



Nursing Facility Reimbursement Rate Setting

Fact Sheet March 2023

What Does this bill do?

HB 23-1228 authorizes the Department to update nursing facility Medicaid reimbursement as well as improve and innovate the way nursing facilities are reimbursed by moving the methodology for reimbursement from statute to regulation over the next 3 years.

The bill allows the Department to implement recommendations that resulted from the nursing facility reimbursement study authorized through HB 22-1247. The timeline allows for continued stakeholder input and a gradual transition that will provide immediate financial relief to nursing facilities while increasing the emphasis on providing quality care to high needs individuals in the future.

Why is this bill needed?

During the COVID-19 pandemic and subsequent labor market changes, the inflexible nature of the nursing facility statute inhibited the ability of the Department to adjust to changes in operational costs for nursing facilities. Additionally, changes in service delivery options and nursing facility demographics over the past 20 years has created the need to direct more reimbursement towards:

- Facilities serving individuals with behavioral health needs;
- Facilities serving individuals with severe mental illness;
- Facilities serving individuals with cognitive impairments;
- Facilities that meet established quality and staffing metrics; and
- Facilities compliant with health, safety, and infection control standards.

Additionally, the bill requires ongoing financial reporting and reviews necessary to measure outcomes and the appropriateness of Medicaid reimbursement on an annual basis. The result will be a more flexible approach to nursing facility reimbursement that will proactively address the specific needs of Colorado's population.

What are the consequences if this bill isn't passed?

Colorado has experienced an unprecedented number of nursing facility closures and



divestitures since the COVID-19 pandemic began and the Department lacks the ability to more adequately reimburse for the changing needs of the nursing home population in the state. If this bill is not passed, continued instability among nursing facility providers and a lack of access to care for individuals with complex needs will result.

What is the fiscal impact of this bill?

The fiscal impact of this bill is \$62,264,197 total funds, including \$30,509,457 General Fund in FY 2023-24 and \$68,950,304 total funds, including \$34,475,152 General Fund in FY 2024-25. The Joint Budget Committee approved a set aside for this impact in the Department's figure setting on March 8, 2023.

For more information contact

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