

Joint Budget Committee Staff FY 2025-26 Budget Briefing Summary

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 2024-25 appropriation represents approximately 37.3 percent of statewide operating appropriations and 32.0 percent of statewide General Fund appropriations.

This summary only pertains to Behavioral Health Community Programs.

Summary of Request

Department of Health Care Policy and Financing						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
H.B. 24-1430 (Long Bill)	\$1,037,769,703	\$274,597,686	\$79,656,824	\$0	\$683,515,193	0.0
Other legislation	2,500,000	1,250,000	\$0	0	1,250,000	0.0
Total	\$1,040,269,703	\$275,847,686	\$79,656,824	\$0	\$684,765,193	0.0
FY 2025-26 Requested Appropriation						
FY 2024-25 Appropriation	\$1,040,269,703	\$275,847,686	\$79,656,824	\$0	\$684,765,193	0.0
R2 Behavioral Health	255,996,379	51,266,218	19,371,605	0	185,358,556	0.0
R12 BH and primary care integration	9,293,193	2,171,858	694,272	0	6,427,063	0.0
Annualize prior year budget actions	3,560,244	1,506,178	68,911	0	1,985,155	0.0
Total	\$1,309,119,519	\$330,791,940	\$99,791,612	\$0	\$878,535,967	0.0
Increase/-Decrease	\$268,849,816	\$54,944,254	\$20,134,788	\$0	\$193,770,774	0.0
Percentage Change	25.8%	19.9%	25.3%	0.0%	28.3%	0.0

R2 Behavioral health forecast: The Department requests an increase of \$256.0 million total funds for the Behavioral Health forecast in FY 2025-26. Amounts include \$51.3 million General Fund and \$185.4 million federal funds. The request increases to \$392.2 million total funds, including \$85.1 million General Fund, in FY 2026-27. The Committee will receive an updated forecast in February to inform the figure setting process.

The Department indicates that actual caseload was lower than the forecast for FY 2023-24, but capitation rates were higher than anticipated and more than offset the caseload decrease. Per-

member rates increased as high acuity patients remained enrolled and lower acuity patients were disenrolled. Enrollments are expected to increase in FY 2025-26 after a period of large disenrollments following the end of the Public Health Emergency declaration. In addition to forecast changes related to acuity, the Department indicates that general behavioral health need and utilization has increased since the COVID-19 pandemic.

Behavioral Health Capitation Forecast Changes		
Item	Total Funds	General Fund
FY 2024-25 Appropriation	\$1,040,269,703	\$275,847,686
Enrollment	38,732,612	14,263,628
Per capita cost	217,263,767	37,002,590
Forecast adjustment	\$255,996,379	\$51,266,218
FY 2025-26 Request	\$1,296,266,082	\$327,113,904

R12 Behavioral health and primary care integration: The Department requests a net increase of \$1.6 million total funds to transition integrated care from medical services premiums to behavioral health capitation. This is reflected as an increase of \$9.3 million total funds in behavioral health, partially offset by a \$7.7 million decrease in other sections of the Department’s budget. The Department indicates that integrated behavioral health care is a proven practice supported by a meta-analysis of 37 randomized control trials.

Integrated care refers to behavioral health services provided to patients in a primary care setting. The request includes three components resulting from stakeholder feedback.

- 1 **Increase \$4.5 million total funds** to expand coverage to include Health and Behavioral Assessment and Intervention (HBAI) Services. HBAI is a 15-minute assessment that is better adapted to primary care visits than an existing 60-minute assessment.
- 2 **Decrease \$5.8 million total funds** for anticipated reduced utilization of Short Term Behavioral Health (STBH) Services resulting from the shift to HBAI services.
- 3 **Increase \$2.9 million total funds** to expand coverage for Collaborative Care Management (CoCM) Services. CoCM is a team-based model that allows primary care providers to collaborate with psychiatrists on a treatment plan. The increase is partially offset by anticipated decreases to hospitalization and inpatient care.

The 2019 Behavioral Health Task Force recommended that the General Assembly integrate primary care and behavioral health using federal stimulus funds from the American Rescue Plan Act of 2021 (ARPA). [House Bill 22-1302 \(Health-care Practice Transformation\)](#) created the Primary Care and Behavioral Health Statewide Integration Grant Program. Grants were expected to support infrastructure and workforce developments related to implementing integrated care.

The request indicates that the Department received feedback from providers that integrated care was not sustainable without an updated billing model. Under the current structure, the first six STBH sessions are billed fee-for-service, and additional sessions are billed through the RAEs for behavioral health capitation. Supporting HBAI under capitation is intended to decrease the time spent on assessments while also simplifying billing administration for providers.

Annualize prior year actions: The request includes a net increase of \$3.6 million total funds for the out-year cost of prior year legislation and budget actions, provided in the table below.

Annualize prior year budget actions						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
HB 23-1038 High acuity youth	\$2,500,000	\$1,250,000	\$0	\$0	\$1,250,000	0.0
HB 24-1045 SUD treatment	1,025,500	243,900	67,807	0	713,793	0.0
FY 24-25 R6 Provider rates	18,308	4,060	1,104	0	13,144	0.0
FY 24-25 New DD waiver enroll	16,436	8,218	0	0	8,218	0.0
Total	\$3,560,244	\$1,506,178	\$68,911	\$0	\$1,985,155	0.0

Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

Budget Reduction Options: The Executive Budget Request does not include General Fund reductions for Behavioral Health Community Programs. This issue brief reviews additional reduction options identified by staff. A comprehensive review for the entire Department will be presented on December 11, 2024.

Prospective Payment System: This issue brief provides an overview of the newly implemented prospective payment system for comprehensive behavioral health providers designated by the Behavioral Health Administration.

Youth System of Care: This issue brief provides an overview of recent efforts to establish a system of care for youth behavioral health, including a recent settlement agreement in Colorado and the system of care developed by the state of New Jersey.

For More Information

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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 2024.