MEMORANDUM



TO JBC Members
FROM JBC Staff

DATE January 26, 2021 SUBJECT Comeback Packet 3

Included in this packet are staff comeback memos for the following items:

Health Care Policy and Financing: (Robin Smart): Sustainability payments for Home and Community Based Services providers (*Tabled Item*)

MEMORANDUM



TO Members of the Joint Budget Committee FROM Robin J. Smart, JBC Staff (303-866-4955)

DATE January 26, 2021

SUBJECT JBC staff comeback concerning sustainability (supplemental) payments for Home and

Community Based Services providers

During the January 25, 2021 JBC staff supplemental presentation for the Department of Health Care Policy and Financing, staff recommended that the Committee consider sponsoring legislation that provides one-time sustainability payments in FY 2020-21 to providers offering day programming services to individuals with IDD in order to further close the gap between the lost billable services and the increased rates provided through Executive Order D 2021 010. JBC staff recommended that the payments be at least equivalent to the \$14.5 million General Fund reduction resulting from the caseload adjustment and FMAP increase reflected in the Department's S5 budget request.

The Committee requested additional information, including:

- Past legislation that provided similar payments to providers, and
- Possible additional rate increases for Home and Community Based Services (HCBS).

ALTERNATE JBC STAFF RECOMMENDATION

JBC staff has provided the requested information below, and recommends that a combination of the two approaches be considered. Staff suggests that:

- Approximately 50 percent of the General Fund (eligible for federal Medicaid match) be appropriated in the Department's supplemental bill to increase rates commiserate with one of the rate increase scenarios provided below, and
- The remaining General Fund (not eligible for federal Medicaid match) be appropriated in a supplemental package bill that authorizes supplemental state payments to qualified providers as defined in the bill.

PAST LEGISLATION AUTHORIZING SUSTAINABILITY PAYMENTS

JBC staff is aware of two recent bills that authorized a supplemental state payment to qualified providers as a result of the implementation of a federal act or rule:

- H.B. 18-1329 (attached) provided supplemental state payments to qualified providers of durable medical equipment who experienced a decrease in reimbursements in FY 2017-18 as a result of the implementation of the federal "21st Century Cures Act."
- H.B. 18-1330 (attached) provided supplemental state payments relating to certain officeadministered oncology-related drugs for qualified providers under the medical assistance program who experienced a reduction in reimbursement payments in FY 2017-18 as a result of the implementation of the federal final rules for covered outpatient drugs.

Both bills required the Department to allocate the appropriated funds in amounts proportionate to the reduction in reimbursement payments received by qualified providers. Supplemental payments of this type are not eligible for federal Medicaid matching funds, therefore, funding appropriated for this purpose is state General Fund, only.

26-Jan-2021 1 Comeback Packet 3

ADDITIONAL RATE INCREASES ABOVE THOSE REQUIRED IN EXECUTIVE ORDER D 2021 010

On January 8, 2021, the Governor signed Executive Order D 2021 010 ordering the suspension of certain statutes and directing the Department of Health Care Policy and Financing to provide additional funds to nursing homes and other congregate care facilities due to the presence of COVID-19. The executive order requires the Department to increase rates to Home and Community Based Services providers by 8 to 10 percent for certain services through March 31, 2021. As of January 26, 2021, the projected fiscal impact of this executive order is \$20.8 million total funds, including \$9.1 million General Fund.

The Department provided three rate increase scenarios each with a projected cost of \$14.5 million total funds, including \$6.4 million General Fund, above the projected cost of the executive order. Rate increases must be approved by the Centers for Medicare and Medicaid Services (CMS) through an amendment to the state's public health emergency-related Appendix K. Rate increases approved by CMS are eligible for a federal Medicaid match. The tables below identify the projected cost of the executive order, the cost of an additional rate increase, and the combined projected fiscal impact.

SCENARIO 1 - INCLUDES **ALL** SERVICES IN EXECUTIVE ORDER D 2021 010 3 MONTH RATE INCREASE OF AN ADDITIONAL 5.33% FOR ALL SERVICES (\$14.5 MILLION TOTAL FUND IMPACT)

			\"		111011111111111111111111111111111111111	CURRENT		CURRENT	CURRENT
					CURRENT	PROPOSED		Proposed	Proposed
			QUARTERLY	CURRENT	PROPOSED	GENERAL		TOTAL EST.	GENERAL
			GENERAL	PROPOSED	TOTAL EST.	Fund	CUMULATIVE	IMPACT	FUND IMPACT
SERVICE/	EO RATE	EO TOTAL	Fund	RATE	IMPACT	IMPACT	RATE	(INCLUDING	(INCLUDING
BENEFIT TYPE	INCREASE	IMPACT	IMPACT	INCREASE	(W/OEO)	(W/OEO)	INCREASE	EO)	EO)
Alternative Care Facilities	8.0%	\$1,277,169	\$559,400	5.3%	\$918,987	\$402,516	13.8%	\$2,196,156	\$961,916
Adult Day	10.0%	476,385	208,657	5.3%	279,303	122,335	15.9%	755,688	330,992
Day Habilitation	10.0%	1,880,799	823,790	5.3%	1,102,713	482,988	15.9%	2,983,512	1,306,778
Non-medical Transportation	10.0%	585,825	256,591	5.3%	343,470	150,440	15.9%	929,295	407,031
Support Employment	10.0%	653,001	286,014	5.3%	382,854	167,690	15.9%	1,035,855	453,704
DD Group Home	10.0%	1,181,706	517,587	5.3%	866,043	379,327	15.9%	2,047,749	896,914
Intermediate Care Facility	8.0%	999,999	438,000	5.3%	719,550	315,163	13.8%	1,719,549	753,163
BI SLP	8.0%	444,240	194,577	5.3%	319,653	140,008	13.8%	763,893	334,585
Nursing Facilities	8.0%	13,307,682	5,828,765	5.3%	9,575,544	4,194,088	13.8%	22,883,226	10,022,853
Total	N/A	\$20,806,806	\$9,113,381	N/A	\$14,508,117	\$6,354,555	N/A	\$35,314,923	\$15,467,936

Scenario 2 - Includes Day Habilitation Services Only	
3 MONTH RATE INCREASE OF AN ADDITIONAL 36.66% FOR SERVICES	
(\$14.5 MILLION TOTAL FUNDS IMPACT)	

			\"			CURRENT		Current	CURRENT
					CURRENT	Proposed		Proposed	Proposed
			QUARTERLY	Current	PROPOSED	GENERAL		TOTAL EST.	GENERAL
			GENERAL	PROPOSED	TOTAL EST.	Fund	CUMULATIVE	IMPACT	FUND IMPACT
SERVICE/	EO RATE	EO TOTAL	Fund	RATE	IMPACT	IMPACT	RATE	(INCLUDING	(INCLUDING
BENEFIT TYPE	INCREASE	IMPACT	IMPACT	INCREASE	(W/OEO)	(W/OEO)	INCREASE	EO)	EO)
Adult Day	8.0%	\$476,385	\$208,657	36.7%	\$1,920,900	\$841,353	50.3%	\$2,397,285	\$1,050,010
Day Habilitation	10.0%	1,880,799	823,790	36.7%	7,583,847	3,321,724	50.3%	9,464,646	4,145,514
Non-medical Transportation	10.0%	585,825	256,591	36.7%	2,362,197	1,034,642	50.3%	2,948,022	1,291,233
Support Employment	10.0%	653,001	286,014	36.7%	2,633,061	1,153,281	50.3%	3,286,062	1,439,295
Total	N/A	\$3,596,010	\$1,575,052	N/A	\$14,500,005	\$6,351,000	N/A	\$18,096,015	\$7,926,052

SCENARIO 3 - INCLUDES DAY HABILITATION SERVICES AND NURSING FACILITIES									
3 month rate increase of an additional $6.62%$ for services									
						CURRENT		Current	Current
					Current	PROPOSED		PROPOSED	PROPOSED
			QUARTERLY	Current	PROPOSED	GENERAL		TOTAL EST.	GENERAL FUND
			GENERAL	PROPOSED	TOTAL EST.	Fund	CUMULATIV	IMPACT	IMPACT
SERVICE/	EO RATE	EO TOTAL	Fund	RATE	IMPACT	IMPACT	E RATE	(INCLUDING	(INCLUDING
BENEFIT TYPE	INCREASE	IMPACT	IMPACT	INCREASE	(W/OEO)	(W/OEO)	INCREASE	EO)	EO)
Adult Day	10.0%	\$476,385	\$208,657	5.3%	\$346,902	\$151,943	15.9%	\$823,287	360,600
Day Habilitation	10.0%	1,880,799	823,790	5.3%	1,369,596	599,883	15.9%	3,250,395	1,423,673
Non-medical Transportation	10.0%	585,825	256,591	5.3%	426,597	186,849	15.9%	1,012,422	443,440
Support Employment	10.0%	653,001	286,014	5.3%	475,515	208,276	15.9%	1,128,516	494,290
Nursing Facilities	8.0%	13,307,682	5,828,765	5.3%	11,893,077	5,209,168	13.8%	25,200,759	11,037,933
Total	N/A	\$16,903,692	\$7,403,817	N/A	\$14,511,687	\$6,356,119	N/A	\$31,415,379	\$13,759,936



HOUSE BILL 18-1329

BY REPRESENTATIVE(S) Rankin, Hamner, Young, Ginal, Lontine, Pettersen, Rosenthal, Buckner, Esgar, Exum, Garnett, Hansen, Herod, Hooton, Kraft-Tharp, Melton; also SENATOR(S) Moreno, Lambert, Lundberg, Court, Crowder, Donovan, Fields, Garcia, Jones, Kefalas, Merrifield, Zenzinger.

CONCERNING A SUPPLEMENTAL STATE PAYMENT TO QUALIFIED PROVIDERS OF DURABLE MEDICAL EQUIPMENT WHO EXPERIENCED A DECREASE IN REIMBURSEMENT IN THE 2017-18 STATE FISCAL YEAR AS A RESULT OF THE IMPLEMENTATION OF THE FEDERAL "21ST CENTURY CURES ACT", AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, **add** 25.5-4-421 as follows:

25.5-4-421. Supplemental state payment to qualified durable medical equipment providers - no federal financial participation - definition - rules - repeal. (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES, "QUALIFIED PROVIDER" MEANS AN ENTITY THAT:

- (a) WAS ENROLLED WITH THE STATE DEPARTMENT AS OF JANUARY 1, 2018;
- (b) Provided durable medical equipment pursuant to section 25.5-4-416 between January 1, 2018, and March 15, 2018;
- (c) Has experienced a reduction in reimbursement payments for services provided from January 1, 2018, to March 15, 2018, as a result of the implementation of section 1903 (i)(27) of the social security act, effective January 1, 2018; and
- (d) Satisfies any other criteria specified by rule of the state board.
- (2) PURSUANT TO SUBSECTION (3) OF THIS SECTION, THE STATE DEPARTMENT SHALL DISTRIBUTE MONEY APPROPRIATED FOR SUPPLEMENTAL, STATE-ONLY PAYMENTS TO QUALIFIED PROVIDERS.
- (3) (a) THE STATE DEPARTMENT SHALL ALLOCATE THE MONEY APPROPRIATED FOR SUPPLEMENTAL PAYMENTS IN PROPORTION TO THE REDUCTION IN REIMBURSEMENT PAYMENTS RECEIVED BY THE QUALIFIED PROVIDERS AS A RESULT OF THE IMPLEMENTATION OF SECTION 1903 (i)(27) OF THE SOCIAL SECURITY ACT, EFFECTIVE JANUARY 1, 2018.
- (b) SUBJECT TO SUBSECTION (1)(a) OF THIS SECTION, THE STATE DEPARTMENT SHALL DETERMINE THE SUPPLEMENTAL PAYMENT FOR EACH QUALIFIED PROVIDER BASED ON THE FOLLOWING FACTORS:
- (I) The difference between the amount that the qualified provider would have received under the Colorado medicaid fee schedule, effective December 1, 2017, prior to the implementation of section 1903 (i)(27) of the social security act, effective January 1, 2018, and the amount the qualified provider received under the Colorado medicaid fee schedule, effective January 1, 2018, for services provided from January 1, 2018, to March 15, 2018;
- (II) THE SERVICES ACTUALLY PROVIDED BY EACH QUALIFIED PROVIDER UNDER THE MEDICAL ASSISTANCE PROGRAM FROM JANUARY 1, 2018, TO MARCH 15, 2018; AND

- (III) AVAILABLE APPROPRIATIONS.
- (4) (a) ONCE THE STATE DEPARTMENT HAS DETERMINED THE AMOUNT OF THE SUPPLEMENTAL PAYMENTS, THE STATE DEPARTMENT SHALL ALLOW QUALIFIED PROVIDERS TO EXAMINE THE CALCULATION OF THE PAYMENTS PRIOR TO FINALIZING THE DISTRIBUTION OF FUNDING AND SHALL CONSIDER FEEDBACK FROM QUALIFIED PROVIDERS PRIOR TO FINALIZING THE DISTRIBUTION. A QUALIFIED PROVIDER MAY REQUEST THAT THE STATE DEPARTMENT RECALCULATE THE SUPPLEMENTAL PAYMENT AMOUNT WITHIN THIRTY DAYS AFTER NOTIFICATION OF THE SUPPLEMENTAL PAYMENT AMOUNT.
- (b) The state department shall distribute the supplemental payments to qualified providers no later than December 31, 2018. Once payments have been distributed, the state department shall not recalculate or re-estimate the payments for the purpose of changing the distribution. The state department may recover payments made to a qualified provider pursuant to this section if the state department determines that the payments were materially affected by fraudulent claims submissions made by that qualified provider under the medical assistance program.
- (5) THE STATE BOARD SHALL ADOPT ANY RULES NECESSARY TO IMPLEMENT THIS SECTION.
 - (6) This section is repealed, effective July 1, 2019.

SECTION 2. Appropriation. For the 2017-18 state fiscal year, \$7,591,815 is appropriated to the department of health care policy and financing. This appropriation is from the general fund. To implement this act, the department may use this appropriation for supplemental payments to qualified providers pursuant to section 25.5-4-421, C.R.S. Any money appropriated in this section that is not expended prior to July 1, 2018, is further appropriated to the department for the 2018-19 state fiscal year for the same purpose.

SECTION 3. Safety clause. The general assembly hereby finds,

determines, and declares that this a preservation of the public peace, heal	· · · · · · · · · · · · · · · · · · ·
Crisanta Duran SPEAKER OF THE HOUSE OF REPRESENTATIVES	Kevin J. Grantham PRESIDENT OF THE SENATE
Marilyn Eddins CHIEF CLERK OF THE HOUSE OF REPRESENTATIVES	Effie Ameen SECRETARY OF THE SENATE
APPROVED	
John W. Hickenloo GOVERNOR OF	pper ГНЕ STATE OF COLORADO

PAGE 4-HOUSE BILL 18-1329



HOUSE BILL 18-1330

BY REPRESENTATIVE(S) Young, Hamner, Rankin, Arndt, Buckner, Esgar, Exum, Ginal, Jackson, Kennedy, Michaelson Jenet, Pettersen, Rosenthal, Valdez, Duran;

also SENATOR(S) Moreno, Lambert, Lundberg, Baumgardner, Cooke, Crowder, Jones, Kefalas, Martinez Humenik, Merrifield, Sonnenberg, Tate, Todd.

CONCERNING A SUPPLEMENTAL STATE PAYMENT RELATING TO CERTAIN OFFICE-ADMINISTERED ONCOLOGY-RELATED DRUGS FOR QUALIFIED PROVIDERS UNDER THE MEDICAL ASSISTANCE PROGRAM WHO EXPERIENCED A REDUCTION IN REIMBURSEMENT PAYMENTS IN THE 2017-18 STATE FISCAL YEAR AS A RESULT OF THE IMPLEMENTATION OF THE FEDERAL FINAL RULES FOR COVERED OUTPATIENT DRUGS, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, **add** 25.5-4-419 as follows:

25.5-4-419. Supplemental state payment to qualified providers - office-administered drugs - no federal financial participation - definition - rules - repeal. (1) AS USED IN THIS SECTION, UNLESS THE

CONTEXT OTHERWISE REQUIRES, "QUALIFIED PROVIDER" MEANS AN ENTITY THAT:

- (a) Was enrolled with the state department as of July 1, 2017;
- (b) Provided office-administered drugs under the medical assistance program between July 1, 2017, and December 31, 2017;
- (c) Has experienced a reduction in aggregate reimbursement payments for certain office-administered oncology-related drugs, as determined by the state department, provided from July 1,2017, to December 31,2017, as a result of the federal department of health and human services final rule for covered outpatient drugs, 81 FR 5169, published in the federal register on February 1, 2016; and
- $\hbox{ (d) Satisfies any other criteria specified by rule of the state board.}$
- (2) PURSUANT TO SUBSECTION (3) OF THIS SECTION, THE STATE DEPARTMENT SHALL DISTRIBUTE MONEY APPROPRIATED FOR SUPPLEMENTAL, STATE-ONLY PAYMENTS TO QUALIFIED PROVIDERS.
- (3) (a) The state department shall allocate the money appropriated for supplemental payments in amounts proportionate to the reduction in reimbursement payments received by qualified providers for office-administered drugs as a result of the federal department of health and human services final rule for covered outpatient drugs, 81 FR 5169, published in the federal register on February 1, 2016.
- (b) SUBJECT TO SUBSECTION (1)(a) OF THIS SECTION, THE STATE DEPARTMENT SHALL DETERMINE THE SUPPLEMENTAL PAYMENT FOR EACH QUALIFIED PROVIDER BASED ON THE FOLLOWING FACTORS:
- (I) The difference between the amount that the qualified provider would have received under the Colorado medicaid fee schedule, effective June 1, 2017, prior to the implementation of the federal department of health and human services final rule for covered outpatient drugs, 81 FR 5169, published in the federal

REGISTER ON FEBRUARY 1, 2016, AND THE AMOUNT THE QUALIFIED PROVIDER RECEIVED UNDER THE COLORADO MEDICAID FEE SCHEDULE, EFFECTIVE JULY 1, 2017, FOR OFFICE-ADMINISTERED DRUGS PROVIDED BETWEEN JULY 1, 2017, AND DECEMBER 31, 2017;

(II) The services actually provided by each qualified provider under the medical assistance program from July 1, 2017, to December 31, 2017; and

(III) AVAILABLE APPROPRIATIONS.

- (4) (a) ONCE THE STATE DEPARTMENT HAS DETERMINED THE AMOUNT OF THE SUPPLEMENTAL PAYMENTS, THE STATE DEPARTMENT SHALL ALLOW QUALIFIED PROVIDERS TO EXAMINE THE CALCULATION OF THE PAYMENTS PRIOR TO FINALIZING THE DISTRIBUTION OF FUNDING AND SHALL CONSIDER FEEDBACK FROM QUALIFIED PROVIDERS PRIOR TO FINALIZING THE DISTRIBUTION. A QUALIFIED PROVIDER MAY REQUEST THAT THE STATE DEPARTMENT RECALCULATE THE SUPPLEMENTAL PAYMENT AMOUNT WITHIN THIRTY DAYS AFTER NOTIFICATION OF THE SUPPLEMENTAL PAYMENT AMOUNT.
- (b) The state department shall distribute the supplemental payments to qualified providers no later than December 31, 2018. Once payments have been distributed, the state department shall not recalculate or re-estimate the payments for the purpose of changing the distribution. The state department may recover payments made to a qualified provider pursuant to this section if the state department determines that the payments were materially affected by fraudulent claims submissions made by that qualified provider under the medical assistance program.
- (5) THE STATE BOARD SHALL ADOPT ANY RULES NECESSARY TO IMPLEMENT THIS SECTION.
 - (6) This section is repealed, effective July 1, 2019.
- **SECTION 2. Appropriation.** For the 2017-18 state fiscal year, \$754,000 is appropriated to the department of health care policy and financing. This appropriation is from the general fund. To implement this act, the department may use this appropriation for supplemental payments to qualified providers pursuant to section 25.5-4-419, C.R.S. Any money

appropriated in this section that is not expended prior to July 1, 2018, is further appropriated to the department for the 2018-19 state fiscal year for the same purpose.

SECTION 3. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Crisanta Duran SPEAKER OF THE HOUSE OF REPRESENTATIVES	Kevin J. Grantham PRESIDENT OF THE SENATE
Marilyn Eddins	Effie Ameen
CHIEF CLERK OF THE HOUSE	SECRETARY OF
OF REPRESENTATIVES	THE SENATE
APPROVED	
John W. Hickenlooper	
GOVERNOR OF THE ST	TATE OF COLORADO

PAGE 4-HOUSE BILL 18-1330