. Health First Colorado Provider Finder. Retrieved March 2024 from <https://apps.colorado.gov/apps/maps/hcpf.map>

¹⁶ Colorado Department of Health Care Policy & Financing. (2024). Hospital Discounted Care SMART Act Handout Presentation Extension. Retrieved from <https://hcpf.colorado.gov/sites/hcpf/files/Hospital%20Discounted%20Care%20SMART%20Act%20Handout%20Presentation%20Extension.pdf>

¹⁷ Hospital Presumptive Eligibility: Training Template for Qualified Hospitals. <http://www.medicaid.gov/StateResource-Center/MAC-Learning-Collaboratives/Learning-Collaborative-State-Toolbox/Downloads/HPE-TrainingPresentation.pdf>

¹⁸ 42 C.F.R. § 435.1102(a) (2013). 11 HOSPITAL PRESUMPTIVE ELIGIBILITY MODEL APPLICATION AND MEMORANDUM OF UNDERSTANDING, <http://www.medicaid.gov/State-Resource-Center/MAC-Learning>

¹⁹ Colorado Department of Health Care Policy & Financing. (2024). PHE - End. Retrieved from <https://hcpf.colorado.gov/phe-end>

was established through the Families First Coronavirus Response Act of 2020 (FFCRA).²⁰ The Biden administration ended the PHE on May 11, 2023.²¹ As of January 2024, 481,443 Coloradans were disenrolled from Medicaid.²² In Larimer County, there was a 12,496 (23%) decrease in the number of individuals enrolled in Medicaid.²³

Uncompensated Care

Health care services provided by hospitals or health care providers that do not get reimbursed are referred to as uncompensated care.²⁴ Often uncompensated care arises when people do not have insurance and cannot afford to pay the cost of care. Between 2021 and 2022, there was a total increase in uncompensated care costs in Colorado by \$70.1 million or 16.7%.²⁵ Typically, immigration status is not reported but the hospitals compile data on patients lacking a Social Security number or health insurance.²⁶ The City and County of Denver estimates that over 38,000 migrants have arrived since December 2022, with roughly half choosing to establish roots in the area. Denver Health's January report revealed that approximately 8,000 individuals from Central America sought care, amounting to around 20,000 visits in 2023.²⁷ The organization approximates that these patients required approximately \$10 million in medical care that went unpaid. In Aurora, the University of Colorado Hospital expended an additional \$10 million, while UHealth stated that its other hospitals rendered approximately \$7 million in uncompensated care to probable migrants between November 2023 and January 2024.²⁸ AdventHealth concluded the sustained influx likely contributed to a 31% increase in charity care from November to January compared to the previous year.²⁵ HealthOne also reported a significant surge in undocumented patients admitted to its Colorado hospitals from 2022 to 2023.²⁹

Medical Debt

Individuals confronted with medical expenses beyond their current financial means often resort to various measures such as utilizing credit cards, loans, or even mortgaging assets to settle bills. Medical debt impedes

²⁰ Lee, A., Ruhter, J., Peters, C., De Lew, N., & Sommers, B. D. Medicaid Enrollees Who are Employed: Implications for Unwinding the Medicaid Continuous Enrollment Provision.

²¹ Buettgens, M., & Green, A. (2022). The Impact of the COVID-19 Public Health Emergency Expiration on All Types of Health Coverage. Washington, DC: Urban Institute.

²² Colorado Department of Health Care Policy and Financing. "Continuous Coverage Unwind Reports". Accessed March 2024. <https://hcpf.colorado.gov/ccu-reports>

²³ Larimer County Department of Human Services.

²⁴ Connect for Health Colorado. Uncompensated Care. Retrieved from <https://connectforhealthco.com/glossary/uncompensated-care/>

²⁵ Colorado Department of Health Care Policy & Financing. 2024 CHASE Annual Report. Retrieved from <https://hcpf.colorado.gov/sites/hcpf/files/DRAFT%202024%20CHASE%20Annual%20Report.pdf>

²⁶ Kaiser Family Foundation. (2023). Key Facts on Health Coverage of Immigrants. Retrieved from <https://www.kff.org/racial-equity-and-health-policy/fact-sheet/key-facts-on-health-coverage-of-immigrants/>

²⁷ Denver Gazette. (2024). New immigrants pose difficult dilemma as Denver Health sees thousands of unpaid medical visits. Retrieved from https://denvergazette.com/news/new-immigrants-pose-difficult-dilemma-as-denver-health-sees-thousands-of-unpaid-medical-visits/article_93bbba78-b4b0-11ee-83bf-93150c61a814.htm

²⁸ Denver Post. (2024, February 9). UHealth, University of Colorado Hospital team up to provide care to migrants in need. <https://www.denverpost.com/2024/02/09/uhealth-university-colorado-hospital-migrants-uncompensated-care/>

²⁹ The Denver Post. (2024, February 9). UHealth's Aurora hospital spends millions on migrant care. Retrieved from <https://www.denverpost.com/2024/02/09/uhealth-university-colorado-hospital-migrants-uncompensated-care/>

future health care-seeking behaviors, potentially compromising both physical and mental well-being.³⁰ In Larimer County, as of 2022, 20% of adults refrained from seeking medical attention from either a physician or a specialist within the previous two years due to concerns about affordability.³¹ Additionally, one out of every ten individuals in the County reported being pursued for medical debt collection in the past year alone.³² Statewide, more than half (56.2%) of uninsured individuals admitted to forgoing necessary medical care due to financial constraints, with almost a fifth (19.8%) indicating they were unable to afford prescriptions or essential doctor or specialty services when needed.³³

This Legislation

The following amendments are made to current law known as “Health Care Billing Requirements for Indigent Patients.”³⁴

Definitions

The bill expands the definition of a "qualified patient" to include individuals who confirm their residency in Colorado and received an inpatient or outpatient hospital service at a health care facility.

The bill aims to clarify terminology within health care facilities to align with the Colorado Department of Health Care Policy and Financing (HCPF) in order to streamline enrollment processes for eligible patients. The definition for “Inpatient Hospital Service” is aligned Federal Code to mean services that are provided in a hospital, under the direction of a physician or dentist, and is a facility that is primarily for the treatment of patients other than mental diseases.³⁵ “Outpatient Hospital Service” is aligned with Federal Code to mean preventive, diagnostic, therapeutic, rehabilitative, or palliative services provided to outpatients by an institution licensed as a hospital or meets requirements for participation in Medicare as a hospital.³⁶

Discounted Care

Health care facilities and licensed professionals are required to collect payments from patients in monthly installments, ensuring the total does not exceed certain percentages of the patient’s household income. Currently, they cannot collect more than 4% of the patient’s monthly household income on a bill from a health care facility, 2% on a bill from each licensed health care professional. The bill adds a provision that limits collections to 6% on a comprehensive bill containing both facility and professional charges.

³⁰ Himmelstein, D. U., Dickman, S. L., McCormick, D., Bor, D. H., Gaffney, A., & Woolhandler, S. (2022). Prevalence and risk factors for medical debt and subsequent changes in social determinants of health in the US. *JAMA Network Open*, 5(9), e2231898-e2231898.

³¹ Health District of Northern Larimer County. (2023). Larimer County Community Health Survey 2022 Key Findings. Retrieved from <https://www.healthdistrict.org/sites/default/files/larimer-county-community-health-survey-2022-key-findings-022423.pdf>

³² Health District of Northern Larimer County. (2023). Larimer County Community Health Survey 2022 Key Findings. Retrieved from <https://www.healthdistrict.org/sites/default/files/larimer-county-community-health-survey-2022-key-findings-022423.pdf>

³³ Colorado Health Institute. (2024). 2023 Colorado Health Access Survey. Retrieved from

<https://www.coloradohealthinstitute.org/sites/default/files/2024-02/2023%20Colorado%20Health%20Access%20Survey.pdf>

³⁴ C.R.S. 25.5-3-501-506

³⁵ 42 C.F.R. 440.10

³⁶ 42 C.F.R. 440.20

Discounted care cannot be denied on the basis that the patient has not applied for a public benefits program, except if they are determined to be presumptively eligible for Medicaid.

The bill clarifies that the licensed health care professional that provides services is responsible for billing those services unless the services are billed by the facility through a comprehensive bill.

The bill clarifies that the term “emergency hospital and other health-care services” does not include primary care provided in clinics located in designated rural or frontier counties offering a sliding-fee scale, as approved by HCPF.

Reporting Requirements

The bill adds health care professionals to the reporting requirements that health care facilities already must complete. These reports include data deemed necessary by HCPF to evaluate compliance with screening, discounted care, payment plans, and collections practices across race, ethnicity, age, and primary language spoken. These reports also require information on steps and timeline to improve data collection on patient demographics, if disaggregation is not initially possible.

Medicaid Eligibility and Authorization

The bill adds licensed hospitals to the entities that are authorized to determine presumptive eligibility.

Referendum

The bill is effective 90 days after the General Assembly adjourns, unless a referendum petition is filed against the bill for the November 2024 elections.

Fiscal Note

For FY 2024-25, the bill requires an initial appropriation of \$154,598 to the Department of Health Care Policy and Financing. In FY 2025-26, the bill will require approximately \$1.5 million, mainly to make IT system changes to support expanded PE. Then as services costs are incurred in FY 2026-27, the estimated expenditures for the bill are expected to rise to nearly \$9.5 million. There is a service cost increase assumed as hospitals conduct this screening, more individuals will be covered under PE. The fiscal note anticipates an additional 45 days of coverage through the program with an estimated cost of \$114.21 per person per day.

Reasons to Support

The bill aims to enhance hospital discounted care, ensuring that it remains responsive to the needs of Coloradans while addressing challenges specific to rural health care facilities. By streamlining processes, clarifying terminology, and expanding eligibility, the bill aims to improve the overall health care landscape in the state.

By expediting Medicaid enrollment, the bill aims to encourage individuals to seek necessary medical care without fear of overwhelming medical costs and debt accumulation. This includes ensuring that individuals who lose coverage due to the Public Health Emergency (PHE) unwind can still access essential care when needed at a more affordable cost and possibly provide some with a path back to coverage.

The bill's provisions benefit individuals with low incomes by expanding access to care and reducing financial barriers. Enhancing the functionality of the discounted care program may also alleviate the burden of uncompensated care on hospitals by facilitating insurance coverage enrollment and reducing the volume of uninsured patients.

By adding licensed professionals to the required reporting requirements on patient demographics, the state will be able to see a more comprehensive picture rather than just data reporting from hospitals. Utilization and demographic data will better inform the hospital discount care program helping the state better understand costs and provide additional audit resources.

Supporters

- American Association of Retired Persons (AARP)
- Chronic Care Collaborative
- Colorado Center on Law and Policy (CCLP)
- Colorado Community Health Network (CCHN)
- Colorado Consumer Health Initiative (CCHI)
- Colorado Hospital Association (CHA)
- Colorado Rural Health Center (CRHC)
- Craig Hospital
- Denver Health
- HealthONE/Hospital Corporation of America (HCA)- The Healthcare Company

Reasons to Oppose

The total administrative burden in this legislative proposal for providers encompasses billing, regulatory compliance, and the new required reporting of data. Hospitals and health care facilities will bear increased administrative burden in PE determinations, Health Information Technology compliance, personnel management, and financial management. Opposition based solely on administrative burden should consider the overall benefits of the bill, such as increased access to care and affordability.

The bill requires that health care providers also be responsible for reporting data of race, ethnicity, age, and primary language spoken. This will significantly increase the volume of data collection that HCPF is responsible for receiving and managing. Data would be collected on utilization of the hospital discounted care not just by health care facilities but also the thousands of health care professionals that provide those services. It is still unclear on how the data will be utilized for program improvement.

Opponents

- Any opposition has not been reported.

Other Considerations

Amending:

- American College of Emergency Physicians
- Colorado Orthopaedic Society

About this Analysis

This analysis was prepared by Health District of Northern Larimer County staff. The Health District is a special district of the northern two-thirds of Larimer County, Colorado, supported by local property tax dollars and governed by a publicly elected five-member board. The Health District provides behavioral health, dental care, preventive, and health planning services to the communities it serves. This analysis is accurate to staff knowledge as of date printed. For more information about this analysis or the Health District, please contact David Navas, Policy Analyst, at (970) 530-2736, or e-mail at dnavas@healthdistrict.org.