

Equalizing Health Provider Rates: All-Payer Rate Setting

During the late 1970s, Colorado implemented but subsequently abandoned hospital rate setting. Only recently have some groups again expressed interest in all-payer rates to contain steeply rising health care cost growth.

- The Colorado legislature established a hospital rate setting commission in 1977 and dissolved it in 1980. The commission regulated hospital rates and budgets. Gail Klapper, executive director of the Department of Regulatory Agencies at the time, wrote in a 1981 article, “Although the Colorado Hospital Commission’s cost-containment efforts were successful in its two and a half years of existence, it faced implementation problems which eventually led to its discontinuation.”¹ Hospitals, which supported the commission’s creation, came to be oppose it. Increased use of managed care to control costs also contributed to the commission’s demise. The commission was not in place long enough to determine its success or failure in containing costs.
- In 2007, the Colorado Blue Ribbon Commission on Health Care Reform examined four comprehensive health care reform proposals developed by Colorado stakeholder groups. Two of them included all-payer rate provisions. The Colorado Association of Health Underwriters’ proposal called for uniform/standardized provider payments. Health Care for All Colorado’s proposal recommended a single payer health care system governed by a board responsible for establishing an annual health care budget and setting provider rates. The commission’s final report did not include an all-payer health provider rate recommendation.

Research for this brief did not uncover any estimates of potential cost savings from instituting all-payer rates in Colorado.

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1. Gail H. Klapper and Rebecca L. Harrington, “Viewpoint: the Rise and Fall of Cost Containment in Colorado, Health Care Management Review” 6, no. 2 (Spring 1981); http://journals.lww.com/hcmrjournal/Abstract/1981/00620/Viewpoint___the_rise_and_fall_of_cost_containment.9.aspx.

