



COLORADO
Department of Health Care
Policy & Financing

1570 Grant Street
Denver, CO 80203

FY 2022-23 Budget Agenda Summary

Department Budget Fact Sheet

Below is a summary of the Colorado Department of Health Care Policy & Financing's (the Department) discretionary budget requests submitted to the Colorado General Assembly for consideration as part of the Governor's Fiscal Year (FY) 2022-23 budget, which runs from July 1, 2022 - June 30, 2023.

Budget requests 1-5 are directly related to enrollment and cost projections for Health First Colorado (Colorado's Medicaid program) and Child Health Plan *Plus* (CHP+), including physical and behavioral health services, prescription drugs, and services for people with intellectual and developmental disabilities. These budget lines are "trued up" each year as actual enrollment and per capita costs are reconciled with projections. These requests are not included in the summaries below. The requests below outline other discretionary budget requests not related to enrollment. These requests are part of the annual budget process, not one time state or federal COVID recovery or stimulus funding.

Additional detail is available [on our website](#). The budget becomes final after the Colorado General Assembly passes the Long Bill and the Governor signs it into law.

Budget Requests

R6 | Value Based Payment

Summary: The Department requests funding for the planning and implementation of three mandatory alternative payment models (APMs), including:

- shared savings for pharmacy prescribers using the Prescriber Tool;
- a bundled payment methodology in maternity care; and,
- partial capitation payments to primary care providers.

The primary care and maternity care APMs would be developed in partnership with the Division of Insurance (DOI) and Department of Personnel and Administration (DPA) to establish an aligned approach to value-based payment across public and private payers in Colorado. This aligned approach would maximize the capacity of value-based payments to drive improved health outcomes and care quality, while reducing health care costs and prioritizing the reduction of health disparities to ensure all Coloradans have equitable access



to high-quality primary and maternity care. Additionally, the Department requests the funding to establish a Colorado Providers of Distinction programs for primary care, specialty care and hospital-based procedures.

FY 2022-23 Budget Impact: \$22,850,574 total funds, including \$7,403,648 General Fund

FY 2023-24 Budget Impact: \$14,227,538 total funds, including \$4,671,497 General Fund

R7 | Utilization Management

Summary: The Department requests funding to expand and strengthen utilization management (UM) measures in Colorado’s Medicaid program. The funding would be used to compensate the Department’s UM vendor for expanding medical necessity reviews for outpatient medical services and physician administered drugs (PAD) newly-identified as high-risk for fraud and overutilization, and not routinely considered medically necessary. This funding would also be utilized to modernize the Department’s UM program, also known as ColoradoPAR, by expanding and improving data sharing and reporting capabilities to help identify potential health inequities and disparities within the program. Additionally, the Department is requesting funding to modernize the Nurse Advice Line (NAL) with state-of-the-art technologies to facilitate increased member usage and the application of cost-effective interventions and services in real-time.

FY 2022-23 Budget Impact: Reduction of \$3,011,223 total funds, including a reduction of \$1,512,985 General Fund

FY 2023-24 Budget Impact: Reduction of \$2,999,155 total funds, including a reduction of \$1,515,550 General Fund

R8 | County Administration, Oversight and Accountability

Summary: The Department requests funding to rectify some of the State’s annual funding deficit of its County Administration appropriation, 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. In addition, the request includes additional Department resources for addressing quality and audit findings as reported in numerous Office of State Auditor (OSA) audits. The staffing requested would provide the Department with resources to address its OSA error rate, identify erroneous enrollment, and prevent avoidable costs by assuring only those truly eligible are enrolled in the Medical Assistance Program.

FY 2022-23 Budget Impact: Reduction of \$590,849 total funds, including an increase of \$461,138 General Fund



FY 2023-24 Budget Impact: Reduction of \$17,261,512 total funds, including a reduction of \$3,422,571 General Fund

R9 | Office of Community (OCL) Living Program Enhancements

Summary: The Department requests funding to increase rates and expand benefits for services offered through the Home and Community-Based Services (HCBS) waivers, increase provider bed capacity, and create additional opportunities for care in the community. Specifically, the Department requests funding to:

- expand the current Home Delivered Meals (HDM) service offered in HCBS waivers;
- increase the rate for the Transitional Living Program (TLP);
- create a negotiated rate for the Supported Living Program (SLP);
- align the rates for several long-term care case management activities;
- align service limits and rates between the Children’s Habilitation Residential Program (CHRP) waiver and other HCBS waivers; and
- maintain the current funding and enrollment levels of the State-only programs for people with intellectual and developmental disabilities.

These changes would create parity in reimbursement rates and utilization limits for services, increase provider bed capacity, expand access to community-based services, and reduce unnecessary institutional care.

FY 2022-23 Budget Impact: \$2,452,715 of total funds, including \$1,872,153 General Fund

FY 2023-24 Budget Impact: \$2,443,390 of total funds, including \$1,867,490 General Fund

R10 | Provider Rate Adjustments

Summary: The Department requests funding to adjust member contributions for copayments and personal needs allowances, target specific services for rate adjustments, including certain rates related to home and community-based services (HCBS), and provide an across-the-board rate adjustment to all providers not receiving a targeted rate adjustment. The Department’s proposed targeted adjustments include rate increases for home and community-based services (HCBS) with a wage pass-through component, massage therapist rates, and the Department’s recommendations through the annual rate review process.

FY 2022-23 Budget Impact: \$104,434,828 of total funds, including \$41,327,629 General Fund

FY 2023-24 Budget Impact: \$242,304,697 of total funds, including \$109,042,227 General Fund



R11 | ACC & CHP+ Accountability

Summary: The department requests 2.0 FTE for the Accountable Care Collaborative (ACC) and Child Health Plan Plus (CHP+) programs to improve the process of care for clients enrolled in these programs. The goal of this request is to expand state-level oversight and accountability within the ACC and CHP+. The current staffing pattern is designed to ensure basic minimum compliance. To realize meaningful improvements in the quality of care and to drive equity in health outcomes, additional staff are required. This request would lead to meaningful improvements in the procurement process for the ACC Phase III. The department has identified quality and compliance issues within the ACC and CHP+ programs. By investing in the operational capacity of the department, the outcomes experienced by members in these programs can be analyzed and improved. This request is offset by reducing the Children’s Basic Health Plan Administration line item by 25 percent.

FY 2022-23 Budget Impact: Reduction of \$1,048,141 total funds, including a reduction of \$351,127 General Fund

FY 2023-24 Budget Impact: Reduction of \$1,055,452 total funds, including a reduction of \$354,194 General Fund

R12 | Convert Contractor Resources to FTE

Summary: The Department requests the opportunity to build internal efficiencies, develop institutional knowledge, and adequately support multiple administrative duties. The Department would repurpose funding appropriated to the Department for contractor resources to hire State FTE to perform the same duties. This is a more efficient and cost-effective solution and provides benefits such as retaining institutional knowledge and having the ability to quickly refocus staff with changing priorities. The Department requests to move funding already appropriated for contractor resources to its personal services-related line items, which would permit the hiring of additional staff. Additionally, this request would supplement existing FTE to provide additional administrative duties that are not adequately supported. This request is similar to the Department’s FY 2020-21 BA-11 and FY 2021-22 R-10, both named “Convert Contractor Resources to FTE”, which also repurposed funding from contractor resources to hire FTE.

FY 2022-23 Budget Impact: Reduction of \$339,518 total funds, including a reduction of \$155,265 General Fund

FY 2023-24 Budget Impact: Reduction of \$597,425 total funds, including a reduction of \$266,965 General Fund



R13 | Compliance FTE

Summary: The Department requests an increase in staffing, offset by savings, in order to provide increased stewardship of State resources through the implementation of operational compliance and program oversight measures. The Department's proper oversight and accountability is critical to ensuring that members are receiving the services they need and taxpayers are getting sufficient returns on the use of these funds. As part of the Department's focus on continual improvement to provide sound stewardship of financial resources and reporting requirements, the Department has identified opportunities to expand and strengthen operational compliance and program oversight.

FY 2022-23 Budget Impact: Reduction of \$4,678,266 of total funds, including a reduction of \$2,393,350 of General Fund

FY 2023-24 Budget Impact: Reduction of \$4,718,512 of total funds, including a reduction of \$2,410,473 of General Fund

R14 | MMIS Funding Adjustment and Contractor Conversion

Summary: The Department requests to rebalance the Medicaid Management Information System Maintenance and Projects line item to accurately reflect current costs associated with operating the Medicaid Management Information Systems (MMIS) and current federal match rates. As part of this rebalancing, the Department requests a one-time reduction to its FY 2022-23 appropriation, as funding from prior year appropriations remains available for FY 2022-23 operations. In addition, the Department requests additional staff to address gaps in operation and management for current and upcoming modular re-procurements. This request aims to build internal efficiencies, develop institutional knowledge, and adequately support multiple administrative duties.

FY 2022-23 Budget Impact: Reduction of \$56,079,142 of total funds, including a reduction of \$10,347,479 General Fund

FY 2023-24 Budget Impact: \$704,201 of total funds, including a reduction of \$1,106,811 General Fund

R15 | Restore APCD Scholarship Funds

Summary: The Department requests funding to partially restore the All-Payer Claims Database (APCD) Scholarship Program that was removed in FY 2020-21 by the Joint Budget Committee (JBC) as part of budget balancing reductions due to the COVID-19 economic downturn. The APCD is a comprehensive database of health care claims across all Colorado health insurance carriers. Before funding was removed in FY 2020-21, the APCD Scholarship Program was instrumental in enabling researchers to access this data and provide valuable insights into improving health care and lowering health care costs for all Coloradans. This



program would provide grants to state and local government entities, academics, researchers, non-profit organizations, and others to help offset the cost of licensing data and reports from the APCD for health care research, In addition, it would partially restore an important funding stream that supports the operations and development of the APCD.

FY 2022-23 Budget Impact: \$200,000 General Fund

FY 2023-24 Budget Impact: \$200,000 General Fund

R16 | Urban Indian Health Organization State-Only Payments

Summary: The Department requests funding to provide temporary state-only payments to Urban Indian Health Organizations that qualify for a time-limited 100% federal medical assistance percentage (FMAP) provided through Section 9815 of the American Rescue Plan Act of 2021 (ARPA). The amount of the state-only payments would be equivalent to the estimated General Fund savings realized by the State from the temporary enhanced FMAP. The state-only payments to Urban Indian Health Organizations would support their capacity in addressing operational funding gaps and health care disparities. Colorado would be among several states that intend to pass on the savings associated with the temporary enhanced FMAP to the Urban Indian Health Organizations directly.

FY 2022-23 Budget Impact: \$48,025 General Fund

FY 2023-24 Budget Impact: \$0 General Fund

R17 | Screening, Brief Intervention, and Referral to Treatment Training Grant Reduction

Summary: The Department requests a reduction in the Screening, Brief Intervention, and Referral to Treatment (SBIRT) program by \$250,000 from the Marijuana Tax Cash Fund (MTCF). As part of budget balancing, the Department needs to reduce funding to certain programs that use the Marijuana Tax Cash Fund (MTCF). The Governor's Office of State Planning and Budgeting's (OSPB) September forecast shows MCTF revenue at more than 20% below the adopted FY 2021-22 budget.

FY 2022-23 Budget Impact: Reduction of \$250,000 Marijuana Tax Cash Fund

FY 2023-24 Budget Impact: Reduction of \$250,000 Marijuana Tax Cash Fund

For more information contact

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