



COLORADO
Department of Health Care
Policy & Financing

1570 Grant Street
Denver, CO 80203

FY 2023-24 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) 2023-24 budget, which runs from July 1, 2023 - June 30, 2024.

The Department's budget requests focus on improving health equity for Health First Colorado (Colorado's Medicaid program) members, stakeholder engagement, tools to improve quality and ensure compliance, supporting children and youth with complex needs, supporting Behavioral Health Administration claims processing, increasing provider rates, and improving case management to align with federal and state requirements.

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 | Supporting PCMP Transition with Value Based Payments](#)

Summary: The Department requests funding for the training and incentives for Primary Care Medical Providers (PCMPs) to transition to the Alternative Payment Methodology 2 (APM 2). This program pays PCMPs a partial capitation payment and allows PCMPs to earn incentive payments for managing care for members with chronic conditions. PCMPs who participate in APM 2 will receive data from the Department on patients with chronic conditions, which they may not immediately understand how to use. Therefore, the Department requests funding to deliver training and peer-to-peer learning collaboratives for participating providers, based on feedback from PCMPs. These initiatives will provide support to PCMPs as they manage complex health problems while improving outcomes for members. This request builds upon Department budget requests from the past two fiscal years that were successfully funded to help further the work HCPF is doing to transition away from traditional fee-for-service payments to a system of value-based payments.

FY 2023-24 Budget Impact: \$8,679,810 Total Funds, including \$2,853,173 General Fund

FY 2024-25 Budget Impact: \$9,318,127 Total Funds, including \$3,048,437 General Fund

R7 | Provider Rate Adjustments

Summary: The Department requests funding to provide an across-the-board provider rate increase of 0.5% and to make various targeted rate adjustments for our providers. With rising cost of living due to high inflation, the Department anticipates that providers are also seeing rising costs. As the largest payer in the state, increasing reimbursement to providers is the most important thing the Department can do to help with workforce shortages. The Department's proposed targeted rate adjustments include an increase for nursing homes, with a higher proposed increase for facilities with more Medicaid utilization; an increase for home and community-based waiver services to reflect a \$15.75 per hour base wage for workers statewide and \$17.29 per hour for workers in Denver; eliminating most member co-pays; and an incentive payment for rural providers. It also includes funding to implement the recommendations determined through the annual rate review process to promote equity in reimbursement for services rendered and include adjusting rates for physician services, lab and pathology, dialysis, injections, and eyeglasses and vision services.

FY 2023-24 Budget Impact: \$192,249,156 Total Funds, including \$69,830,979 General Fund
FY 2024-25 Budget Impact: \$209,850,016 Total Funds, including \$89,271,077 General Fund

R8 | Cost and Quality Indicators

Summary: The Department requests funding to sustain the data integration infrastructure for collecting and sharing relevant and reliable health care data among community partners, and to continue development of mission-critical cost and quality indicators to reveal insights and trends from the underlying data. As data-driven approaches become more ingrained in Department initiatives, the development of cost and quality indicators supports the Department in a variety of ways including ensuring compliance with federal reporting requirements, identifying and addressing health disparities for Health First Colorado members and empowering members by providing them with information on provider performance. This request will fund:

- Clinical data for care management
- Social determinants of health supplemental data
- Immunization and disease reporting and,
- Hospital cost and quality performance indicators, among others.

With access to new, relevant data and effective analysis and trending, the Department will become an industry leader in understanding and adequately addressing health care disparities.

FY 2023-24 Budget Impact: \$7,305,880 Total Funds, including \$976,855 General Fund
FY 2024-25 Budget Impact: \$6,750,430 Total Funds, including \$1,012,078 General Fund

R9 | Advancing Birthing Equity

Summary: The Department requests funding to promote increased health equity outcomes by implementing coverage for birthing doulas and human donor milk. A doula is a trained, non-medical professional who provides continuous physical, emotional and informational support to a mother before, during and after childbirth to help achieve the healthiest experience possible. While the Department currently covers certified nurse midwives, doulas differ from midwives in that they do not perform the delivery and do not require the same medical training. Use of human donor milk to feed newborns, especially if the newborn is delivered preterm, has been shown to significantly improve long and short-term infant health outcomes. Use of human donor milk instead of infant formula immediately post-birth also improves breastfeeding rates among new mothers, which has also been shown to carry significant long and short-term infant health benefits. Neither human donor milk nor doula services are currently covered by the Department.

These costs will be offset by eliminating the High-Risk Pregnant Women Line Item.

FY 2023-24 Budget Impact: Reduction of \$702,853 Total Funds, including a reduction of \$357,242 General Fund

FY 2024-25 Budget Impact: Reduction of \$75,237 Total Funds, including a reduction of \$49,744 General Fund

R10 | Children and Youth with Complex & Co-Occuring Needs

Summary: The Department requests funding to enhance critical services for children and youth with complex and co-occurring needs. Specifically, the Department requests funding to:

- Create a multi-disciplinary team with a focus on benefit navigation and clinical care coordination for children with complex and co-occurring needs; and
- Expand access to respite services for children on certain home and community-based waivers.

This request would ensure improved oversight of the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) exceptions process. Additionally, this request would support the Department's goals of increasing member access to care, advancing long-term health outcomes for children and promoting equitable outcomes by ensuring access to appropriate levels of care for families who are often negatively affected by a lack of treatment options for their child's disability.

FY 2023-24 Budget Impact: Increase of \$3,938,944 in Total Funds, including an increase of \$200,043 General Fund

FY 2024-25 Budget Impact: Increase of \$3,940,144 in Total Funds, including an increase of \$1,085,358 General Fund

[R11 | Compliance](#)

Summary: The department requests 7.4 FTE in FY 2023-24 and 8.0 FTE in FY 2024-25 and ongoing to comply with recent legislative requirements in a number of areas including identifying fraud, waste and abuse, increasing levels of cost avoidance in third party liability (TPL) claims, and providing increased stewardship of state resources through the implementation of operational compliance and program oversight measures. This request will bolster proper oversight and accountability, which are both critical to ensuring that Health First Colorado members are receiving the services they need and taxpayers are getting sufficient returns on the use of these funds.

Overall, this request is budget negative and will save the state money in fraud, waste and abuse, TPL claims, and compliance and oversight.

FY 2023-24 Budget Impact: Reduction of \$10,748,066 in Total Funds, including a reduction of \$3,417,450 General Fund

FY 2024-25 Budget Impact: Reduction of \$13,065,770 in Total Funds, including a reduction of \$4,055,829 General Fund

[R12 | Behavioral Health Eligibility and Claims Processing Operations](#)

Summary: The Department requests funds to support the ongoing operations of the Behavioral Health Administration's (BHA's) newly established eligibility system, claims processing and submission system and data reporting system serving all of the state's behavioral health programs. The request includes contractor funding in addition to permanent FTE to run the new program and is critical to increasing access to behavioral health care for Coloradans. With the establishment of the BHA during the 2022 legislative session, the Department now has the opportunity to work closely with the BHA, CDHS and other state agencies to radically transform the behavioral health system in the state. This request includes funding for the Department's eligibility processing, claims and encounter processing, and data reporting vendors to maintain and operate the new program within the infrastructure created.

FY 2023-24 Budget Impact: \$2,889,302 in Total Funds, including \$2,889,302 in General Fund

FY 2024-25 Budget Impact: \$3,040,781 in Total Funds, including \$3,040,781 in General Fund

[R13 | Case Management Redesign](#)

Summary: The Department requests funding to support case management rate increases, continuous system enhancements to the Care/Case Management (CCM) Tool, case manager training resources, and financial closeout reviews for existing case management entities. Currently, the Department serves members with Intellectual & Developmental Disabilities (IDD) through Community Centered Boards (CCBs) and members in need of Long-Term Services and Supports (LTSS) through Single Entry Point (SEP) Agencies. HB 21-1187 Long-term Services and Support Case Management Redesign directed the Department to consolidate IDD, LTSS and Private Agencies into overarching Case Management Agencies (CMAs). In order to align with the directive in HB 21-1187 and successfully transition to a consolidated case management model, the Department needs additional one-time funding to perform federally required closeout reviews of existing case management agencies and ongoing funding to implement an improved rate structure, CMA training and funding for the new CCM Tool.

FY 2023-24 Budget Impact: \$3,602,309 in Total Funds, including \$168,000 in General Fund
FY 2024-25 Budget Impact: \$8,962,621 in Total Funds, including \$2,102,786 in General Fund

[R14 | Convert Contractor Resources to FTE](#)

Summary: The Department requests to convert contractor funding to state FTE to achieve more efficient and effective stakeholder engagement for Department programs. The complex nature of HCPF's programs and policies requires high-quality collaboration and engagement with diverse stakeholders including Health First Colorado and Child Health Plan *Plus* (CHP+) members, medical providers, legislators, and community groups. The diversity of stakeholders and projects requires a wide variety of engagement techniques including communication and outreach to external partners, facilitated meetings and workgroups, conflict resolution and mediation, and more. These valuable efforts are greatly benefited by the guidance of skilled professionals trained in these areas. Ultimately, robust stakeholder engagement:

- Supports the effective implementation of new programs and initiatives;
- Builds community trust;
- Improves the Department's relationships with community and external partners; and
- Supports greater equity in implementation and execution of Department priorities.

This request represents a net negative impact in General Fund and Total Funds.

FY 2023-24 Budget Impact: Reduction of \$55,923 in Total Funds and a Reduction of \$28,400 in General Fund

FY 2024-25 Budget Impact: Reduction of \$53,786 in Total Funds and a Reduction of \$27,698 in General Fund

R15 | Administrative Technical Request

Summary: The Department requests a technical adjustment that is budget neutral and would increase transparency by aligning existing funding with line items that are more appropriate. The Department requests to move funding for the Pharmacy Benefits Prescriber Tool from the General Professional Services (GPS) line item to the Medicaid Management Information Systems (MMIS) line item. Additionally, the Department requests to move funding for the Center for Improving Value in Health Care (CIVHC) Health Information Technology project out of the MMIS line item and into the All-Payer Claims Database (APCD) line item. These adjustments would not change the amount of funding appropriated for either contract, but rather move the funding under the most appropriate line item.

FY 2023-24 Budget Impact: \$0 in Total Funds and \$0 in General Fund

FY 2024-25 Budget Impact: \$0 in Total Funds and \$0 in General Fund

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