



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1366: DENVER HEALTH FEDERAL FUNDS FOR PHYSICIAN SERVICES

Prime Sponsors:

Rep. Brown; Sirota
Sen. Amabile; Kirkmeyer

Fiscal Analyst:

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Bill Outcome: Signed into Law

Drafting Number: LLS 26-0927

Version: Final Fiscal Note

Date: July 14, 2026

Fiscal note status: The final fiscal note reflects the enacted bill, which was recommended by the Joint Budget Committee as part of the FY 2026-27 Long Bill budget package.

Summary Information

Overview. The bill allows the Department of Health Care Policy and Financing to use money transferred from Denver Health to maximize reimbursement through state-directed payments for physician services.

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

- State Revenue
- State Expenditures
- Statutory Public Entity

Appropriations. For FY 2026-27, the bill requires and includes an appropriation of \$11,331,445 to the Department of Health Care Policy and Financing.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$3,527,482	not estimated
State Expenditures	\$11,331,445	not estimated
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Funds sources for these impacts are shown in the tables below.

Table 1A
State Revenue

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0
Cash Funds	\$3,527,482	not estimated
Total Revenue	\$3,527,482	not estimated

Table 1B
State Expenditures

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0
Cash Funds	\$3,527,482	not estimated
Federal Funds	\$7,803,973	not estimated
Centrally Appropriated	\$0	\$0
Total Expenditures	\$11,331,445	not estimated
Total FTE	0.0 FTE	0.0 FTE

Summary of Legislation

The bill allows the Department of Health Care Policy and Financing (HCPF) to use money transferred from Denver Health to maximize reimbursement through state-directed payments (SDPs) for physician services at Denver Health.

Background and Assumptions

Funding providers through SDPs increases the payment cap and allows the state to draw down additional federal funds for the same services rendered. [House Bill 25-1213](#) authorized similar financing for hospital services, but not specifically for physician services. Transfers from Denver Health are assumed to be exempt from TABOR under the same legal framework as HB 25-1213.

State Revenue

The bill is estimated to increase state revenue by \$3.5 million in FY 2026-27 to the Healthcare Affordability and Sustainability Fee (HAS) Cash Fund in HCPF from intergovernmental transfers initiated by Denver Health. Future-year revenue depends on a variety of factors and cannot be estimated. This revenue is exempt from TABOR.

State Expenditures

The bill increases HCPF expenditures for SDPs to Denver Health by an estimated \$11.3 million in FY 2026-27, paid from the HAS Cash Fund and federal funds. Future year costs depend on the available state share of funding for payments, intergovernmental transfers, the federal match rate, service utilization by providers, and the average commercial rate; therefore, the fiscal note cannot estimate expenditures beyond FY 2026-27.

Statutory Public Entity

To receive the federal funds, Denver Health must expand the number of physicians and eligible practitioners; support graduate medical education; and increase screenings for breast cancer, for colorectal cancer, and for depression and follow-up plans. This will increase costs for Denver Health, which will be offset by additional federal funding from HCPF.

Effective Date

This bill was signed into law by the Governor and took effect on May 28, 2026.

State Appropriations

For FY 2026-27, the bill requires and includes the following appropriations to the Department of Health Care Policy and Financing:

- \$3,527,482 from the HAS Cash Fund; and
- \$7,803,973 from federal funds.

State and Local Government Contacts

Health Care Policy and Financing

Joint Budget Committee Staff