



## Fiscal Note

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HB 25-1213: UPDATES TO MEDICAID

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**Prime Sponsors:**

Rep. Feret  
Sen. Daugherty

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### Summary Information

**Overview.** The bill exempts small assisted living facilities from certain regulations and modifies the state Medicaid program.

**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 \$21,982 to the Department of Public Health and Environment.

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**Table 1**  
**State Fiscal Impacts**

<b>Type of Impact<sup>1</sup></b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
State Revenue	\$0	\$0
State Expenditures	\$26,511	-\$9,252
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.2 FTE	-0.1 FTE

<sup>1</sup> Fund sources for these impacts are shown in the tables below.

**Table 1A**  
**State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	\$0	\$0
Cash Funds	\$21,982	-\$7,328
Federal Funds	\$0	\$0
Centrally Appropriated	\$4,529	-\$1,924
<b>Total Expenditures</b>	<b>\$26,511</b>	<b>-\$9,252</b>
<b>Total FTE</b>	<b>0.2 FTE</b>	<b>-0.1 FTE</b>

## Summary of Legislation

The bill exempts certain assisted living facilities from compliance standards and modifies the state's Medicaid program.

### Assisted Living Facilities

The bill requires the Colorado Department of Public Health and Environment (CDPHE) to exempt an assisted living facility with fewer than 19 beds that has not undergone new construction or renovations from complying with facility guidelines.

### Medicaid

The bill makes several changes to administrative, eligibility, billing, and review requirements of the state's Medicaid program under the Department of Health Care Policy and Financing (HCPF), including:

- directing HCPF to adopt standards set by the federal Centers for Medicare and Medicaid Services (CMS) when updating existing rules;
- requiring HCPF to establish a process to review and update the general billing manual on an annual basis;
- requiring a managed care organization (MCO) to issue payment to a contracted provider within one year for a claim that is reprocessed after updating provider rates;
- expanding contract requirements between HCPF and MCOs;
- prohibiting HCPF from imposing signature requirements beyond what is required by CMS on a physician or practitioner who is certifying a member's plan of care that involves physical or occupational therapy services; and
- requiring HCPF to continue providing long-term care services to members if their disability or need has not changed in the past three years.

## Assumptions

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CDPHE regulates assisted living facilities and promulgates rules related to sanitization, food safety, dining services, pest control, and waste management, among others. The fiscal note assumes that "facility guidelines," as referenced in the bill, includes all rules and regulations imposed by the CDPHE on these facilities. The fiscal note also assumes that these facilities would still be licensed by the state and, therefore, maintain compliance with rules and regulations related to patient care.

## State Expenditures

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The bill increases state expenditures in the Department of Public Health and Environment by about \$27,000 in FY 2025-26 and decreases expenditures by \$9,000 beginning in FY 2026-27. These costs, paid from the Assisted Living Residence Cash Fund, are summarized in Table 2 and discussed below. The bill also affects workload in the Department of Health Care Policy and Financing.

**Table 2**  
**State Expenditures**  
**Department of Public Health and Environment**

<b>Cost Component</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Personal Services – Rulemaking	\$29,310	\$0
Personal Services – Facility Inspections	-\$7,328	-\$7,328
Centrally Appropriated Costs – Net	\$4,529	-\$1,924
<b>Total Costs</b>	<b>\$26,511</b>	<b>-\$9,252</b>
<b>Total FTE – Rulemaking</b>	<b>0.3 FTE</b>	<b>0.0 FTE</b>
<b>Total FTE – Facility Inspections</b>	<b>-0.1 FTE</b>	<b>-0.1 FTE</b>

## Department Public Health and Environment

Starting in FY 2025-26, the bill impacts expenditures in the CDPHE in two ways, as shown in Table 2 and described below.

### Rulemaking

In FY 2025-26 only, the CDPHE requires 0.3 FTE Policy Analyst III to assist the Board of Health with rule modification and conduct outreach to exempted facilities. The department may require legal services, provided by the Department of Law, related to rulemaking and implementation, which can be accomplished within existing appropriations.

## Facility Inspections

Currently, the CDPHE conducts routine surveys on assisted living facilities every three years. Eliminating inspections for an estimated 400 exempted facilities decreases department expenditures by 0.1 FTE Health Professional III starting in FY 2025-26.

## Department of Health Care Policy and Financing

Workload in HCPF will minimally increase to update rules, publish medical loss ratio data, and implement certain provisions in the bill. However, various fiscal impacts are indeterminate and may increase expenditures on an ongoing basis. See Technical Note.

## 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, which may include employee insurance, supplemental employee retirement payments, leased space, and indirect cost assessments, are shown in the expenditure table above.

## Technical Note

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The fiscal note cannot estimate the impact of several provisions which are either unclear or potentially conflict with federal law. Specifically, the bill does not specify which CMS standards HCPF must adopt when updating rules and does not define which "necessary CPT codes" must be reviewed and updated annually or if this requires an evaluation of all codes. Thus, the impact of these provisions is indeterminate. In addition, the bill requires HCPF to continue providing long-term care services for three years if there is no change in disability or service needs, which conflicts with federal regulations requiring annual reevaluation, among other things. Thus, the fiscal note assumes this provision will not be implemented in order to ensure ongoing federal financial participation for the state Medicaid program.

## Effective Date

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

## State Appropriations

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For FY 2025-26, the bill requires an appropriation of \$21,982 from the Assisted Living Residence Cash Fund to the Department of Public Health and Environment, and 0.3 FTE.

## **State and Local Government Contacts**

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Health Care Policy and Financing

Public Health and Environment

Law