



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated March 7, 2022)

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| Drafting Number: | LLS 22-0608 | Date: | March 25, 2022 |
| Prime Sponsors: | Rep. Holtorf; Amabile | Bill Status: | House Appropriations |
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Bill Topic: **MEDICAID MENTAL HEALTH REIMBURSEMENT RATES REPORT**

Summary of Fiscal Impact:

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|---|--|
| <input type="checkbox"/> State Revenue | <input type="checkbox"/> TABOR Refund |
| <input checked="" type="checkbox"/> State Expenditure | <input type="checkbox"/> Local Government |
| <input type="checkbox"/> State Transfer | <input type="checkbox"/> Statutory Public Entity |

The bill requires an audit of Medicaid reimbursement rates for independent mental health and substance abuse treatment providers and the publication of a cost report for community mental health centers. It increases state workload through FY 2024-25.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The revised fiscal note reflects the introduced bill, as amended by the Public and Behavioral Health and Human Services Committee.

Summary of Legislation

By August 15, 2022, the bill requires the Department of Health Care Policy and Financing (HCPF) to submit a behavioral health rates report to the legislature regarding Medicaid reimbursement rates for independent mental health and substance abuse treatment providers. HCPF must contract with an independent auditor to prepare the report and make recommendations. The report must use FY 2020-21 data and include a determination of and recommendations on the adequacy of reimbursement rates paid to Medicaid mental health providers.

In coordination with the behavioral health rates report, HCPF is required to develop recommendations on creating equitable payment models for these providers to minimize inappropriate payment variation between the two provider types. HCPF is required to present the report and its action plan to the General Assembly, and provide a progress report on action plan implementation to the Joint Budget Committee by November 15, 2022, as well as during its SMART Government Act hearing from 2023 through 2025.

HCPF is required to publish cost reports for community mental health centers no later than March 15 of each year, beginning in 2023, following a stakeholder engagement process. To facilitate cost reporting, HCPF is required to establish a cost reporting template and schedule to assist providers in collecting the required information. From this information, HCPF must create a publicly available website.

Background

HCPF is currently responsible for publishing information on rate equity and health access, including through the Access Monitoring Review Plan, the Medicaid Provider Rate Review Analysis and Recommendation Reports, and the Managed Care Network Adequacy and Quality Report. Additionally, HCPF funds and informs the Colorado Health Access Survey. Typically the process for these publications, specifically the Medicaid Provider Rate Review Analysis and Recommendation Reports, includes data collection and analysis, soliciting a wide range of stakeholder feedback, evaluating the scope and depth of feedback, and developing study designs and actionable recommendations. This work also includes reviewing regulatory requirements and preparing state plan amendments and rule changes as necessary. This process typically takes three to five years per published report.

State Expenditures

The bill increases state workload in HCPF beginning in FY 2022-23, as detailed below.

- **Behavioral health rate comparison report, action plan, and implementation reporting.** HCPF has already procured and paid an independent contractor for actuarial and analyst services for a behavioral health rate review using FY 2020-21 data to identify discrepancies between rates for the two provider types and the causes, and this independent review can meet the bill's deadline of August 15, 2022. The fiscal note assumes that this review meets the bill's requirement that HCPF contract for a behavioral health rate review and has not included resources for this requirement based on that assumption. HCPF will use this review and its recommendations to formulate its action plan.
- **Cost and transparency reporting.** HCPF can create the cost report and cost submission forms within existing resources, as well as publish the information on the website.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Health Care Policy and Financing

Information Technology