



COLORADO
Department of Health Care
Policy & Financing

1570 Grant Street
Denver, CO 80203

Vote Yes HB22-1247 Skilled Nursing Facility Enhanced Payments

Fact Sheet

Rep. Herod/Rep. McCluskie and Sen. Hansen/Sen. Rankin

What does this bill do?

This request provides \$27,001,000 in state fiscal year (SFY) 2021-22, including \$17,000,500 General Fund, to address staffing and other pandemic-driven issues in skilled nursing facilities. Nursing facilities have struggled to retain workforce under current Medicaid rate caps; this has resulted in lower resident census and decreased capacity to admit from hospitals. Medicaid receipts for nursing facilities have been under anticipated costs, and the Department aims to address these problems by re-investing a portion of the underspend. The Department needs language added to section 25.5-6-202, C.R.S. to specify that these payments are allowable reimbursements to nursing homes. Payments would be used for:

- Workforce and industry sustainability
 - Funds would primarily be used to hire and retain staff
 - Facilities that serve the highest amount of Medicaid members and individuals with behavioral health needs would receive higher allotments.
- Hospital, complex need, and correctional compassionate release admit incentives
 - Addresses hospital discharge delays by incentivizing nursing facilities to admit these populations.

As a condition of receiving this support, nursing facilities must commit to engaging with the Department to modernize the reimbursement model and incentivize safer, smaller models of care.

Why is this bill needed?

Staffing shortages have resulted in drastic increases in the market rate for workers; these increases are especially pronounced for nurses. As Medicaid rates are established by statute, facilities with high Medicaid utilization have been unable to adjust business pricing. This has



resulted in a large portion of facilities operating in the “red” despite a substantial demand for services. Nursing facilities struggle to offer high enough wages sufficient to retain staff. Additionally:

- Staffing agencies have hired a large percentage of the workforce;
- Staffing agencies have increased their costs drastically; and
- Nursing facilities must compete against hospitals and non-Medicaid facilities for the same workforce. Their competitors have been able to adjust care pricing in response to the shortage.

What are the consequences if this request is not approved?

The nursing facility industry is unable to retain sufficient staff to operate at capacity. The Department has observed more closures and divestitures in the past 24 months than the previous ten years. Closing facilities may create access to care issues in certain parts of the state. Facility closures in rural areas often result in individuals’ having to move away from friends and family to receive needed care.

For more information contact

Jo Donlin, HCPF Legislative Liaison, 720.610.7795, jo.donlin@state.co.us
Iris Hentze, HCPF Senior Legislative Analyst, 720.692.4288, iris.hentze@state.co.us

