



JOINT BUDGET COMMITTEE STAFF FY 2021-22 BUDGET BRIEFING SUMMARY

Colorado General Assembly
Joint Budget Committee

Department of Health Care Policy and Financing

The Department of Health Care Policy and Financing helps pay health and long-term care expenses for low-income and vulnerable populations. To assist with these costs the Department receives significant federal matching funds, but must adhere to federal rules regarding program eligibility, benefits, and other features, as a condition of accepting the federal money. The Department's FY 2019-20 appropriation represents approximately 37.6 percent of statewide operating appropriations and 29.3 percent of statewide General Fund appropriations.

FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATE D FUNDS	FEDERAL FUNDS	FTE
FY 2020-21 APPROPRIATION:						
HB 20-1360 (Long Bill)	12,048,019,640	3,370,498,402	1,582,848,138	48,000,598	7,046,672,502	560.6
Other Legislation	(14,183,893)	(185,792,399)	184,520,266	(2,044,073)	(10,867,687)	(3.9)
TOTAL	\$12,033,835,747	\$3,184,706,003	\$1,767,368,404	\$45,956,525	\$7,035,804,815	556.7
FY 2021-22 REQUESTED APPROPRIATION:						
FY 2020-21 Appropriation	\$12,033,835,747	3,184,706,003	\$1,767,368,404	\$45,956,525	\$7,035,804,815	556.7
R1 Medical Services Premiums	329,669,130	198,145,197	(26,212,193)	(5,066)	157,741,192	0.0
R2 Behavioral Health	(55,261,248)	(18,371,642)	8,251,231	0	(45,140,837)	0.0
R3 Child Health Plan Plus	(31,086,304)	10,398,339	(8,994,295)	0	(32,490,348)	0.0
R4 Medicare Modernization Act	21,592,081	21,592,081	0	0	0	0.0
R5 Office of Community Living	32,484,690	36,115,020	707,025	0	(4,337,355)	0.0
R6 Remote supports for HCBS programs	(716,616)	(348,345)	(9,962)	0	(358,309)	0.0
R7 Nurse advice line	0	898,265	(88,166)	0	(810,099)	0.0
R8 Supported living services flexibility	940,718	470,359	0	0	470,359	0.0
R9 Patient access rule compliance	2,862,999	(1,552)	0	0	2,864,551	1.0
R10 Convert contractor funds to FTE	(1,028,965)	0	(21,609)	0	(1,007,356)	13.5
R11 Medicaid for Connect for Health	4,509,043	0	2,007,893	0	2,501,150	0.0
R12 ARRA-HITECH Funding transition	0	0	0	0	0	0.0
R13 Family medicine residency funding	1,208,936	379,468	0	225,000	604,468	0.0
R14 Technical adjustments	(728,105)	(364,052)	0	0	(364,053)	0.0
R15 HAS Fee offset GF	0	(80,000,000)	80,000,000	0	0	0.0
R16 Provider rate adjustments	(41,349,862)	(15,751,002)	0	0	(25,598,860)	0.0
R17 Medicaid benefit adjustments	(7,164,645)	(3,614,741)	0	0	(3,549,904)	0.0
R18 Behavioral health performance incentives and SUD implementation	(89,357,696)	(23,578,390)	0	0	(65,779,306)	0.0
R19 Financing and grant programs	(10,013,985)	(15,882,005)	0	0	5,868,020	0.0
R20 MMIS Annualization delay	(7,376,207)	(2,035,713)	0	0	(5,340,494)	0.0
R21 Federal match for cash funds	(9,314,184)	(4,358,071)	3,822,119	(3,916,431)	(4,861,801)	0.0
R22 Personal services reduction	(445,628)	(445,628)	0	0	0	0.0
R23 Behavioral health eligibility and claims systems consolidation	7,466,780	7,488,276	0	0	(21,496)	0.0

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
R24 Addressing health care disparities	5,900,000	1,000,000	0	0	4,900,000	0.0
Annualize prior year budget actions	149,441,221	211,945,305	(155,163,156)	2,044,523	90,614,549	0.7
Centrally appropriated items	1,125,946	787,476	(39,826)	(263,582)	641,878	0.0
Human Services	(1,113,175)	2,116,351	0	0	(3,229,526)	0.0
Transfers to other state agencies	(50,717)	(24,147)	0	0	(26,570)	0.0
Tobacco forecast	(19,080)	(9,540)	(9,540)	0	0	0.0
TOTAL	\$12,336,010,874	\$3,511,257,312	\$1,671,617,925	\$44,040,969	\$7,109,094,668	571.9
INCREASE/(DECREASE)	\$302,175,127	\$326,551,309	(\$95,750,479)	(\$1,915,556)	\$73,289,853	15.2
Percentage Change	2.5%	10.3%	(5.4%)	(4.2%)	1.0%	2.7%

DESCRIPTION OF INCREMENTAL CHANGES

R1 MEDICAL SERVICES PREMIUMS: The Department requests a net increase of \$329.7 million total funds, including \$198.1 million General Fund, for projected changes in caseload, per capita expenditures, and fund sources for the Medical Services Premiums line item. *See the issue brief "Forecast Trends" for more information.*

R2 BEHAVIORAL HEALTH PROGRAMS: The Department requests a net decrease of \$55.3 million total funds, including a decrease of \$18.4 million General Fund, for projected changes in caseload, per capita expenditures, and fund sources for behavioral health services. *See the issue brief "Forecast Trends" for more information.*

R3 CHILD HEALTH PLAN PLUS: The Department requests a net decrease of \$31.1 million total funds, including an increase of \$10.4 million General Fund, for projected changes in caseload, per capita expenditures, and fund sources for the Children's Basic Health Plan. *See the issue brief "Forecast Trends" for more information.*

R4 MEDICARE MODERNIZATION ACT: The Department requests an increase of \$21.6 million General Fund for the projected state obligation, pursuant to the federal Medicare Modernization Act, to pay the federal government in lieu of the state covering prescription drugs for people dually eligible for Medicaid and Medicare. *See the issue brief "Forecast Trends" for more information.*

R5 OFFICE OF COMMUNITY LIVING: The Department requests a net increase of \$32.5 million total funds, including \$36.1 million General Fund, for projected changes in caseload, per capita expenditures, and fund sources for services for people with intellectual and developmental disabilities. *See the issue brief "Forecast Trends" for more information.*

R6 REMOTE SUPPORTS FOR HCBS PROGRAMS: The Department requests a decrease of \$716,616 total funds, including \$348,345 General Fund, to implement a remote support option into existing electronic monitoring services in several HCBS waivers. *Implementing a remote support option in the HCBS Elderly, Blind, and Disabled waiver program would require a statutory change.* *See the issue brief "Remote Support for HCBS Programs" for more information.*

R7 NURSE ADVICE LINE: The Department requests a net \$0 change in total funds, but an increase of \$898,265 General Fund for continued operation of the nurse advice line despite a discontinuation of federal funds. The Governor's budget navigator identifies this as an initiative to save people money on healthcare.

R8 SUPPORTED LIVING SERVICES FLEXIBILITY: The Department requests \$940,718 total funds, including \$470,359 General Fund, to provide additional HCBS services and supports to members on the Supported Living Services waiver who are in need of services that exceed the service plan authorization limit. The Governor's budget navigator

identifies this as a health initiative to serve vulnerable Coloradoans. See the issue brief “Supported Living Services Flexibility” for more information.

R9 PATIENT ACCESS RULE COMPLIANCE: The Department requests a net increase of \$2.9 million total funds, including a decrease of \$1,552 General Fund, and 1.0 FTE to implement new federal rules regarding Medicaid client access to health records.

R10 CONVERT CONTRACTOR FUNDS TO FTE: The Department requests a net decrease of \$1.0 million total funds and an increase of 13.5 FTE to bring work previously done by contractors in-house.

R11 MEDICAID FOR CONNECT FOR HEALTH: The Department requests an increase of \$4.5 million total fund for expected eligibility work by Connect for Health that can be certified as public expenditures to match federal funds.

R12 ARRA-HITECH FUNDING TRANSITION: The Department requests a net \$0 change to reflect a change in the federal financing authority for the Health Information Exchange and a consolidation of line items.

R13 FAMILY MEDICINE RESIDENCY FUNDING: The Department requests \$1.2 total funds, including \$379,468 General Fund, to partially restore an FY 2020-21 reduction in funding for family medicine residency placements.

R14 TECHNICAL ADJUSTMENTS: The Department requests a net reduction \$728,105 total funds, including a reduction of \$364,052 General Fund, to collapse the funding for Community Centered Boards and Single Entry Points into one line item, make a handful of transfers of contract funds between line items to improve transparency, and eliminate a transfer from the Department of Public Health and Environment that is no longer necessary due to a lack of federal matching funds for the transfer.

R15 HAS FEE OFFSET GF: The Department requests a net \$0 change in total funds, but a decrease of \$80.0 million General Fund, to temporarily use money from the Healthcare Affordability and Sustainability (HAS) Fee to offset the need for General Fund. This is a budget balancing proposal similar to what the General Assembly authorized in H.B. 20-1386. *Using the HAS Fee to offset General Fund would require a statutory change.*

R16 PROVIDER RATE ADJUSTMENTS: The Department requests a net decrease of \$41.3 million total funds, including a decrease of \$15.8 million General Fund, for changes to provider rates. *The proposed modification to nursing home rates would require a statutory change.*

R16 PROVIDER RATE ADJUSTMENTS					
RATE	CHANGE	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS
Nursing facilities	No auto adjust	(\$13,741,537)	(\$6,870,769)	\$0	(\$6,870,768)
Lab testing	80% of Medicare	(12,587,595)	(2,923,654)	(699,548)	(8,964,393)
Hospital outpatient physician administered drugs	340B drug price discount	(6,546,978)	(1,805,502)	(323,572)	(4,417,904)
Anesthesia	100% of Medicare	(5,959,562)	(1,904,319)	(245,399)	(3,809,844)
Prosthetics, orthotics, ambulatory surgical centers	100% of Medicare	(1,360,741)	(546,717)	(35,307)	(778,717)
Allergy test antigen preparation	Commercial benchmark	(694,456)	(161,298)	(38,594)	(494,564)
Pulse oximeter rental	10% of purchase price	(458,993)	(184,413)	(11,910)	(262,670)
Cash Fund Transfer to Offset the General Fund		0	(1,354,330)	1,354,330	0
TOTAL		(\$41,349,862)	(\$15,751,002)	\$0	(\$25,598,860)

R17 MEDICAID BENEFIT ADJUSTMENTS: The Department requests a net decrease of \$7.2 million total funds, including \$3.6 million General Fund, for targeted Medicaid benefit reductions. Specifically, the Department proposes setting a limit on outpatient speech therapy evaluations, implementing an enrollment cap on the Program of All-

Inclusive Care for the Elderly (PACE), and eliminating funding for the state-only preventive dental hygiene program for people with intellectual and developmental disabilities. Nearly 90 percent of the savings comes from the enrollment cap on PACE.

R18 BEHAVIORAL HEALTH PERFORMANCE INCENTIVES AND SUD IMPLEMENTATION: The Department requests a reduction of \$89.4 million total funds, including \$23.6 million General Fund, for behavioral health programs composed of: (1) a 25 percent decrease in incentive payments that are based on provider service performance and quality metrics to save \$9.3 million total funds, including \$4.7 million General Fund; and (2) an adjustment to funding for the new Substance Use Disorder (SUD) benefit based on lower estimates of provider capacity and consequent utilization to save \$80.0 million total funds, including \$18.9 million General Fund.

R19 FINANCING AND GRANT PROGRAMS: The Department requests a net reduction of \$10.0 million total funds, including a decrease of \$15.9 million General Fund, to: (1) temporarily restructure the Primary Care Fund Program in a way that would draw a federal match and save \$10.0 million General Fund while increasing total payments to providers by about 5.0 percent; (2) eliminate \$10.8 million total funds, including \$5.4 million General Fund, for the pediatric specialty hospital payment that goes to Children's Hospital; and (3) eliminate the Screening, Brief Intervention, and Referral to Treatment (SBIRT) Training Grant Program to free up \$500,000 from the Marijuana Tax Cash Fund that would be used to offset General Fund for Medical Services Premiums. *The proposed restructure of the Primary Care Fund Program would require a bill and a resolution declaring a fiscal emergency. Using the savings from eliminating the SBIRT Training Grant Program to offset General Fund for Medical Services Premiums may also require a statutory change.*

R20 MMIS ANNUALIZATION DELAY: The Department requests a reduction of \$7.4 million total funds, including a decrease of \$2.0 million General Fund, for a reduction in funding for a services integrator vendor. The Department was originally scheduled to procure a full-time and on-going services integrator vendor beginning in FY 2020-21, but in a budget balancing move the General Assembly delayed funding until FY 2021-22. The Department proposes delaying the start of funding for the vendor for another year to FY 2022-23 to achieve one more year of savings.

R21 FEDERAL MATCH FOR CASH FUNDS: The Department requests legislation to use the temporary increase in the federal match available through the federal Families First Coronavirus Response Act for certain financing payments in order to provide General Fund relief. Specifically, the Department would: (1) use any federal funds earned from certified public expenditures in excess of 50 percent benefit to offset the General Fund; and (2) reduce General Fund appropriations for an intergovernmental transfer from the University of Colorado by the amount of matching federal funds received in excess of 50 percent. In addition to the fiscal impact on the Department there would be another \$4.5 million General Fund savings in the Department of Higher Education. The financing of both the certified public expenditures and the intergovernmental transfer lag behind when services are delivered. Thus, when an extension of the federal public health emergency declaration increased the amount of time Colorado will receive an enhanced federal match in FY 2020-21, it impacts the financing payments in FY 2021-22. *Implementing this change requires legislation, similar to H.B. 20-1385.*

R22 PERSONAL SERVICES REDUCTION: The Department requests a reduction of \$445,628 General Fund, or 2.5 percent of the personal services salary base. The request is to convert half of the one-time 5.0 percent reduction to the personal services salary base that was approved by the General Assembly last year into an ongoing reduction.

R23 BEHAVIORAL HEALTH ELIGIBILITY AND CLAIMS SYSTEM CONSOLIDATION: The Department requests a net increase of \$7.5 million, including \$7.5 million General Fund, to integrate eligibility determinations, claims processing, and data reporting for various behavioral health programs statewide. The proposal attempts to leverage existing systems used by the Department in order to serve programs operated by other departments, and so the Department

of Health Care Policy and Financing is taking the lead on the request. The Governor's budget navigator identifies this as a strategic investment and stimulus in information technology to strengthen the state response to behavioral health needs.

R24 ADDRESSING HEALTH CARE DISPARITIES: The Department requests \$5.9 million total funds, including \$1.0 million General Fund, to support data transfers from community partners and provide data analytics to identify health disparities by race and ethnicity. The Department's goals are to better target outreach, training, and technical assistance and eventually to condition value-based payments to providers on evidence that they are improving health outcomes where disparities exist. The Governor's budget navigator identifies this as a strategic investment and stimulus to create a more equitable Colorado.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes adjustments for out-year impacts of prior year legislation and budget actions, summarized in the table below. The titles of the annualizations begin with either a bill number or the relevant fiscal year. For budget decisions made in the Long Bill, the title includes a reference to the priority number the Department used in that year for the initiative, if relevant. If there is no reference to a bill number or priority number, then the change was initiated by an action other than a bill or request from the Department.

The largest General Fund increases are for the expiration of one-time budget balancing measures implemented by the General Assembly, including:

- H.B. 20-1386 that used money from the Healthcare Affordability and Sustainability (HAS) Fee to offset the need for General Fund
- FY 20-21 R11 Patient placement and benefit – SUD that adjusted the budget for a delay in the implementation of the substance use disorder (SUD) benefit
- H.B. 20-1385 that captured the benefit to certain cash funds provided by a temporary increase in the federal match rate and converted that benefit to General Fund relief
- FY 20-21 Refinance GF with IDD CF that used a balance in the Intellectual and Developmental Disabilities Services Cash Fund to offset the need for General Fund

There is a smaller General Fund increase of \$5.5 million for local minimum wage rate adjustment that can be broken down into the following pieces:

- \$2.7 million total funds, including \$1.4 million General Fund, for the increase in nursing home rates required by H.B. 19-1210
- \$5.4 million total funds, including \$2.7 million General Fund, for the second half of mid-year rate adjustments the General Assembly approved in FY 2020-21 for personal care, homemaker services, health maintenance activities, residential habilitation, and consumer directed services
- \$2.8 million total funds, including \$1.4 million General Fund, for further increases for the same subset of rates to keep pace with scheduled increases in the Denver minimum wage in FY 2021-22

The last component of the local minimum wage rate adjustment is potentially discretionary, if the General Assembly directed the Department to take a different approach.

The largest decreases in General Fund are for the second year of H.B. 20-1362 that temporarily limits the maximum allowable increase in nursing home rates to 2.0 percent (rather than 3.0 percent) for FY 2020-21 and FY 2021-22 and for implementation of FY 20-21 R12 Work number verification that uses automated tools to verify income at application and reduce the Medicaid applicants initially determined eligible who are later determined ineligible.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS

Item	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 20-21 R11 Patient placement and benefit - SUD	\$130,401,052	\$25,611,411	\$8,628,370	\$0	\$96,161,271	0.0
FY 20-21 R18/BA9 Public School Health Services	37,499,413	0	18,724,706	0	18,774,707	0.0
FY 20-21 Federal match rate non-forecast line items	12,816,638	860,909	12,816,638	0	(860,909)	0.0
FY 20-21 Local minimum wage rate adjustment	10,919,423	5,459,713	0	0	5,459,710	0.0
SB 20-212 Telehealth services	5,068,377	(1,489,630)	307,030	0	6,250,977	0.0
FY 19-20 OeHI Operating	4,507,691	2,411,350	0	0	2,096,341	0.0
FY 20-21 R12 Medicaid enterprise operations	4,345,924	1,146,549	550,721	0	2,648,654	0.2
HB 20-1385 Capture federal match to cash funds	4,310,802	24,733,945	(24,733,945)	2,021,766	2,289,036	0.0
SB 19-005 Import prescription drugs	985,162	985,162	0	0	0	0.9
HB 20-1379 Suspend direct distribution to PERA	977,212	880,628	74,277	22,307	0	0.0
FY 20-21 Increase funding for IDD enrollments	625,141	312,570	0	0	312,571	0.0
FY 20-21 R7 Payment reform	125,405	156,340	82,237	0	(113,172)	0.0
FY 20-21 R19 Leased space	120,606	50,003	10,300	0	60,303	0.0
HB 19-1210 Local government minimum wage	109,500	54,750	0	0	54,750	0.1
SB 19-197/SB 15-011 Spinal cord injury	109,318	54,982	0	0	54,336	0.0
FY 20-21 R16 Employment First initiatives	75,000	0	75,000	0	0	0.0
SB 18-200 PERA unfunded liability	19,504	7,272	1,511	450	10,271	0.0
FY 20-21 R14 OCL governance	12,696	6,348	0	0	6,348	0.0
FY 20-21 BA11 Convert contractors to FTE	1,963	1,381	2,621	0	(2,039)	1.2
HB 20-1386 Use HAS Fee to offset GF	0	161,000,000	(161,000,000)	0	0	0.0
FY 20-21 Refinance GF with IDD CF	0	6,727,431	(6,727,431)	0	0	0.0
FY 20-21 R20 Safety net provider payments	0	0	0	0	0	0.0
SB 20-033 Medicaid buy-in age 65 and over	0	(50,000)	50,000	0	0	0.0
FY 20-21 R12 Work number verification	(23,661,933)	(3,947,813)	(1,487,069)	0	(18,227,051)	0.0
FY 20-21 R7 Pharmacy pricing and technology	(10,884,371)	(2,508,920)	(724,243)	0	(7,651,208)	0.0
HB 20-1362 Nursing home provider rates	(9,495,334)	(4,965,012)	0	0	(4,530,322)	0.0
HB 20-1384/SB 19-195 Wraparound services	0	0	0	0	0	(1.1)
HB 20-1361 Reduce the adult dental benefit	(5,565,000)	331,462	(1,802,326)	0	(4,094,136)	0.0
FY 20-21 R10 Provider rate adjustments	(4,452,887)	(1,509,535)	(182,541)	0	(2,760,811)	0.0
FY 20-21 R15 Medicaid recovery 3rd party liability	(3,312,544)	(1,434,905)	426,973	0	(2,304,612)	0.5
HB 18-1326 Support for transition	(2,709,791)	(1,354,896)	0	0	(1,354,895)	2.9
FY 20-21 R17 Single assessment tool financing	(2,038,259)	(1,019,129)	0	0	(1,019,130)	0.0
FY 20-21 R13 Long term care utilization	(624,535)	(308,666)	(3,602)	0	(312,267)	0.0
FY 20-21 BA12 Nursing home closure	(250,000)	0	(250,000)	0	0	0.0
FY 20-21 R6 Electronic visit verification	(235,364)	(73,551)	0	0	(161,813)	(4.0)
FY 20-21 R9 Adult LTHH/PDN assessment	(195,373)	(97,687)	0	0	(97,686)	0.0
HB 19-1176 Health care cost savings	(92,649)	(92,649)	0	0	0	0.0
FY 20-21 Correction to CICP federal match	(40,187)	0	0	0	(40,187)	0.0
HB 19-1038 Dental services pregnant women	(31,379)	5,492	(2,383)	0	(34,488)	0.0
TOTAL	\$149,441,221	\$211,945,305	(\$155,163,156)	\$2,044,523	\$90,614,549	0.7

CENTRALLY APPROPRIATED ITEMS: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; salary survey; workers' compensation; legal services; administrative law judges; payment to risk management and property funds; Capitol complex leased space; payments to the Governor's Office of Information Technology (OIT); and CORE operations.

HUMAN SERVICES PROGRAMS: The Department's request reflects adjustments for several programs that are financed with Medicaid funds, but operated by the Department of Human Services. *See the briefings for the Department of Human Services for more information.*

TRANSFERS TO OTHER STATE AGENCIES: The Department requests a net reduction of \$50,717 total funds, including \$24,147 General Fund, for transfers to programs administered by other departments, primarily for the Facility Survey and Certification program in the Department of Public Health and Environment.

TOBACCO FORECAST: The Department requests a reduction of \$19,080 total funds, including \$9,540 General Fund for a new forecast of tobacco tax revenues available to finance the Children's Basic Health Plan.

SUPPLEMENTALS

SET ASIDE FOR SUPPLEMENTALS: The Governor's budget letter includes a set aside in FY 2020-21 including a decrease of \$232.7 million General Fund for potential supplementals for the Department of Health Care Policy and Financing, including \$234.2 million for the most recent forecast of enrollment and expenditures and \$1.5 million for the FY 2020-21 impact of discretionary requests. Although the Governor's official supplemental request is not due until January 2021, the budget request for the Department includes projected FY 2020-21 impacts associated with the following requests.

FY 2020-21 SET-ASIDE FOR SUPPLEMENTALS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
R1 Medical Services Premiums	(\$17,878,041)	(\$148,915,698)	(\$94,492,764)	(\$49,482)	225,579,903
R2 Behavioral Health	(98,830,829)	(42,281,674)	1,731,561	0	(58,280,716)
R3 Child Health Plan Plus	(52,581,053)	(14,035,710)	(3,609,731)	0	(34,935,612)
R4 Medicare Modernization Act	(14,430,417)	(14,430,417)	0	0	0
R5 Office of Community Living	(4,860,971)	(14,512,191)	1,637,257	0	8,013,963
R7 Nurse Advice Line	966,896	1,117,028	0	0	(150,132)
R11 Medicaid for Connect for Health	4,049,364	0	1,827,019	0	2,222,345
R13 Family medicine residency funding	1,204,207	353,723	0	211,050	639,434
TOTAL	(\$182,360,844)	(\$232,704,939)	(\$92,906,658)	\$161,568	143,089,185

POTENTIAL LEGISLATION

- In *R6 Remote Supports for HCBS Programs*, the Department proposes implementing a remote support option into existing electronic monitoring services in several Home and Community Based Services waivers. A statutory change would be required to expand the definition of electronic monitoring to allow for a remote support option in the Elderly, Blind, and Disabled waiver program.
- In *R15 HAS Fee offset GF* the Department proposes using revenue from the HAS Fee to offset the need for General Fund in Medical Services Premiums. The amount in the decision item is \$80.0 million, but there are several other Department requests that would result in savings to the HAS Fee and the Department proposes using the HAS Fee savings to offset the need for General Fund. These additional offsets could be aggregated and added to the same bill to increase the total offset of General Fund to \$90.2 million. The table below shows the *R15 HAS Fee offset GF* plus the other requests where the Department proposed using the HAS Fee savings to offset General Fund.

GENERAL FUND RELIEF BY HAS FEE OFFSET			
	FY 2021-22	FY 2022-23	FY 2023-24
R15 HAS Fee offset GF	(\$80,000,000)	\$0	\$0
R16 Provider rate adjustments	(1,354,330)	(1,408,896)	0
R18 Behavioral health performance incentives and SUD implementation	(8,082,157)	(5,021,430)	(5,344,849)
R20 MMIS Annualization delay	(777,659)	0	0
Total	(\$90,214,146)	(\$6,430,326)	(\$5,344,849)

- In *R16 Provider rate adjustments* the Department proposes removing the statutory formula that annually adjusts nursing home rates to the lesser of actual allowable costs or 3.0 percent General Fund growth (2.0 percent in FY 2021-22 pursuant to H.B. 20-1362). This would make annual decisions about whether and how much to adjust nursing home rates part of the annual budget process.
- In *R19 Financing and grant programs* the Department proposes a resolution declaring a fiscal emergency plus legislation to temporarily restructure the Primary Care Fund Program in a way that would draw a federal match and save General Fund while increasing payments to providers. The Department also proposes eliminating the SBIRT Training Grant Program and reallocating the Marijuana Tax Cash Fund to offset General Fund and the Department assumes this would require a statutory change.
- In *R21 Federal match for cash funds* the Department requests legislation to use the temporary increase in the federal match available through the federal Families First Coronavirus Response Act for certain financing payments to provide General Fund relief. This is essentially an extension of what the General Assembly approved for FY 2020-21 in H.B. 20-1385.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

2020 SESSION BUDGET BALANCING ACTIONS: In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took actions that reduced the FY 2019-20 General Fund appropriations to the Department of Health Care Policy and Financing by \$24.7 million. Fiscal year 2020-21 appropriations to the Department were further reduced by \$51.2 million and the General Assembly took actions to temporarily refinance \$192.5 million General Fund with cash funds. The General Assembly's actions made an additional \$2.4 million available for balancing purposes by reducing cash funds appropriations. These adjustments helped to limit the net increase in the Department's General Fund and total funds budget for FY 2020-21.

FORECAST TRENDS: Requests R1 through R5 are based on the Department's most recent forecasts of enrollment and expenditures under current law and policy. Combined they drive a \$298.4 million increase in total funds, including a \$247.9 million increase in General Fund. These requests explain what drives the budget, but they are non-discretionary, as they represent the expected obligations under current law and policy. It would take a change to current law or policy to change the trends.

BEHAVIORAL HEALTH: The Department submitted two major requests related to behavioral health. In *R23 Behavioral health eligibility and claims system consolidation* the Department proposes a net increase of \$7.5 million, including \$7.5 million General Fund, to integrate eligibility determinations, funds distribution, and data reporting for various behavioral health programs statewide. The request is one piece of a broader set of initiatives recommended by the Behavioral Health Task Force. As part of *R18 Behavioral health performance incentives and SUD implementation* the Department proposes a reduction of \$80.0 million total funds, including \$12.9 million General Fund, to reflect lower assumptions about provider capacity to implement the new substance use disorder (SUD) benefits authorized by H.B. 18-1136.

PROVIDER RATES: This issue brief discusses proposed changes in provider rates. Through *R16 Provider rates* the Department requests several targeted rate reductions that together would reduce appropriations by \$41.3 million total funds, including \$15.8 million General Fund. In addition, as part of *R18 Behavioral health performance incentives and SUD implementation* the Department proposes a 25 percent decrease in incentive payments to behavioral health providers that are based on service performance and quality metrics to save \$9.3 million total funds, including \$4.7 million General Fund. The Department indicates the purpose of the reductions is to meet the projected budget shortfall and

better align rates with appropriate benchmarks. Finally, the request includes an annualization adding \$10.9 million total funds, including \$5.5 million General Fund, for a local minimum wage rate adjustment for Denver.

PRIMARY CARE FUND DISTRIBUTION: The Department's *R19 Financing and grant programs* includes, among other provisions, a request to temporarily restructure the Primary Care Fund Program in a way that would draw a federal match and save \$10.0 million General Fund while increasing total payments to providers by about 5.0 percent. This issue brief provides some additional explanation of the complicated financing that would require legislation and a resolution declaring a fiscal emergency.

HCBS WAIVER SERVICES: The Department currently operates ten Home and Community Based Services (HCBS) programs to help members remain in their home and community. HCBS members receive support and assistance with activities of daily living, including bathing, dressing, and preparing meals, and are provided transportation and day programming services when necessary. The COVID-19 pandemic created the need for the Department and providers to develop new processes through which members can continue to receive some services.

SUPPORTED LIVING SERVICES PROGRAM FLEXIBILITY: The Department currently operates ten Home and Community Based Services (HCBS) programs to help members remain in their home and community. HCBS members receive support and assistance with activities of daily living, including bathing, dressing, and preparing meals, and are provided transportation and day programming services when necessary. The COVID-19 pandemic created the need for the Department and providers to develop new processes through which members can continue to receive some services.

DAY PROGRAMMING FOR INDIVIDUALS WITH IDD: The Department currently operates ten Home and Community Based Services (HCBS) programs to help members remain in their home and community. HCBS members receive support and assistance with activities of daily living, including bathing, dressing, and preparing meals, and are provided transportation and day programming services as identified in their case plan. The COVID-19 pandemic created the need for the Department and providers to develop new processes through which members can continue to receive some services.

FOR MORE INFORMATION

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TO READ THE ENTIRE BRIEFING: Go to <http://leg.colorado.gov/content/budget/budget-documents> to use the budget document search tool. Select this department's name under *Department/Topic*, "Briefing" under *Type*, and select a *Start date* and *End date* to show documents released in November and December of 2020.