



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1235: UPDATES TO MEDICAID

Prime Sponsors:

Rep. Feret
Sen. Daugherty

Fiscal Analyst:

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Published for: Senate Health & Human Services**Drafting number:** LLS 26-0390**Version:** Second Revised Note**Date:** April 21, 2026**Fiscal note status:** This revised fiscal note reflects the reengrossed bill.

Summary Information

Overview. The bill makes several changes to the state's Medicaid program in the Department of Health Care Policy and Financing.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- Minimal State Workload

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

| Type of Impact | Budget Year FY 2026-27 | Out Year FY 2027-28 |
|-------------------------|---------------------------|------------------------|
| State Revenue | \$0 | \$0 |
| State Expenditures | \$0 | \$0 |
| Transferred Funds | \$0 | \$0 |
| Change in TABOR Refunds | \$0 | \$0 |
| Change in State FTE | 0.0 FTE | 0.0 FTE |

Summary of Legislation

The bill makes several changes to the state's Medicaid program in the Department of Health Care Policy and Financing (HCPF).

Home- and Community-Based Services

By September 30, 2027, HCPF must collect certain data from home- and community-based service (HCBS) agencies serving more than 30 members related to direct care service cost to administrative cost ratios, including workforce compensation, benefits, and operational cost data. By December 31, 2027, the department must submit a report to the General Assembly including this information.

Multiple Procedure Payment Reductions

The bill requires HCPF to provide notice to outpatient therapy providers at least six months before implementing multiple procedure payment reductions and to hold at least one stakeholder meeting to discuss implementation, application, and enforcement.

Transportation Providers

By December 1, 2026 and each December thereafter, transportation brokers that administer nonemergency medical transportation (NEMT) to Medicaid members must report certain information to HCPF, including provider data, the number of grievances submitted, and disciplinary actions taken. Beginning January 1, 2027, HCPF must include this information in its annual SMART Act hearing with the General Assembly.

Community Engagement Requirements

By January 1, 2027, the State Board of Medical Services in HCPF must adopt rules to implement federal community engagement requirements in a manner that ensures members can obtain coverage with the least amount of administrative burden. Beginning March 1, 2027 and each month thereafter, HCPF must publish certain Medicaid eligibility and enrollment data on its website to demonstrate the impacts of community engagement requirements. These requirements are repealed if federal community engagement requirements are amended, relocated, or repealed.

Opioid Treatment Providers

Under current law, HCPF must reimburse an opioid treatment program that administers medication-assisted treatment in a jail setting. The bill modifies this provision by requiring the department to reimburse any provider who is licensed and authorized to prescribe, dispense, compound, or administer medication-assisted treatment in a jail setting.

Medicaid Eligibility

The bill aligns provisions related to Medicaid eligibility for qualified noncitizens, including federal waiting period requirements and exceptions for certain populations such as pregnant individuals and children.

State Medical Assistance and Services Advisory Council

The bill repeals in the State Medical Assistance and Services Advisory Council in HCPF, which concluded in November 2024.

State Expenditures

Beginning in FY 2026-27, the bill minimally increases workload in HCPF to implement data reporting, stakeholder engagement, and notification requirements. These impacts are expected to be absorbable within existing appropriations.

Data Reporting

In FY 2026-27 and FY 2027-28 only, the department will collect, validate, and analyze data from certain HCBS agencies, calculate direct care service cost to administrative cost ratios, and compile a report for submission to the General Assembly. In addition, the department will publish eligibility and enrollment data on its website each month beginning in FY 2026-27.

Payment Reductions and Stakeholder Engagement

Beginning in FY 2026-27, workload will minimally increase for HCPF to notify HCBS agencies prior to implementing multiple procedure payment reductions for outpatient hospital therapy services. Workload will also increase for the department to conduct stakeholder meetings.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Behavioral Health Administration
Corrections

Health Care Policy and Financing