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Colorado Hospital Association

SUPPORT HB16-1212

Unreimbursed Medicaid Costs

Representative Roupe

What the Bill Does

This legislation takes a new and innovative approach to provider reimbursements for Medicaid patients. The bill would create an income tax credit for providers enrolled and serving Medicaid patients, for unreimbursed expenses. The eligible amount would be determined by calculating the difference between the state Medicaid rates versus Medicare (or equivalent Colorado specific rate, if no Medicare rate is available for comparison). The provider could apply 50% of the difference to their business taxes; however, the credit is nonrefundable and may not be carried forward to the next year if left unused. **By evaluating methods besides fee-for-service reimbursement, the state could potentially save money, increase access for Medicaid patients and increase enrollment/participation by healthcare providers who serve Medicaid.**

What is the Need

Historically, Medicaid rates are based more on what the state can afford, instead of the cost to the provider to provide the Medicaid service. Medicare rates however, are arguably based on the actual cost to a facility to provide the same service, which on average is around 30% greater than the reimbursement for Medicaid. Maintaining fair reimbursement for Medicaid providers benefits all Coloradans. Consider the following benefits of increased access to Medicaid providers:

- Medicaid is the primary source of health care for vulnerable populations, including children, the elderly, and persons with disabilities. More than 30 percent of Colorado's children are enrolled in Medicaid.
- Enhanced reimbursement rates increase participation by Medicaid providers, improving access to health services.
- Fair payments in Medicaid reduces cost shifting to the privately insured and employers.
- Without adequate access to providers, Medicaid patients will seek more expensive care in the emergency department, resulting in cost shifting to health insurance premiums.
- Consistently debating Medicaid rates, puts providers at a risk if the rates change drastically. The tax credit would allow a more stable assessment of what to expect for Medicaid reimbursements.

For More Information, Please Contact:

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