



Colorado General Assembly
Joint Budget Committee

JOINT BUDGET COMMITTEE STAFF FY 2024-25 BUDGET BRIEFING SUMMARY

Department of Health Care Policy and Financing

EDO, Medical Services Premiums, Indigent Care, Other Medical Services

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 2023-24 appropriation represents approximately 37.3 percent of statewide operating appropriations and 30.0 percent of statewide General Fund appropriations.

FY 2023-24 APPROPRIATION AND FY 2024-25 REQUEST

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2023-24 APPROPRIATION:						
S.B. 23-214 (Long Bill)	15,434,750,224	4,492,248,232	1,768,567,113	105,145,754	9,068,789,125	776.4
Other legislation	71,998,355	33,270,426	602,078	0	38,125,851	11.5
TOTAL	\$15,506,748,579	\$4,525,518,658	\$1,769,169,191	\$105,145,754	\$9,106,914,976	787.9
FY 2024-25 REQUESTED APPROPRIATION:						
FY 2023-24 Appropriation	\$15,506,748,579	4,525,518,658	\$1,769,169,191	\$105,145,754	\$9,106,914,976	787.9
R1 Medical Services Premiums	596,082,486	268,968,078	98,116,763	15,098,477	213,899,168	0.0
R2 Behavioral Health	(22,964,198)	7,229,032	571,519	0	(30,764,749)	0.0
R3 Child Health Plan Plus	37,371,293	17,915,399	(3,581,375)	0	23,037,269	0.0
R4 Medicare Modernization Act	(3,024,782)	(3,024,782)	0	0	0	0.0
R5 Office of Community Living	45,002,004	28,990,641	2,467,507	0	13,543,856	0.0
R6a Provider rates	82,665,975	29,464,829	4,065,580	0	49,135,566	0.0
R6b Targeted provider rates	161,504,431	41,830,985	25,311,222	0	94,362,224	0.0
R7 Behavioral health continuum	4,409,298	945,354	318,817	0	3,145,127	1.4
R8 Eligibility process compliance	8,514,959	799,917	639,862	0	7,075,180	1.8
R9 Access to benefits	14,297,164	3,122,077	1,946,204	0	9,228,883	0.9
R10 Assessments for skilled nursing	1,938,600	484,650	0	0	1,453,950	0.0
R11 Program support	1,106,846	431,818	21,381	0	653,647	4.7
R12 Accessibility & senior dental admin	449,355	216,039	46,140	0	187,176	0.9
R13 Convert contracts to FTE	372,793	(6,606)	(3,951)	394,074	(10,724)	12.6
R14 Contract true up	2,018,390	90,668	473,690	0	1,454,032	0.0
R15 Denver Health	5,000,000	5,000,000	0	0	0	0.0
Centrally appropriated items	10,825,828	4,898,681	795,227	23,179	5,108,741	0.0
Payments to OIT	8,150,957	1,697,254	709,460	1,120,975	4,623,268	0.0
Human Services	3,757,293	2,730,433	(47,820)	0	1,074,680	0.0
Transfers to other departments	341,150	170,575	0	0	170,575	0.0
Indirect costs	266,194	0	75,450	156,732	34,012	0.0
Annualize prior year funding	(77,079,752)	28,530,884	(81,996,106)	445	(23,614,975)	(12.9)
TOTAL	\$16,387,754,863	\$4,966,004,584	\$1,819,098,761	\$121,939,636	\$9,480,711,882	797.3
INCREASE/(DECREASE)	\$881,006,284	\$440,485,926	\$49,929,570	\$16,793,882	\$373,796,906	9.4
Percentage Change	5.7%	9.7%	2.8%	16.0%	4.1%	1.2%

DESCRIPTION OF INCREMENTAL CHANGES

R1 MEDICAL SERVICES PREMIUMS [POTENTIAL LEGISLATION]: The Department requests a net decrease of \$596.1 million total funds, including an increase of \$269.0 million General Fund, for projected changes in caseload, per capita expenditures, and fund sources for the Medical Services Premiums line item. The JBC staff recommends that the JBC carry legislation to implement a federal regulation requiring Medicaid coverage for DACA recipients. *See the issue brief “Forecast Trends” for more information.*

R2 BEHAVIORAL HEALTH PROGRAMS: The Department requests a net decrease of \$23.0 million total funds, including an increase of \$7.2 million General Fund, for projected changes in caseload, per capita expenditures, and fund sources for behavioral health services. *See the 12/7/23 briefing for Behavioral Health for more information.*

R3 CHILD HEALTH PLAN PLUS: The Department requests an increase of \$37.4 million total funds, including \$17.9 million General Fund, for projected changes in caseload, per capita expenditures, and fund sources for the Children's Basic Health Plan. *See the issue brief “Forecast Trends” for more information.*

R4 MEDICARE MODERNIZATION ACT: The Department requests a decrease of \$3.0 million General Fund for the projected state obligation, pursuant to the federal Medicare Modernization Act, to pay the federal government in lieu of the state covering prescription drugs for people dually eligible for Medicaid and Medicare. *See the issue brief “Forecast Trends” for more information.*

R5 OFFICE OF COMMUNITY LIVING: The Department requests a net increase of \$45.0 million total funds, including an increase of \$29.0 million General Fund, for projected changes in caseload, per capita expenditures, and fund sources for services for people with intellectual and developmental disabilities. *See the 12/11/23 briefing for the Office of Community Living for more information.*

R6A PROVIDER RATES: The Department requests an increase of \$82.7 million total funds, including \$29.5 million General Fund, for a 1.0 percent across-the-board community provider rate increase for eligible providers. The Department indicates that funding is for the implementation of an evidence-informed practice.

R6B TARGETED PROVIDER RATES [POTENTIAL LEGISLATION]: The Department requests an increase of \$161.5 million total funds, including \$41.8 million General Fund, for targeted provider rate increases. The largest dollar increases are for dental services and for the wage component of Home- and Community-Based Services. The Department indicates that funding is for the implementation of an evidence-informed practice. As part of the proposed increase for the Primary Care Fund, the Department requests that the JBC sponsor legislation to sunset the Colorado Indigent Care Program and move some of the existing requirements to the Primary Care Fund and Healthcare Affordability and Sustainability (HAS) Fee statutes.

R6b Targeted Provider Rates					
Rate	Change	Total Funds	General Fund	Cash Funds	Federal Funds
Adjustments based on the MPRRAC Rate Review					
Dental	15 preventative codes to 100% 13 diagnostic codes to 70%	\$78,485,021	\$14,331,366	\$11,851,238	\$52,302,417
Pediatric behavioral therapies	100% of benchmark without NE	11,934,437	5,967,219	0	5,967,218
Maternity	14 preventive rates to 100% 12 other rates to 80%	7,786,537	3,893,269	0	3,893,268

R6b Targeted Provider Rates

Rate	Change	Total Funds	General Fund	Cash Funds	Federal Funds
Surgeries	70-100% most surgeries 100% preventive digestive & integumentary 70-125% cardiovascular to non-facility	6,773,293	1,982,002	280,956	4,510,335
Ambulatory surgery centers	Increase rates below 70% to 70%	4,002,748	1,171,284	166,034	2,665,430
Co-surgeries	Expand billable codes	1,613,031	472,005	66,908	1,074,118
Autism spectrum screening	Restore 2 codes to previous levels	1,507,144	753,572	0	753,572
Abortion	100% of benchmark	298	149	0	149
Anesthesia	100% of benchmark	(9,073,136)	(2,654,982)	(376,353)	(6,041,801)
Subtotal - MPRRAC		\$103,029,373	\$25,915,884	\$11,988,783	\$65,124,706
Other targeted rate adjustments					
Wages for HCBS	Minimum wage increase	\$53,856,751	\$13,605,949	\$13,322,439	\$26,928,363
Single Assessment Tool	Implementation cost	2,556,493	1,278,246	0	1,278,247
Primary Care Fund	Serve clients 201-250% of FPL	1,113,806	556,902	0	556,904
Regional Center transitions	1-year enhanced rate for transitions	948,008	474,004	0	474,004
Subtotal - Other		\$58,475,058	\$15,915,101	\$13,322,439	\$29,237,518
TOTAL		\$161,504,431	\$41,830,985	\$25,311,222	\$94,362,224

R7 BEHAVIORAL HEALTH CONTINUUM: The Department requests \$4.4 million total funds, including \$945,354 General Fund, and 1.4 FTE in FY 2024-25 and \$4.5 million total funds and 2.0 FTE in FY 2025-26 and ongoing for multiple behavioral health programs described in the table below. The Department indicates that funding for the Permanent Supportive Housing is for an evidence-informed practice and the rest of the request as for theory-informed practices.

R7 Behavioral Health Continuum Summary					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
Institutions of Mental Disease stays	\$2,450,304	\$582,769	\$162,017	\$1,705,518	0.0
Partial Hospitalization Program	1,025,500	243,900	67,807	713,793	0.0
Permanent Supportive Housing pilot	717,836	22,522	77,327	617,987	0.5
Value Based Payment Methodology	465,658	221,163	11,666	232,829	0.9
SUD Administrative savings	(250,000)	(125,000)	0	(125,000)	0.0
TOTAL	\$4,409,298	\$945,354	\$318,817	\$3,145,127	1.4

See the 12/7/23 briefing for Behavioral Health for more information.

R8 ELIGIBILITY PROCESS COMPLIANCE: The Department requests \$8.5 million total funds, including \$799,917 General Fund, and 1.8 FTE for (1) federal database charges to automatically verify applicant income, (2) an increase in the federal match for credit bureau income verifications, (3) monitoring county administration of eligibility, and (4) managing eligibility appeals. The Department indicates that funding is for the implementation of a theory-informed practice.

R8 Eligibility Process Compliance					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
Federal charges for income verifications	\$8,036,599	\$1,245,673	\$763,477	\$6,027,449	0.0
Federal match for credit bureau income verifications	0	(594,048)	(214,502)	808,550	0.0
Monitoring county administration of eligibility	352,070	109,142	66,893	176,035	0.9
Managing eligibility appeals	126,290	39,150	23,994	63,146	0.9
TOTAL	\$8,514,959	\$799,917	\$639,862	\$7,075,180	1.8

R9 ACCESS TO BENEFITS [POTENTIAL LEGISLATION]: The Department requests an increase of \$14.3 million total funds, including \$3.1 million General Fund, primarily to add autism spectrum disorder treatments as covered services under the Children's Basic Health Plan (marketed as the Child Health Plan Plus or CHP+). The Department requests that the JBC sponsor legislation to remove a statutory prohibition¹ on covering these treatments in CHP+.

In addition, the request includes money to: (1) continue a federal stimulus-funded program that provides training and peer-to-peer consults for primary care providers regarding client pain management; (2) continue a federal stimulus-funded FTE that provides guidance for the pain management benefit and coordinates referrals for services; and (3) research the efficacy of a nurse navigator program to improve the diagnosis, treatment, and monitoring of members in need of organ transplants.

The Department indicates that funding for Autism spectrum disorder treatment in CHP+ is for a proven practice and the rest of the request is for the implementation of theory-informed practices.

R9 Access to Benefits					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
Autism spectrum disorder treatment in CHP+	\$13,868,700	\$2,922,751	\$1,931,294	\$9,014,655	0.0
Pain management provider training & consults	250,000	125,000	0	125,000	0.0
Pain management referral coordinator	78,464	24,326	14,910	39,228	0.9
Plan for transplant nurse navigator program	100,000	50,000	0	50,000	0.0
TOTAL	\$14,297,164	\$3,122,077	\$1,946,204	\$9,228,883	0.9

See the 12/11/23 briefing for the Office of Community Living for more information.

R10 ASSESSMENTS FOR SKILLED NURSING: The Department requests \$1.9 million total funds, including \$484,650 General Fund, for needs assessments of clients for the appropriate level of skilled nursing services provided in the home or a community setting. The projected costs increase to \$10.3 million total funds, including \$2.6 million General Fund, in FY 2025-26 and on-going. The assessments would use a validated acuity tool to determine the level of care and hours of services for Private Duty Nursing, Long-Term Home Health, and Health Maintenance Activities. The Department indicates that funding is for the implementation of a theory-informed practice.

Prior Authorization Request requirements that determine the medical necessity of services were temporarily suspended in 2022 by the Department for both Private Duty Nursing and Pediatric Long Term Home Health due to stakeholder concerns. The PARs for Private Duty Nursing were reinstated 4/3/2023 but the PARs for Pediatric Long Term Home Health will not be reinstated before 1/31/2025, due to maintenance of effort requirements of the American Rescue Plan Act. During the pauses, home health agencies took responsibility for determining the level of care. The stakeholder concerns that led to the pauses in PAR requirements appear to inform the Department's request for a better assessment tool. The Department mentions member confusion over whether Private Duty Nursing or Long Term Home Health is the most appropriate and member and provider questions about why one service would be authorized but not the other.

In addition, the request is intended to address duplicate efforts when PAR reviews are performed for each individual nursing service and respond to a perceived lack of benefit navigation guidance from the PAR process. The PAR vendor communicates only with the case manager and providers and not directly with the member or family. The proposed assessment would be performed by a nurse that would talk to the member and provide information on the range of available services.

¹ Section 25.5-8-107 (1)(a)(IV), C.R.S.

The Department is currently spending an estimated \$2.2 million federal funds from the HCBS Improvement Fund to develop the assessment and this request would pay for nurses to administer the assessment.

R11 PROGRAM SUPPORT: THE DEPARTMENT REQUESTS \$1.1 MILLION TOTAL FUNDS, INCLUDING \$431,818 GENERAL FUND, AND 4.7 FTE FOR FOUR INITIATIVES PREVIOUSLY FUNDED WITH FEDERAL STIMULUS MONEY:

- **HCBS SYSTEM SUPPORT – ON-GOING MAINTENANCE FOR INFORMATION TECHNOLOGY SYSTEMS RELATED TO HOME- AND COMMUNITY-BASED SERVICES, INCLUDING INCREASED STANDARDIZATION AND REPORTING OF CARE AND UTILIZATION DATA, IMPLEMENTATION OF COMMUNITY FIRST CHOICE THAT MAKES AVAILABLE TO ALL MEDICAID MEMBERS CERTAIN SERVICES THAT WERE PREVIOUSLY LIMITED TO SPECIFIC WAIVERS, AND IMPROVED ON-LINE REFERRAL SERVICES TO HELP MEMBERS FIND PROVIDERS.**
- **DIRECT CARE WORKFORCE UNIT – THE UNIT DELIVERS TRAINING FOR DIRECT CARE HCBS WORKERS, PROVIDES A RESOURCE AND JOBS HUB, OUTLINES CAREER PATHWAYS, AND CONDUCTS SURVEYS TO INFORM POLICY MAKING.**
- **PREVENTIVE CARE OUTREACH ANALYST – THE POSITION WOULD CONDUCT RESEARCH AND DEVELOP STRATEGIES TO INCREASE PREVENTATIVE CARE UTILIZATION. THE ORIGINAL FEDERALLY FUNDED POSITION FOCUSED ON VACCINES, BUT THE DEPARTMENT PROPOSES EXPANDING THE SCOPE TO INCLUDE BROADER EARLY AND PERIODIC SCREENING, DIAGNOSTIC AND TREATMENT (EPSDT) DELIVERABLES.**
- **PERSON-CENTERED BUDGET ALGORITHM – THE CONTRACT SERVICES WOULD PROVIDE FOR ON-GOING MAINTENANCE OF THE PERSON-CENTERED BUDGET ALGORITHM THAT DETERMINES THE SERVICE BUDGET FOR CLIENTS BASED ON THE SINGLE ASSESSMENT TOOL. IT INCLUDES MONEY TO MANAGE THE EXCEPTIONS PROCESS AND PROVIDE ON-GOING MAINTENANCE.**

R11 Program Support					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
HCBS Systems support	\$400,896	\$100,224	\$0	\$300,672	2.8
Direct Care Workforce Unit	472,218	236,109	0	236,109	1.0
Preventative Care Outreach Analyst	133,632	45,435	21,381	66,816	0.9
Person-Centered Budget Algorithm	100,100	50,050	0	50,050	0.0
TOTAL	\$1,106,846	\$431,818	\$21,381	\$653,647	4.7

The Department indicates that funding for the Preventative Care Outreach Analyst is for a proven practice, funding for the Person-Centered Budget Algorithm and Direct Care Workforce Unit is for evidence-informed practices, and the HCBS Systems support is for a theory-informed practice.

R12 ACCESSIBILITY & SENIOR DENTAL ADMIN: The Department requests \$449,355 total funds, including \$216,039 General Fund, and 0.9 FTE for administrative support. Of the total, \$374,355 total funds, including \$141,039 General Fund, and 0.9 FTE is for on-going costs associated with ensuring department communications are accessible to people with disabilities and compliant with H.B. 21-1110. The remaining \$75,000 General Fund (increasing to \$150,000 General Fund in out years) is for contract services to assist with invoicing, reporting, and eligibility verifications for the senior dental program that provides roughly \$4.0 million per year for around 3,000 seniors at or below 250 percent of the federal poverty guidelines who do not qualify for Medicaid. Currently, eligibility is determined by grantees, invoices are tracked manually, and there are no controls to prevent overutilization of care across multiple providers. The Department believes the contract would reduce the administrative burden on providers, thereby attracting more providers, and allow more seniors to be served.

R13 CONVERT CONTRACTS TO FTE: The Department requests a net increase of \$372,793 total funds, including a decrease of \$6,606 General Fund, to convert some appropriations for contract services to state FTE. The Department

argues that using state FTE will reduce turnover and knowledge drain when work is transitioned between vendors and reduce administrative burdens associated with overseeing contracts, processing invoices and payments, drafting contract documents, and initiating corrective actions. For two of the contracts, related to payment reform and the Substance Use Disorder (SUD) benefit, the Department estimates the cost of state employees would be cheaper than contract services. For the third contract, related to the Call Center, the Department believes that gains in the customer experience and continuity of knowledge would justify the net increase in cost. The Department indicates that funding is for the implementation of a theory-informed practice.

R13 Convert Contracts to FTE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Payment Reform						
FTE Costs	\$220,389	\$68,320	\$41,872	\$0	\$110,197	1.8
Contractor Cost Reductions	<u>(250,000)</u>	<u>(77,500)</u>	<u>(47,500)</u>	<u>0</u>	<u>(125,000)</u>	<u>0.0</u>
Subtotal - Payment Reform	(\$29,611)	(\$9,180)	(\$5,628)	\$0	(\$14,803)	1.8
SUD Benefit						
FTE Costs	195,235	60,522	37,093	0	97,620	1.8
Contractor Cost Reductions	<u>(250,000)</u>	<u>(77,500)</u>	<u>(47,500)</u>	<u>0</u>	<u>(125,000)</u>	<u>0.0</u>
Subtotal - SUD Benefit	(\$54,765)	(\$16,978)	(\$10,407)	\$0	(\$27,380)	1.8
Call Center						
FTE Costs	724,829	102,494	63,350	394,074	164,911	9.0
Contractor Cost Reductions	<u>(267,660)</u>	<u>(82,942)</u>	<u>(51,266)</u>	<u>0</u>	<u>(133,452)</u>	<u>0.0</u>
Subtotal - Call Center	\$457,169	\$19,552	\$12,084	\$394,074	\$31,459	9.0
TOTAL - HCPF	\$372,793	(\$6,606)	(\$3,951)	\$394,074	(\$10,724)	12.6
Other dept costs for Call Center						
Human Services	\$68,551	\$32,163	\$3	\$0	\$36,385	0.0
Public Health & Environment	1,609	0	0	0	1,609	0.0
Early Childhood	5,014	5,014	0	0	0	0.0
Office of the Governor (OT)	(586,560)	0	0	(586,560)	0	0.0
Total - Other depts Call Center	(\$511,386)	\$37,177	\$3	(\$586,560)	\$37,994	0.0
TOTAL - All Departments	(\$138,593)	\$30,571	(\$3,948)	(\$192,486)	\$27,270	12.6

R14 CONTRACT INCREASES: The Department requests \$2.0 million total funds, including \$90,668 General Fund, for inflation and population-related increases for two contracts. The contract for the centralized eligibility vendor pays for eligibility determinations and case maintenance for the buy-in program for people with disabilities, managing appeals, CHP+ enrollment and disenrollment, and a customer service center that processes over-the-phone requests including applications and renewals, address and income changes, and enrollment fee payments. The contract is based on a federal formula that takes into account actual allowable costs and a random moment time study of activities eligible for different federal reimbursement rates. The current vendor is Denver Health. The contract for host home inspections pays for biannual visits to ensure residential placements for people with developmental disabilities meet health and safety requirements. The original funding for the contract assumed 1,700 host homes and a cost per inspection of \$75. The Department projects 2,300 host homes and an inspection rate of \$120. The Department indicates that funding is for the implementation of a theory-informed practice.

R15 DENVER HEALTH [REQUIRES LEGISLATION]: The Department requests that the JBC sponsor legislation authorizing a one-time payment of \$5.0 million General Fund to Denver Health for uncompensated care costs.

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; and CORE operations.

PAYMENTS TO OIT: The Department has a relatively large increase in payments to the Office of Information Technology in the Governor's Office that includes both the Department's share of statewide information technology services and the share for the Colorado Benefits Management System that provides eligibility determination and case management services for safety net programs across multiple agencies.

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.*

TRANSFERS TO OTHER DEPARTMENTS: The Department requests an increase of \$341,150 total funds, including \$170,575 General Fund, for transfers to programs administered by other departments.

INDIRECT COSTS: The Department requests an increase of \$266,194 for statewide indirect cost assessments.

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 increases are for:

- *FY 23-24 R7 Rate adjustment* that included mid-year rate increases and an annualization to account for services billed in FY 2023-24 that are not paid until FY 2024-25;
- *FY 23-24 R13 Case management redesign* for case management rate increases that were phased in over the course of FY 2023-24; and
- *FY 23-24 BA7 Community-based access to services* that attempted to shore up services for people with disabilities, including implementing Community First Choice, in response to a Department of Justice finding.

The largest decreases are for annualizations of the following:

- *FY 22-23 BA10 HCBS ARPA* for the expiration of some of the spending authority related to one-time federal HCBS Improvement funds;
- *FY 23-24 BA6 PHE Funding* for the expiration of one-time funds provided for eligibility redeterminations associated with the end of Medicaid continuous eligibility; and
- *FY 23-24 Primary Care Fund* for the expiration of a one-time appropriation, initiated by the JBC, for the primary care grant program that provides money to federally qualified health centers and other primary care providers where at least 50.0 percent of the patients served are uninsured or medically indigent. The Department proposes \$1.1 million on-going for the Primary Care Fund as part of the targeted provider rate increases in R6b described above.

Annualize Prior Year Budget Actions

Issue	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP FUNDS	FEDERAL FUNDS	FTE
FY 23-24 R7 rate adjustment	\$34,488,064	\$28,039,035	(\$11,520,984)	\$0	\$17,970,013	0.0
FY 23-24 R13 Case management redesign	16,304,243	11,348,498	(3,504,028)	0	8,459,773	0.0
FY 23-24 BA7 Community-based access to services	10,722,858	7,835,809	(2,974,232)	0	5,861,281	13.0
HB 23-1228 Nursing rate setting	6,686,107	3,965,695	0	0	2,720,412	0.0
HB 22-1302 Health practice transformation	2,474,468	1,222,224	0	0	1,252,244	(7.0)
HB 23-1300 Continuous eligibility	1,920,576	326,681	0	0	1,593,895	4.1
FY 23-24 R9 Advancing birthing equity	970,921	488,260	0	0	482,661	0.0
FY 23-24 R6 Primary care value based payments	638,317	242,127	26,425	0	369,765	0.0
FY 22-23 BA13 Medicaid for Connect 4 Health	532,136	0	237,865	0	294,271	0.0
SB 21-038 Expansion Complementary & Alt Medicine	491,635	128,063	117,754	0	245,818	(1.0)
SB 23-002 Medicaid reimbursement for cmty health service	459,773	69,887	0	0	389,886	0.6
FY 23-24 Remove adult dental cap	419,096	0	132,184	0	286,912	0.0
HB 22-1114 Trans services for medicaid waiver	319,084	323,718	(19,833)	0	15,199	0.0
SB 21-039 Elimination of subminimum wage employment	259,725	129,862	0	0	129,863	0.0
FY 23-24 Early Intervention services	141,498	84,050	0	0	57,448	0.0
FY 23-24 R12 BH Eligibility and claims processing	130,666	130,666	0	0	0	2.0
HB 22-1068 Therapy using equines	123,220	61,610	0	0	61,610	0.0
HB 22-1290 Wheelchair repairs	40,482	20,242	0	0	20,240	0.0
HB 23-1130 Drug coverage for serious mental illness	26,427	13,213	0	0	13,214	0.2
SB 23-261 Direct care workforce stabilization board	22,272	11,136	0	0	11,136	0.4
HB 23-1226 Hospital transparency and reporting	14,005	0	7,002	0	7,003	0.3
SB 23-172 Protecting opportunities and workers rights	10,331	10,331	0	0	0	0.0
HB 23-1136 Prosthetic devices	9,092	1,687	1,496	0	5,909	0.0
FY 22-23 R13 Compliance FTE	4,900	2,450	0	0	2,450	0.0
FY 23-24 BA20 Clinical navigation services	4,655	2,327	0	0	2,328	0.2
SB 23-298 Allow public hospital collab agreements	4,153	0	2,076	0	2,077	0.2
FY 23-24 R10 Youth complex and co-occurring needs	1,678	885,554	(884,715)	0	839	0.4
FY23-24 R14 Convert contracts to FTE	732	242	124	0	366	0.3
FY 23-24 Speech therapy funding	0	6,695	0	0	(6,695)	0.0
FY 22-23 BA10 HCBS ARPA	(78,056,447)	0	(62,061,809)	0	(15,994,638)	(32.9)
FY 23-24 BA6 PHE Funding	(24,190,723)	(5,657,528)	(2,146,802)	0	(16,386,393)	0.0
FY 23-24 Primary Care Fund	(14,030,868)	(7,000,000)	0	0	(7,030,868)	0.0
FY 23-24 NP1 Housing vouchers	(9,001,786)	(4,549,261)	0	0	(4,452,525)	0.0
FY 23-24 BA8 ARPA HCBS adjustments	(6,700,098)	0	(830,612)	0	(5,869,486)	11.3
FY 23-24 R6 Value based payments	(4,829,661)	(978,233)	(27,305)	0	(3,824,123)	0.0
FY23-24 NPBA1 IT Accessibility	(2,933,182)	(1,145,158)	(297,857)	(5,431)	(1,484,736)	0.0
FY 22-23 NPBA4 Nursing facility transfers	(2,888,664)	(1,444,332)	0	0	(1,444,332)	0.0
HB 22-1289 Child and pregnant health benefits	(2,880,514)	(1,940,258)	7,519	0	(947,775)	1.3
FY 23-24 Denver Health payments	(1,000,000)	(1,000,000)	0	0	0	0.0
FY 23-24 Rural provider access	(1,000,000)	(1,000,000)	0	0	0	0.0
FY 23-24 R11 Compliance	(940,988)	(249,523)	6,021	0	(697,486)	0.6
SB 21-286 Distribution FF HCBS	(758,098)	0	(379,049)	0	(379,049)	(5.0)
FY 22-23 R9 OCL prog enhancements	(677,650)	(338,825)	0	0	(338,825)	0.0
FY 23-24 R8 Cost and quality indicators	(555,450)	35,223	6,481	0	(597,154)	0.0
FY 22-23 R14 MMIS Funding adj	(554,109)	55,461	16,936	0	(626,506)	0.0
SB 21-025 Family Planning Srvc 4 Eligible Individuals	(551,269)	(227,925)	635	0	(323,979)	0.0
HB 23-1215 Limits on hospital facility fees	(516,950)	(535,613)	0	0	18,663	0.0
FY 23-24 Federal match trueup	(370,618)	279,314	2,266,103	4,500	(2,920,535)	0.0
FY 23-24 BA19 Alternative payment method	(361,492)	(96,598)	(20,672)	0	(244,222)	0.0
SB 18-145 Employment first recommendations	(331,200)	(331,200)	0	0	0	(0.5)
FY 22-23 BA9 eConsult program	(265,154)	(93,687)	(168,922)	0	(2,545)	0.0
FY 23-24 BA11 BH Crisis response funding	(203,040)	(203,040)	0	0	0	0.0
SB 22-196 Health for people in criminal justice	(129,422)	(64,711)	0	0	(64,711)	(1.0)
HB 22-1325 Primary care alternative payment	(127,125)	(127,125)	0	0	0	0.0
SB 23-288 Coverage for doula services	(100,000)	(100,000)	0	0	0	0.0
FY 22-23 R7 Utilization management	(97,300)	(27,924)	(5,966)	0	(63,410)	0.0
SB 22-106 Conflict interest behavioral health	(86,184)	(43,092)	0	0	(43,092)	(1.0)
HB 23-1197 Stakeholder process oversight host home	(75,000)	(37,500)	0	0	(37,500)	0.0

Annualize Prior Year Budget Actions						
Issue	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP FUNDS	FEDERAL FUNDS	FTE
FY 19-20 R9 LTHH/PDN Clinical assessment tool	(50,000)	(25,000)	0	0	(25,000)	0.0
FY 23-24 Salary survey	(28,035)	(10,789)	(2,062)	(413)	(14,771)	0.0
FY 23-24 NPBA2 Promoting equity thru tech	(9,582)	38,275	20,121	1,789	(69,767)	0.5
HB 23-1295 Audits of HCPF pymts to providers	(257)	(129)	0	0	(128)	0.1
Total	(\$77,079,752)	\$28,530,884	(\$81,996,106)	\$445	(\$23,614,975)	(12.9)

SUPPLEMENTALS

SET ASIDE FOR SUPPLEMENTALS: The Governor's budget letter includes a set aside in FY 2023-24 of \$29.2 million General Fund for potential supplementals. The letter does not detail how the Governor arrived at this net amount. Although the Governor's official supplemental request is not due until January 2024, the budget request for the Department includes projected FY 2022-23 impacts associated with the following requests.

FY 2023-24 Supplementals					
	TOTAL FUNDS	General Funds	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
R1 Medical Services Premiums	(\$81,594,992)	(\$5,745,819)	\$38,058,450	\$1	(113,907,624)
R2 Behavioral Health	(53,162,938)	(6,608,720)	(1,370,302)	0	(45,183,916)
R3 Child Health Plan Plus	(6,859,998)	4,717,761	(6,307,621)	0	(5,270,138)
R4 Medicare Modernization Act	(5,315,525)	(5,315,525)	0	0	0
R5 Office of Community Living	(19,448,163)	(8,937,575)	2,400,269	0	(12,910,857)
R14 Contract increases	1,974,480	0	521,534	0	1,452,946
TOTAL	(\$164,407,136)	(\$21,889,878)	\$33,302,330	\$1	(175,819,589)

TRANSPORTATION PROVIDER CREDENTIALING AND REVIEWS: After the November 1 budget request, the Department submitted an interim supplemental request for \$1,313,618 total funds, including \$394,085 General Fund, and 0.6 FTE related to non-emergent medical transportation (NEMT). It is not clear if the request is from the \$29.2 million General Fund the Governor set aside statewide for supplemental adjustments, or if it is in addition to that amount. The requested funding would increase benefit oversight in response to a suspected fraud scheme, including hiring a vendor for a statewide credentialing process, contracting with a vendor for pre- and post-payment claims reviews and analysis of how to mitigate vulnerabilities, and employing temporary staff to help providers navigate new screening requirements, manage the high volume of payment reviews to minimize backlogs, and coordinate with law enforcement investigating the alleged fraud.

The Department has seen dramatic increases in NEMT providers and utilization and received troubling reports. An example includes a report of a provider bribing Medicaid members at a homeless shelter to enter a vehicle in excess of the vehicle's capacity limits and to provide their Medicaid identification number. Allegedly, this provider then drove the clients from Pueblo to Denver to a methadone clinic. The clients were active Medicaid members and transportation to a methadone clinic is an eligible service covered by Medicaid, but the described number of people transported and the distance traveled when there were closer options would not be legal. Some of the alleged bribes were paid in the form of drugs, according to this report. The Department is concerned that clients are at risk as well as payments.

At the same time the Department is implementing rigorous new oversight measures, there are clients that need access to services and legitimate providers that need to get paid in a timely manner. The requested additional administrative resources are intended to keep disruptions to clients and legitimate providers at a minimum.

The staff recommendation on the interim supplemental will be presented December 20, 2023.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

FORECAST TRENDS: Requests R1 through R5 are based on the Department's most recent forecasts of enrollment and expenditures under current law and policy. Combined they drive a \$652.5 million increase in total funds, including a \$320.1 million increase in General Fund, in FY 2024-25. Of the new funds proposed for FY 2024-25, the forecast requests represent 74.1 percent of the total funds increase and 72.7 percent of the General Fund increase. These requests explain what drives the budget, but they are non-discretionary, as they represent the expected obligations under current law and policy. It would take a change to current law or policy to change the trends.

PROVIDER RATES: The Department requests \$244.2 million total funds, including \$71.3 million General Fund, for provider rate increases. This includes an increase of \$82.7 million total funds, including \$29.5 million General Fund, for a 1.0 percent increase for eligible providers and \$161.5 million total funds, including \$41.8 million General Fund, for targeted rate increases, primarily for dental services and wages for Home- and Community-Based Services.

ONE-TIME FUNDS: During the 2020 special session, 2021, 2022, and 2023 legislative sessions, the General Assembly allocated significant one-time funding to the Department of \$597.6 million.

DENVER HEALTH: The Department asserts that Denver Health's financial structure is "unsustainable" and that immediate funding is needed. In R15 Denver Health the Department requests that the JBC sponsor legislation to authorize a one-time \$5.0 million General Fund payment to Denver Health.

FOR MORE INFORMATION

JBC STAFF ANALYST: Eric Kurtz
(303) 866-4952
eric.kurtz@coleg.gov

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 2023.