



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1162: ELIGIBILITY REDETERMINATION FOR MEDICAID MEMBERS

Prime Sponsors:

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Fiscal note status: The fiscal note reflects the introduced bill. Due to time constraints, this analysis is preliminary and will be updated following further review and any additional information received.

Summary Information

Overview. The bill limits how the Department of Health Care Policy and Financing can collect Medicaid eligibility information.

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

- State Expenditures

Appropriations. For FY 2025-26, the bill requires an appropriation of \$635,562 to the Department of Health Care Policy and Financing.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$667,356	\$677,384
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	1.8 FTE	2.0 FTE

Table 1A
State Expenditures

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$317,781	\$321,028
Cash Funds	\$0	\$0
Federal Funds	\$317,781	\$321,028
Centrally Appropriated	\$31,794	\$35,328
Total Expenditures	\$667,356	\$677,384
Total FTE	1.8 FTE	2.0 FTE

Summary of Legislation

Currently, the Department of Health Care Policy and Financing (HCPF) collects income information once a year to verify that Medicaid members are still financially eligible for services. For members receiving Long-Term Services and Supports (LTSS), HCPF collects medical information to verify eligibility at least once a year, but may reassess any time there is a change in medical condition.

The bill requires HCPF to:

- collect income information once every three years or as infrequently as allowed by the Center for Medicare and Medicaid Services (CMS) for members on a fixed income;
- collect income information while collecting medical information if the member will be required to submit income information within 60 days;
- reduce the number of questions on the medical information collection form;
- allow medical professionals to complete the form for the member; and
- not reassess medical information when the only change in condition is a shift between receiving care in an institutional setting or a home and community-based setting.

State Expenditures

The bill increases state expenditures in HCPF by about \$667,000 in FY 2025-26 and future years. These costs, paid equally from the General Fund and federal funds, are summarized in Table 2 and discussed below.

**Table 2
State Expenditures
Department of Health Care Policy and Financing**

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$101,463	\$112,736
Operating Expenses	\$2,304	\$2,560
Capital Outlay Costs	\$13,340	\$0
Computer Programming (CBMS)	\$259,227	\$263,380
Computer Programming (CCMS)	\$259,227	\$263,380
Centrally Appropriated Costs	\$31,794	\$35,328
Total Costs	\$667,356	\$677,384
Total FTE	1.8 FTE	2.0 FTE

Department of Health Care Policy and Financing

HCPF currently contracts with various entities to perform eligibility reviews. Income eligibility reviews are currently conducted by various eligibility sites and medical eligibility reviews are conducted by Case Management Agencies (CMAs). There is no current system for coordinating the efforts, nor is there a system for verifying eligibility for a period longer than one year or distinguishing members with a fixed income. Developing such a system will require staff, computer programming, and changes to contracts as discussed below. Due to time constraints, these estimates are preliminary. The bill may also increase service costs if HCPF provides additional services to people who otherwise would have been disenrolled from Medicaid.

Staff

HCPF requires 2.0 FTE to apply for all necessary federal waivers, prepare any corresponding federally required reports, and manage contracts for compliance with the bill. This estimate assumes that HCPF cannot utilize their current framework for waiver applications since past applications have not centered around the eligibility redetermination process. Staffing costs are prorated for an August 2025 start date. Standard operating and capital costs are included.

Computer Programming

HCPF requires about \$520,000 update the Colorado Benefits Management System (CBMS) and the Care and Case Management System (CCMS) to collect the necessary income and medical information. The CBMS system upgrades are estimated to require 2,026 hours at a rate of \$130 per hour. The costs required to update the CCMS are preliminarily estimated to be the same as CBMS.

Contract Costs

HCPF's contracts with eligibility sites and CMAs will need to be renegotiated to coordinate the income and medical eligibility review efforts. Pending clarification on what contract changes are required (see Technical Note), the fiscal note assumes that workload is absorbable given the system upgrades discussed in the computer programming section.

Service Costs

If the bill results in members remaining on Medicaid for up to two years after they would have been found ineligible, costs to service these members will increase. The fiscal note assumes that this effect will be minimal since the bill only applies to members on a fixed income.

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs are shown in the expenditure table above.

Technical Note

Income and medical Medicaid eligibility reviews are currently two separate processes conducted through different contractors. The fiscal note reflects costs for the two systems to communicate and track the necessary data. It is unclear to what extent the bill requires the two processes to integrate. If additional process integration is required, HCPF will have additional costs.

Effective Date

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

State Appropriations

For FY 2025-26, the bill requires an appropriation of \$635,562, split evenly between General Fund and federal funds, to the Department of Health Care Policy and Financing, and 1.8 FTE.

Departmental Difference

HCPF estimates that the bill requires \$1,203,086 in FY 2025-26 and \$1,229,206 in FY 2026-27 as a result of additional continued stay rate assessments conducted under the bill. The fiscal note assumes that the total number of assessments conducted annually will remain unchanged from current law.

State and Local Government Contacts

Health Care Policy and Financing