

Department of Health Care Policy and Financing

Funding Request for the FY 2024-25 Budget Cycle

Request Title

R-10 Third Party Assessments for Nursing Services

Dept. Approval By: Er Daly _____ Supplemental FY 2023-24
 OSPB Approval By: Adrian Leiter _____ Budget Amendment FY 2024-25
 _____ X _____ Change Request FY 2024-25

| Summary Information | Fund | FY 2023-24 | | FY 2024-25 | | FY 2025-26 |
|---|--------------|-----------------------|----------------------|--------------|----------------|--------------|
| | | Initial Appropriation | Supplemental Request | Base Request | Change Request | Continuation |
| | Total | \$27,236,877 | \$0 | \$27,306,225 | \$1,938,600 | \$10,332,605 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total of All Line Items Impacted by Change Request | GF | \$7,301,755 | \$0 | \$7,301,755 | \$484,650 | \$2,583,151 |
| | CF | \$2,112,987 | \$0 | \$2,147,661 | \$0 | \$0 |
| | RF | \$0 | \$0 | \$0 | \$0 | \$0 |
| | FF | \$17,822,135 | \$0 | \$17,856,809 | \$1,453,950 | \$7,749,454 |

| Line Item Information | Fund | FY 2023-24 | FY 2024-25 | | FY 2025-26 | |
|---|--------------|-----------------------|----------------------|---------------------|--------------------|---------------------|
| | | Initial Appropriation | Supplemental Request | Base Request | Change Request | Continuation |
| | Total | \$27,236,877 | \$0 | \$27,306,225 | \$1,938,600 | \$10,332,605 |
| 01. Executive Director's Office, (E) Utilization and Quality Review | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Contracts, (1) Utilization and Quality Review | GF | \$7,301,755 | \$0 | \$7,301,755 | \$484,650 | \$2,583,151 |
| Contracts - Professional Service Contracts | CF | \$2,112,987 | \$0 | \$2,147,661 | \$0 | \$0 |
| | RF | \$0 | \$0 | \$0 | \$0 | \$0 |
| | FF | \$17,822,135 | \$0 | \$17,856,809 | \$1,453,950 | \$7,749,454 |

| Auxiliary Data | | | |
|------------------------------|--|--|------------------------|
| Requires Legislation? | NO | | |
| Type of Request? | Health Care Policy and Financing Prioritized Request | Interagency Approval or Related Schedule 13s: | No Other Agency Impact |



Department Priority: R-10
Third Party Assessments for Nursing Services

| Summary of Funding Change for FY 2024-25 | | | |
|--|-----------------------------|-----------------------|-----------------------|
| | | Incremental Change | |
| | FY 2023-24 Appropriation | FY 2024-25 Request | FY 2025-26 Request |
| Total Funds | \$27,236,877 | \$1,938,600 | \$10,332,605 |
| FTE | 0.0 | 0.0 | 0.0 |
| General Fund | \$7,301,755 | \$484,650 | \$2,583,151 |
| Cash Funds | \$2,112,987 | \$0 | \$0 |
| Reappropriated Funds | \$0 | \$0 | \$0 |
| Federal Funds | \$17,822,135 | \$1,453,950 | \$7,749,453 |

Summary of Request

The Department requests funding to modernize and streamline the intermittent nursing programs by securing funding for a third-party nurse assessor using the acuity tool for the benefits. The Department requests \$1,938,600 total funds, including \$484,650 General Fund in FY 2024-25 and \$10,332,605 total funds, including \$2,583,151 General Fund in FY 2025-26 and ongoing. Creating a modernized nursing benefit will help the Department achieve its Pillars of Operational Excellence and Increasing Value in Health First Colorado, objectives which relate to improving the functioning and quality of the Department’s operations with respect to members and providers. The Department anticipates that these changes will result in long-term cost savings by assessing members for the appropriate level of nursing services across the service modalities, thereby reducing duplicative service authorizations and potential conflicts of interest with the service providers. This request represents less than a 0.5% change to the Department’s budget for FY 2024-25 and subsequent years.

| Requires Legislation | Equity Impacts | Impacts Another Department? | Statutory Authority |
|----------------------|----------------|-----------------------------|----------------------------|
| No | Positive | No | 25.5-1-201 (1) (a), C.R.S. |

Current Program

The Department currently offers two nursing state plan benefits. PDN services are face-to-face skilled nursing services provided in a more individualized fashion than comparable services available under the home health benefit or in hospitals or nursing facilities and are generally provided in a member’s home. PDN services are billed hourly with a daily maximum of 23 hours for adults and 24 hours for pediatric members. There are five categories of PDN services: individual services provided by a registered nurse (RN), group services provided by a registered nurse (RN-group), individual services provided by a licensed practical nurse (LPN), group services provided by a licensed practical nurse (LPN-group), and blended group services. PDN is nursing continuously applied throughout the shift; the nurse is continually assessing, planning, evaluating and implementing interventions.

Long-Term Home Health (LTHH) services are deemed necessary by a medical need and are skilled nursing, certified nursing assistant, and therapy services that are generally provided in a member’s home. LTHH services are either billed hourly or on a per-visit basis with a maximum number of hours. There are nine services under LTHH that are for both children under 21 and adults: members under 21 that have a medical need can access Physical, Occupational, Speech and Language Therapies (PT, OT, and S/LT respectively), and all members have access to Registered Nursing/Licensed Practical Nursing (RN/LPN), Home Health Aid Basic and Extended (HHA), Registered Nursing - Brief first visit of day and Brief Second or More Visit of Day, and telehealth. LTHH rates are based on the Department’s fee schedule. LTHH is skilled care that is intermittently applied to complete a task - assessment, planning, implementation and evaluation conducted intermittently throughout the visit.

Additionally, skilled services are provided through the consumer-directed care programs In-Home Support Services (IHSS) and Consumer-Directed Attendant Support Services (CDASS). Skilled care is provided in these programs through the Health Maintenance Activities (HMA) benefit. The Department anticipates increased utilization of both IHSS and CDASS through the expansion of these programs with the implementation of Community First Choice (CFC) in July 2025. CFC will expand access to IHSS and CDASS by moving these service delivery options out of the states 1915(c) waivers and into the State Plan.

Currently, the Department contracts with two vendors to complete prior authorization reviews (PAR) of the skilled nursing services. One vendor completes reviews of all requested HMA under the IHSS and CDASS benefits. Another vendor reviews PDN PAR requests and medical necessity reviews for LTHH requests.

Problem or Opportunity

Assessments for Colorado’s nursing services are currently bifurcated; this creates unnecessary confusion for members, who often see a denial for PDN services, but qualify for LTHH. Members and providers are often confused about which service is most appropriate for their needs. The Department could alleviate that confusion by establishing and implementing a singular assessment for the nursing benefits, which would prevent duplicated efforts for PAR reviews and create other efficiencies within the nursing benefits. This will streamline processes across delivery methods to promote access to care along the spectrum of skilled care needs. All members receiving skilled nursing care, regardless of service modality, will be reviewed and assessed consistently and reliably by a single third-party assessor. Using a single assessment tool will mitigate the risk of duplication across the spectrum of care options available to members.

Proposed Solution and Anticipated Outcomes

The Department requests \$1,938,650 total funds, including \$484,650 General Fund in FY 2024-25 and \$10,332,605 total funds, including \$2,583,151 General Fund in FY 2025-26 and ongoing to establish a third-party assessor for the PDN, LTHH, and HMA benefits.

The Department requests to implement a process by which all members needing skilled services will undergo one assessment, utilizing the same acuity tool, conducted by a third-party clinical assessor. This would allow for consistent, reliable review of all skilled care needed by members while streamlining the process. This includes the assessment of skilled care needs provided under the Health Maintenance Activities (HMA) benefit within the consumer directed programs. Members will then be able to choose how they wish to receive their services across all modalities they are eligible for, allowing for a person-centered approach. Skilled care can then be authorized within the hours determined by the acuity tool, eliminating over-authorization and risk of duplication. Members will have a streamlined assessment process, will be informed of all their skilled care options, and be able to access services more quickly. The Department will be able to mitigate overlapping utilization, eliminate the conflict of interest of having providers assess and determine a member’s needs, monitor expenditures across all skilled care modalities, and ensure that each member receives the appropriate skilled care based on assessed need.

The Department anticipates several outcomes from the changes included in this request that aim to enhance nursing services and improve the overall care experience. One key objective is to increase access to services for individuals in need. Under the proposed solution, a nurse assessor

would conduct a comprehensive assessment, utilizing an assessment tool to determine the necessary hours of care. They would also identify tasks that can be delegated by a registered nurse (RN) and those that cannot. Based on this assessment, the nurse assessor would engage in discussions with the member, and the member's family if appropriate, to determine their preferred method of receiving services, whether through self-directed care or an agency-based approach. By streamlining the process and providing clarity to members, families, and advocates, this approach would reduce the need for multiple assessments for various nursing services, thereby increasing access to the required care.

Equity in service provision is another critical outcome sought through this request. By employing a neutral third-party assessor to conduct assessments for skilled nursing care, any potential conflicts of interest on the part of the provider are eliminated. This ensures fairness and consistency across all populations, creating a level playing field for individuals seeking care services. The use of valid and reliable assessment tools, combined with a single utilization review and management (URUM) vendor, will promote inter-rater reliability and help achieve consistent and reliable evaluations. This approach minimizes variations in assessments and ensures that individuals receive the appropriate level of care based on standardized criteria. Furthermore, the request aims to facilitate whole person reviews, reducing the number of reviewers and case managers involved in the process. By having the nurse assessor conduct a comprehensive assessment, additional community referrals can be made as necessary, addressing not only the nursing needs but also potential referrals to programs such as Supplemental Nutrition Assistance Program (SNAP) for addressing food insecurity, waiver referrals, Regional Accountable Entities (RAE) connections, or the Community Aging in Place Advancing Better Living for Elders (CAPABLE) program.

Utilizing a third-party assessment will help the Department establish clear definitions of the benefits. This helps to eliminate confusion and ensure that individuals receive the necessary and appropriate services. Lastly, the request aims to identify and provide in-home services for individuals needing care across a continuum of needs, from skilled to unskilled care. By recognizing and addressing the diverse needs of individuals, this approach supports comprehensive and holistic care, promoting wellness and independence. These anticipated outcomes collectively strive to enhance the quality, accessibility, and consistency of nursing services, benefiting individuals and improving the overall care delivery process.

Supporting Evidence and Evidence Continuum

The Department believes implementing the third-party assessments falls under Step 2 of the Evidence Continuum. Under the S.B. 21-284 definitions, this program would be characterized as "Theory-informed."

| | |
|--|---|
| Program Objective | Implement a third-party assessment process for the intermittent nursing benefits |
| Outputs being measured | Prior authorization approval and denial changes; utilization trends of services within the benefits |
| Outcomes being measured | Reduction in duplicative utilization of skilled care modalities while maintaining better access to care for members to the most appropriate services for their needs |
| Type and Result of Evaluation | The American Academy of Nursing on Policy published an article, "The value of nursing care coordination: A white paper of the American Nurses Association," in which they highlighted the importance of care coordination as foundational to the health care reform goals of improving the quality of care for individuals and populations via the efficient and effective use of resources. ¹ |
| S.B. 21-284 Evidence Category and Evidence Continuum Level | Theory-informed, Step 2 |

Promoting Equitable Outcomes

This request will help to ensure equitable access to the appropriate level of service for members through the third-party assessment process. Additionally, this request will ensure equitable outcomes for all members regardless of education and ability to advocate for desired services.

A streamlined assessment process will reduce the burden on members and their families, improving access to medically necessary services. In the current system, a member has a unique assessment and care plan for each benefit they receive. For example, a child with medical complexity using a variety of nursing services may have 3-4 assessments every year. By simplifying the nursing services into one assessment, members and their families will save time and resources while being better positioned to choose the services that best meet their unique needs. A member can decide whether their needs are best met with a private duty nurse or via a participant-directed option. By making the process less burdensome and easier to understand, individuals with disabilities and their families are more likely to engage in self-advocacy and make choices that address their specific needs, preferences, and goals.

Assumptions and Calculations

¹ <https://www.sciencedirect.com/science/article/abs/pii/S0029655413001887>

The Department requests funding for a third-party nursing assessor to conduct the nursing assessments for the nursing benefits. This will include the entire PDN program, the LTHH RN benefit, and those utilizing HMA under the IHSS/CDASS services. The PDN and LTHH RN benefit assessments will begin January 1, 2025, and IHSS/CDASS assessments will begin July 1, 2025. The Department anticipates that all members will require an initial assessment, and that these initial assessments will take place within the first year of the implementation of the benefit.

Currently, the Department can utilize an express review option for members to continue the same level of care. If a member has no change of condition or the HMA care is unchanged from the year prior, case managers can submit an “express review” which functions as a rubber stamp approval and the authorization will be extended for another year, without a full review being required. The Department estimated that 12% of reviews submitted historically are express reviews, and that going forward 12% of members will not need an annual review.

The Department incorporated an annual growth estimate to account for new members added to the programs, which will require new assessments. The newly enrolled growth rates are based on the Department’s forecast for enrollment in PDN as well as the forecasted number of distinct utilizers of the LTHH and IHSS/CDASS services. The program will continue forward with new member assessments and 88% of members receiving annual reassessments. The reassessments can be either virtual or in person, and the Department assumes that the virtual and in person reassessments will be utilized equally.

Finally, the Department currently has a contract with a vendor of \$760,213 for annual UM reviews for members in IHSS/CDASS HMA. These UM reviews would be duplicative of the work being described in this request and the Department would no longer need this service in the contract. The Department requests to reduce its appropriation for this amount as it will no longer need the funding for that contractor work.

R-10 Third Party Assessments for Nursing Services
Appendix A: Assumptions and Calculations

| Table 1.1 Summary by Line Item FY 2024-25 | | | | | | | | | |
|---|---|--------------------|------------|------------------|------------|----------------------|--------------------|----------|--------------------|
| Row | Line Item | Total Funds | FTE | General Fund | Cash Funds | Reappropriated Funds | Federal Funds | FFP Rate | Notes/Calculations |
| A | (1) EDO, (E) General Administration, Professional Service Contracts | \$1,938,600 | 0.0 | \$484,650 | \$0 | \$0 | \$1,453,950 | | Table 2.1 Row C |
| B | Total Request | \$1,938,600 | 0.0 | \$484,650 | \$0 | \$0 | \$1,453,950 | | Row A |

| Table 1.2 Summary by Line Item FY 2025-26 | | | | | | | | | |
|---|---|---------------------|------------|--------------------|------------|----------------------|--------------------|----------|--------------------|
| Row | Line Item | Total Funds | FTE | General Fund | Cash Funds | Reappropriated Funds | Federal Funds | FFP Rate | Notes/Calculations |
| A | (1) EDO, (E) General Administration, Professional Service Contracts | \$10,332,605 | 0.0 | \$2,583,151 | \$0 | \$0 | \$7,749,454 | | Table 2.2 Row C |
| B | Total Request | \$10,332,605 | 0.0 | \$2,583,151 | \$0 | \$0 | \$7,749,454 | | Row A |

| Table 1.3 Summary by Line Item FY 2026-27 and Ongoing | | | | | | | | | |
|---|---|--------------------|------------|--------------------|------------|----------------------|--------------------|----------|--------------------|
| Row | Line Item | Total Funds | FTE | General Fund | Cash Funds | Reappropriated Funds | Federal Funds | FFP Rate | Notes/Calculations |
| A | (1) EDO, (E) General Administration, Professional Service Contracts | \$6,540,771 | 0.0 | \$1,635,193 | \$0 | \$0 | \$4,905,578 | | Table 2.3 Row C |
| B | Total Request | \$6,540,771 | 0.0 | \$1,635,193 | \$0 | \$0 | \$4,905,578 | | Row A |

R-10 Third Party Assessments for Nursing Services
Appendix A: Assumptions and Calculations

| Table 2.1 Summary by Initiative FY 2024-25 | | | | | | | | | |
|--|----------------------------|--------------------|------------|------------------|------------|----------------------|--------------------|---------------|-----------------------------|
| Row | Item | Total Funds | FTE | General Fund | Cash Funds | Reappropriated Funds | Federal Funds | FFP Rate | Notes/Calculations |
| A | Nursing Assessment PDN | \$289,800 | 0.0 | \$72,450 | \$0 | \$0 | \$217,350 | 75.00% | Table 4.1 Row C |
| B | Nursing Assessment LTHH RN | \$1,648,800 | 0.0 | \$412,200 | \$0 | \$0 | \$1,236,600 | 75.00% | Table 4.1 Row C |
| C | Total Request | \$1,938,600 | 0.0 | \$484,650 | \$0 | \$0 | \$1,453,950 | 75.00% | Sum of Rows A thru B |

| Table 2.2 Summary by Initiative FY 2025-26 | | | | | | | | | |
|--|-------------------------------|---------------------|------------|--------------------|------------|----------------------|--------------------|---------------|-----------------------------|
| Row | Item | Total Funds | FTE | General Fund | Cash Funds | Reappropriated Funds | Federal Funds | FFP Rate | Notes/Calculations |
| A | Nursing Assessment PDN | \$461,100 | 0.0 | \$115,275 | \$0 | \$0 | \$345,825 | 75.00% | Table 4.1 Row E |
| B | Nursing Assessment LTHH RN | \$2,707,500 | 0.0 | \$676,875 | \$0 | \$0 | \$2,030,625 | 75.00% | Table 4.1 Row E |
| C | Nursing Assessment IHSS/CDASS | \$7,924,200 | 0.0 | \$1,981,050 | \$0 | \$0 | \$5,943,150 | 75.00% | Table 4.1 Row E |
| D | Utilization Management Offset | (\$760,195) | 0.0 | (\$190,049) | \$0 | \$0 | (\$570,146) | 75.00% | Table 3.1 Row D |
| E | Total Request | \$10,332,605 | 0.0 | \$2,583,151 | \$0 | \$0 | \$7,749,454 | 75.00% | Sum of Rows A thru D |

| Table 2.3 Summary by Initiative FY 2026-27 and Ongoing | | | | | | | | | |
|--|-------------------------------|--------------------|------------|--------------------|------------|----------------------|--------------------|----------|-----------------------------|
| Row | Item | Total Funds | FTE | General Fund | Cash Funds | Reappropriated Funds | Federal Funds | FFP Rate | Notes/Calculations |
| A | Nursing Assessment PDN | \$313,400 | 0.0 | \$78,350 | \$0 | \$0 | \$235,050 | 75.00% | Table 4.1 Row G |
| B | Nursing Assessment LTHH RN | \$1,912,700 | 0.0 | \$478,175 | \$0 | \$0 | \$1,434,525 | 75.00% | Table 4.1 Row G |
| C | Nursing Assessment IHSS/CDASS | \$5,074,866 | 0.0 | \$1,268,717 | \$0 | \$0 | \$3,806,150 | 75.00% | Table 4.1 Row G |
| D | Utilization Management Offset | (\$760,195) | 0.0 | (\$190,049) | \$0 | \$0 | (\$570,146) | 75.00% | Table 3.1 Row E |
| E | Total Request | \$6,540,771 | 0.0 | \$1,635,193 | \$0 | \$0 | \$4,905,578 | | Sum of Rows A thru D |

R-10 Third Party Assessments for Nursing Services
 Appendix A: Assumptions and Calculations

| Table 3.1 Utilization Management Vendor Offset | | | |
|---|--------------------------------|--------------------|-----------------------------------|
| Row | Item | Amount | Notes |
| A | Cost Per Review | \$57.56 | Cost with Current Vendor |
| B | FY 2025-26 IHSS/CDASS | 13,207 | Number of Reviews Vendor Performs |
| C | FY 2026-27 IHSS/CDASS | 13,207 | Number of Reviews Vendor Performs |
| D | Total FY 2025-26 Offset | (\$760,195) | Row A * Row B * (-1) |
| E | Total FY 2026-27 Offset | (\$760,195) | Row A * Row C * (-1) |

R-10 Third Party Assessments for Nursing Services
Appendix A: Assumptions and Calculations

| Table 4.1 Total Cost of Nursing Assessor Reviews | | | | | | | | | | | |
|--|-----------------------|-------------|------------------------------------|----------------------------------|-------------|------------------------------------|----------------------------------|-------------|------------------------------------|----------------------------------|-----------------|
| Row | Item | PDN | | | LTHH RN | | | IHSS/CDASS | | | Notes |
| | | New Reviews | Recertified Reviews - In Person | Recertified Reviews - Virtual | New Reviews | Recertified Reviews - In Person | Recertified Reviews - Virtual | New Reviews | Recertified Reviews - In Person | Recertified Reviews - Virtual | |
| A | Rate | \$600 | \$400 | \$300 | \$600 | \$400 | \$300 | \$600 | \$400 | \$300 | Vendor Estimate |
| B | FY 2024-25 Reviews | 483 | 0 | 0 | 2,748 | 0 | 0 | 0 | 0 | 0 | Table X.1 Row A |
| C | FY 2024-25 Total Cost | \$289,800 | \$0 | \$0 | \$1,648,800 | \$0 | \$0 | \$0 | \$0 | \$0 | Row A * Row B |
| D | FY 2025-26 Reviews | 520 | 213 | 213 | 3,102 | 1,209 | 1,209 | 13,207 | 0 | 0 | Table X.1 Row B |
| E | FY 2025-26 Total Cost | \$312,000 | \$85,200 | \$63,900 | \$1,861,200 | \$483,600 | \$362,700 | \$7,924,200 | \$0 | \$0 | Row A * Row D |
| F | FY 2026-27 Reviews | 37 | 416 | 416 | 354 | 2,429 | 2,429 | 1,679 | 5,811 | 5,811 | Table X.1 Row C |
| G | FY 2026-27 Total Cost | \$22,200 | \$166,400 | \$124,800 | \$212,400 | \$971,600 | \$728,700 | \$1,007,166 | \$2,324,400 | \$1,743,300 | Row A * Row F |

R-10 Third Party Assessments for Nursing Services
Appendix A: Assumptions and Calculations

| Table 5.1 Nursing Reviews Per Year | | | | | | | | |
|------------------------------------|-------------|-------------|------------------|-------------|------------------|-------------|------------------|---------------------------|
| Row | Fiscal Year | PDN | | LTHH RN | | IHSS/CDASS | | Notes |
| | | New Reviews | Recertifications | New Reviews | Recertifications | New Reviews | Recertifications | |
| A | FY 2024-25 | 483 | 0 | 2,748 | 0 | 0 | 0 | Table 5.2 Row B |
| B | FY 2025-26 | 520 | 425 | 3,102 | 2,418 | 13,207 | 0 | Table 5.2 Row E and Row G |
| C | FY 2026-27 | 37 | 832 | 354 | 4,858 | 1,679 | 11,622 | Table 5.2 Row J and Row K |

R-10 Third Party Assessments for Nursing Services
Appendix A: Assumptions and Calculations

| Table 5.2 Reviews Timeline | | | | | |
|----------------------------|------------------------------------|------------|--------------|---------------|--|
| Row | Item | PDN | LTHH RN | IHSS/CDASS | Notes |
| A | FY 2024-25 Enrollment | 965 | 5,496 | 13,207 | FY 2023-24 S-1 Exhibit G |
| B | FY 2024-25 Reviews | 483 | 2,748 | 0 | Row A / 2; Start date Jan 1 2025 for PDN and LTHH RN |
| C | Growth Percentage | 3.80% | 6.43% | 12.71% | Estimate from Program |
| D | FY 2025-26 New members | 37 | 354 | 13,207 | Row B * Row C |
| E | FY 2025-26 New Reviews | 520 | 3,102 | 13,207 | Row B + Row D |
| F | Recertification Review Percentage | 88.00% | 88.00% | 88.00% | Estimate from Program |
| G | FY 2025-26 Recertification Reviews | 425 | 2,418 | 0 | Row B * Row F |
| H | Total Reviews FY 2025-26 | 945 | 5,520 | 13,207 | Row E + Row G |
| I | FY 2026-27 New Members | 37 | 354 | 1,679 | Same Growth in FY 2025-26 |
| J | FY 2026-27 New Reviews | 37 | 354 | 1,679 | Row I |
| K | FY 2026-27 Recertification Reviews | 832 | 4,858 | 11,622 | Row F * Row H |
| L | Total Reviews FY 2026-27 | 869 | 5,212 | 13,301 | Row J + Row K |