

The Denver Post

Editorial: Easing the cost of health care

HB 1293 smartly seeks federal matching funds to increase the number of Coloradans covered by government insurance

Sunday, March 15, 2009

One of the drivers that makes your health insurance premium go up every year is the cost of paying for the underinsured and those who don't have coverage at all.

It's call cost-shifting, and it's an unfortunate reality for those who have health insurance.

A measure introduced in the Colorado legislature earlier this month, House Bill 1293, aims to ease this burden by tapping matching federal funds to increase the number of those covered by government insurance and thereby reduce cost-shifting.

It's a good idea, and we were glad to see hospitals working cooperatively with state lawmakers and the Colorado Department of Health Care Policy and Financing to devise a workable plan.

The Colorado Healthcare Affordability Act would impose a fee on hospitals that would raise \$600 million annually. This money would then be used to collect \$600 million more in matching federal funds. The total \$1.2 billion would be used to expand coverage guidelines so that 100,000 more uninsured Coloradans would get benefits through Medicaid and CHP+, which covers low-income children.

The legislation also mandates that the hospital fee not be passed along to consumers and private insurance plans, and it includes accounting requirements to ensure that.

However, since hospitals don't have the luxury of printing money, the plan raises an important

question about where those fees would come from.

The answer lies in the amount hospitals now incur for Medicaid reimbursements that don't cover the actual cost of care and bills for people who don't have any insurance at all. Those are major expenses for Colorado hospitals.

Under the plan, the new fees that hospitals collect would be more than offset by the additional Medicaid reimbursement money they would receive, lessening that deficit. That would allow hospitals to cut down on the amount of cost-shifting to private insurance plans.

The plan would be most beneficial to hospitals that handle high Medicaid patient loads, such as Denver Health. And that's a good thing. Those very important safety-net hospitals are typically the ones that are the most vulnerable financially.

The bill takes on the issues in broad outline, but leaves undefined the nuts and bolts of how fees would be assessed and formulas for reimbursement.

The legislation calls for the appointment of a board, which would deal with many of these issues. It won't, however, start from scratch. Already, 23 other states have passed legislation similar to the act proposed here.

Unfortunately, the legislation pending at the statehouse won't solve the entire problem of the uninsured in Colorado. It does, however, take a step toward easing the financial burdens posed by uncompensated and undercompensated care.

Editorial: A healthy tax

Friday, March 13, 2009

We have made it abundantly clear that we believe raising taxes on businesses in the middle of an economic crisis is a foolish endeavor.

But there's an exception to every rule. And, when the businesses in question are clamoring for a new tax to be imposed on them, you can be sure something unusual is afoot.

The businesses in this case are hospitals throughout Colorado. And they are backing House Bill 1293, known as the Colorado Health Care Affordability Act. The legislation, which received an initial hearing in a House committee Friday, was crafted by Gov. Bill Ritter's administration and members of the Legislature's Joint Budget Committee, with the assistance of the Colorado Hospital Association and other health-care officials.

It will impose a new hospital provider tax that is designed to generate \$600 million a year for the state.

So why would the Colorado Hospital Association and its members — including St. Mary's and Community hospitals locally — enthusiastically endorse taxing themselves to the tune of \$600 million a year?

Because that money will be used to access an equal amount of funds from the federal government for Medicaid and related programs. And the combined \$1.2 billion will allow medical coverage to more people who are currently uninsured by expanding Medicaid and children's health insurance programs in Colorado. A portion of it will also go to increase the amount of money hospitals are reimbursed for serving Medicaid patients.

Finally, the additional revenue will help hospitals cover the administrative costs of managing such programs.

The benefits won't be just to hospitals and low-income families. By expanding the rolls of those covered by Medicaid, the program will reduce the costs that are incurred when hospitals must serve people with no insurance and who can't afford to pay for services. Those costs are passed on to others who can pay, usually those with private insurance. And private insurance companies then charge more to their customers — a cost shift that affects individual consumers and businesses which provide insurance to their workers.

Also, the new fee won't be shifted to consumers. Language in the bill specifically prohibits hospitals from passing along the tax to the customers they serve. Instead, hospitals expect to recoup the cost by serving more people who are insured and by receiving more in reimbursement for Medicaid.

House Bill 1293 is not panacea for all that ails our health care system, but it is no placebo, either. It offers a real remedy for one part of the problem. That's why hospitals support it and why we hope the Legislature will approve it.

Editorial: Health Care Affordability Act is logical

Bill would leverage federal dollars for Coloradans

At a time when bipartisanship is often called for but hard to find, this bill offers a common-sense approach to leverage state funds to generate more federal health-care funding by assessing a fee on Colorado hospitals. The kicker is that the Colorado Hospital Association heartily endorses the idea.

State Rep. John Kefalas, D-Fort Collins, is among the sponsors.

The complicated proposal would allow the state to charge a provider fee on all Colorado hospitals. The new \$600 million in revenue would be used to draw down an equal amount of federal matching dollars, resulting in about \$1.2 billion in funding.

That money would be used to cover more than 100,000 (of an estimated 800,000) Coloradans who currently are uninsured. Elements of the bill also expand opportunities to enroll children in the State Children's Health Insurance Program

and include a buy-in program for children and adults with disabilities.

Additionally, some funding will be funneled back to hospitals that provide indigent care and serve Medicaid patients to improve reimbursement rates. It's important to note that the proposed legislation prevents hospitals from shifting the new fee cost to patients.

Currently, Colorado's hospitals are reimbursed about 55 percent of what it costs for treating those Medicaid and Colorado Indigent Care Program patients. Such cost-shifting amounts to a \$375 million burden for Colorado hospitals each year, which would be reduced under the Health Care Affordability Act.

At a time when unemployment is rising and more employers are reducing or dropping health benefits, leveraging health-care dollars is essential. Lawmakers and Colorado hospitals are commended for working together on this effort.

