



# JOINT BUDGET COMMITTEE STAFF FY 2023-24 BUDGET BRIEFING SUMMARY

Colorado General Assembly  
Joint Budget Committee

*Department of Health Care Policy and Financing*

The Department of Health Care Policy and Financing helps pay health and long-term care expenses for low-income and vulnerable populations. To assist with these costs the Department receives significant federal matching funds, but must adhere to federal rules regarding program eligibility, benefits, and other features, as a condition of accepting the federal money. The Department's FY 2022-23 appropriation represents approximately 36.7 percent of statewide operating appropriations and 29.4 percent of statewide General Fund appropriations.

## SUMMARY: FY 2022-23 APPROPRIATION & FY 2023-24 REQUEST

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2022-23 APPROPRIATION:</b>						
H.B. 22-1329 (Long Bill)	\$14,175,863,675	\$4,079,738,465	\$1,805,089,552	\$94,985,445	\$8,196,050,213	711.7
Other Legislation	45,200,722	5,108,013	33,890,841	72,750	6,129,118	30.1
<b>TOTAL</b>	<b>\$14,221,064,397</b>	<b>\$4,084,846,478</b>	<b>\$1,838,980,393</b>	<b>\$95,058,195</b>	<b>\$8,202,179,331</b>	<b>741.8</b>
<b>FY 2023-24 REQUESTED APPROPRIATION:</b>						
FY 2022-23 Appropriation	\$14,221,064,397	\$4,084,846,478	\$1,838,980,393	\$95,058,195	\$8,202,179,331	741.8
R1 Medical Services Premiums	407,679,567	155,659,118	2,072,047	(895,544)	250,843,946	0.0
R2 Behavioral Health	(10,567,103)	(3,443,854)	(1,075,502)	0	(6,047,747)	0.0
R3 Child Health Plan Plus	28,740,043	8,051,152	2,163,953	0	18,524,938	0.0
R4 Medicare Modernization Act	3,285,804	3,285,804	0	0	0	0.0
R5 Office of Community Living	29,857,884	14,353,416	(37,375)	0	15,541,843	0.0
R6 Value-based payments	8,679,810	2,853,173	317,098	0	5,509,539	0.0
R7 Provider rates	24,200,145	8,630,707	1,135,954	0	14,433,484	0.0
R7 Targeted provider rates	168,049,010	61,200,272	14,188,764	0	92,659,974	0.0
R8 Cost and quality indicators	7,305,880	976,856	701,458	0	5,627,566	0.0
R9 Birthing equity	(702,853)	(357,242)	0	0	(345,611)	0.0
R10 Children with complex needs	3,938,944	200,043	1,769,429	0	1,969,472	3.7
R11 Compliance	(10,748,066)	(3,417,450)	(1,531,371)	0	(5,799,245)	7.4
R12 Non Medicaid BH eligibility & claims	2,889,302	2,889,302	0	0	0	8.4
R13 Case management redesign	3,602,309	168,000	1,533,155	0	1,901,154	0.0
R14 Convert contracts to FTE	(55,923)	(28,400)	440	0	(27,963)	3.7
R15 Administrative technical request	0	0	0	0	0	0.0
Centrally appropriated items	4,664,699	2,246,314	90,003	(79,760)	2,408,142	0.0
Annualize prior year budget actions	3,167,177	93,374,893	(126,457,433)	11,156,916	25,092,801	(12.1)
Human Services programs	3,057,977	1,456,094	0	0	1,601,883	0.0
Indirect cost recoveries	264,914	0	(76,093)	118,832	222,175	0.0
Transfers to other state agencies	12,782	4,853	1,278	459	6,192	0.0
Non-prioritized budget requests	(4,215,888)	(2,107,944)	0	0	(2,107,944)	0.0

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>TOTAL</b>	<b>\$14,894,170,811</b>	<b>\$4,430,841,585</b>	<b>\$1,733,776,198</b>	<b>\$105,359,098</b>	<b>\$8,624,193,930</b>	<b>752.9</b>
<b>INCREASE/(DECREASE)</b>	\$673,106,414	\$345,995,107	(\$105,204,195)	\$10,300,903	\$422,014,599	11.1
Percentage Change	4.7%	8.5%	(5.7%)	10.8%	5.1%	1.5%

## DESCRIPTION OF INCREMENTAL CHANGES

**R1 MEDICAL SERVICES PREMIUMS:** The Department requests a net increase of \$407.7 million total funds, including an increase of \$155.7 million General Fund, for projected changes in caseload, per capita expenditures, and fund sources for the Medical Services Premiums line item. *See the issue brief "Forecast Trends" for more information.*

**R6 VALUE-BASED PAYMENTS:** The Department requests an increase of \$8.7 million total funds, including \$2.9 million General Fund, for training and incentives for Primary Care Medical Providers (PCMPs) to transition to the alternative payment methodology. This program pays PCMPs a partial capitation payment and allows PCMPs to earn incentive payments for managing care for members with chronic conditions. The Department indicates that funding is for the implementation of an evidence-informed practice.

**R7 PROVIDER RATES:** The Department requests an increase of \$24.2 million total funds, including \$8.6 million General Fund, for a 0.5 percent increase in common policy provider rates for most providers. The Department indicates that funding is for the implementation of an evidence-informed practice. *See the issue brief "Provider Rates" for more information.*

**R7 TARGETED PROVIDER RATES [REQUIRES LEGISLATION]:** The Department requests an increase of \$168.0 million total funds, including \$61.2 million General Fund, for targeted adjustments to certain provider rates (see table below). The Department indicates that funding is for the implementation of an evidence-informed practice. *See the issue brief "Provider Rates" for more information.*

R7 PROVIDER RATE ADJUSTMENTS DEPARTMENT REQUEST FY 2023-24 FISCAL IMPACT						
RATE	CHANGE	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	REQUIRES LEGISLATION?
<b>ACROSS THE BOARD RATE ADJUSTMENT</b>	0.5 percent increase	\$24,200,145	\$8,630,708	\$1,135,953	\$14,433,484	No
<b>MPRRAC RECOMMENDATIONS</b>						
Physician Services	rebalancing (between 80 and 100 percent)	19,311,361	5,907,439	799,446	12,604,476	No
Dialysis & Nephrology	increasing rates to 80 percent	427,077	92,379	26,460	308,238	No
Laboratory & Pathology	rebalancing (between 80 and 100 percent)	2,453,573	542,447	138,613	1,772,513	No
Eyeglasses and Vision	rebalancing (between 80 and 100 percent)	19,167,764	5,863,512	793,502	12,510,750	No
Injections & Miscellaneous J-Codes	rebalancing (between 80 and 100 percent)	86,238	26,381	3,571	56,286	No

R7 PROVIDER RATE ADJUSTMENTS DEPARTMENT REQUEST FY 2023-24 FISCAL IMPACT						
RATE	CHANGE	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	REQUIRES LEGISLATION?
SUBTOTAL MPRRAC RECOMMENDATIONS		\$41,446,013	\$12,432,158	\$1,761,592	\$27,252,263	
<b>OTHER PROVIDER RATE ADJUSTMENTS</b>						
Rural Hospital Technology Payments	incentive payments	4,220,000	2,110,000	0	2,110,000	No
Eliminating Member Copays	excluding non-emergent ER visits	9,295,824	1,821,702	565,243	6,908,879	yes, for pharmacy and outpatient copays
GRSS and NMT Rate Adjustments Comprehensive Waiver	incr. to align with other waivers	15,802,052	5,293,686	2,607,339	7,901,027	No
GRSS and NMT Rate Adjustments Supported Living Services Waiver	incr. to align with other waivers	1,785,095	598,006	294,541	892,548	No
Nursing Facility Rate Increase	\$18.37/day incr. (on av.)	39,182,927	19,591,463	0	19,591,464	Yes
Minimum Wage Adjustments	incr. HCBS to \$15.75 per hour/incr. min to \$17.29 in Denver	56,953,319	19,477,936	8,998,735	28,476,648	No
SUBTOTAL OTHER ADJUSTMENTS		\$127,239,217	\$48,892,793	\$12,465,858	\$65,880,566	
<b>TOTAL</b>		<b>\$192,885,375</b>	<b>\$69,955,659</b>	<b>\$15,363,403</b>	<b>\$107,566,313</b>	

**R8 COST AND QUALITY INDICATORS:** The Department requests an increase of \$7.3 million total funds, including \$1.0 million General Fund, to sustain the data integration infrastructure for collecting and sharing relevant and reliable health care data among community partners, and to continue development of cost and quality indicators to determine trends in underlying data. The Department indicates that funding is for the implementation of a theory-informed practice.

**R11 COMPLIANCE:** The Department requests a decrease of \$10.7 million total funds, including \$3.4 million General Fund, and an increase of 7.4 FTE to expand and strengthen operational compliance and program oversight and accountability.

**R14 CONVERT CONTRACTS TO FTE:** The Department requests a net decrease of \$55,923 total funds, including a decrease of \$28,400 General Fund, and an increase of 3.7 FTE to repurpose funding from contractor resources to hire FTE. The State employees will be responsible for communication with and outreach to external partners, facilitation of meetings and workgroups, conflict resolution and mediation, and the development of policy and process documents based on stakeholder feedback to provide insights and recommendations concerning Department programs. The Department indicates that funding is for the implementation of a theory-informed practice.

**R15 ADMINISTRATIVE TECHNICAL REQUEST:** The Department requests a net zero adjustment to move funding for the Pharmacy Benefits Prescriber Tool from the General Professional Services line item to the Medicaid Management Information Systems (MMIS) line item; and to move funding for the Center for Improving Value in Health Care Health Information Technology project out of the MMIS line item and into the All-Payer Claims Database line item.

**CENTRALLY APPROPRIATED ITEMS:** The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; paid family and medical leave insurance; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; salary survey; workers' compensation; legal services; administrative law judges; payment to risk

management and property funds; Capitol complex leased space; payments to the Governor’s Office of Information Technology (OIT); and CORE operations.

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** The request includes adjustments for out-year impacts of prior year legislation and budget actions, summarized in the table below. The titles of the annualizations begin with either a bill number or the relevant fiscal year. For budget decisions made in the Long Bill, the title includes a reference to the priority number the Department used in that year for the initiative, if relevant. If there is no reference to a bill number or priority number, then the change was initiated by an action other than a bill or request from the Department. The largest General Fund increase is for the annualization of the 3.0 percent common policy and other targeted provider rate adjustments. The largest decrease in General Fund is for the second year of FY 2022-23 R8 County Administration Oversight and Accountability to reflect the anticipated reduction in the claims paid for ineligible members.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2022-23 R10 Provider rates	\$151,648,254	\$72,442,817	\$915,780	\$0	\$78,289,657	0.0
FY 2022-23 R14 MMIS fund. and contract. conv.	56,833,725	9,248,483	4,236,554	0	43,348,688	0.0
HB 22-1303 Residential behavioral health beds	22,772,319	11,386,159	0	0	11,386,160	0.2
HB 22-1289 Health benefits for child. and preg. ppl	11,679,567	4,361,194	(30,346)	0	7,348,719	5.0
SB 21-213 Use of increased Medicaid match	11,679,435	0	0	5,115,592	6,563,843	0.0
FY 2021-22 Restore funding for SB 19-195	8,801,690	4,518,133	0	0	4,283,557	(1.0)
FY 2021-22 667 IDD enrollments	6,107,288	3,053,644	0	0	3,053,644	0.0
FY 2022-23 prior year OIT	2,148,174	907,849	218,035	4,029	1,018,261	0.0
FY 2022-23 R6 Value-based payments	1,831,809	126,825	(27,304)	0	1,732,288	0.2
SB 21-025 Family planning services	1,074,673	65,713	17,462	0	991,498	0.0
FY 2021-22 R11 Connect 4 Health Colorado	506,796	0	199,413	0	307,383	0.0
SB 21-039 Elimination of subminimum wage	471,421	235,710	1	0	235,710	0.0
SB 21-038 Complementary and alternative medicine	464,592	134,610	97,686	0	232,296	0.0
HB 22-1325 Primary care alternative pmt models	254,250	254,250	0	0	0	0.0
FY 2022-23 BA9 eConsult program	208,706	71,385	85,789	0	51,532	0.0
HB 21-1085 Secure trans behavioral health crisis	192,768	88,869	7,515	0	96,384	0.0
SB 22-235 HUM County admin of pblc assist. prog.	80,000	24,060	15,940	0	40,000	0.0
FY 2021-22 R9 Patient access & interoperability	39,115	10,014	0	0	29,101	0.0
FY 2022-23 R13 Compliance FTE	14,114	10,158	(6,201)	0	10,157	1.0
FY 2022-23 R7 Utilization management	12,069	(2,565)	(11,615)	0	26,249	0.0
HB 22-1278 Behavioral Health Administration	10,368	5,184	0	0	5,184	0.5
FY 2022-23 Prior year salary survey	2,982	1,491	0	0	1,491	0.0
FY 2022-23 HUM Salesforce	1,726	863	0	0	863	0.0
SB 22-106 Public behavioral health conflict of int.	869	434	0	0	435	0.1
FY 2022-23 BA13 Connect 4 Health	0	0	27,124	0	(27,124)	0.0
FY 2022-23 BA10 HCBS ARPA spending authority	(177,840,562)	0	(94,181,473)	0	(83,659,089)	(17.2)
HB22-1302 Health care practice transformation	(35,250,000)	(50,000)	(34,750,000)	0	(450,000)	(2.3)
FY 2022-23 R8 County administration oversight	(16,519,749)	(3,838,321)	(935,408)	0	(11,746,020)	0.1
FY 2022-23 BA6 PHE county admin. resources	(15,207,916)	(2,210,944)	(2,193,450)	0	(10,803,522)	0.0
FY 2022-23 CUSOM adjustments	(13,413,166)	0	0	6,050,828	(19,463,994)	0.0
FY 2022-23 Nursing facilities – DOLA	(6,284,796)	(3,142,398)	0	0	(3,142,398)	0.0
FY 2022-23 BA17 CUSOM clinical revenue	(3,500,000)	(1,533,000)	0	0	(1,967,000)	0.0
HB 22-1333 Minimum wage for nursing homes	(3,071,863)	(1,535,932)	0	0	(1,535,931)	0.0
FY 2021-22 R6 Remote supports for HCBS prog.	(716,615)	(348,347)	(9,960)	0	(358,308)	0.0
FY 2021-22 BA10 PHE end resources	(415,764)	(132,826)	(75,055)	0	(207,883)	0.0
FY 2021-22 BA15 eConsult Program	(308,706)	(101,873)	(52,480)	0	(154,353)	0.0
FY 2006-07 DI8 Nursing facility appraisals	(279,746)	(139,873)	0	0	(139,873)	0.0
FY 2022-23 R12 Convert contractors to FTE	(274,786)	(117,182)	(2,873)	(13,099)	(141,632)	0.8
HB 22-1114 Transport. services Medicaid waivers	(146,758)	(52,129)	(2,567)	0	(92,062)	0.0
HB 21-1166 Behavioral health crisis resp. training	(135,360)	(135,360)	0	0	0	0.0
SB 22-068 All-payor claims database	(114,750)	(114,750)	0	0	0	0.0
SB 21-137 Behavioral health recovery act	(67,920)	(33,960)	0	0	(33,960)	0.0

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 22-1190 Urban Indian Org. sup. pmts.	(48,025)	(48,025)	0	0	0	0.0
SB 22-196 Health needs in criminal justice system	(32,906)	(16,453)	0	0	(16,453)	0.3
FY 2022-23 HUM coordinated compensation	(16,984)	(8,492)	0	0	(8,492)	0.0
FY 2022-23 R9 OCL program enhancements	(9,325)	(4,663)	0	0	(4,662)	0.0
FY 2022-23 R11 ACC CHP accountability	(8,364)	(3,556)	0	0	(4,808)	0.0
FY 2022-23 HUM Prior year salary survey	(2,982)	(1,492)	0	0	(1,490)	0.0
FY 2022-23 HUM OIT package	(1,552)	(776)	0	0	(776)	0.0
HB 22-1397 Statewide equity office	(868)	0	0	(434)	(434)	0.2
HB 22-1290 Medicaid for wheelchair repairs	(70)	(35)	0	0	(35)	0.0
<b>TOTAL</b>	<b>\$3,167,177</b>	<b>\$93,374,893</b>	<b>(\$126,457,433)</b>	<b>\$11,156,916</b>	<b>\$25,092,801</b>	<b>(12.1)</b>

**HUMAN SERVICES PROGRAMS:** The Department's request reflects adjustments for several programs that are financed with Medicaid funds, but operated by the Department of Human Services. *See the briefings for the Department of Human Services for more information.*

**INDIRECT COST RECOVERIES:** The Department requests \$0.3 million total funds related to the assessment of indirect costs.

**TRANSFERS TO OTHER STATE AGENCIES:** The Department requests an increase of \$12,782 total funds, including \$4,853 General Fund, for transfers to programs administered by other departments.

**NON-PRIORITIZED BUDGET REQUESTS:** The Department request includes adjustments related to prioritized requests submitted by other State departments.

## SUPPLEMENTALS

**SET ASIDE FOR FORECAST-RELATED SUPPLEMENTALS:** The Governor's budget letter includes a set aside for the Department of Health Care Policy and Financing for FY 2022-23 including a net decrease of \$234.1 million General Fund for the most recent forecast of enrollment and expenditures.

FY 2022-23 SET-ASIDE FOR FORECAST-RELATED SUPPLEMENTALS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
R1 Medical Services Premiums	\$255,702,393	(\$160,547,848)	(\$3,920,627)	\$0	\$420,170,868
R2 Behavioral Health	45,221,048	(11,570,183)	5,252,102	0	51,539,129
R3 Child Health Plan Plus	(31,177,243)	(16,311,787)	2,220,103	0	(17,085,559)
R4 Medicare Modernization Act	(6,613,654)	(6,613,654)	0	0	0
R5 Office of Community Living	(21,697,423)	(39,079,985)	633,347	0	16,749,215
<b>TOTAL</b>	<b>\$241,435,121</b>	<b>(\$234,123,457)</b>	<b>\$4,184,925</b>	<b>\$0</b>	<b>\$471,373,653</b>

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**FORECAST TRENDS:** Request R1 is based on the Department's most recent forecast of enrollment and expenditures under current law and policy. It drives a net increase of \$163.7 million total funds, including \$362.6 million General Fund. While the request explains what drives the budget, it non-discretionary, as it represents the expected obligations under current law and policy. It would take a change to current law or policy to change the trends

**PROVIDER RATES:** This issue brief discusses proposed changes in provider rates. Through *R7 Provider rates* the Department requests several targeted rate increases and common policy increase of 0.5 percent. See the description above for additional information.

## FOR MORE INFORMATION

**JBC STAFF ANALYSTS:** Robin Smart  
(303) 866-4955  
[robin.smart@state.co.us](mailto:robin.smart@state.co.us)

**TO READ THE ENTIRE BRIEFING:** Go to <http://leg.colorado.gov/content/budget/budget-documents> to use the budget document search tool. Select this department's name under *Department/Topic*, "Briefing" under *Type*, and select a *Start date* and *End date* to show documents released in November and December of 2022.