



# JOINT BUDGET COMMITTEE STAFF FY 2022-23 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 2020-21 appropriation represents approximately 36.3 percent of statewide operating appropriations and 26.8 percent of statewide General Fund appropriations.

## FY 2021-22 APPROPRIATION AND FY 2022-23 REQUEST

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2021-22 APPROPRIATION:</b>						
S.B. 21-205 (Long Bill)	13,259,364,597	3,424,327,111	1,551,766,954	97,905,609	8,185,364,923	581.9
Other Legislation	20,429,443	(77,611,385)	43,716,468	(10,231,185)	64,555,545	19.5
<b>TOTAL</b>	<b>\$13,279,794,040</b>	<b>\$3,346,715,726</b>	<b>\$1,595,483,422</b>	<b>\$87,674,424</b>	<b>\$8,249,920,468</b>	<b>601.4</b>
<b>FY 2022-23 REQUESTED APPROPRIATION:</b>						
FY 2021-22 Appropriation	\$13,279,794,040	3,346,715,726	\$1,595,483,422	\$87,674,424	\$8,249,920,468	601.4
R1 Medical Services Premiums	(34,349,234)	203,211,855	39,321,653	(785,199)	(276,097,543)	0.0
R2 Behavioral health	17,894,411	23,043,372	5,181,553	0	(10,330,514)	0.0
R3 Child Health Plan Plus	37,398,301	11,373,603	5,647,506	0	20,377,192	0.0
R4 Medicare Modernization Act	27,863,762	27,863,762	0	0	0	0.0
R5 Office of Community Living	36,542,346	41,134,323	956,424	0	(5,548,401)	0.0
R6 Value-based payments	22,850,574	7,403,648	(7,197)	0	15,454,123	9.6
R7 Utilization management	(3,011,223)	(1,512,985)	116,559	0	(1,614,797)	0.0
R8 County administration	(590,849)	461,138	1,936,919	0	(2,988,906)	5.9
R9 OCL Program enhancements	2,452,715	1,872,153	0	0	580,562	0.0
R10 Provide rates	104,434,828	41,327,629	5,966,149	0	57,141,050	0.0
R11 ACC and CHP accountability	(1,048,141)	(351,127)	0	0	(697,014)	2.0
R12 Convert contracts to FTE	(339,518)	(155,265)	(60,722)	370,586	(494,117)	23.2
R13 Compliance FTE	(4,678,266)	(2,393,350)	108,434	0	(2,393,350)	10.8
R14 MMIS True up and administration	(56,079,142)	(10,347,479)	(2,753,052)	0	(42,978,611)	12.5
R15 All-Payer Claims Database	200,000	200,000	0	0	0	0.0
R16 Urban Indian Health	48,025	48,025	0	0	0	0.0
R17 SBIRT training	(250,000)	0	(250,000)	0	0	0.0
Annualize prior year budget actions	109,575,600	91,856,728	(35,116,696)	5,159,407	47,676,161	5.1
Federal match for HCBS	412	210,225,626	19,002,579	0	(229,227,793)	0.4
Centrally appropriated items	4,033,590	1,990,296	121,808	56,734	1,864,752	0.0
Human Services	3,018,914	1,509,455	0	0	1,509,459	0.0
NP Equity officers	216,966	0	0	108,483	108,483	2.0
Transfers to other state agencies	141,804	53,758	0	0	88,046	0.0
Tobacco forecast	(20,676)	0	(20,676)	0	0	0.0
<b>TOTAL</b>	<b>\$13,546,099,239</b>	<b>\$3,995,530,891</b>	<b>\$1,635,634,663</b>	<b>\$92,584,435</b>	<b>\$7,822,349,250</b>	<b>672.9</b>
<b>INCREASE/(DECREASE)</b>	<b>\$266,305,199</b>	<b>\$648,815,165</b>	<b>\$40,151,241</b>	<b>\$4,910,011</b>	<b>(\$427,571,218)</b>	<b>71.5</b>
Percentage Change	2.0%	19.4%	2.5%	5.6%	(5.2%)	11.9%

## DESCRIPTION OF INCREMENTAL CHANGES

**R1 MEDICAL SERVICES PREMIUMS:** The Department requests a net decrease of \$34.3 million total funds, including an increase of \$203.2 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 increase of \$17.9 million total funds, including an increase of \$23.0 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 an increase of \$11.4 million total funds, including \$5.6 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 \$27.9 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 \$36.5 million total funds, including an increase of \$41.1 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 VALUE-BASED PAYMENTS:** The Department requests an increase of \$22.9 million total funds, including \$7.4 million General Fund, and 9.6 FTE for the planning and implementation of three alternative payment models, including shared savings for pharmacy prescribers, bundled payments in maternity care, and partial capitation payments to primary care providers. The Department indicates that funding is for the implementation of an evidence-informed practice as defined in S.B. 21-284 (Evidence-based evaluation for budget). *See the issue brief “Value-based Payments” for more information.*

**R7 UTILIZATION MANAGEMENT:** The Department requests a net decrease of \$3.0 million total funds, including a decrease of \$1.5 million General Fund, to expand and strengthen utilization management measures in the Medicaid program. The Department indicates that funding is for the implementation of a theory-informed practice as defined in S.B. 21-284 (Evidence-based evaluation for budget).

**R8 COUNTY ADMINISTRATION:** The Department requests a net decrease of \$0.6 million total funds, including an increase of \$461,138 General Fund, and 5.9 FTE to:

- Address county administration funding issues;
- Increase funding for pay-for-performance through the County incentives Program allocation;
- Hire additional staff to provide proper fiscal and programmatic oversight of county administrative-related activities; and
- Reduce the amount of time it takes to conduct on-site compliance reviews of all 64 counties.

The Department indicates that funding is for the implementation of a theory-informed practice as defined in S.B. 21-284 (Evidence-based evaluation for budget).

**R9 OFFICE OF COMMUNITY LIVING (OCL) PROGRAM ENHANCEMENTS:** The Department requests an increase of \$2.5 million total funds, including \$1.9 million General Fund, to:

- Increase rates and expand benefits for services offered through the Home- and Community-based (HCBS) waivers;
- Increase provider bed capacity; and
- Create additional opportunities for care in the community.

The Department indicates that funding is for the implementation of both evidence-informed and theory-informed programs as defined in S.B. 21-284 (Evidence-based evaluation for budget). *See the issue brief “Provider Rates” for more information concerning rate adjustments.*

**R10 PROVIDER RATES:** The Department requests an increase of \$104.4 million total funds, including \$41.3 million General Fund, for changes to provider rates. The Department indicates that funding is for the implementation of a theory-informed practice as defined in S.B. 21-284 (Evidence-based evaluation for budget). *See the issue brief “Provider Rates” for more information.*

R10 PROVIDER RATE ADJUSTMENTS					
RATE	CHANGE	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS
Across the board rate adjustment	0.5 percent increase	\$32,230,602	\$11,432,806	\$1,499,074	\$19,298,722
Targeted rate increases					
Durable medical equipment	Rebalancing (between 80 and 100 percent)	\$1,596,720	\$798,360	\$0	\$798,360
Massage therapy	34.5 percent increase	27,293	13,647	0	13,646
Non-emergent medical transport	Increase rates below 60.8 percent up to 60.8 percent	22,816,821	7,393,642	4,014,769	11,408,410
Emergency medical transport	Increase rates below 50 percent up to 50 percent	8,298,520	1,948,546	453,943	5,896,031
Non-medical transport	Increase rates below 70 percent up to 70 percent	3,046,513	1,523,256	0	1,523,257
Speech therapy	Rebalancing (between 70 percent and 100 percent)	1,134,728	567,364	0	567,364
Home- and community-based services	Maintain \$15/hr wage through remainder of FY 2022-23	33,373,436	16,686,725	0	16,686,711
SUBTOTAL TARGETED RATE INCREASES		\$70,294,031	\$28,931,540	\$4,468,712	\$36,893,779
Changes to member contributions					
Changes to copayments	Increase from \$6 to \$8	(\$26,920)	(\$5,275)	(\$1,637)	(\$20,008)
Personal needs allowance	Increase from \$152.00 to \$383.33	1,937,115	968,558	0	968,557
SUBTOTAL CHANGES TO MEMBER CONTRIBUTIONS		\$1,910,195	\$963,283	(\$1,637)	\$948,549
<b>TOTAL PROVIDER RATE ADJUSTMENTS</b>		<b>\$104,434,828</b>	<b>\$41,327,629</b>	<b>\$5,966,149</b>	<b>\$57,141,050</b>

**R11 ACC AND CHP+ ACCOUNTABILITY:** The Department requests an increase of \$210,178 total funds, including \$52,409 General Fund, and 2.0 FTE to increase oversight of the Accountable Care Collaborative (ACC) and the Child Health Plan Plus (CHP+). In addition, the Department requests a net reduction of \$1,258,319 total funds, including a reduction of \$403,536 General Fund, to true up appropriations for the contract administration of CHP+ with expected expenditures. The Department indicates that funding is for the implementation of a theory-informed practice as defined in S.B. 21-284 (Evidence-based evaluation for budget).

R11 ACC & CHP+ ACCOUNTABILITY					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
ACC Oversight	\$104,818	\$52,409	\$0	\$52,409	1.0
CHP+ Oversight	105,360	0	36,876	68,484	1.0
<b>Subtotal</b>	<b>\$210,178</b>	<b>\$52,409</b>	<b>\$36,876</b>	<b>\$120,893</b>	<b>2.0</b>
CHP+ Contract admin true-up	(1,258,319)	(403,536)	(36,876)	(817,907)	0.0
<b>Total</b>	<b>(\$1,048,141)</b>	<b>(\$351,127)</b>	<b>\$0</b>	<b>(\$697,014)</b>	<b>2.0</b>

**R12 CONVERT CONTRACTS TO FTE:** The Department requests a net decrease of \$0.3 million total funds, including a decrease of \$0.2 million General Fund, and 23.2 FTE to repurpose funding from contractor resources to hire FTE. The Department indicates that funding is for the implementation of a theory-informed practice as defined in S.B. 21-284 (Evidence-based evaluation for budget).

**R13 COMPLIANCE FTE:** The Department requests a net decrease of \$4.7 million total funds, including a decrease of \$2.4 million General Fund, to expand and strengthen operational compliance and program oversight and accountability. The Department indicates that funding is for the implementation of an evidence-informed practice as defined in S.B. 21-284 (Evidence-based evaluation for budget).

**R14 MMIS TRUE-UP AND ADMINISTRATION:** The Department requests a decrease of \$56.1 million total funds, including \$10.3 million General Fund, and 12.5 FTE to accurately reflect current costs associated with operating the Medicaid Management Information Systems (MMIS) and current federal match rates. *See the issue brief "Medicaid Management Information Systems" for more information.*

**R15 ALL-PAYER CLAIMS DATABASE:** The Department requests an increase of \$200,000 General Fund to partially restore funding for the All-Payer Claims Database Scholarship Program. The funding was eliminated in FY 2020-21 as part of budget balancing reductions. The Department indicates that funding is for the implementation of a theory-informed practice as defined in S.B. 21-284 (Evidence-based evaluation for budget).

**R16 URBAN INDIAN HEALTH:** The Department proposes short-duration state-only payments to Urban Indian Health Organizations equal to the estimated General Fund savings from a provision of the American Rescue Plan Act that temporarily grants a 100 percent federal match for services to Medicaid clients by Urban Indian Health Organizations. Denver Indian Health and Family Services is the only Urban Indian Health Organization in Colorado. The proposed funding is intended to: (1) address current gaps in clinical operations and guarantee long-term sustainability for the providers; and (2) address health care disparities that are exasperated by the pandemic, including lower vaccination rates in under-resourced communities. In January the Department will submit a corresponding supplemental requesting funds in FY 2021-22. The Department indicates that funding is for the implementation of an evidence-informed program as defined in S.B. 21-284 (Evidence-based evaluation for budget).

R16 URBAN INDIAN HEALTH	
FISCAL YEAR	GENERAL FUND
FY 2021-22	\$70,825
FY 2022-23	48,025
<b>Cumulative Total</b>	<b>\$118,850</b>

**R17 SBIRT TRAINING:** The Department proposes a \$250,000 reduction in Marijuana Tax Cash Fund revenues devoted to the Screening, Brief Intervention, and Referral to Treatment (SBIRT) training program, reducing the total

funding for FY 2022-23 to \$500,000. According to the Department, the Office of State Planning and Budgeting's September forecast projects Marijuana Tax Cash Fund revenue more than 20 percent below the FY 2021-22 budget and there has been no formal evaluation or return on investment calculated for the SBIRT training program. The request would not change the funding for SBIRT services, which are still covered under Medicaid. It only impacts the SBIRT training program, which primarily<sup>1</sup> provides grants to train professionals to deliver SBIRT services. The Department indicates that funding is for the implementation of an evidence-informed program as defined in S.B. 21-284 (Evidence-based evaluation for budget).

**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 annualization of the following:

- S.B. 21.213 (Use of increased Medicaid match) 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;
- Addition of 667 waiting list enrollments onto the Home- and Community-based Services Comprehensive Waiver for individuals with intellectual and developmental disabilities;
- A 2.5 percent increase in rates paid to most community providers;
- S.B. 21-194 (Maternal health providers) that places new requirements on health providers and insurers, expands public health insurance coverage, and implements other initiatives related to maternal and perinatal health; and
- FY 2021-22 R18 Behavioral health program adjustments that decreased incentive payments that are based on provider service performance and quality metrics by 25 percent and to lower estimates of provider capacity and consequent utilization for the Substance Use Disorder benefit.

The largest decrease in General Fund is for the second year of FY 2021-22 R23 Behavioral health claims and eligibility process that integrated eligibility determinations, claims processing, and data reporting for various behavioral health programs statewide.

ANNUALIZED PRIOR YEAR BUDGET ACTIONS						
ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 21-22 R18 Behavioral health program adjustments	\$43,447,378	\$6,149,232	\$3,251,364	\$0	\$34,046,782	0.0
FY 21-22 Add 667 IDD enrollments	19,974,650	10,468,169	0	0	9,506,481	0.0
SB 21-194 Maternal health providers	18,504,858	7,957,356	879,114	0	9,668,388	(0.7)
SB 21-213 Use of increased Medicaid match	11,679,436	57,330,334	(57,330,334)	5,115,593	6,563,843	0.0
HB 20-1361 Reduce adult dental benefit	11,130,000	0	2,941,728	0	8,188,272	0.0
FY 21-22 2.5% Provider rate increase	7,491,995	8,092,328	(575,863)	0	(24,470)	0.0
FY 21-22 R20 MMIS annualization delay	7,376,207	2,035,713	0	0	5,340,494	0.0
FY 20-21 Local minimum wage adjustment	6,273,126	3,136,561	0	0	3,136,565	0.0
FY 20-21 BA13 Public school health services	4,706,022	0	5,196,936	0	(490,914)	0.0
FY 21-22 Decrease member copayment	4,404,931	954,930	274,532	0	3,175,469	0.0
SB 20-033 Medicaid buy-in age 65 and over	2,879,621	(248,611)	1,816,181	0	1,312,051	0.0
SB 21-025 Family planning services	2,495,283	640,273	57,936	0	1,797,074	(0.8)
HB 21-1275 Medicaid reimbursement for pharmacist	2,423,343	798,411	192,919	0	1,432,013	0.4
FY 21-22 R8 Supported living services flexibility	940,719	470,360	0	0	470,359	0.0
FY 21-22 NPBA1 CBMS PEAK	755,237	377,416	42,560	17	335,244	0.0

<sup>1</sup> Pursuant to statute, the money can also be used to provide consulting and technical services to providers, outreach, and care coordination.

**ANNUALIZED PRIOR YEAR BUDGET ACTIONS**

ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
SB 21-038 Complementary and alternative medicine	737,129	225,525	143,039	0	368,565	0.1
FY 21-22 R11 Medicaid funding for Connect 4 Health	482,663	0	189,918	0	292,745	0.0
SB 18-200 PERA unfunded liability	457,518	203,830	17,381	4,847	231,460	0.0
FY 21-22 R10 Convert contractor resources to FTE	306,688	(738)	6,070	0	301,356	0.5
HB 21-1198 Health care billing for indigent care	299,633	299,633	0	0	0	2.1
FY 06-07 DI8 Fund nursing facility appraisals	279,746	139,873	0	0	139,873	0.0
FY 20-21 R19 Leased space	173,278	71,839	14,799	0	86,640	0.0
HB 21-1085 Secure transport behavioral health crisis	139,300	104,717	5,433	0	29,150	0.1
FY 21-22 Restore funding for SB 19-195	94,095	47,048	0	0	47,047	1.0
HB 21-1232 Standardized health benefit CO Option	80,289	80,289	0	0	0	1.2
HB 21-1166 Behavioral health crisis response training	67,680	67,680	0	0	0	0.0
FY 19-20 R9 Adult LTHH/PDN clinical assessment	36,710	18,355	0	0	18,355	0.0
FY 19-20 Increase funding for IDD enrollment	13,517	6,759	0	0	6,758	0.0
FY 19-20 HUM NP12 Salesforce	1,087	544	0	0	543	0.0
FY 21-22 CUSOM clinical reviews	131	0	65	0	66	0.2
FY 21-22 Public health emergency extension	0	3,308,679	9,487,867	38,950	(12,835,496)	0.0
FY 21-22 BA10 Public health emergency end resources	(7,002,728)	(2,556,275)	2,241,738	0	(6,688,191)	0.0
FY 21-22 R24 Addressing health care disparities	(5,900,000)	(1,000,000)	0	0	(4,900,000)	0.0
SB 21-211 Adult dental benefit	(5,565,000)	0	(1,522,875)	0	(4,042,125)	0.0
FY 21-22 R23 Behavioral health claims and eligibility	(5,420,147)	(5,420,147)	0	0	0	0.0
FY 20-21 R15 Medicaid recovery third party liability	(2,360,799)	(669,553)	(102,725)	0	(1,588,521)	0.0
FY 21-22 BA15 Implement eConsult program	(2,170,076)	(377,537)	(18,528)	0	(1,774,011)	0.1
FY 19-20 R16 Employment first initiative, IDD	(1,995,497)	800,000	(2,795,497)	0	0	(2.0)
FY 21-22 CUSOM clinical reviews	(1,733,731)	0	0	0	(1,733,731)	0.0
FY 21-22 R6 Remote supports for HCBS programs	(1,433,231)	(696,695)	(19,921)	0	(716,615)	0.0
SB 21-009 Reproductive health care program	(1,045,771)	(270,732)	0	0	(775,039)	0.6
SB 21-016 Protecting preventive health coverage	(905,467)	(90,547)	0	0	(814,920)	0.0
FY 21-22 R9 Patient access and interoperability rule	(858,490)	304,585	0	0	(1,163,075)	0.0
SB 21-137 Behavioral health recovery act	(545,743)	(147,872)	(250,000)	0	(147,871)	0.2
FY 21-22 R16 Provider rate adjustments	(545,169)	(241,986)	(31,945)	0	(271,238)	0.0
SB 21-039 Eliminate subminimum wage employment	(403,941)	(1,257,106)	1,217,607	0	(364,442)	0.1
HB 17-1343 to repeal IDD Services Cash Fund	(138,707)	307,488	(446,195)	0	0	2.0
FY 21-22 R17 Medicaid benefit adjustments	(52,173)	(26,086)	0	0	(26,087)	0.0
FY 21-22 Funding for home health and PDN	0	462,686	0	0	(462,686)	0.0
<b>Total</b>	<b>\$109,575,600</b>	<b>\$91,856,728</b>	<b>(\$35,116,696)</b>	<b>\$5,159,407</b>	<b>\$47,676,161</b>	<b>5.1</b>

**FEDERAL MATCH FOR HCBS:** The request includes a net zero adjustment, including an increase of \$210.2 million General Fund and \$19.0 million cash funds and a corresponding decrease in federal matching funds, for the expiration of the 10.0 percent enhanced federal medical assistance percentage (FMAP) increase for eligible Home- and Community-based Services (HCBS) pursuant to the American Rescue Plan Act of 2021.

**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; paid family and medical leave insurance; 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.*

**NP EQUITY OFFICERS:** The Department requests \$0.2 million total funds and 2.0 FTE to ensure compliance with the Executive Order D 2020 175.

**TRANSFERS TO OTHER STATE AGENCIES:** The Department requests an increase of \$0.1 million total funds, including \$53,758 General Fund, for transfers to programs administered by other departments.

**TOBACCO FORECAST:** The Department requests a reduction of \$20,676 cash funds 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 2021-22 including a net decrease of \$112.0 million General Fund for potential supplementals for the Department of Health Care Policy and Financing, including \$112.1 million for the most recent forecast of enrollment and expenditures and an increase of \$70,825 for the FY 2021-22 impact of discretionary requests. Although the Governor's official supplemental request is not due until January 2022, the budget request for the Department includes projected FY 2021-22 impacts associated with the following requests.

FY 2021-22 SET-ASIDE FOR SUPPLEMENTALS					
	TOTAL FUNDS	GENERAL FUNDS	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
R1 Medical Services Premiums	(\$193,724,244)	(\$102,340,617)	\$11,030,627	(\$735,599)	(\$101,678,655)
R2 Behavioral Health	100,335,065	14,033,780	8,724,673	0	77,576,612
R3 Child Health Plan Plus	(8,778,202)	(5,351,109)	2,254,146	0	(5,681,239)
R4 Medicare Modernization Act	3,803,082	3,803,082	0	0	0
R5 Office of Community Living	(11,250,010)	(22,214,472)	17,839,255	0	(6,874,793)
R16 Urban Indian Health Organization	70,825	70,825	0	0	0
<b>TOTAL</b>	<b>(\$109,543,484)</b>	<b>(\$111,998,511)</b>	<b>\$39,848,701</b>	<b>(\$735,599)</b>	<b>(\$36,658,075)</b>

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**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 an \$85.3 million increase in total funds, including a \$306.6 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.

**VALUE-BASED PAYMENTS:** The Department's R6 *Value-based Payments* budget request includes \$22.9 million total funds, including \$7.4 million General Fund, and 9.6 FTE for the planning and implementation or expansion of three alternative payment models in which participation by providers will be mandatory. In addition, the Department requests \$11.4 million in roll-forward authority in the event that the development phase of the information systems is delayed.

**PROVIDER RATES:** This issue brief discusses proposed changes in provider rates. Through R10 *Provider Rate Adjustments* the Department requests an across-the-board increase for most providers, several targeted rate increases, and changes to member contributions that together would increase appropriations by \$104.4 million total funds,

including \$41.3 million General Fund. In addition, as part of *R9 Office of Community Living Program Enhancements* the Department proposes targeted rate increases for certain waiver services totaling \$1.0 million total funds, including \$0.5 million General Fund.

**MEDICAID PROVIDER RATE REVIEW ADVISORY COMMITTEE:** The Medicaid Provider Rate Review Advisory Committee (MPRRAC) was established in 2015 to assist the Department of Health Care Policy and Financing with reviewing Medicaid provider rates. The committee is required to meet at least once per quarter through September 1, 2025. Pursuant to Section 25.5-4-401.5, the Department must review Medicaid provider rates based on a schedule that allows for the review of each provider rate at least every five years. As the process enters its seventh year, it may be beneficial to consider modifications to the process.

**MEDICAID MANAGEMENT INFORMATION SYSTEM (R14):** The Medicaid Enterprise consists of four components, including the Medicaid Management Information System, the Business Intelligence and Data Management system, the Pharmacy Benefit Management System, and the Colorado Benefits Management System (CBMS). Funding for all but CBMS is appropriated in the MMIS line item in the Long Bill. The Department currently utilizes contractors to manage each of the four components. The Department is requesting reallocation of funds to increase the number of FTE by 12.5 FTE in order to address increasing workload and to convert contractor resources into state FTE.

**BEHAVIORAL HEALTH:** The JBC received concerns last session and over the interim about conflicts between behavioral health providers and the Regional Accountable Entities (RAEs) with many of the issues revolving around payments. This issue brief discusses how behavioral health rates are set, the relationships between the Department, the RAEs, and providers, and the role of the Medicaid Provider Rate Review Advisory Committee (MPRRAC).

## FOR MORE INFORMATION

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