FY 2020-21 Long Bill Overview

June 2020

Below is a summary of provisions included in the Long Appropriations Bill or Long Bill (HB20-1360) for the Department of Health Care Policy & Financing. The Long Bill included some of the Department’s budget requests and other provisions passed by the General Assembly. The state fiscal year runs from July 1, 2020 - June 30, 2021. Additional detail on each request as well as caseload information is available at Colorado.gov/hcpf.

A high-level overview of other legislation passed that affects the Department can be found in the 2020 Legislative Session Wrap-up.

The provisions outlined below are generally effective on July 1, 2020; some elements require system changes and/or federal approvals, so implementation dates can vary. Sign up for our e-newsletters to receive updates as they are available.

Department Budget Requests

R7 | Pharmacy Pricing and Technology
Summary: The Joint Budget Committee (JBC) appropriated funds to support ongoing work on initiatives tied to controlling pharmacy and physician administered drug (PAD) expenditures and ensuring appropriate utilization of drugs. The funding includes: revising the rate setting methodologies for the pharmacy and PAD benefits; trueing up funding for a prescriber tool authorized as part of SB 18-266, Controlling Cost under Colorado Medical Assistance Act, and adding roll-forward authority for design and development of the tool. The JBC added a reduction in costs to implement the maximum allowed costs payment methodology for outpatient pharmacy.

FY 2019-20 Budget Impact: $7,135,879 total funds, including $1,408,842 General Fund
FY 2020-21 Budget Impact: Reduction of $4,882,679 total funds, including a reduction of $926,920 General Fund
FY 2021-22 Budget Impact: Reduction of $15,767,049 total funds, including a reduction of $3,435,840 General Fund

R10 | Provider Rate Adjustments
Summary: The Department originally requested funding to adjust provider rates across several service categories. The JBC initiated a 1 percent across the board reduction to
provider rates. The Committee also rebalanced rates for behavioral health and Residential Child Care Facility (RCCF) fee-for-service rates, aligned dialysis rates with Medicare rates and increased RCCF per diem rates for the Children’s Habilitation Residential Program (CHRP) waiver.

**FY 2020-21 Budget Impact:** Reduction of $51,866,286 total funds, including a reduction of $17,193,114 General Fund

**FY 2021-22 Budget Impact:** Reduction of $52,177,356 total funds, including a reduction of $18,592,692 General Fund

R11 | **Substance Use Disorder Patient Placement and Benefit Implementation**

**Summary:** The Department plans to delay implementation by six months of HB 18-1136, Substance Use Disorder Treatment, to January 1, 2021. HB 18-1136 required the Department to extend behavioral health care services to include residential and inpatient SUD treatment, pending federal approval. The JBC included funding for a patient placement tool. The tool will help map patients to the correct level of care based on American Society of Addiction Medicine (ASAM) criteria.

**FY 2019-20 Budget Impact:** $80,000 total funds, including $26,400 General Fund

**FY 2020-21 Budget Impact:** Reduction of $130,401,053 total funds, including a reduction of $25,611,411 General Fund

**FY 2021-22 Budget Impact:** $1,368,000 total funds, including $451,440 General Fund

R12 | **Work Number Verification**

**Summary:** The Department received funding to implement a real-time income verification process for Health First Colorado (Colorado’s Medicaid Program) and Child Health Plan Plus (CHP+) eligibility determinations. The primary eligibility determinants for these programs are total gross household income compared to the Federal Poverty Level (FPL) and the household composition. Income is self-attested by individual members with a requirement of post eligibility verification. The current verification process does not operate in real time and results in a built-in delay, with members enrolling into Health First Colorado and CHP+, only to be later determined ineligible. The Department anticipated savings from the ability to verify an individual’s income at the time of enrollment.

**FY 2020-21 Budget Impact:** Reduction of $22,577,733 total funds, including a reduction of $3,791,252 General Fund

**FY 2021-22 Budget Impact:** Reduction of $46,239,666 total funds, including a reduction of $7,739,065 General Fund

R13 | **Long-Term Care Utilization Management**

**Summary:** The Department received funding to enhance the scope of work of the Long-Term Care Utilization Management (LTC UM) contract. The enhanced scope directs utilization management activities of the In-Home Support Services (IHSS) and Consumer-Directed
Attendant Support Services (CDASS) populations. Utilization Management (UM) is the evaluation of the appropriateness and medical necessity of health care services based on evidence-based guidelines. Determinations of service authorization in IHSS and CDASS are made by case management agency representatives who frequently lack clinical expertise and are not subject to oversight or accountability measures. The JBC assumed savings as a result of case managers ensuring the right services are administered for the right people.

**FY 2020-21 Budget Impact**: Reduction of $2,364,614 total funds, including a reduction of $1,596,040 General Fund

**FY 2021-22 Budget Impact**: Reduction of $2,989,149 total funds, including a reduction of $1,904,706 General Fund

**R15 | Medicaid Recovery and Third-Party Liability Modernization**

**Summary**: The Department received funding to increase oversight and modernize operations related to improper payments for medical services. The funding includes administrative resources for staff and vendor contracts to work toward decreasing medical costs due to improper payments in three areas: tort and casualty recoveries; identification of third-party insurance; and identification and collection of overpayments.

**FY 2020-21 Budget Impact**: Reduction of $12,634,022 total funds, including a reduction of $3,378,089 General Fund

**FY 2021-22 Budget Impact**: Reduction of $15,940,613 total funds, including a reduction of $4,811,029 General Fund

**R16 | Case Management and State-Only Programs Modernization**

**Summary**: The JBC approved collapsing appropriations for Community-Centered Boards (CCBs), Single-Entry Points (SEP), the State-Only General Fund programs and Home and Community-Based Services (HCBS) waiver programs into separate appropriations that are bottom-line funded.

**FY 2020-21 Budget Impact**: $0 total funds, including $0 General Fund

**FY 2021-22 Budget Impact**: $0 total funds, including $0 General Fund

**R18 | Public School Health Services Program Expansion**

**Summary**: The Department received funding to expand the reimbursement of covered services in the public School Health Services (SHS) program. Currently, the program allows school districts access to federal Medicaid funds for the partial reimbursement of the cost of providing medically-necessary health services to Medicaid-eligible students as prescribed in the student’s Individualized Education Program (IEP) or Individualized Family Service Plans (IFSP). The funding will allow districts participating in the program to receive reimbursement for Medicaid services outside of those listed in an IEP or IFSP. These services include the costs associated with providing care to any student on a formal, school-
developed plan. The decision to expand the program is based on guidance from the federal Centers for Medicare and Medicaid Services (CMS).

FY 2020-21 Budget Impact: $75,000 total funds, including $0 General Fund
FY 2021-22 Budget Impact: $26,987,386 total funds, including $0 General Fund

R19 | Leased Space
Summary: The Department received funding for adjustments in the cost of current commercial leased space. The Department currently utilizes state-owned space and commercial space to accommodate employees. The current appropriation is not sufficient to adequately support leased space expenses. The funding ensures the Department has appropriate funding, and staff have reasonable workspace necessary to provide services to customers.

FY 2019-20 Budget Impact: $95,245 total funds, including $39,489 General Fund
FY 2020-21 Budget Impact: $156,107 total funds, including $64,723 General Fund
FY 2021-22 Budget Impact: $276,713 total funds, including $114,726 General Fund

R20 | Safety Net Provider Payments Adjustment
Summary: The Department received funding for technical adjustments to the Safety Net Provider Payments to align with current timelines and policies. The Safety Net Provider Payments are comprised of Disproportionate Share Hospital (DSH) and Upper Payment Limit (UPL) funding allotments for the Colorado Indigent Care Program (CICP). The CICP is a financial vehicle for providers to recoup some of the costs of providing medical services to low-income Coloradans not eligible for Health First Colorado or Child Health Plan Plus (CHP+). The adjustments will align the Safety Net appropriation to the expected DSH payment allotment and move the UPL portion to the Medicaid Services Premiums appropriation. Overall, there is no change in expenditures and the change aligns appropriations with current practice.

FY 2020-21 Budget Impact: $0 total funds, including $0 General Fund
FY 2021-22 Budget Impact: $0 total funds, including $0 General Fund

Joint Budget Committee (JBC) Actions

Local Minimum Wage Adjustment
Summary: The City of Denver voted to increase the minimum wage over the next three calendar years to $15.00 in CY 2023. In response to a minimum wage increase, HB19-1210 requires the Department to evaluate whether nursing facility rates or other provider rates need to be increased. The Department identified several Home and Community-Based Services (HCBS) that potentially needed to be increased in response to the City of Denver’s wage increase. The JBC included funding for increases to HCBS rates in Denver only and nursing home payments in the Denver area.
FY 2020-21 Budget Impact: $6,590,967 total funds, including $3,295,484 General Fund
FY 2021-22 Budget Impact: $17,510,390 total funds, including $8,755,197 General Fund

2.37 Percent Rate Reduction for PACE
Summary: Program of All-Inclusive Care for the Elderly (PACE) is a comprehensive managed care program for people 55 years and older who meet nursing facility level of care standards. The benefits include standard medical costs, behavioral health, and long-term services and supports. The JBC adopted a 2.37 percent rate reduction for PACE providers. The reduction provides savings without requiring a freeze on all new PACE enrollments.

FY 2020-21 Budget Impact: Reduction of $5,875,559 total funds, including a reduction of $2,755,638 General Fund
FY 2021-22 Budget Impact: Reduction of $5,875,559 total funds, including a reduction of $2,755,638 General Fund

5.0 Percent Reduction to Health, Life and Dental
Summary: The JBC approved a 5.0 percent personal services General Fund reduction against the health, life, and dental appropriation line based on the figures included in the budget scheduled for the SB18-200 automatic increase adjustment. This is not intended to reduce health, life, dental specifically and impacts an agency’s overall personal services funding.

FY 2020-21 Budget Impact: Reduction of $891,254 total funds, including a reduction of $891,254 General Fund
FY 2021-22 Budget Impact: Reduction of $891,254 total funds, including a reduction of $891,254 General Fund

Adjustments to Annualizations
Summary: The JBC changes several annualizations resulting in budget savings. The changes include: FY 2019-20 R-12: Medicaid Enterprise Operations; FY 2019-20 NPR-01: Office of Health Innovation (OeHI) Operating; SB 19-005: Import Prescription Drugs from Canada. The annualizations for prior year provider rate changes are due to the lag between when services are delivered and paid.

FY 2020-21 Budget Impact: Reduction of $12,894,853 total funds, including a reduction of $4,764,128 General Fund
FY 2021-22 Budget Impact: Increase of $5,331,086 total funds, including $2,131,711 General Fund

Eliminate Teaching Hospitals Appropriations
Summary: The JBC eliminated supplemental payments to Denver Health and the University of Colorado for graduate medical education.
**FY 2020-21 Budget Impact**: Reduction of $4,436,698 total funds, including a reduction of $1,993,349 General Fund

**FY 2021-22 Budget Impact**: Reduction of $4,436,698 total funds, including a reduction of $1,993,349 General Fund

**Increase Member Co-pays**

**Summary**: The JBC approved an increase to member co-pays to the federal maximum permitted on pharmacy, physician services, Federally Qualified Health Center (FQHC) visits, Regional Health Center (RHC) visits, inpatient services, outpatient services, durable medical equipment, lab & x-ray, anesthesia, Non-Emergent Medical Transportation (NEMT), and dental. Federal regulations exempt certain populations and services from out-of-pocket expenses and cap costs sharing at 5 percent of family income.

**FY 2020-21 Budget Impact**: Reduction of $8,809,862 total funds, including a reduction of $2,136,757 General Fund

**FY 2021-22 Budget Impact**: Reduction of $8,809,862 total funds, including a reduction of $2,136,757 General Fund

**Reduce All Payer Claims Database (APCD) Appropriation**

**Summary**: The JBC reduced all funding for the APCD grant program that provides academics, nonprofits, and government entities with free access to the database for research. The Committee also reduced state-only support for the APCD by 25 percent. The APCD is used to provide information on access to care, total cost of care, and help in determining appropriate benchmarks to measure Health First Colorado rates against.

**FY 2020-21 Budget Impact**: Reduction of $1,209,655 total funds, including a reduction of $1,209,655 General Fund

**FY 2021-22 Budget Impact**: Reduction of $1,209,655 total funds, including a reduction of $1,209,655 General Fund

**Reduce Pediatric Specialty Hospital Program**

**Summary**: The JBC reduced supplemental payments to Children's Hospital by 20 percent. The payment is used to help offset the costs of providing care to Health First Colorado and indigent care clients.

**FY 2020-21 Budget Impact**: Reduction of $2,691,002 total funds, including a reduction of $1,262,080 General Fund

**FY 2021-22 Budget Impact**: Reduction of $2,691,002 total funds, including a reduction of $1,262,080 General Fund

**Reduce Commission on Family Medicine Program**
Summary: The Commission on Family Medicine helps develop the primary care provider network, particularly in rural and underserved areas.

FY 2020-21 Budget Impact: Reduction of $1,066,098 total funds, including a reduction of $500,000 General Fund
FY 2021-22 Budget Impact: Reduction of $1,066,098 total funds, including a reduction of $500,000 General Fund

Reduce Screening, Brief Intervention and Referral to Treatment (SBIRT) Program
Summary: The JBC decreased support for grants to organizations that provide evidence-based training for health professionals statewide related to SBIRT for individuals at risk of substance abuse.

FY 2020-21 Budget Impact: Reduction of $1,000,000 total funds, including a reduction of $1,000,000 General Fund
FY 2021-22 Budget Impact: Reduction of $1,000,000 total funds, including a reduction of $1,000,000 General Fund

Reduce Healthy Communities Program
Summary: The Healthy Communities program provides outreach and health education to recently eligible children, young adults, and pregnant women at no cost to families. Program services include assistance with completing an application for medical assistance, navigating health care systems, understanding coverage and benefits, and referrals to community resources and providers. The program also follows up to ensure families meet recommended well-child visits. The JBC reduced appropriations to the program by 75 percent.

FY 2020-21 Budget Impact: Reduction of $2,000,000 total funds, including a reduction of $1,000,000 General Fund
FY 2021-22 Budget Impact: Reduction of $2,000,000 total funds, including a reduction of $1,000,000 General Fund

Reduce Senior Dental Program
Summary: The Senior Dental program provides grants to providers who serve low-income seniors without access to dental care.

FY 2020-21 Budget Impact: Reduction of $1,000,000 total funds, including a reduction of $1,000,000 General Fund
FY 2021-22 Budget Impact: Reduction of $1,000,000 total funds, including a reduction of $1,000,000 General Fund

Refinance General Fund with Individuals with Developmental Disabilities (IDD) Cash Fund
Summary: The JBC transferred funding from the IDD Services Cash fund to the General Fund.
FY 2020-21 Budget Impact: $0 total funds, including a reduction of $6,727,431 General Fund
FY 2021-22 Budget Impact: $0 total funds, including $0 General Fund

For more information contact
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