



Joint Budget Committee

Supplemental Budget Requests

FY 2025-26

Health Care Policy and Financing
Behavioral Health Community Programs

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Overview of Behavioral Health Community Programs

The Department pays health and long-term care expenses for low-income and vulnerable populations. Federal matching funds assist with most of these costs. In return for the federal funds, the Department must follow federal rules governing eligibility, benefits, and other features. This document is limited to Behavioral Health Community Programs.

Behavioral health includes mental health and substance use treatment. The Behavioral Health Community Programs subdivision includes two line items for behavioral health capitation and fee-for-service payments. For capitated payments, the Department negotiates rates with Regional Accountability Entities (RAEs) for the provision of behavioral health services in each region. Funding for services related to behavioral health may be appropriated in other divisions.

Summary of Staff Recommendations

FY 2025-26 Summary

Department of Health Care Policy and Financing

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
FY 2025-26 Appropriation	\$18,217,290,946	\$5,554,316,022	\$2,030,279,577	\$144,020,883	\$10,488,674,464	843.2
Current Appropriation	\$18,217,290,946	\$5,554,316,022	\$2,030,279,577	\$144,020,883	\$10,488,674,464	843.2
Recommended Changes [1]						
Current Appropriation	\$18,217,290,946	\$5,554,316,022	\$2,030,279,577	\$144,020,883	\$10,488,674,464	843.2
Medical forecast	129,809,174	18,580,986	6,635,629	0	104,592,559	0.0
Eligibility & benefit changes	0	0	0	0	0	0.0
Provider rates	-11,437,289	-4,220,222	-1,498,422	0	-5,718,645	0.0
Administration	-500,000	-500,000	0	0	0	0.0
Recommended Appropriation	\$18,335,162,831	\$5,568,176,786	\$2,035,416,784	\$144,020,883	\$10,587,548,378	843.2
Recommended Increase/ -Decrease from 2025-26	\$117,871,885	\$13,860,764	\$5,137,207	\$0	\$98,873,914	0.0
Percentage Change	0.6%	0.2%	0.3%	0.0%	0.9%	0.0%
FY 2025-26 Executive Request	\$18,299,500,518	\$5,553,555,976	\$2,033,438,795	\$119,238,724	\$10,593,267,023	843.2
Staff Rec. Above/-Below Request	\$35,662,313	\$14,620,810	\$1,977,989	\$24,782,159	-\$5,718,645	0.0

[1] Changes only reflect the recommendations included in this document, and do not reflect the Department's entire request.

Changes are assumed to be one-time unless otherwise noted.

Medical forecast

S2 Behavioral health: The request includes an increase of \$18.6 million General Fund for the behavioral health forecast. Staff recommends approval of the request.

Eligibility and benefit changes

Eligibility and Benefit Changes

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
S6.09 Outpatient psychotherapy prior authorization	\$0	\$0	\$0	\$0	\$0	0.0
S6.10 Pediatric behavioral therapy reviews	0	0	0	0	0	0.0
Total	\$0	\$0	\$0	\$0	\$0	0.0

S6.09 Outpatient psychotherapy prior authorization [legislation]: The Department is undoing the statutory prohibition on prior authorization for outpatient psychotherapy from S.B. 22-156 (Medicaid Prior Authorization and Recovery Payment).

The Department began implementing the change October 10, 2025. The change reduces the Department's forecast by:

- Current year: \$15.7 million total funds, including \$6.1 million General Fund.
- Year 1: \$31.3 million total funds, including \$12.2 million General Fund.

Staff recommends denial of the request, with the expectation that Staff and the Department will continue to develop utilization management options for Figure Setting. General Fund savings from the request are included in the Governor's Executive Order. The change requires legislation and federal approval.

S6.10 Pediatric behavioral therapy reviews: The Department estimates savings from a pending review of pediatric behavioral therapy utilization.

The Department estimates savings of:

- Current year: \$14.0 million total funds, including \$7.0 million General Fund.
- Year 1: \$20.0 million total funds, including \$10.0 million General Fund.

The request assumes an implementation date of October 1, 2025. PBT reviews are ongoing and estimated savings and expenses are assumed to continue to change over the next several years.

Staff recommends denial of the request based on an assumption that savings may already be accounted for in other requests. General Fund savings from the request are included in the Governor's Executive Order. The change does not require federal approval.

Provider rates

Provider rates

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
S6.02 Behavioral health incentives	-\$5,996,844	-\$1,500,000	-\$1,498,422	\$0	-\$2,998,422	0.0
S6.15 Pediatric behavioral therapy rates	-5,440,445	-2,720,222	0	0	-2,720,223	0.0
S6.35 Movement therapy rates	-119,412	-59,706	0	0	-59,706	0.0
S7p Movement therapy rates	119,412	59,706	0	0	59,706	0.0
Total	-\$11,437,289	-\$4,220,222	-\$1,498,422	\$0	-\$5,718,645	0.0

S6.02 Behavioral health incentives: The Department is reducing incentive payments to RAEs for behavioral health capitation.

The Department expects to implement the change in Spring 2026. The request reduces the Department's forecast by:

- Current year: \$12.0 million total funds, including \$3.0 million General Fund.
- Year 1: \$12.6 million total funds, including \$3.0 million General Fund.

Staff recommends a reduction of \$1.5 million General Fund. General Fund savings from the request are assumed in the Governor's Executive Order. The change does not require federal approval.

S6.15 Pediatric behavioral therapy rates: The Department is reducing the rate for pediatric behavioral therapy (PBT) to 95.0 percent of a new benchmark.

The Department implemented the new rate October 1, 2025. The rate decrease reduces the Department's forecast by:

- Current year: \$5.4 million total funds, including \$2.7 million General Fund.
- Year 1: \$13.1 million total funds, including \$6.5 million General Fund.

Staff recommends approval of the request. General Fund savings from the request are assumed in the Governor's October Executive Order. The change requires federal approval.

S6.35/S7p Movement therapy rates: The Department submitted a request to decrease movement therapy rates as part of the November request (S6.35). The decrease was withdrawn as part of the January request (S7p).

Administration

S6.06 SBIRT training grants: The Department is reducing Screening, Brief Intervention and Referral to Treatment (SBIRT) provider training grants. The decrease is offset by a cash funds increase and General Fund decrease for Medical Services Premiums.

Current year: Decrease of \$500,000 General Fund, and a net-zero impact for Marijuana Tax Cash Fund.

Staff recommends a decrease of \$500,000 cash funds for SBIRT training, offset by a cash funds increase and General Fund decrease for Behavioral Health Capitation. The decrease was implemented October 1, 2025 and does not require federal approval. The Department indicated that the request requires legislation, but JBC Staff and the Office of Legislative Legal Services agrees that the recommendation does not require legislation.

Department Supplemental Requests

→ S2 Behavioral health

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	\$129,809,174	\$18,580,986	\$6,635,629	\$0	\$104,592,559	0.0
Recommendation	129,809,174	18,580,986	6,635,629	0	104,592,559	0.0
Staff Recommendation Higher/-Lower than Request	\$0	\$0	\$0	\$0	\$0	0.0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES

An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.

Explanation: JBC staff and the Department agree the request is the result of data that was not available when the original appropriation was made.

Request

The Department requests an increase of \$18.5 million General Fund for the behavioral health forecast.

Recommendation

Staff recommends approval of the request.

Analysis

The request is the Department's most recent estimate of expenditures for behavioral health in the current fiscal year. The forecast is based on expenditure data through June 2025. The current appropriation is based on data through December 2024. The forecast does not account for impacts from H.R. 1 or the Governor's Executive Orders. Impacts from Executive Orders are provided in separate requests. The Committee will receive an updated forecast based on data through December in February to consider during Figure Setting.

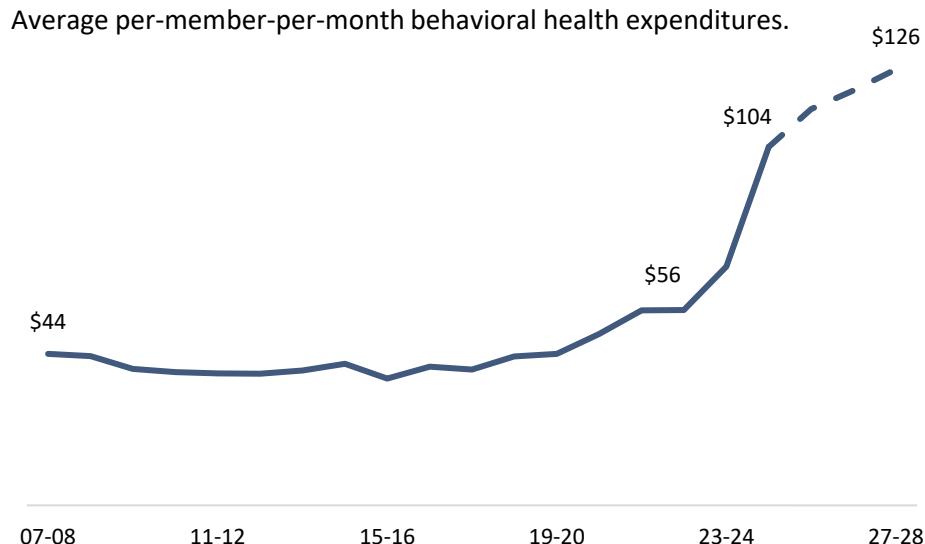
Expenses for behavioral health have increased significantly in recent years as patient acuity, benefits, and provider payments have increased. Data provided by the Department includes:

- The number of unique providers increased 95.2 percent from FY 2018-19 to FY 2023-24.
- The number of unique members accessing behavioral health increased 41.0 percent from 2019 to 2024.
- The percent of Medicaid members accessing behavioral health in FY 2023-24 was 25.0 percent higher than the previous four fiscal years.

Changes to benefits and payments include:

- H.B. 18-1136 residential and inpatient substance use disorder treatment (implemented January 2021)
- S.B. 17-207 and H.B. 22-1214 Mobile crisis
- S.B. 22-156 Prohibition on outpatient psychotherapy PARs (implemented January 2023)
- H.B. 22-1278 Comprehensive provider prospective payment system (implemented July 2024)
- H.B. 22-1289 expansion to non-citizens

Average per-member-per-month expenditures increased from \$56 to \$104 from FY 2022-23 to FY 2024-25. The chart below demonstrates the change in the average per-member-per-month expenditures since FY 2007-08.



During the briefing, the Committee asked the Department to provide a detailed description of the services included in behavioral health capitation or fee-for-service. The Department provided the following response:

“All Colorado Medicaid members who have full Title XIX benefits, with the exception of those covered by the Program for All-Inclusive Care (PACE), are eligible to receive benefits under the capitated behavioral health program. The only other exception is in the case of retroactive eligibility, which would not be covered under a prospective capitation. Under retroactive eligibility, member’s services would be covered under the fee-for-service (FFS) system.

Most behavioral health services are covered under the capitated program. This includes services only available under the capitation, such as those community-based services allowed under the section 1915(b)(3) waiver that are designed to treat individuals with a serious mental illness. The alternative services under the 1915(b)(3) waiver, referred to as “B3 services”, include prevention, early intervention, clubhouses, drop-in centers, vocational services, assertive community treatment, residential mental health treatment, respite care, recovery services, and peer support.

Residential services for children in the care and custody of County Child Welfare or the Division of Youth Services are only paid in FFS. Home and Community-Based Services Waiver specific services (services that are not part of the standard behavioral health benefit that all members have access to), such as those available under the Children’s Habilitation Residential Program waiver, are also paid FFS.”

The Committee also asked for detailed information about how rates are set. Rates are set with contracted actuaries using historical data for claims, enrollment, utilization trends, and policy changes. Actuaries align rate-

setting to yearly guidelines published by CMS. Actuaries create a lower and upper bound for trend factors and administrative costs. A rate within the range is negotiated with each RAE and certified by the actuaries.

Administrative costs are reviewed by contracted auditors. Administrative costs are weighed against anticipated needs and efficiencies to produce an adjustment as part of the rate-setting process. A 1.0 percent risk margin is added for population-based administrative costs. The FY 2025-26 administrative rates and average per-member-per-month rates (PMPM) are provided in the table below.

RAE Administrative and Per Member Per Month Rates

RAE	Region	Organization	Admin	Average PMPM
1	Western Slope to Pueblo	Rocky Mountain Health Plans	6.86%	\$113.23
2	Larimer, Weld, Eastern Plains	Northeast Health Partners	10.84%	\$111.23
3	Boulder, Jefferson, Park, El Paso	Colorado Community Alliance	6.48%	\$98.08
4	Denver, Adams, Arapahoe, Douglas	Colorado Access	9.92%	\$119.50

The Department also reviews the RAE's Medical Loss Ratio (MLR). The MLR measures how much of the revenue paid to the RAEs was spent on medical services rather than administrative costs. Contracts and federal regulations require recoupment for an MLR below 85.0 percent.

Each RAE may contract with providers to pay different rates for the same service. Variable rates are intended to be sensitive to regional need for the service, as well as cost of living. A RAE may offer a higher rate for a service that is not available in their region compared to a RAE where the service is readily available. Comprehensive Safety Net Providers designated by the BHA receive standardized statewide rates.

Recommendation

Staff recommends approval of the request based on the assumption that the November forecast is the best information currently available for budgeting the anticipated costs in the current fiscal year. The Department is authorized to expend the amount necessary to provide services for anyone who qualifies regardless of the appropriation. If the Committee does not approve the request and expenditures exceed the appropriation, the over-expenditure comes from the General Fund reserve. The Committee and General Assembly will adjust the current year appropriation again as part of the Figure Setting process.

→ S6.02 Behavioral health incentives

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	-\$11,993,686	-\$3,000,000	-\$2,996,843	\$0	-\$5,996,843	0.0
Recommendation	-5,996,843	-1,500,000	-1,498,422	0	-2,998,422	0.0
Staff Rec Higher/-Lower than Request	\$5,996,843	\$1,500,000	\$1,498,422	\$0	\$2,998,422	0.0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES

An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.

Explanation: JBC staff and the Department agree that the request is the result of a revenue shortfall that was not known when the original appropriation was made.

Request

The Department requests a decrease of \$3.0 million General Fund for behavioral health incentive payments to RAEs.

Recommendation

Staff recommends a reduction of \$1.5 million General Fund for budget balancing.

Analysis

RAEs are eligible to earn incentive payments based on performance metrics. Payments can be up to an additional 5.0 percent of the behavioral health capitation rate. Payment is based on annual performance and is not finalized until six to nine months following the end of the fiscal year. Examples of performance measures include:

- Engagement in outpatient substance use treatment
- Follow up within 7 days after discharge of hospitalization for mental illness or self-harm
- Follow up within 7 days after discharge from emergency room for substance use
- Follow up within 30 days after positive depression screen
- Percent of foster children who received a behavioral health screening within 30 days

The request states that the reduction reflects a 31.0 percent reduction to estimated incentive payments.

However, hearing documents indicate that the budgeted FY 2025-26 behavioral health incentive payments are \$26.6 million. The request therefore reflects a reduction of 54.9 percent.

Payments are distributed annually with 66-90.0 percent of awards passed through to providers. RAEs often indicate that costs are not covered without incentive payments. Staff therefore assumes that the impact of the reduction could be passed on to providers, decrease provider and RAE performance, or simply result in RAEs negotiating higher rates.

General Fund savings for incentives are included in the Governor's Executive Order. Staff assumes that the reduction may occur in the current fiscal year regardless of Committee Action as long as the Executive Order remains in effect. Staff agrees that reducing incentive payments can be preferable to reducing direct services. However, staff is concerned about the long-term performance and cost implications of the reduction. Staff also assumes that the requested reduction is more severe than the Department originally intended. Staff therefore recommends a reduction of \$1.5 million General Fund, half of the Department request.

→ S6.09 Outpatient psychotherapy PARs [legislation]

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	-\$15,665,471	-\$6,120,810	-\$479,568	\$0	-\$9,065,093	0.0
Recommendation	0	0	0	0	0	0.0
Staff Recommendation Higher/-Lower than Request	15,665,471	6,120,810	479,568	0	9,065,093	0.0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES

An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.

Explanation: JBC staff and the Department agree that the request is the result of a revenue shortfall that was not known when the original appropriation was made. However, the Department's utilization concerns were known when the original appropriation was made.

Request

The Department requests a decrease of \$6.1 million General Fund and legislation to implement prior authorization requests (PARs) for outpatient psychotherapy.

Recommendation

Staff recommends denial of the request, with the expectation that Staff will continue to work with the Department to develop utilization management options for Figure Setting.

Analysis

[Senate Bill 22-156 \(Medicaid Prior Authorization and Recovery of Payment\)](#) prohibited PARs for outpatient psychotherapy. PARs are a third-party assessment mandated to access services. The request is for legislation to reinstate the PAR for outpatient psychotherapy services that exceed clinical standard best practices.

The fiscal note for the bill assumed no fiscal impact because almost all PARs requested were approved at the time. Providers and the department assumed that the change would simply decrease administrative burden for providers without significantly impacting utilization.

A third-party actuarial analysis determined that the bill resulted in a 16.9 percent increase in outpatient psychotherapy utilization. The Department estimates that the change has increased expenditures by \$31.3 million total funds annually. The analysis also demonstrated a significant increase in visits above 26 per year.

Change in Utilization Above 26 Sessions

Annual Sessions	FY 21-22	FY 23-24	% Change
26-35	4,237	6,836	61%
36-45	2,121	3,569	68%
46-55	764	1,221	60%
56+	447	886	98%

The analysis demonstrates a 98.0 percent increase in the number of members receiving outpatient psychotherapy by an average of more than once a week. The analysis also determined that increased psychotherapy did not decrease utilization of other services. Therefore, there is no assumed offsetting impact from decreased hospitalization or other, more expensive services.

The request will reinstate PARs for providers claiming more than 24 sessions per patient in a calendar year. A PAR would not be required for initial access to therapy sessions. The Department began implementing the change into RAE contracts in October to allow RAEs to reinstate PARs by January 1, 2026. However, the prohibition on PARs remains in statute.¹

The Department indicates that the change is authorized by [S.B. 25B-001 \(Processes to Reduce Spending During Shortfall\)](#), which clarified the process for a Governor to suspend or discontinue discretionary spending by executive order when there are not sufficient revenues available. JBC Staff and the Office of Legislative Legal Services agree that it is within the Governor's authority to reduce expenditures, but find that allowing outpatient psychotherapy PARs prior to legislative change is in conflict with state law.

Committee and stakeholder questions

The following sections outline responses from the Department hearing and a stakeholder memo distributed by the Department.²

Why is the proposed limit 24 sessions?

A twenty-four session limit is based on clinical best practice and where data is showing alarming utilization increases.

Are there multiple therapy codes included in the 24 session count?

Yes. The PAR includes individual, group, and family therapy billing codes. The codes include crisis, but the Department indicates that crisis is not subject to PARs. Therapy types are listed below:

- 30 minutes with member and/or family
- 30 minutes with member or family, performed with evaluation and management listed separately
- 45 minutes with member and/or family
- 45 minutes with member or family, performed with evaluation and management listed separately
- 60 minutes with member and/or family
- 60 minutes with member or family, performed with evaluation and management listed separately
- Crisis first 60 minutes
- Crisis each additional 30 minutes

¹ Section 25.5-5-406.1 (1)(j)(II), C.R.S.

² [HCPF Prior Authorization and Retrospective Reviews for Outpatient Psychotherapy Frequently Asked Questions](#).

- Family without patient
- Family with patient
- Multiple family group
- Group

The Department emphasizes that there is no limit to the number of medically necessary services a member can receive. PARs require additional documentation, which is an administrative increase for the provider. The PAR applies to the total sessions a member receives, even if services are received from different providers. Providers are expected to collaborate to know what services the member is receiving elsewhere.

Does the PAR create a parity violation?

The Department states that PARs and payment reviews do not inherently create a parity violation. State and federal laws require that limitations applied to behavioral health should be comparable to and no more restrictive than the same physical health benefit classification. PARs and payment reviews are not a cap on services if additional services are medically necessary. PARs and payment reviews are also in place for outpatient physical therapies.

What was the implementation timeline?

- **August 2025 - EO:** The Governor issued an Executive Order that suspended \$16.1 million General Fund for Behavioral Health. HCPF worked with RAEs to determine that outpatient psychotherapy PARs were the most cost effective and least disruptive way to reduce costs.
- **October 2025 – Memo, corrected November 2025:** HCPF issued a policy transmittal stating that RAEs are required to implement PARs. A corrected memo was issued in November stating that RAEs were permitted, but not required, to implement PARs. RAEs were also permitted to conduct retrospective medical necessity reviews for the first two quarters of FY 2025-26, and directed RAEs to recoup payment for services above 24 sessions.³ A policy memo was distributed rather than an amendment to RAE contracts because the PAR prohibition is still in statute.
- **January 2026:** The Department has permitted (not required) RAEs to begin PARs, retrospective payment reviews, and prospective payment reviews beginning January 1, 2026. RAEs may or may not choose to reinstate PARs and/or payment reviews prior to legislative change.

How is medical necessity defined?

The Department states that medical necessity is defined to mean a service:⁴

1. Will, or is reasonably expected to prevent, diagnose, cure, correct, reduce, or ameliorate the pain and suffering, or the physical, mental, cognitive, or developmental effects of an illness, condition, injury, or disability. This may include a course of treatment that includes observation or no treatment at all.
2. Is provided in accordance with generally accepted professional standards for health care in the United States.
3. Is clinically appropriate in terms of type, frequency, extent, site, and duration.
4. Is not primarily for the economic benefit of the provider or primarily for the convenience of the client, caretaker, or provider.

³ [November policy memo.](#)

⁴ [10 CCR 2505-10 8.076.1.8](#)

5. Is delivered in the most appropriate setting required by the client's condition.
6. Is not experimental or investigational.
7. Is not more costly than other equally effective treatment options.

Outpatient psychotherapy clinical guidelines from the American Psychoanalytic Association include, but are not limited to:⁵

- Clinical expertise and research identify significant populations of psychiatric patients who need ongoing availability of open-ended psychotherapy.
- Insurance companies block access to psychotherapy of adequate duration and frequency for the large group of more chronic patients who need more than brief therapy to ameliorate ongoing vulnerability and decrease disability, morbidity, mortality, relapse, and expenses in other medical care.
- Patients with a single diagnosis are highly atypical of real-world clinical populations.
- Large patient groups with recurrent and chronic illness improve substantially with ongoing access to psychotherapy.
- Clinical necessity guidelines should support access to psychotherapy as prescribed by the clinician without arbitrary limitations in duration or frequency.

Will HCPF continue to allow PARs regardless of General Assembly action?

The Department has indicated that the PAR permission is authorized by Executive Order, and may continue as long as an Executive Order to limit expenditures is in effect. Whether or not PARs occur appears to currently be at the discretion of RAEs. If the General Assembly does not make a statutory change and Executive Orders expire, the Department is expected to reinstate the PAR prohibition.

Recommendation

Staff recommends denial of the request, with the expectation that Staff will continue to work with the Department to develop utilization management options for Figure Setting. Staff does not agree that the current proposal is in the best interest of patients, providers, or RAEs.

Staff is concerned about the growth in expenditures provided by the Department. Staff agrees that outpatient psychotherapy PARs are less impactful than other high expenditure options for behavioral health, such as reductions for inpatient substance use treatment or high acuity youth.

However, Staff is concerned about the Department's implementation of PARs prior to legislative change. Staff assumes that the Department may continue to permit PARs regardless of Committee action as long as an Executive Order is in place. Changing PAR permissions prior to legislative action creates a lack of clarity for RAEs, providers, and patients.

Technical difference

Staff is concerned that the request places the reduction in the incorrect line item. Request documents from the Department place the reduction in Medical Services Premiums. Hearing documents from the Department for the last two years indicate that the prohibition on outpatient psychotherapy PARs is a major factor driving increased

⁵ [American Psychoanalytic Association \(2017\). The Coalition for Psychotherapy Parity Executive Summary.](#)

costs for behavioral health capitation. RAEs also indicate that outpatient psychotherapy is part of behavioral health capitation contracts.

Staff therefore assumes that the reduction should be in behavioral health capitation. Staff has not been able to resolve which line item is appropriate with the Department at the time this document was finalized. If the Committee approves the request, Staff requests permission to work with the Department to identify the correct line item.

→ S6.10 Pediatric behavioral therapy reviews

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	-\$14,000,000	-\$7,000,000	\$0	\$0	-\$7,000,000	0.0
Recommendation	0	0	0	0	0	0.0
Staff Recommendation Higher/-Lower than Request	0	0	0	0	0	0.0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES

An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.

Explanation: JBC Staff and the Department agree that the request is the result of information that was not known when the original appropriation was made.

Request

The Department requests a reduction of \$7.0 million General Fund for Pediatric Behavioral Therapy payment reviews.

Recommendation

Staff recommends denial of the request based on an assumption that savings may already be accounted for in other requests.

Analysis

The supplemental budget request is based on assumed savings for pre- and post- payment reviews for Pediatric Behavioral Therapy (PBT). The Department has also submitted requests for pre-payment reviews of PBT (S7a), post-payment RAC audits of PBT (S7c), and assumed pre- and post-payment review savings from a FY 2025-26 appropriation.

PBT

PBT covers services that treat maladaptive behaviors such as autism spectrum disorder. Eligible treatments include, but are not limited to, Applied Behavior Analysis (ABA). All PBT services must be pre-approved through a prior authorization. RAEs do not have a role in administering or financing PBT because it is fee-for-service.

Expenditures for PBT increased by approximately 462.7 percent from FY 2018-19 to FY 2024-25. In the same timeframe, the monthly average clients increased approximately 114.8 percent. The cost per client increased 164.2 percent. Members are receiving about double the hours per month as FY 2018-19. The Department indicates that growth far exceeds what would be expected from the number of children served.

Federal Audit

The Department is under an ongoing audit from the U.S. Department of Health and Human Services Office of the Inspector General (OIG) for PBT payments. The Department's hearing responses indicate that preliminary audit findings have identified potentially improper payments. This may include copying documentation from one visit to another, lacking documentation detail, inadequate credentialing, and billing for ineligible time like meals and naps.

The OIG has released PBT audits for other states, including Indiana, Wisconsin, and Maine. The audits found that the states made potentially improper payments from a range of \$18.5-94.3 million for autism services. Improper payments were the result of documentation requirements not met, no appropriate credentials, and no diagnosis or treatment referral. Potentially improper payments include lack of detail in session notes, nontherapy time, recreational or academic activities, and group activities.

The Department's hearing responses indicate that similar findings have been made in Colorado. Initial findings have identified potentially improper payments related to missing documentation, duplicated documentation between visits, documentation lacking detail, inadequate credentialing, and billing for ineligible time including naps or meals.

The Department assumes that the OIG audit could result in a claw back of federal funding. Providers are responsible for repaying improper payments to the Department. However, the Department anticipates that claim-by-claim reviews will be labor and time intensive, and recovery may not be possible for providers that have gone out of business. Federal recoupments are currently estimated at \$60.0 million. However, the Department indicated that the legal process to negotiate and resolve improper payments can take five to ten years.

Department PBT Actions

The FY 2025-26 appropriation and request assumes savings from PBT in multiple places. Staff is concerned that the requests account for the same savings in multiple places. Request assumptions as identified by Staff are provided in the table below.

FY 2025-26 PBT Savings Assumed in the Request

Request	Total Funds	General Fund	Federal Funds
Figure setting prepayment reviews assumed savings [1]	-\$14,000,000	-\$7,000,000	-\$7,000,000
S6.10 PBT pre- and post-payment reviews	-14,000,000	-7,000,000	-7,000,000

Request	Total Funds	General Fund	Federal Funds
S6.15 PBT rate reduction	-5,440,445	-2,720,222	-2,720,223
S7a PBT pre-payment reviews	-4,583,333	-2,291,666	-2,291,667
S7c PBT RAC	-15,876,182	-7,761,621	-8,114,561
Policy changes [2]	NA	NA	NA
Total	-\$53,899,960	-\$26,773,509	-\$27,126,451

[1] The current year appropriation assumes savings of \$19.6 million from prepayment reviews. Exact savings for PBT already assumed in the appropriation are currently unclear to staff.

[2] It is currently unclear to staff if savings from policy changes are included in the amounts requested since the requests only refer to payment reviews.

Figure setting pre-payment reviews assumed savings: The Committee and General Assembly approved \$3.5 million in FY 2025-26 for pre-payment claims reviews of high-risk services. The appropriation assumed total savings of \$19.6 million in FY 2025-26 from pre-payment reviews. An [RFI response](#) from November 2025 indicates that the majority of savings have been realized from improper PBT payments. The RFI indicates that the November request would reflect \$14.0 million in savings from PBT prepayment reviews. However, it is unclear to Staff if the S6.10 request is duplicative of savings that were already assumed for prepayment reviews from Figure Setting for FY 2025-26.

S6.10 PBT pre- and post-payment reviews: The November request assumes savings of \$14.0 million total funds in the current year, and \$20.0 million on an ongoing basis from pre- and post-payment PBT reviews. Calculations provided by the Department indicate that the reduction is based on 5.0 percent of expenditures. A 5.0 percent reduction to FY 2024-25 expenditures is \$14.9 million. It is currently unclear to Staff what is driving the 5.0 percent reduction, whether the calculation accurately reflects expenditures, and whether the request is duplicative of savings already included in the current year appropriation and other supplemental requests.

S7a PBT pre-payment reviews: During the January hearing, the Department identified that the top five providers billed \$110.0 million. The Department assumes that 25.0 percent of that amount could be improper. The Department assumes a 25.0 percent estimate is low based on OIG audits of other states that have found error rates of 95-100.0 percent. The S7a Claims review request submitted in January assumes \$4.6 million in savings in the current year based on a 25.0 percent reduction of \$110.0 million for two months of the fiscal year. The FY 2026-27 impact of the S7a request is a reduction of \$27.5 million for pre-payment reviews, in addition to the \$20.0 million assumed in S6.10.

The calculations provided for S7a do not acknowledge the S6.10 request. Staff assumes that the S7a request is based on the most up-to-date assumptions for pre-payment PBT reviews. However, Staff is concerned that the savings assumptions in S7a do not account for the pre-payment review savings in prior requests and may therefore be duplicative.

S7c PBT RAC: The Department also submitted a request that assumes savings for post-payment Recovery Audit Contracts (RAC) of PBT. The S7c RAC assumes improper payments of \$158.8 million. The request assumes decreases of \$15.8 million total funds in the current year, and \$14.3 million in FY 2026-27 in addition to the savings assumed for pre-payment reviews.

This request does not appear to account for post-payment review savings assumed in S6.10, or savings from pre-payment reviews in S7a. Staff is concerned that the assumed improper payments are not consistent in the January requests, understanding that prepayment reviews and RAC audits may target different payments.

Policy changes not directly estimated: The Department issued emergency rules in December 2025 after stakeholder meetings held in September and November.⁶ The rules include a requirement that PBT providers be certified by a state licensing board or a nationally recognized organization. There is currently no state licensing for ABA providers that receive PBT reimbursement. Providers have expressed concern that there was not a sufficient grace period for active providers to seek or renew certification, and that the requirement may create a backlog for national certifications. HCPF documents indicate that the implementation timeline was extended twice for providers to meet the new standard.⁷

It is currently unclear to staff whether savings from policy changes are included in requested savings since the requests only discuss pre- and post-payment reviews.

DHS request: The Department of Human Services has also submitted a request for the Committee to sponsor legislation to begin licensing facilities that receive PBT reimbursements. HCPF indicated that the Departments have worked closely to address various concerns with PBT billing and the treatment received by vulnerable children. However, the compounding impact of various PBT requests does not appear to be estimated.

Recommendation

Staff is concerned that the S6.10 request is duplicative of pre- and post-payment review assumptions made in the S7 request analyzed in a separate staff document. Calculations provided in the January request appear to provide more updated assumptions about improper payments compared to the November request. The January request does not acknowledge the November request in the narrative or calculations. Neither request provides rigorous information about the cost assumptions.

Staff is aware that the actual savings may not be known for several years, and that the actual cost savings may be greater than the current amounts requested by the Department. However, Staff is not comfortable recommending the assumed savings at this time based on the information provided.

→ S6.15 Pediatric behavioral therapy rates

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	-\$5,440,445	-\$2,720,222	\$0	\$0	-\$2,720,223	0.0
Recommendation	-5,440,445	-2,720,222	0	0	-2,720,223	0.0
Staff Rec Higher/-Lower than Request	\$0	\$0	\$0	\$0	\$0	0.0

⁶ [HCPF PBT Emergency Rule \(December, 2026\)](#).

⁷ [HCPF PBT Emergency Rule Stakeholder Questions and Answers \(December, 2026\)](#).

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES

An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.

Explanation: JBC staff and the Department agree that this request is the result of a revenue shortfall that was not known at the time the original appropriation was made.

Request

The Department requests a decrease of \$2.7 million General Fund to reduce rates for Pediatric Behavioral Therapies.

Recommendation

Staff recommends approval of the request.

Analysis

The Department reduced rates for Pediatric Behavioral Therapies (PBT) effective October 1, 2025. PBT covers services that treat maladaptive behaviors, including Applied Behavior Analysis (ABA). All PBT services must be pre-approved through a prior authorization. Services may occur in a school, office, home, community-based, or telehealth setting.⁸

In 2023, Colorado PBT rates were assessed as 78.7 percent of benchmark states. The Department request for FY 2024-25 reflected an increase to 100.0 percent of the benchmark *excluding* Nebraska. Nebraska was excluded because it was identified as an “extreme outlier” with rates 41-508 percent above other states. The request cost \$13.0 million total funds, including \$6.5 million General Fund.⁹ The Committee and General Assembly approved a rate increase to 100.0 percent *including* Nebraska, for a General Fund increase of \$17.1 million beginning in FY 2024-25.

Nebraska reduced rates in the summer of 2025 after Medicaid payments for ABA services increased nearly 2,000 percent in four years.¹⁰ The new HCPF rate therefore reflects 95.0 of the new benchmark, including Nebraska’s reduced rates. PBT rates are not subject to the requested 1.6 percent across the board rate decrease in addition to this request.

The Committee questioned the overall impact of PBT and ABA requests during the briefing. The Department’s hearing response states that state agencies have been working together to identify and respond to reports of problematic providers and activities. The response indicates that it is important to address issues from multiple perspectives, including payments, reviews, and licensing. Staff agrees that PBT utilization trends are concerning. However, Staff is concerned about the overall impact to providers and patients of the requested reductions, and a lack of accounting for compounding impacts in request calculations.

⁸ [HCPF PBT Billing Manual](#).

⁹ [HCPF JBC 2023 MPRRAC Report Presentation](#).

¹⁰ [Nebraska DHSS Explains Medicaid Rate Adjustment \(July, 2025\)](#).

→ S6.35/S7p Movement therapy rates

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	\$0	\$0	\$0	\$0	\$0	0.0
Recommendation	0	0	0	0	0	0.0
Staff Recommendation Higher/-Lower than Request	\$0	\$0	\$0	\$0	\$0	0.0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES

An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.

Explanation: JBC staff and the Department agree that the request is the result of a revenue shortfall that was not known when the original appropriation was made.

Request

The Department's S7p request submitted in January withdraws the rate reduction for movement therapy from S6.35 submitted in November.

Recommendation

Staff recommends that the Committee take no action on movement therapy rates.

Analysis

The Department submitted a request in November to reduce rates for movement therapy. The request reflected a reduction of \$59,709 General Fund in the current fiscal year, and \$358,234 General Fund on an ongoing basis.

Staff received outreach from impacted providers following the November budget submission. Providers indicated that the Department was not accurately describing the services offered, the educational requirements of providers, or the impact the rate reduction would have.

The Department withdrew the request as part of the January supplemental submission after receiving materials from stakeholders. The narrative submitted by the Department states:

“... the Department recognizes that the methodology originally used to support a potential rate reduction does not adequately reflect the level of professional preparation or the clinical value inherent in Movement Therapy services.”

Staff agrees that the potential General Fund savings are not sufficient to justify a potential loss in providers from the rate decrease.

→ \$6.06 SBIRT training grants

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	-\$500,000	-\$500,000	\$0	\$0	\$0	0.0
Recommendation	-500,000	-500,000	0	0	0	0.0
Staff Recommendation Higher/-Lower than Request			\$0	\$0	\$0	0.0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES

An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.

Explanation: JBC staff and the Department agree that the request is the result of a revenue shortfall that was not known when the original appropriation was made.

Request

The Department requests a \$500,000 cash funds for the SBIRT training program. There is an equal increase of cash funds in Medical Services Premiums (MSP) to decrease the General Fund appropriation to MSP by \$500,000.

Recommendation

Staff recommends approval of the amounts in the request, but with a cash fund increase and General Fund decrease to Behavioral Health capitation rather than MSP.

Analysis

The Screening, Brief Intervention and Referral to Treatment (SBIRT) is intended to prevent and treat substance use disorders through screening, treatments, and referrals. Providers must complete trainings to receive Medicaid reimbursement for SBIRT services. The Department has a \$1.5 million appropriation from the Marijuana Tax Cash Fund to support a contract for SBIRT trainings.

The contractor provides training and technical assistance for healthcare providers statewide. Trainings are expected to help providers identify, intervene, and refer patients for substance use treatment. The \$1.5 million appropriation specifically supports provider trainings, and does not support direct services or receive a federal match.

The current appropriation is expected to support 150 trainings a year, or an average of about 3 trainings a week. The program provided 150 trainings to 1,082 providers in FY 2024-25. A total of 3,447 members received SBIRT screenings. Trainings may occur in person or online. Providers must complete trainings to receive Medicaid reimbursement for SBIRT services.

Federal SBIRT trainings are available through SAMHSA and NIH. Resources similar to SBIRT are also available through several federal agencies, including the CDC. Trainings and additional resources are available on demand and free of cost to providers. The Department does not have data to know if federal resources are widely utilized. The Department indicates that federal trainings do not offer the in-person and technical assistance that is available through the state funded trainings.

Statute requires the Department to grant \$1.5 million to one or more organizations to operate a screening, brief intervention, and referral to treatment practice on or after July 1, 2018.¹¹ The program must require evidence-based trainings statewide for healthcare professionals who serve women of childbearing age and adolescents. Trainings must include Medicaid billing instructions.

Because of the statutory requirement, the Department indicates that the request requires legislation to reduce the appropriation. However, JBC Staff and the Office of Legislative Legal Services agree that statute only requires that one grant be made after July 1, 2018, not annual ongoing grants. Therefore, the statutory requirement has been satisfied and legislation is not required to implement a reduction.

The grants were originally created by [H.B. 15-1367 \(Retail Marijuana Taxes\)](#) with a \$500,000 appropriation from the Marijuana Tax Cash Fund (MTCF). The appropriation was increased to \$1.5 million on an ongoing basis by [H.B. 18-1003 \(Opioid Misuse Prevention\)](#). The appropriation was reduced to \$500,000 in 2020, but funding was restored to \$1.5 million by 2022 through Long Bill amendments and JBC action.

The Committee denied a staff recommendation to eliminate grants and support Medical Services Premiums for FY 2025-26 during figure setting. The Department has implemented a reduction as part of the Governor's Executive Order. The Department indicates that the SBIRT training contract has been reduced in the current fiscal year as a result of the Executive Order.

Request

The request reduces the SBIRT training appropriation by \$500,000 cash funds, and increases the appropriation for Medical Services Premiums (MSP) by the same amount. The MSP appropriation is then reduced by \$500,000 General Fund for a net-zero change to the total appropriation for MSP, but a net reduction in General Fund appropriations.

R6.06 Request Impact by Line Item

Line Item	Total Funds	General Fund	MTCF
SBIRT training	-\$500,000	\$0	-\$500,000
Medical Services Premiums	0	-500,000	500,000
Total	-\$500,000	-\$500,000	\$0

The current MSP appropriation does not include cash funds from the Marijuana Tax Cash Fund (MTCF). SBIRT trainings is the only line item in the Department's budget that currently receives an MTCF appropriation.

Recommendation

Staff recommends approving the MTCF reduction for SBIRT training grants to align with the Department's decision to decrease the contract. However, staff does not agree that an appropriation to MSP is a statutorily

¹¹ Section 25.5-5-208, C.R.S.

allowed use of the MTCF. Staff does not recommend legislation to change the allowable use of the MTCF since obligations have exceeded revenues in recent years.

The allowable uses of the MTCF are specific to education, prevention, treatment, study, and enforcement of substance use. Allowable uses include “To treat and provide related services to people with any type of substance use or mental health disorder, including those with co-occurring disorders.”¹² Staff therefore finds that behavioral health capitation is an allowable use of the MTCF, but physical health services provided under MSP are not. Staff therefore recommends an MTCF increase and equal General Fund decrease for Behavioral Health capitation, rather than MSP.

S6.06 Recommendation Impact by Line Item

Line item	Total Funds	General Fund	MTCF
Medical Services Premiums	\$0	\$0	\$0
Behavioral Health Capitation	0	-500,000	500,000
SBIRT training	-500,000	0	-500,000
Total	-\$500,000	-\$500,000	\$0

The Governor’s Executive order assumes a reduction of \$54.9 million for MSP. Approving the Staff recommendation will not implement the changes as the Department has outlined under the Executive Order, but will have the same General Fund savings for the current fiscal year.

Staff does not recommend that the Committee sponsor legislation to change the SBIRT training grant amount specified in statute. The statutory requirement has been met, and reductions have been made in the past without a statutory change. Legislation may be recommended, but not required, if the Committee chose to eliminate grants as part of the Supplemental or Figure Setting process.

The Committee may choose to reduce the appropriations by higher or lower amounts based on balancing decisions for the General Fund and the Marijuana Tax Cash Fund. It is staff’s understanding that Marijuana Tax Cash Fund balancing is not a significant concern for Supplements based on the December forecast.

¹² Section 39-28.8-501 (2)(b)(IV)(C), C.R.S.

Appendix A: Numbers Pages

Appendix A details the supplemental changes recommended by staff, including the actual expenditures for the previous state fiscal year, the appropriation for the current fiscal year, and the requested and recommended appropriation changes for the current fiscal year. Appendix A organizes this information by line item and fund source.

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Appendix A: Numbers Pages

	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2025-26 Requested Change	FY 2025-26 Rec'd Change	FY 2025-26 Total w/Rec'd Change
Department of Health Care Policy and Financing					
Kim Bimestefer, Executive Director					
S2 Behavioral health					
(3) Behavioral Health Community Programs					
Behavioral Health Capitation Payments	<u>1,226,649,604</u>	<u>1,451,675,162</u>	<u>118,705,063</u>	<u>130,698,749</u>	<u>1,582,373,911</u>
General Fund	316,708,617	349,844,933	15,794,732	18,794,732	368,639,665
Cash Funds	99,160,135	121,980,456	3,691,556	6,688,399	128,668,855
Reappropriated Funds	0	0	0	0	0
Federal Funds	810,780,852	979,849,773	99,218,775	105,215,618	1,085,065,391
Behavioral Health Fee-for-service Payments	<u>3,717,365</u>	<u>11,346,614</u>	<u>-889,575</u>	<u>-889,575</u>	<u>10,457,039</u>
General Fund	2,453,203	2,726,359	(213,746)	(213,746)	2,512,613
Cash Funds	593,173	673,095	(52,770)	(52,770)	620,325
Reappropriated Funds	0	0	0	0	0
Federal Funds	670,989	7,947,160	(623,059)	(623,059)	7,324,101
Total for S2 Behavioral health	1,230,366,969	1,463,021,776	117,815,488	129,809,174	1,592,830,950
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	319,161,820	352,571,292	15,580,986	18,580,986	371,152,278
Cash Funds	99,753,308	122,653,551	3,638,786	6,635,629	129,289,180
Reappropriated Funds	0	0	0	0	0
Federal Funds	811,451,841	987,796,933	98,595,716	104,592,559	1,092,389,492

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	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2025-26 Requested Change	FY 2025-26 Rec'd Change	FY 2025-26 Total w/Rec'd Change
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S6 EO and Other spending reductions*

(1) Executive Director's Office

(A) General Administration

Personal Services	<u>112,250,662</u>	<u>76,602,942</u>	<u>303,035</u>	<u>64,722</u>	<u>76,667,664</u>
FTE	840.7	800.7	3.5	0.8	801.5
General Fund	40,937,179	29,477,201	151,519	32,361	29,509,562
Cash Funds	9,317,990	6,407,940	0	0	6,407,940
Reappropriated Funds	3,270,441	3,155,881	0	0	3,155,881
Federal Funds	58,725,052	37,561,920	151,516	32,361	37,594,281
Health, Life, and Dental	<u>12,911,669</u>	<u>12,823,330</u>	<u>50,974</u>	<u>0</u>	<u>12,823,330</u>
General Fund	5,465,466	5,434,254	25,487	0	5,434,254
Cash Funds	854,712	702,241	0	0	702,241
Reappropriated Funds	59,708	0	0	0	0
Federal Funds	6,531,783	6,686,835	25,487	0	6,686,835
Short-term Disability	65,134	51,482	189	0	51,482
General Fund	52,016	23,801	95	0	23,801
Cash Funds	8,218	427	0	0	427
Reappropriated Funds	568	0	0	0	0
Federal Funds	4,332	27,254	94	0	27,254
Paid Family and Medical Leave Insurance	363,855	377,655	1,208	0	377,655
General Fund	156,036	152,639	604	0	152,639
Cash Funds	21,973	27,098	0	0	27,098
Reappropriated Funds	1,705	0	0	0	0
Federal Funds	184,141	197,918	604	0	197,918

*Amounts reflect the total request and may or may not align with other staff presentations pending final recommendations.

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	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2025-26 Requested Change	FY 2025-26 Rec'd Change	FY 2025-26 Total w/Rec'd Change
Unfunded Liability Amortization Equalization					
Disbursement Payments	<u>8,616,195</u>	<u>7,918,630</u>	<u>26,796</u>	<u>0</u>	<u>7,918,630</u>
General Fund	3,467,483	3,391,947	13,398	0	3,391,947
Cash Funds	753,289	365,358	0	0	365,358
Reappropriated Funds	37,888	0	0	0	0
Federal Funds	4,357,535	4,161,325	13,398	0	4,161,325
Operating Expenses	<u>3,023,583</u>	<u>3,400,167</u>	<u>51,555</u>	<u>22,024</u>	<u>3,422,191</u>
General Fund	1,331,689	1,344,473	25,778	11,012	1,355,485
Cash Funds	304,097	296,462	0	0	296,462
Reappropriated Funds	61,415	50,071	0	0	50,071
Federal Funds	1,326,382	1,709,161	25,777	11,012	1,720,173
Leased Space	<u>1,715,440</u>	<u>3,700,205</u>	<u>16,142</u>	<u>0</u>	<u>3,700,205</u>
General Fund	533,761	1,482,562	8,071	0	1,482,562
Cash Funds	285,110	322,276	0	0	322,276
Reappropriated Funds	38,849	38,849	0	0	38,849
Federal Funds	857,720	1,856,518	8,071	0	1,856,518
General Professional Services and Special Projects	<u>38,155,777</u>	<u>45,936,358</u>	<u>-375,000</u>	<u>-375,000</u>	<u>45,561,358</u>
General Fund	8,714,623	16,663,486	(131,250)	(131,250)	16,532,236
Cash Funds	2,606,625	3,629,148	0	0	3,629,148
Reappropriated Funds	81,000	81,000	0	0	81,000
Federal Funds	26,753,529	25,562,724	(243,750)	(243,750)	25,318,974

(1) Executive Director's Office

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	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2025-26 Requested Change	FY 2025-26 Rec'd Change	FY 2025-26 Total w/Rec'd Change
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(C) Information Technology Contracts and Projects

Medicaid Management Information System					
Maintenance and Projects	<u>80,852,539</u>	<u>104,857,279</u>	<u>-650,000</u>	<u>-650,000</u>	<u>104,207,279</u>
General Fund	4,356,286	14,958,219	(40,950)	(40,950)	14,917,269
Cash Funds	3,971,114	10,671,589	(33,800)	(33,800)	10,637,789
Reappropriated Funds	0	12,204	0	0	12,204
Federal Funds	72,525,139	79,215,267	(575,250)	(575,250)	78,640,017

(1) Executive Director's Office

(D) Eligibility Determinations and Client Services

County Administration	<u>129,241,764</u>	<u>136,311,489</u>	<u>-1,320,676</u>	<u>-1,320,676</u>	<u>134,990,813</u>
General Fund	21,004,349	21,555,147	(216,823)	(216,823)	21,338,324
Cash Funds	32,228,364	30,777,803	(302,612)	(302,612)	30,475,191
Reappropriated Funds	0	0	0	0	0
Federal Funds	76,009,051	83,978,539	(801,241)	(801,241)	83,177,298

(2) Medical Services Premiums

Medical and Long-Term Care Services for Medicaid					
Eligible Individuals	<u>12,627,795,252</u>	<u>13,367,552,286</u>	<u>-215,891,970</u>	<u>-186,226,499</u>	<u>13,181,325,787</u>
General Fund	2,465,553,736	2,590,473,389	(73,168,674)	(59,547,864)	2,530,925,525
General Fund Exempt	1,248,839,667	1,292,968,309	0	0	1,292,968,309
Cash Funds	1,346,192,427	1,481,967,035	(11,367,541)	(11,387,973)	1,470,579,062
Reappropriated Funds	118,098,773	124,197,922	0	0	124,197,922
Federal Funds	7,449,110,649	7,877,945,631	(131,355,755)	(115,290,662)	7,762,654,969

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	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2025-26 Requested Change	FY 2025-26 Rec'd Change	FY 2025-26 Total w/Rec'd Change
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(3) Behavioral Health Community Programs

Behavioral Health Capitation Payments	<u>1,226,649,604</u>	<u>1,451,675,162</u>	0	<u>-5,996,844</u>	<u>1,445,678,318</u>
General Fund	316,708,617	349,844,933	0	(2,000,000)	347,844,933
Cash Funds	99,160,135	121,980,456	0	(998,422)	120,982,034
Reappropriated Funds	0	0	0	0	0
Federal Funds	810,780,852	979,849,773	0	(2,998,422)	976,851,351
Behavioral Health Fee-for-service Payments	<u>3,717,365</u>	<u>11,346,614</u>	<u>-120,102</u>	<u>-120,102</u>	<u>11,226,512</u>
General Fund	2,453,203	2,726,359	(28,858)	(28,858)	2,697,501
Cash Funds	593,173	673,095	(7,124)	(7,124)	665,971
Reappropriated Funds	0	0	0	0	0
Federal Funds	670,989	7,947,160	(84,120)	(84,120)	7,863,040

(4) Office of Community Living

(A) Division for Individuals with Intellectual and Developmental Disabilities

Medicaid Programs

Adult Comprehensive Waiver Services	<u>921,442,636</u>	<u>943,198,318</u>	<u>-12,884,244</u>	<u>-12,884,244</u>	<u>930,314,074</u>
General Fund	444,252,759	469,997,259	(6,425,166)	(6,425,166)	463,572,093
Cash Funds	13,706,609	1,601,900	(16,956)	(16,956)	1,584,944
Reappropriated Funds	0	0	0	0	0
Federal Funds	463,483,268	471,599,159	(6,442,122)	(6,442,122)	465,157,037
Adult Supported Living Waiver Services	<u>113,944,257</u>	<u>125,347,265</u>	<u>-1,326,792</u>	<u>-1,326,792</u>	<u>124,020,473</u>
General Fund	43,965,673	47,026,926	(497,777)	(497,777)	46,529,149
Cash Funds	12,391,494	14,346,101	(151,852)	(151,852)	14,194,249
Reappropriated Funds	0	0	0	0	0
Federal Funds	57,587,090	63,974,238	(677,163)	(677,163)	63,297,075

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	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2025-26 Requested Change	FY 2025-26 Rec'd Change	FY 2025-26 Total w/Rec'd Change
Children's Extensive Support Services	<u>142,581,791</u>	<u>147,638,446</u>	<u>-13,178,518</u>	<u>-13,178,518</u>	<u>134,459,928</u>
General Fund	70,634,623	72,523,503	(6,575,545)	(6,575,544)	65,947,959
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	71,947,168	75,114,943	(6,602,973)	(6,602,974)	68,511,969
Children's Habilitation Residential Program	<u>24,562,757</u>	<u>31,570,797</u>	<u>-334,175</u>	<u>-334,175</u>	<u>31,236,622</u>
General Fund	12,104,032	15,784,057	(167,073)	(167,073)	15,616,984
Cash Funds	120,362	1,342	(15)	(15)	1,327
Reappropriated Funds	0	0	0	0	0
Federal Funds	12,338,363	15,785,398	(167,087)	(167,087)	15,618,311
Case Management for People with IDD	<u>142,075,488</u>	<u>149,895,987</u>	<u>-1,586,639</u>	<u>-1,586,639</u>	<u>148,309,348</u>
General Fund	67,405,726	70,613,942	(747,444)	(747,444)	69,866,498
Cash Funds	5,976,685	4,994,603	(52,868)	(52,868)	4,941,735
Reappropriated Funds	0	0	0	0	0
Federal Funds	68,693,077	74,287,442	(786,327)	(786,327)	73,501,115
Family Support Services Program	<u>9,936,117</u>	<u>11,436,277</u>	<u>-121,052</u>	<u>-121,052</u>	<u>11,315,225</u>
General Fund	9,936,117	11,436,277	(121,052)	(121,052)	11,315,225
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
State Supported Living Services	<u>6,985,943</u>	<u>5,375,632</u>	<u>-56,900</u>	<u>-56,900</u>	<u>5,318,732</u>
General Fund	6,985,943	5,375,632	(56,900)	(56,900)	5,318,732
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

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	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2025-26 Requested Change	FY 2025-26 Rec'd Change	FY 2025-26 Total w/Rec'd Change
State Supported Living Services Case Management	<u>4,770,504</u>	<u>5,238,505</u>	<u>-55,449</u>	<u>-55,449</u>	<u>5,183,056</u>
General Fund	4,770,504	5,238,505	(55,449)	(55,449)	5,183,056
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Preventive Dental Hygiene	<u>64,894</u>	<u>72,271</u>	<u>-765</u>	<u>-765</u>	<u>71,506</u>
General Fund	64,894	72,271	(765)	(765)	71,506
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
(4) Indigent Care Program					
Children's Basic Health Plan Medical and Dental Costs	<u>266,234,655</u>	<u>317,623,772</u>	<u>-1,471,134</u>	<u>-1,471,134</u>	<u>316,152,638</u>
General Fund	44,496,147	59,323,097	(308,938)	(308,938)	59,014,159
General Fund Exempt	0	293,077	0	0	293,077
Cash Funds	48,599,616	51,617,146	(205,959)	(205,959)	51,411,187
Reappropriated Funds	0	0	0	0	0
Federal Funds	173,138,892	206,390,452	(956,237)	(956,237)	205,434,215
(5) Other Medical Services					
Senior Dental Program	<u>3,973,964</u>	<u>3,990,358</u>	<u>-500,000</u>	<u>-500,000</u>	<u>3,490,358</u>
General Fund	3,962,510	3,962,510	(500,000)	(500,000)	3,462,510
Cash Funds	11,454	27,848	0	0	27,848
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

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	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2025-26 Requested Change	FY 2025-26 Rec'd Change	FY 2025-26 Total w/Rec'd Change
Screening, Brief Intervention, and Referral to Treatment Training Grant Program	<u>1,500,000</u>	<u>1,500,000</u>	<u>-500,000</u>	<u>-500,000</u>	<u>1,000,000</u>
General Fund	0	0	0	0	0
Cash Funds	1,500,000	1,500,000	(500,000)	(500,000)	1,000,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Reproductive Health Care for Individuals Not Eligible for Medicaid	<u>1,893,286</u>	<u>2,614,490</u>	<u>-500,000</u>	<u>-500,000</u>	<u>2,114,490</u>
General Fund	1,893,286	2,614,490	(500,000)	(500,000)	2,114,490
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Total for S6 EO and Other reduction options*	15,885,325,131	16,968,055,717	(250,423,517)	(227,118,043)	16,740,937,674
FTE	840.7	800.7	3.5	0.8	801.5
General Fund	3,581,206,658	3,801,496,879	(89,317,712)	(77,878,480)	3,723,618,399
General Fund Exempt	1,248,839,667	1,293,261,386	0	0	1,293,261,386
Cash Funds	1,578,603,447	1,731,909,868	(12,638,727)	(13,657,581)	1,718,252,287
Reappropriated Funds	121,650,347	127,535,927	0	0	127,535,927
Federal Funds	9,355,025,012	10,013,851,657	(148,467,078)	(135,581,982)	9,878,269,675

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S7 Additional reductions package*

(1) Executive Director's Office

(A) General Administration

General Professional Services and Special Projects	<u>38,155,777</u>	<u>45,936,358</u>	<u>1,562,500</u>	<u>1,562,500</u>	<u>47,498,858</u>
General Fund	8,714,623	16,663,486	781,250	781,250	17,444,736
Cash Funds	2,606,625	3,629,148	0	0	3,629,148
Reappropriated Funds	81,000	81,000	0	0	81,000
Federal Funds	26,753,529	25,562,724	781,250	781,250	26,343,974

(1) Executive Director's Office

(C) Information Technology Contracts and Projects

Medicaid Management Information System					
Maintenance and Projects	<u>80,852,539</u>	<u>104,857,279</u>	<u>187,501</u>	<u>187,501</u>	<u>105,044,780</u>
General Fund	4,356,286	14,958,219	14,213	14,213	14,972,432
Cash Funds	3,971,114	10,671,589	7,819	7,819	10,679,408
Reappropriated Funds	0	12,204	0	0	12,204
Federal Funds	72,525,139	79,215,267	165,469	165,469	79,380,736

(1) Executive Director's Office

(E) Utilization and Quality Review Contracts

Professional Service Contracts	<u>21,440,984</u>	<u>38,038,830</u>	<u>-264,567</u>	<u>-264,567</u>	<u>37,774,263</u>
General Fund	5,338,923	10,008,906	(138,534)	(138,534)	9,870,372
Cash Funds	1,764,670	2,223,661	0	0	2,223,661
Reappropriated Funds	0	0	0	0	0
Federal Funds	14,337,391	25,806,263	(126,033)	(126,033)	25,680,230

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	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2025-26 Requested Change	FY 2025-26 Rec'd Change	FY 2025-26 Total w/Rec'd Change
(2) Medical Services Premiums					
Medical and Long-Term Care Services for Medicaid					
Eligible Individuals	<u>12,627,795,252</u>	<u>13,367,552,286</u>	<u>-63,986,363</u>	<u>-63,986,363</u>	<u>13,303,565,923</u>
General Fund	2,465,553,736	2,590,473,389	(27,613,832)	(27,613,832)	2,562,859,557
General Fund Exempt	1,248,839,667	1,292,968,309	0	0	1,292,968,309
Cash Funds	1,346,192,427	1,481,967,035	5,160,839	5,160,839	1,487,127,874
Reappropriated Funds	118,098,773	124,197,922	0	0	124,197,922
Federal Funds	7,449,110,649	7,877,945,631	(41,533,370)	(41,533,370)	7,836,412,261
(4) Indigent Care Program					
Pediatric Specialty Hospital	<u>13,455,012</u>	<u>13,455,012</u>	<u>0</u>	<u>0</u>	<u>13,455,012</u>
General Fund	6,727,506	6,727,506	(2,147,082)	(2,147,082)	4,580,424
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	6,727,506	6,727,506	2,147,082	2,147,082	8,874,588
(5) Other Medical Services					
Commission on Family Medicine Residency Training					
Programs	<u>9,490,170</u>	<u>9,490,170</u>	<u>0</u>	<u>0</u>	<u>9,490,170</u>
General Fund	4,520,085	4,520,085	(1,486,039)	(1,486,039)	3,034,046
Cash Funds	0	0	0	0	0
Reappropriated Funds	225,000	225,000	(28,263)	(28,263)	196,737
Federal Funds	4,745,085	4,745,085	1,514,302	1,514,302	6,259,387

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	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2025-26 Requested Change	FY 2025-26 Rec'd Change	FY 2025-26 Total w/Rec'd Change
Total for S7 Additional reductions package*	12,791,189,734	13,579,329,935	(62,500,929)	(62,500,929)	13,516,829,006
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	2,495,211,159	2,643,351,591	(30,590,024)	(30,590,024)	2,612,761,567
General Fund Exempt	1,248,839,667	1,292,968,309	0	0	1,292,968,309
Cash Funds	1,354,534,836	1,498,491,433	5,168,658	5,168,658	1,503,660,091
Reappropriated Funds	118,404,773	124,516,126	(28,263)	(28,263)	124,487,863
Federal Funds	7,574,199,299	8,020,002,476	(37,051,300)	(37,051,300)	7,982,951,176
Totals Excluding Pending Items*					
HEALTH CARE POLICY AND FINANCING					
TOTALS for ALL Departmental line items	17,051,747,985	18,217,290,946	-195,108,958	-159,809,798	18,057,481,148
FTE	882.2	843.2	3.5	0.8	844
General Fund	3,973,261,016	4,261,054,636	(104,326,750)	(89,887,518)	4,171,167,118
General Fund Exempt	1,248,839,667	1,293,261,386	0	0	1,293,261,386
Cash Funds	1,867,850,352	2,030,279,577	(3,831,283)	(1,853,294)	2,028,426,283
Reappropriated Funds	151,467,742	144,020,883	(28,263)	(28,263)	143,992,620
Federal Funds	9,810,329,208	10,488,674,464	(86,922,662)	(68,040,723)	10,420,633,741

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