



Joint Budget Committee

Staff Figure Setting FY 2026-27

**Department of Health Care Policy and Financing
County Administration and Office of Community Living**

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How to Use this Document

The Department Overview contains a table summarizing the staff recommended incremental changes followed by brief explanations of each incremental change. A similar overview table is provided for each division, but the description of incremental changes is not repeated, since it is available under the Department Overview. More details about the incremental changes are provided in the sections following the Department Overview and the division summary tables.

Decision items, both department-requested items and staff-initiated items, are discussed either in the Decision Items Affecting Multiple Divisions or at the beginning of the most relevant division. Within a section, decision items are listed in the requested priority order, if applicable.

Overview of Office of Community Living

This Joint Budget Committee staff figure setting document addresses only the Office of Community Living.

The Office of Community Living provides long-term services and supports for people with intellectual and developmental disabilities. The federal government provided waivers so Colorado can earn a federal match on services that go above and beyond standard Medicaid. The waivers require Colorado to demonstrate that the services are cost neutral or provide a savings compared to other services covered by Medicaid, such as nursing home care. Because these services are provided through waivers, rather than standard Medicaid, the State can limit eligibility, services, and expenditures.

The Office oversees Home- and Community-Based Services (HCBS) for individuals with intellectual and developmental disabilities. The division is responsible for the following functions related to the provision of services by community-based providers:

- administration of four Medicaid waivers for individuals with developmental disabilities;
- establishment of service reimbursement rates;
- ensuring compliance with federal Centers for Medicare and Medicaid rules and regulations;
- communication and coordination with case management agencies, providers, and members regarding waiver policies, rate changes, and waiting list information reporting; and
- administration of the Family Support Services Program.

Summary of Staff Recommendations

Department of Health Care Policy and Financing

Item	Total Funds	General Funds	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
FY 2025-26 Appropriation	\$19,044,163,448	\$5,684,210,687	\$2,216,304,635	\$160,576,367	\$10,983,071,759	847.8
Long Bill Supplemental	165,364,306	41,724,274	22,751,021	-6,969	100,895,980	0.0
Total	\$19,209,527,754	\$5,725,934,961	\$2,239,055,656	\$160,569,398	\$11,083,967,739	847.8
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$19,209,527,754	\$5,725,934,961	\$2,239,055,656	\$160,569,398	\$11,083,967,739	847.8
Medical forecast	1,861,796,677	468,259,025	266,403,679	0	1,127,133,973	0.0
Employee compensation common policies	9,791,585	2,966,778	1,529,542	0	5,295,265	0.0
Operating common policies	4,277,298	1,280,829	473,422	-13,427	2,536,474	0.0
Impacts driven by other agencies	2,800,053	1,274,935	125,091	0	1,400,027	1.8
Prior year actions	37,382,050	15,219,353	-4,075,326	-1,652,006	27,890,029	-2.6
Eligibility & benefit changes	-50,131,740	-21,856,778	-1,841,108	0	-26,433,854	3.5
Provider rates	-154,879,474	-51,363,240	-13,916,945	0	-89,599,289	0.9
Administration	21,361,987	-12,937,336	10,359,058	0	23,940,265	22.6

Item	Total Funds	General Funds	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Continuation of supplemental actions	-319,571,127	-126,478,701	-16,764,693	-484,951	-175,842,782	3.4
Total	\$20,622,355,063	\$6,002,299,826	\$2,481,348,376	\$158,419,014	\$11,980,287,847	877.4
Changes from FY 2025-26	\$1,412,827,309	\$276,364,865	\$242,292,720	-\$2,150,384	\$896,320,108	29.6
Percentage Change	7.4%	4.8%	10.8%	-1.3%	8.1%	0.0
FY 2026-27 Executive Request	\$20,335,552,332	\$5,863,896,245	\$2,474,525,564	\$173,201,256	\$11,823,929,267	895.2
Staff Rec. Above/-Below Request	\$286,802,731	\$138,403,581	\$6,822,812	-\$14,782,242	\$156,358,580	-17.8

Long Bill Supplemental: There are several decision items that have a current fiscal year impact. These are denoted with “S/R#”.

Medical forecast

Medical forecast

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
R1 Medical Services Premiums	\$1,491,009,550	\$350,954,466	\$236,462,836	\$0	\$903,592,248	0.0
R2 Behavioral health	232,326,516	45,066,026	24,526,594	0	162,733,896	0.0
R5 Office of Community Living [1]	60,986,773	32,321,158	-1,602,749	0	30,268,364	0.0
R3 Child Health Plan Plus	46,983,793	9,427,330	7,016,998	0	30,539,465	0.0
R4 Other programs & services	30,490,045	30,490,045	0	0	0	0.0
Total	\$1,861,796,677	\$468,259,025	\$266,403,679	\$0	\$1,127,133,973	0.0

[1] Only the highlighted items are discussed in this document. Other items are discussed in separate staff figure setting documents.

R5 Office of Community Living: Staff recommends using the Department's February 2026 forecast of enrollment and expenditures to modify both the FY 2025-26 and FY 2026-27 appropriations. This is the best estimate available of what the actual costs will be for the program based on current law and policy. The February 2026 forecast is higher than the forecast used for the Governor's request by \$42.2 million total funds, including \$21.1 million General Fund, in FY 2025-26 and \$37.1 million total funds, including \$18.5 million General Fund, in FY 2026-27.

Eligibility & benefits changes

Eligibility & benefit changes

Item	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
R18 3D mammograms	\$635,758	\$128,456	\$37,885	\$469,417	0.0
BA7k Cover All Coloradans limits	0	0	\$0	\$0	0.0
BA7q Equine therapy	0	0	\$0	0	0.0
R6.17 IDD youth transitions [1]	-15,349,933	-7,674,964	0	-7,674,969	0.5
R6.36 IDD cost share [1]	-12,641,818	-6,320,909	0	-6,320,909	0.0
R17 Community connector age limit [1]	-7,441,256	-3,738,675	17,147	-3,719,728	0.0
BA7l Adult dental annual cap	-6,833,118	0	-1,896,140	-4,936,978	0.0
R6.18 IDD waitlist [1]	-6,585,727	-3,292,864	0	-3,292,863	0.5
S/R6.31 Caregiving hours soft cap [1]	-1,915,646	-957,822	0	-957,824	2.5

Item	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
Total	-\$50,131,740	-\$21,856,778	-\$1,841,108	-\$26,433,854	3.5

[1] Only the highlighted items are discussed in this document. Other items are discussed in separate staff figure setting documents.

R6.17 IDD youth transitions: The Department requests to reduce funding for the automatic enrollment to the DD waiver of youth who age out of the CES waiver.

Staff recommends the Committee approve the reductions to the Department’s forecast:

- Year 1: -\$15.4 million total funds, including -\$7.7 million General Fund.
- Year 2 and ongoing: -\$43.8 million total funds, including -\$21.9 million General Fund.

Further, staff recommends the Committee approve funding for the requested 0.5 FTE. However, staff recommends this FTE be term-limited, with their funding annualizing to \$0 in FY 2028-29. Term-limiting the FTE is both a means to control costs and to gather workload data to verify whether these resources are needed on a more permanent basis.

R6.36 IDD cost share: The Department requests to reduce funding for the DD waiver for the implementation of a policy to require members on the waiver to contribute financially for their residential services.

Staff recommends the Committee approve the reductions to the Department’s forecast:

- Year 1: \$12.6 million total funds, including \$6.3 million General Fund.
- Year 2: \$26.3 million total funds, including \$13.1 million General Fund.

R17 Community connector age limit: The Department requests to reduce funding by limiting access to community connector benefit to minor members ages 6 years or older.

Staff recommends the Committee approve the reductions to the Department’s forecast:

- Year 1: -\$2.1 million total funds, including -\$1.1 million General Fund.
- Year 2 and ongoing: -\$4.3 million total funds, including -\$2.2 million General Fund.

R6.18 IDD waitlist: The Department requests to reduce funding for DD waiver waitlist enrollments.

Staff recommends the Committee approve the reductions to the Department’s forecast:

- Year 1: -\$6.6 million total funds, including -\$3.3 million General Fund.
- Year 2 and ongoing: -\$18.9 million total funds, including -\$9.4 million General Fund.

Further, staff recommends the Committee approve funding for the requested 0.5 FTE. However, staff recommends this FTE be term-limited, with their funding annualizing to \$0 in FY 2028-29. Term-limiting the FTE is both a means to control costs and to gather workload data to verify whether these resources are needed on a more permanent basis.

S/R6.31 Caregiving hours soft cap: The Department requests to reduce funding for caregiving services with the implementation of a cap on the paid weekly hours per caregiver providing these services.

Staff recommends the Committee approve the reductions to the Department’s forecast:

- Year 1: -\$2.2 million total funds, including -\$1.1 million General Fund.
- Year 2 and ongoing: -\$3.1 million total funds, including -\$1.5 million General Fund.

Further, staff recommends the Committee approve funding for the requested 3.0 FTE. Staff recommends funding for these FTE beginning in FY 2025-26. However, staff recommends these FTE be term-limited, with their funding annualizing to \$0 in FY 2028-29. Term-limiting the FTE is both a means to control costs and to gather workload data to verify whether these resources are needed on a more permanent basis.

Provider rates

Provider rates

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
R14.2 IV nutrition rates	\$615,320	\$203,628	\$24,453	\$0	\$387,239	0.0
BA7s Provider rates -0.75%	0	0	0	0	0	0.0
BA7h School health withhold	0	0	0	0	0	0.0
BA7m Sleep study rates	0	0	0	0	0	0.0
R13 Denver Health fed funds	0	0	0	0	0	0.0
BA7i Hospital medical education	-76,754,131	-22,212,646	-3,707,225	0	-50,834,260	0.0
BA7f Nonwheelchair transport	-52,128,472	-15,674,567	-10,389,669	0	-26,064,236	0.0
R15 Home health/nurse rates	-26,612,191	-13,679,655	155,496	0	-13,088,032	0.9
Total	-\$154,879,474	-\$51,363,240	-\$13,916,945	\$0	-\$89,599,289	0.9

[1] Only the highlighted items are discussed in this document. Other items are discussed in separate staff figure setting documents.

R15 Home health/nurse rates: The Department asks for a net reduction in funding resulting from the modification of the private duty nursing (PDN) rate structure and the home health rate structure, as well as to develop and implement a new rate negotiation strategy for the DD waiver and the CHRP waiver.

Staff recommends approval of the request, applying JBC policies regarding new FTE.

- Year 1: -\$26.6 million total funds, including -\$13.7 million General Fund, and 0.9 FTE.
- Year 2: -\$58.4 million total funds, including -\$27.8 million General Fund, and 1.0 FTE.
- Year 3 and ongoing: -\$58.7 million total funds, including -\$28.8 million General Fund.

Administration

Administration

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
BA8 Federal HR1 compliance	\$40,423,139	\$827,873	\$9,032,339	\$0	\$30,562,927	11.0
R9 Provider directory	5,955,875	451,455	248,360	0	5,256,060	0.0
R10.2 3rd party insurance	3,089,490	242,166	132,707	0	2,714,617	0.9
BA11 CCBHC implementation	1,580,993	790,497	0	0	790,496	3.7
BA9 Federal rules compliance	558,388	222,196	56,999	0	279,193	3.3
R14.1 Chronic pain management	290,738	94,867	50,502	0	145,369	1.0
R11 Salesforce support	0	0	0	0	0	0.0
R19 Consolidate line items [1]	0	0	0	0	0	0.0
R20 CHP+ Trust consolidation	0	0	0	0	0	0.0
R16 Unspent grant admin	0	-800,000	800,000	0	0	0.0
BA10 DOJ housing vouchers [1]	-14,744,190	-6,417,130	0	0	-8,327,060	0.0
R8 Single assessment [1]	-11,756,314	-6,205,610	53,882	0	-5,604,586	2.7
R6.21 Children in Rocky PRIME	-3,476,470	-1,738,235	0	0	-1,738,235	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
BA7r All Payer Claims Database	-559,662	-405,415	-15,731	0	-138,516	0.0
Total	\$21,361,987	-\$12,937,336	\$10,359,058	\$0	\$23,940,265	22.6

[1] Only the highlighted items are discussed in this document. Other items are discussed in separate staff figure setting documents.

R19 Consolidate line items: The Department requests for a budget neutral restructure of its section of the Long Bill to consolidate the appropriations for the IDD waiver services into the Medical Services Premium line item.

Staff recommends denial.

BA10 DOJ housing vouchers: The Department requests additional funding for housing vouchers and staffing resources to support the transition of individuals from institutional care settings to community-based care setting in order to meet the provisions of the federal DOJ settlement agreement related to Title II of the Americans with Disabilities Act.

Staff recommends the Committee approve funding for the housing vouchers and DOLA staff, as well as the HCPF forecast adjustments related to individuals transitioning from institutional care settings to community-based care settings.

- Year 1: A net reduction of -\$14.7 million total funds, including -\$6.4 million General Fund, and an increase of 2.7 FTE.
- Year 2: A net reduction of -\$16.4 million total funds, including -\$3.1 million General Fund, and an increase of 3.0 FTE.
- Year 3 and ongoing: A net reduction of -\$15.6 million total funds, including -\$1.2 million General Fund, and an increase of 3.0 FTE.

Staff further recommends that the funding for the Department of Local Affairs be appropriated to the transfer line items in the Department of Health Care Policy and Financing, as detailed in the recommendation below. These funds will then appear as reappropriated funds in the Department of Local Affairs, along with the recommended FTE. This method of appropriation provides greater transparency to the Committee and General Assembly, as it relates to cross-departmental programs.

Staff recommends the inclusion of a request for information (RFI) to get a full accounting of the amount of federal Medicaid funding used by the Department of Local Affairs. However, given timing limitations, staff has not had the opportunity to draft language for the Committee’s consideration. This language will be presented when the Committee reviews RFIs later this session.

Staff recommends denial of the additional staff for HCPF. Staff believes the Department can repurpose existing resources, given the funding history for the DOJ settlement agreement.

R8 Single assessment: The Department asks for funding to deploy a single assessment tool in compliance with S.B. 16-192 (Assessment Tool Intellectual and Developmental Disabilities) that will replace multiple assessment tools currently used. Deployment of the single assessment tool is planned for August 2026.

Staff recommend approval of the deployment of the single assessment tool. The FTE are term-limited through August 2029.

Year 1: -\$11.8 million total funds, including -\$6.2 million General Fund, and 2.7 FTE.

Year 2 and ongoing: \$3.5 million total funds, including \$1.4 million General Fund, and 3.0 FTE.

Continuation of supplemental actions

Continuation of supplemental actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
BA15 Public School Health Services	\$7,902,943	\$0	\$3,951,472	\$0	\$3,951,471	0.0
R10.1 Disability determinations	106,020	34,456	18,553	0	53,011	0.0
R12 Home health administration	45,155	21,769	808	0	22,578	0.7
R7 Eligibility administration	0	0	0	0	0	0.0
R6.07 Immigrant services outreach	0	0	0	0	0	0.0
R6.22 Provider credentialing ACC	0	0	0	0	0	0.0
BA7p Movement therapy rates	0	0	0	0	0	0.0
BA7c Recovery audits	0	0	0	0	0	0.0
BA7n Ambulatory surgery center services	0	0	0	0	0	0.0
R6.03 Primary care stabilization	0	0	0	0	0	0.0
R6.09 Outpatient psychotherapy prior authorization	0	0	0	0	0	0.0
R6.10 Pediatric behavioral therapy reviews	0	0	0	0	0	0.0
R6.13 Nursing minimum wage	0	0	0	0	0	0.0
R6.35 Movement therapy rates	0	0	0	0	0	0.0
BA7g Federal match supplemental payments	0	-5,552,072	0	-35,232	5,587,304	0.0
R6.05 Immigrant family planning	0	0	0	0	0	0.0
R6.11 Provider rates -1.6%	-52,805,563	-18,715,027	-2,872,498	0	-31,218,038	0.0
R6.23 Rates above 85% Medicare	-40,934,516	-11,568,094	-2,906,351	0	-26,460,071	0.0
BA7e XL Wheelchair transport	-27,563,167	-8,289,887	-5,491,780	0	-13,781,500	0.0
BA7a Prepayment claims review	-24,712,500	-12,356,250	0	0	-12,356,250	0.0
S/R6.34 Community connector units	-21,423,504	-10,711,251	0	0	-10,712,253	1.0
S/R6.30 HCBS hours soft cap	-19,426,980	-9,741,474	0	0	-9,685,506	1.7
S/R6.33 Community connector -23%	-17,528,532	-8,764,266	0	0	-8,764,266	0.0
R6.04 Continuous coverage	-13,604,507	-5,613,172	-358,439	0	-7,632,896	0.0
R6.24 Drug rates	-13,171,612	-3,143,566	-982,094	0	-9,045,952	0.0
BA7j 85% of Medicare adjustments	-13,077,988	-3,695,839	-928,537	0	-8,453,612	0.0
R6.15 Pediatric behavioral therapy rates	-13,057,068	-6,528,534	0	0	-6,528,534	0.0
BA7b Claims rules enforcement	-9,187,501	-2,872,809	-479,402	0	-5,835,290	0.0
R6.02 Behavioral health incentives	-7,974,052	-1,891,927	-2,095,099	0	-3,987,026	0.0
S/R6.12 Community connector -15%	-7,295,929	-3,647,464	0	0	-3,648,465	0.0
R6.25 Biosimilars	-7,184,522	-1,375,261	-723,606	0	-5,085,655	0.0
R6.16 Dental rates	-6,889,650	-1,258,050	-1,040,337	0	-4,591,263	0.0
R6.14 Individual residential srvc & supports	-5,800,064	-2,284,065	-615,967	0	-2,900,032	0.0
R6.20 Community health workers	-5,713,346	-1,364,558	-342,750	0	-4,006,038	0.0
R6.26 3rd party pay for drugs	-5,699,660	-1,717,435	-376,497	0	-3,605,728	0.0
BA7d NEMT corrective action	-3,104,169	-1,020,412	-531,672	0	-1,552,085	0.0
BA16 Technical adjustments	-2,309,550	-290,059	-201,792	-449,719	-1,367,980	0.0
R6.27 Specialty drug rates	-2,192,854	-820,552	-105,242	0	-1,267,060	0.0
R6.19 Senior dental grants	-1,500,000	-1,500,000	0	0	0	0.0
R6.29 LTSS presumptive eligibility	-1,472,778	-780,756	0	0	-692,022	0.0
R6.28 Drug dispensing fees	-1,409,088	-424,591	-93,078	0	-891,419	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
R6.08 Tests for specific drugs	-1,175,519	-156,344	-86,283	0	-932,892	0.0
R6.06 SBIRT training grants	-500,000	0	-500,000	0	0	0.0
S/R6.32 Homemaker hours soft cap	-477,128	-238,564	0	0	-238,564	0.0
BA7o Member surveys	-425,294	-212,647	0	0	-212,647	0.0
R6.01 Accountable care incentives	-8,204	0	-4,102	0	-4,102	0.0
Total	-\$319,571,127	-\$126,478,701	-\$16,764,693	-\$484,951	-\$175,842,782	3.4

[1] Only the highlighted items are discussed in this document. Other items are discussed in separate staff figure setting documents.

R10.1 Disability determinations: The Department requests funding for projected caseload increases and to rebalance funding sources to accurately reflect the caseload split of traditional Medicaid members versus expansion population members.

Staff recommends the Committee approve the request.

- Year 1: \$1.4 million total funds, including \$0.8 million General Fund.
- Year 2: \$1.5 million total funds, including \$0.9 million General Fund.
- Year 3 and ongoing: \$1.6 million total funds, including \$0.9 million General Fund.

R7 Eligibility administration [legislation]: The Department requests for funding to centralize some administrative functions for the provision of medical and public assistance programs.

Staff recommends denial of the request on technical grounds. The Long Bill is written to current law and, given the legislative requirements of this proposal, staff recommends any fiscal impact be incorporated into that legislation. Staff recommends the Committee establish a placeholder for the fiscal impacts of this proposal and the Department of Human Service *BA3 County admin districts*.

S/R6.34 Community connector units: The Department requests to reduce funding for the community connector rate for implementing a lower annual cap on the number of units covered.

Staff recommends the Committee approve reductions to the Department’s forecast:

- Current Year: -\$3.9 million total funds, including -\$1.9 million General Fund.
- Year 1: -\$21.4 million total funds, including -\$10.7 million General Fund.
- Year 2 and ongoing: -\$25.4 million total funds, including -\$12.7 million General Fund.

Further, staff recommends the Committee approve funding for the 1.0 requested FTE. Staff recommends staff recommends funding for this FTE beginning in FY 2026-27 and at 50.0 percent of the total personal services and operating costs, excluding capital outlay costs. In FY 2027-28, staff expects the full cost of this second FTE to be included in the budget. Lastly, staff recommends this FTE be term-limited, with their funding annualizing to \$0 in FY 2028-29. Term-limiting the FTE is both a means to control costs and to gather workload data to verify whether these resources are needed on a more permanent basis.

S/R6.30 HCBS hours soft cap: The Department requests to reduce funding for select Home- and Community-Based Services (HCBS) for the implementation of caps on annual use.

Staff recommends the Committee approve reductions to the Department’s forecast:

- Current Year: -\$3.3 million total funds, including -\$1.7 million General Fund.
- Year 1: -\$22.9 million total funds, including -\$11.4 million General Fund.
- Year 2 and ongoing: -\$24.4 million total funds, including -\$12.2 General Fund.

Further, staff recommends the Committee approve the 2.0 requested FTE. Staff recommends full funding for the FTE approved through the January supplemental process, including the centrally appropriated costs for this FTE in FY 2026-27. However, while staff recommends the additional of 1.0 FTE from the Department's revised request, staff recommends funding for this FTE beginning in FY 2026-27 and at 50.0 percent of the total personal services and operating costs, excluding capital outlay costs. In FY 2027-28, staff expects the full cost of this second FTE to be included in the budget. Lastly, staff recommends these two FTE be term-limited, with their funding annualizing to \$0 in FY 2028-29, which aligns with the Committee's supplemental decision related to this request. Term-limiting the FTE is both a means to control costs and to gather workload data to verify whether these resources are needed on a more permanent basis.

S/R6.33 Community connector -23%: The Department requests to reduce funding for the community connector rate to align this rate with the tier 3 supported community connections rate in the adult SLS waiver.

Staff recommends approval of the request.

- Current Year: an additional -\$0.2 million total funds, including -\$0.1 million General Fund, beyond the January supplemental.
- Year 1: -\$17.5 million total funds, including includes -\$8.8 million General Fund.
- Year 2 and ongoing: -\$20.7 million, including -\$10.4 million General Fund.

S/R6.12 Community connector -12%: The Department requests to reduce funding for a community connector rate cut of 15.0 percent.

Staff recommends approval of the request.

- Current Year: an additional -\$0.3 million total funds, including -\$0.2 million General Fund, beyond the January supplemental.
- Year 1: -\$7.3 million total funds, including includes -\$3.6 million General Fund.
- Year 2 and ongoing: -\$13.6 million, including -\$6.8 million General Fund.

R6.14 Individual residential services and supports: The Department requests to reduce funding for updates to the billing guidance for individual residential services and supports (IRSS).

Staff recommends the Committee approve the forecast adjustment for the Department's guidance change. However, staff recommends an implementation date of July 1, 2026, to give affected family caregivers sufficient time to prepare for the fiscal impact they will experience from this guidance change. Staff recommends the following reductions to the Department's forecast:

- Year 1 and ongoing: -\$5.8 million, including -\$2.3 million General Fund.

R6.29 LTSS presumptive eligibility: The Department requests the delay in implementation of presumptive eligibility for long-term services and supports (LTSS) until July 1, 2027.

Staff recommends the Committee approve the request.

- Year 1: -\$2.8 million total funds, including -\$1.5 million General Fund
- Year 2: - \$1.4 million total funds, including -\$0.7 million General Fund

S/R6.32 Homemaker hours soft cap: The Department requests to reduce funding for homemaker services for the implementation of a cap on paid weekly hours for legally responsible persons providing these services.

Staff recommends approval the request.

- Current Year: an additional -\$12,008 million total funds, including -\$6,004 million General Fund, beyond the January supplemental.
- Year 1: -\$0.5 million total funds, including includes -\$0.3 million General Fund.
- Year 2 and ongoing: -\$0.6 million, including -\$0.3 million General Fund.

Prior year actions – Office of Community Living

Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 25-26 Provider rates 1.6% adjustment	\$1,721,985	\$846,659	\$25,403	\$0	\$849,923	0.0
FY 23-24 BA7 Community access	1,403,874	539,108	\$0	\$0	864,766	0.0
FY 25-26 R11 OCL benefits	-1,019,166	-509,583	0	0	-509,583	0.0
Total	\$2,106,693	\$876,184	\$25,403	\$0	\$1,205,106	0.0

Major Differences from The Request

R5 Office of Community Living: Staff recommends the use of the February 2026 forecast, while the Department’s caseload request is based on the November 2025 forecast.

R7 Eligibility administration: Staff recommends denial on technical grounds and the creation of a placeholder to account for the fiscal impact of potential legislation.

The other primary differences between staff recommendations and departmental requests are the treatment of FTE. In many cases, staff has recommended term-limited FTE where the Department requested ongoing staffing resources.

Medical Forecast

→ R5 Office of Community Living

Request

The Department requests a change to the Office of Community Living (OCL), Medicaid Programs appropriations for both FY 2025-26 and FY 2026-27 based on a new forecast of caseload and expenditures under current law and policy. The OCL Medicaid Programs pay for Home- and Community-Based Services to Medicaid members with intellectual and developmental disabilities.

On February 17, 2026, the Department submitted an update to the R5 forecast. This update is not an "official" request and it is not accounted for in the Governor's budget balancing. It was submitted after the General Assembly's budget request deadlines. However, it represents the most current forecast of expenditures available. The February 2026 forecast is higher than the forecast used for the Governor's request by \$42.2 million total funds, including \$21.1 million General Fund, in FY 2025-26 and \$37.1 million total funds, including \$18.5 million General Fund, in FY 2026-27. The cumulative General Fund difference over the two years is \$79.3 million higher than the Governor's November request.

Recommendation

Staff recommends using the Department's February 2026 forecast of enrollment and expenditures to modify both the FY 2025-26 and FY 2026-27 appropriations. This is the best estimate available of what the actual costs will be for the program based on current law and policy.

Analysis

Medicaid intellectual and developmental disability (IDD) waiver services are not subject to standard Medicaid State Plan service and duration limits, but rather are provided under a Medicaid waiver program. Colorado has four Medicaid waivers for intellectual and developmental disability services.

- The Adult Comprehensive/Developmental Disabilities waiver (DD waiver) for individuals over the age of 18 who require residential and daily support services to live in the community. Services include residential habilitation, day habilitation, prevocational services, supported employment, dental and vision services, behavioral services, non-medical transportation, and specialized medical equipment and supplies.
- The Supported Living Services waiver (SLS waiver) for individuals over the age of 18 who do not require residential services but require daily support services to live in the community. Services include day habilitation, homemaker, personal care, respite, supported employment, dental and vision services, assistive technology, behavioral services, home accessibility adaptation, mentorship, non-medical transportation, personal emergency response systems, professional therapeutic services, specialized medical equipment and supplies, and vehicle modification.

- The Children's Extensive Services waiver (CES waiver or children's waiver) for youth aged 5 to 18 who do not require residential services but do require daily support services to be able to live in their family home. Services include homemaker services, respite, vision care, adapted and therapeutic recreation equipment, equipment and supplies, vehicle modifications, and parent education.
- The Children's Habilitation Residential Services waiver (CHRP waiver) for children with intellectual and developmental disabilities and complex behavioral support needs requiring HCBS services. This program is residential, unlike the CES waiver above.

Four factors determine the overall cost of waiver services, including:

- number of individuals eligible for services;
- number of enrollments funded for the DD waiver;
- number of providers willing and able to provide services; and
- rates of reimbursement for each type of services.

As part of the waivers, Colorado is allowed to limit the number of waiver program participants. Annually, the General Assembly has appropriated sufficient funding to ensure no waiting list for the SLS, CES, and CHRP waivers.

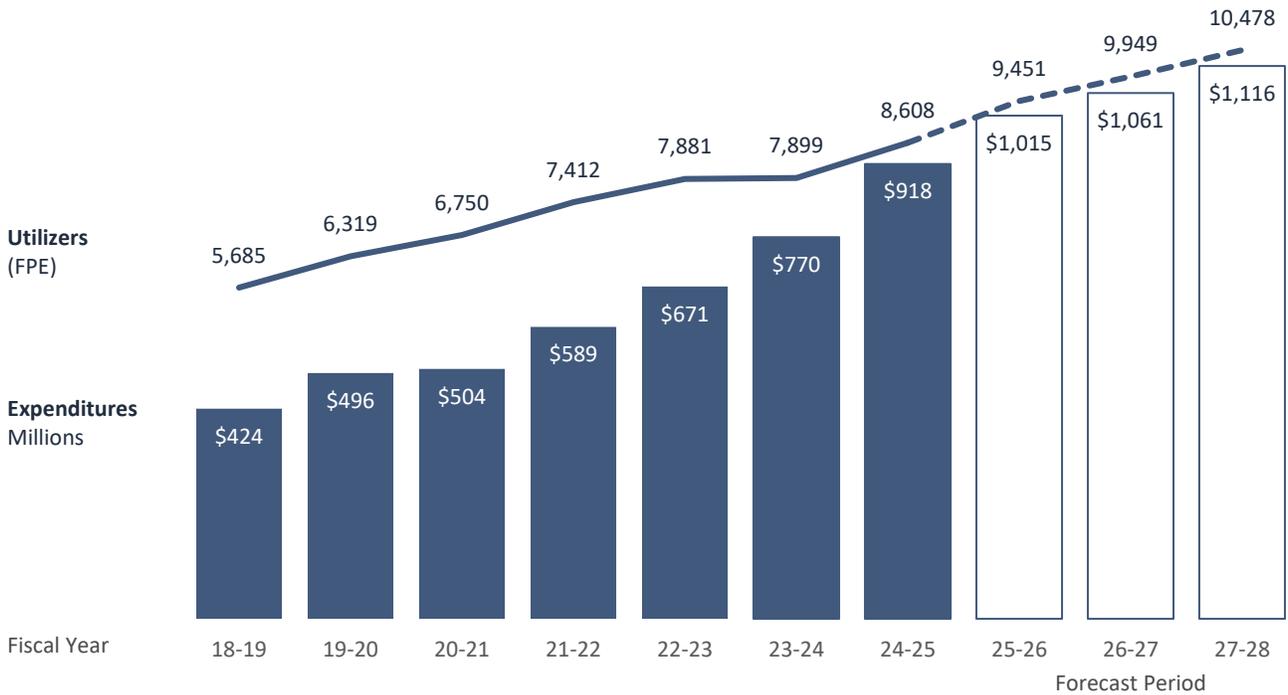
Unlike the SLS, CES, and CHRP waivers, the DD waiver continues to have a waiting list for enrollments. As of September 2025, 2,749 individuals were identified as needing DD services as soon as available. Of this amount, 88 were newly placed on the waitlist. The majority of these individuals receive services through other programs, including the SLS waiver. An individual's placement on the waiting list is determined by their order of selection date. The order of selection date is the date on which the case management agency first determines that the person has a developmental disability. For individuals identified as having a developmental disability before their 14th birthday, the order of selection date is their 14th birthday. An individual's position on the waiting list is not based on the date they were added to the list; rather, it is always determined in relation to other enrolled individuals' order of selection dates.

November to February Forecast Comparisons

The following graphs summarize the Department's February forecast results.

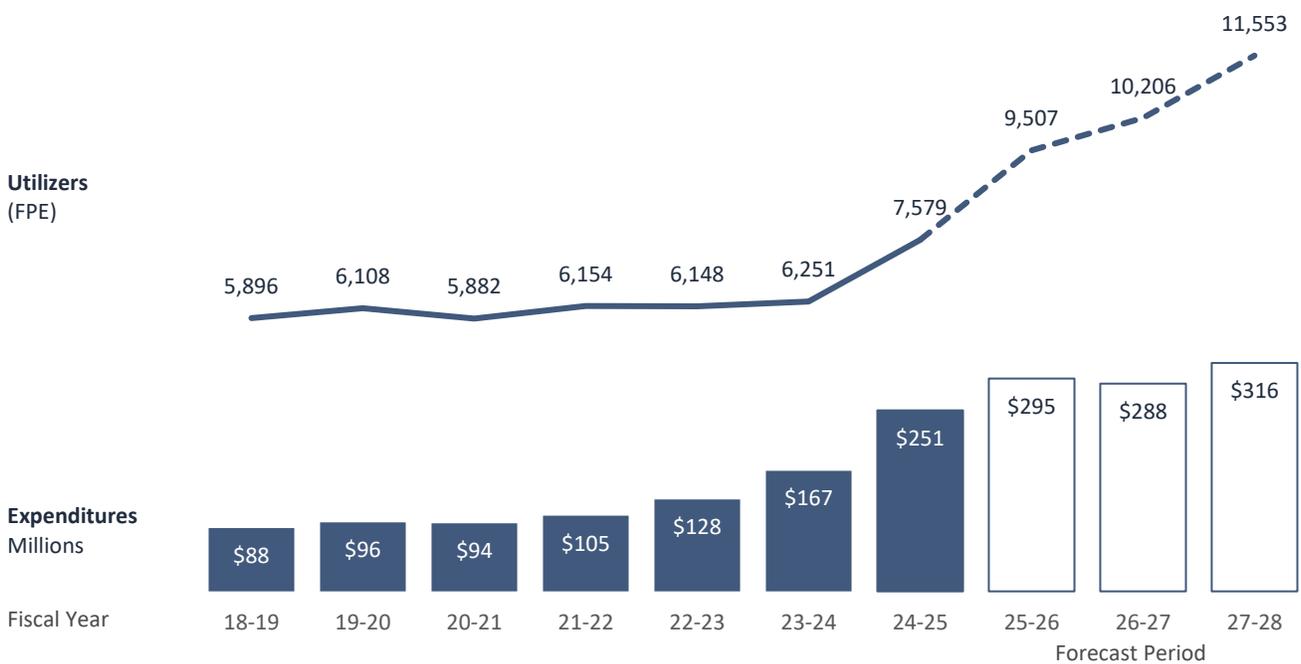
Utilization and expenditures for residential services (DD and CHRP) are predicted to grow by 21.7 percent over the forecast period.

February 2026 forecast



Expenditures for nonresidential services (SLS and CES) are predicted to grow by 26.1 percent while utilization is expected to grow by 52.4 percent over the forecast period.

February 2026 forecast



FY 2025-26

The table below shows the anticipated expenditure changes for the current fiscal year based on the Department’s February forecast. The table shows the change in necessary appropriations above the January supplemental actions. A negative number does not necessarily indicate negative growth in utilization for the fiscal year, rather it indicates slower growth than had been assumed during the recent supplemental actions. The January supplemental forecast adjustments were based on the Department’s November 2025 forecast.

FY 2025-26 Office of Community Living Expenditure Estimates [1]

Item	Total Funds	General Fund	Cash Funds	Federal Funds
<u>FY 2025-26 Appropriation (Jan. supplementals)</u>				
Adult Comprehensive Services	\$979,528,364	\$488,161,724	\$1,602,458	\$489,764,182
Adult Supported Living Services	108,590,429	41,699,414	12,595,801	54,295,214
Children's Extensive Support Services	161,966,408	80,983,204	0	80,983,204
Children's Habilitation Residential Program	38,703,042	19,350,179	1,342	19,351,521
Case Management	168,163,744	78,044,704	6,628,261	83,490,779
Subtotal - Appropriation	\$1,456,951,987	\$708,239,225	\$20,827,862	\$727,884,900
<u>Change by Program</u>				
Adult Comprehensive Services	-\$4,908,631	-\$2,454,325	\$9	-\$2,454,315
Adult Supported Living Services	2,655,000	1,828,711	-501,212	1,327,501
Children's Extensive Support Services	21,692,411	10,846,205	0	10,846,206
Children's Habilitation Residential Program	2,004,138	1,002,069	0	1,002,069
Case Management	4,938,058	2,469,029	0	2,469,029
Subtotal - Adjustment	\$26,380,976	\$13,691,689	-\$501,203	\$13,190,490
<u>FY 2025-26 Forecast (Feb. 2026)</u>				
Adult Comprehensive Services	\$974,619,733	\$485,707,399	\$1,602,467	\$487,309,867
Adult Supported Living Services	111,245,429	43,528,125	12,094,589	55,622,715
Children's Extensive Support Services	183,658,819	91,829,409	0	91,829,410
Children's Habilitation Residential Program	40,707,180	20,352,248	1,342	20,353,590
Case Management	173,101,802	80,513,733	6,628,261	85,959,808
Total	\$1,483,332,963	\$721,930,914	\$20,326,659	\$741,075,390

[1] Excludes non-forecast adjustments.

Adult Comprehensive Services (DD)

The Department estimates expenditures for the DD waiver to be \$4.9 million less than previously forecasted in November 2025. The reduction is primarily due to lower actual enrollment and utilization through the first half of the fiscal year, with estimated average monthly enrollment decreasing from 9,169 to 9,123. The estimated cost per full program equivalent (FPE) increased slightly from \$109,513 to \$109,514 between forecasts. The decrease in enrollment and utilization drives a downward revision to forecasted expenditures for the DD waiver, from \$979.5 million in the November forecast to \$974.6 million in the February forecast.

Adult Comprehensive Services Forecast Comparison, November 2025 to February 2026

Item	November 2025	February 2026	Change
Monthly Enrollment	9,169	9,123	-46
Full program equivalent (FPE)	8,944.4	8,899.5	-44.9
Expenditures	\$979,528,364	974,619,733	-\$4,908,631
Cost per FPE	\$109,513	\$109,514	\$1

The General Assembly provides funding for reserve capacity for emergency placements due to factors such as homelessness or abuse and for people transitioning from foster care, a youth waiver, or an institutional setting. The February forecast held the anticipated reserve capacity at 510.

FY 2025-26 Reserve Capacity Enrollment Forecast [1]

Type	Enrollments
Transitions from institutions	54
Emergency enrollments	266
Foster care transitions	11
CES and CHRP waiver transitions	179
Total	510

[1] Based on current law and policies.

Supported Living Services (SLS)

The Department estimates expenditures for the SLS waiver to be \$2.7 million more than previously forecasted in November 2025. The increase is primarily due to higher actual enrollment and utilization through the first half of the fiscal year, with estimated average monthly enrollment increasing from 5,052 to 5,390. The estimated FPE increased from 4,326.5 to 4,616.0 between forecasts. The increase in enrollment and utilization drives an upward revision to the forecasted expenditures for the SLS waiver, from \$108.6 million in the November forecast to \$111.2 million in the February forecast.

Supported Living Services Forecast Comparison, November 2025 to February 2026

Item	November 2025	February 2026	Change
Monthly Enrollment	5,052	5,390	338
Full program equivalent (FPE)	4,326.5	4,616.0	289.5
Expenditures	\$108,590,429	111,245,429	\$2,655,000
Cost per FPE	\$25,099	\$24,100	-\$999

Children’s Extensive Support Services (CES)

The Department estimates expenditures for the CES waiver to be \$21.7 million more than previously forecasted in November 2025. The increase is primarily due to higher actual enrollment and utilization through the first half of the fiscal year, with estimated average monthly enrollment increasing from 5,201 to 5,713. The estimated FPE increased from 4,543.1 to 4,891.5 between forecasts. The increase in enrollment and utilization drives an upward revision to the forecasted expenditures for the CES waiver, from \$162.0 million in the November forecast to \$183.7 million in the February forecast.

Children's Extensive Services Forecast Comparison, November 2025 to February 2026

Item	November 2025	February 2026	Change
Monthly Enrollment	5,201	5,713	512
Full program equivalent (FPE)	4,453.1	4,891.5	438.4
Expenditures	\$161,966,408	183,658,819	\$21,692,411
Cost per FPE	\$36,372	\$37,547	\$1,175

Enrollments in the CES waiver have increased in the last twelve months. The Department reports 1,760 new enrollments since December 2024, a growth of 49.0 percent. New enrollees onto this waiver tend to be younger

than previously experienced, with the highest proportion of new enrollees in the 0-6 age range. The Department anticipates significant growth in caseload in the next three fiscal years, with preliminary average monthly enrollments for FY 2027-28 estimated to be 6,925.

Children’s Habilitation Residential Program (CHRP)

The Department estimates expenditures for the CHRP waiver to be \$2.0 million more than previously forecasted in November 2025. The increase is primarily due to higher actual enrollment and utilization through the first half of the fiscal year, with estimated average monthly enrollment increasing from 569 to 809. The estimated FPE increased from 422.8 to 601.1 between forecasts. The increase in enrollment and utilization drives an upward revision to the forecasted expenditures for the CHRP waiver, from \$38.7 million in the November forecast to \$40.7 million in the February forecast.

Children's Habilitation Residential Program Forecast Comparison, November 2025 to February 2026

Item	November 2025	February 2026	Change
Monthly Enrollment	569	809	240
Full program equivalent (FPE)	422.8	601.1	178.3
Expenditures	\$38,703,042	40,707,180	\$2,004,138
Cost per FPE	\$91,540	\$67,721	-\$23,819

Case Management

The Department estimates expenditures for case management to be \$4.9 million more than previously forecasted in November 2025. The increase is primarily due to higher targeted case management, which is estimated to cost \$3.0 million more in the current fiscal year than previously forecasted. Intake, assessments, and administrative costs are projected to cost \$1.6 more than previously estimated.

Case Management Forecast Comparison, November 2025 to February 2026

Item	November 2025	February 2026	Change
Targeted case management	\$117,290,209	\$120,319,139	\$3,028,930
Monitoring	12,970,208	13,305,088	334,880.0
Intake, assessment, and admin	37,903,327	39,477,575	\$1,574,248
Total	\$168,163,744	\$173,101,802	\$4,938,058

FY 2026-27

The next table shows the projected changes in expenditures by program from FY 2025-26 to FY 2026-27. The table shows the year-over-year impact of changes in the February forecast only.

FY 2026-27 Office of Community Living Expenditure Estimates [1]

Item	Total Funds	General Fund	Cash Funds	Federal Funds
<u>FY 2025-26 Forecast (Feb. 2026)</u>				
Adult Comprehensive Services	\$974,619,733	\$485,707,399	\$1,602,467	\$487,309,867
Adult Supported Living Services	111,245,429	\$43,528,125	\$12,094,589	\$55,622,715
Children's Extensive Support Services	183,658,819	\$91,829,409	\$0	\$91,829,410
Children's Habilitation Residential Program	40,707,180	\$20,352,248	\$1,342	\$20,353,590
Case Management	173,101,802	\$80,513,733	\$6,628,261	\$85,959,808
Subtotal - Appropriation	\$1,483,332,963	\$721,930,914	\$20,326,659	\$741,075,390

Item	Total Funds	General Fund	Cash Funds	Federal Funds
<u>Change by Program [2]</u>				
Adult Comprehensive Services	\$34,759,563	\$17,374,614	\$5,168	\$17,379,781
Adult Supported Living Services	-11,295,510	-5,771,589	123,835	-5,647,756
Children's Extensive Support Services	4,143,340	2,071,671	0	2,071,669
Children's Habilitation Residential Program	11,156,641	5,578,318	2	5,578,321
Case Management	24,302,599	13,917,495	-1,706,351	12,091,455
Subtotal - Adjustment	\$63,066,633	\$33,170,509	-\$1,577,346	\$31,473,470

<u>FY 2026-27 Forecast (Feb. 2026)</u>				
Adult Comprehensive Services	\$1,009,379,296	\$503,082,013	\$1,607,635	\$504,689,648
Adult Supported Living Services	99,949,919	37,756,536	12,218,424	49,974,959
Children's Extensive Support Services	187,802,159	93,901,080	0	93,901,079
Children's Habilitation Residential Program	51,863,821	25,930,566	1,344	25,931,911
Case Management	197,404,401	94,431,228	4,921,910	98,051,263
Total	\$1,546,399,596	\$755,101,423	\$18,749,313	\$772,548,860

[1] Excludes non-forecast adjustments.

[2] Includes annualization of prior year actions and forecast adjustments.

Adult Comprehensive Services (DD)

The Department estimates expenditures for the DD waiver to be \$16.2 million less than previously forecasted in November 2025. The reduction is primarily due to lower estimated enrollment and utilization, with estimated average monthly enrollment decreasing from 9,570 to 9,418. The estimated cost per FPE increased slightly from \$1109,856 to \$109,867 between forecasts. The decrease in enrollment and utilization drives a downward revision to forecasted expenditures for the DD waiver, from \$1,025.6 million in the November forecast to \$1,009.4 million in the February forecast.

Adult Comprehensive Services Forecast Comparison, November 2025 to February 2026

Item	November 2025	February 2026	Change
Monthly Enrollment	9,570	9,418	-152
Full program equivalent (FPE)	9,335.5	9,187.3	-148.2
Expenditures	\$1,025,558,286	1,009,379,296	-\$16,178,990
Cost per FPE	\$109,856	\$109,867	\$11

The General Assembly provides funding for reserve capacity for emergency placements due to factors such as homelessness or abuse and for people transitioning from foster care, a youth waiver, or an institutional setting.

FY 2026-27 Reserve Capacity Enrollment Forecast [1]

Type	Enrollments
Transitions from Institutions	39
Monthly Emergency Enrollments	194
Foster Care Transitions	8
CES and CHRP Waiver Transitions	131
Total	372

[1] Based on current law and policies.

Supported Living Services (SLS)

The Department estimates expenditures for the SLS waiver to be \$1.2 million more than previously forecasted in November 2025. The increase is primarily due to higher estimated enrollment and utilization, with average monthly enrollment estimates increasing from 5,342 to 5,618. The estimated FPE increased from 4,574.9 to 4,811.3 between forecasts. The increase in enrollment and utilization drives an upward revision to the forecasted expenditures for the SLS waiver, from \$98.9 million in the November forecast to \$99.9 million in the February forecast. The year-over-year decrease in expenditures is attributed to the shift of services from the SLS waiver to the State Plan through Community First Choice.

Supported Living Services Forecast Comparison, November 2025 to February 2026

Item	November 2025	February 2026	Change
Monthly Enrollment	5,342	5,618	276
Full program equivalent (FPE)	4,574.9	4,811.3	236.4
Expenditures	\$98,783,762	99,949,919	\$1,166,157
Cost per FPE	\$21,593	\$20,774	-\$819

Children's Extensive Support Services (CES)

The Department estimates expenditures for the CES waiver to be \$18.4 million more than previously forecasted in November 2025. The increase is primarily due to higher actual enrollment and utilization, with estimated average monthly enrollment increasing from 5,931 to 6,301. The estimated FPE increased from 5,078.1 to 5,394.9 between forecasts. The increase in enrollment and utilization drives an upward revision to the forecasted expenditures for the CES waiver, from \$169.4 million in the November forecast to \$187.8 million in the February forecast.

Children's Extensive Services Forecast Comparison, November 2025 to February 2026

Item	November 2025	February 2026	Change
Monthly Enrollment	5,931	6,301	370
Full program equivalent (FPE)	5,078.1	5,394.9	316.8
Expenditures	\$169,415,075	187,802,159	\$18,387,084
Cost per FPE	\$33,362	\$34,811	\$1,449

Children's Habilitation Residential Program (CHRP)

The Department estimates expenditures for the CHRP waiver to be \$1.3 million more than previously forecasted in November 2025. The increase is primarily due to higher actual enrollment and utilization, with estimated average monthly enrollment increasing from 733 to 1,016. The estimated FPE increased from 549.5 to 762.1 between forecasts. The increase in enrollment and utilization drives an upward revision to the forecasted expenditures for the CHRP waiver, from \$50.5 million in the November forecast to \$51.9 million in the February forecast.

Children's Habilitation Residential Program Forecast Comparison, November 2025 to February 2026

Item	November 2025	February 2026	Change
Monthly Enrollment	733	1,016	283
Full program equivalent (FPE)	549.5	762.2	212.7
Expenditures	\$50,544,139	51,863,821	\$1,319,682
Cost per FPE	\$91,982	\$68,045	-\$23,937

Case Management

The Department estimates expenditures for case management to be \$5.1 million more than previously forecasted in November 2025. The increase is primarily due to higher targeted case management, which is estimated to cost \$3.0 million more in the current fiscal year than previously forecasted. Intake, assessments, and administrative costs are projected to cost \$1.7 more than previously estimated.

Case Management Forecast Comparison, November 2025 to February 2026

Item	November 2025	February 2026	Change
Targeted case management	\$135,887,707	\$138,928,469	\$3,040,762
Monitoring	14,437,902	14,774,256	336,354.0
Intake, assessment, and admin	41,958,983	43,701,676	\$1,742,693
Total	\$192,284,592	\$197,404,401	\$5,119,809

Eligibility & Benefits Changes

→ R6.17 IDD youth transitions

Request

The Department requests to reduce funding for the automatic enrollment to the DD waiver of youth who age out of the CES waiver.

The Department anticipates implementing this change July 1, 2026. The change increases the Department's administrative expenses but reduces its forecast by:

- Current Year: An increase of \$72,922 total funds, including \$36,461 General Fund, and 0.5 FTE.
- Year 1: A net reduction of -\$15.3 million total funds, including -\$7.6 million General Fund, and an increase of 1.0 FTE.
- Year 2: A net reduction is -\$43.7 million total funds, including -\$21.8 million General Fund, and an increase of 1.0 FTE.

Request revisions

On March 6th, the Department revised its FTE request to 0.5 FTE stating in FY 2026-27. The staffing resource will:

- provide technical assistance and training to case management agencies to ensure consistent statewide interpretation of DD waiver enrollment criteria;
- manage and track appeals arising from determinations that were previously automatically, but which now require individualized, appealable decisions;
- coordinate with internal teams to update workflows, guidance, and training for case managers;
- support timely stakeholder and family communication throughout the transition; and
- oversee care and case management system updates to ensure accurate routing, tracking, and documentation of youth transition pathways

Recommendation

Staff recommends the Committee approve the reductions to the Department's forecast:

- Year 1: -\$15.4 million total funds, including -\$7.7 million General Fund.
- Year 2 and ongoing: -\$43.8 million total funds, including -\$21.9 million General Fund.

Further, staff recommends the Committee approve funding for the requested 0.5 FTE. However, staff recommends this FTE be term-limited, with their funding annualizing to \$0 in FY 2028-29. Term-limiting the FTE is both a means to control costs and to gather workload data to verify whether these resources are needed on a more permanent basis.

Appropriations Impact of Staff Recommendation - R6.17

Fiscal year	Division	Line Item(s)	Total Funds	General Fund	Federal Funds	FTE
FY 2026-27	Executive Director's Office, General Administration	Personal Services	\$40,450	\$20,225	\$20,225	0.5
		Operating Expenses	7,640	3,820	3,820	0.0
		Centrally appropriated costs	0	0	0	0.0
	Office of Community Living	Adult Comprehensive Waiver Services	-15,398,023	-7,699,009	-7,699,014	0.0
FY 2026-27 recommendation			-\$15,349,933	-\$7,674,964	-\$7,674,969	0.5
FY 2027-28	Executive Director's Office, General Administration	Personal Services	\$40,450	\$20,225	\$20,225	0.5
		Operating Expenses	640	320	320	0.0
		Centrally appropriated costs	11,013	\$5,507	\$5,506	0.0
	Office of Community Living	Adult Comprehensive Waiver Services	-43,825,142	-21,912,571	-21,912,571	0.0
FY 2027-28			-\$43,773,039	-\$21,886,519	-\$21,886,520	0.5
FY 2028-29 and ongoing	Executive Director's Office, General Administration	Personal Services	\$0	\$0	\$0	0.0
		Operating Expenses	0	0	0	0.0
		Centrally appropriated costs	0	\$0	\$0	0.0
	Office of Community Living	Adult Comprehensive Waiver Services	-43,825,142	-21,912,571	-21,912,571	0.0
FY 2028-29 and ongoing			-\$43,825,142	-\$21,912,571	-\$21,912,571	0.0

Analysis

The Adult Comprehensive waiver provides access to 24-hour/seven-day-a-week supervision through residential habilitation and daily habilitation services and supports. The Department proposed ending the practice of automatically enrolling into the DD waiver youth who age out of the CES and CHRP waivers. The Department is required by statute to enroll youth who are served through child welfare services and turning 18 years old into the DD waiver without being placed on the waitlist. The proposal does not change this policy. The change will necessitate non-exempt individuals aging out of the CES and CHRP waivers to seek services through other waivers. These individuals are eligible to be placed on the DD waiver waitlist.

Enrollment Impact of R6.17 (IDD Youth Transitions) Policy Change

Item	Monthly	Annual
Average CES and CHRP transitions [1]	65	780
<u>Placements not subject to policy change</u>		
Transitions from institutions	-3	-36
Emergency	-14	-168
JBC approved increase [2]	-11	-129
Sub-total - enrollments subject to policy change	37	447
Emergency enrollments due to policy change	-7	-84
Total enrollments not transitioning to DD waiver	30	363

[1] FY 2024-25 data provided by HCPF.

[2] FY 2024-25 Committee action to fund 129 additional DD enrollments. Monthly figure calculated and rounded up to account for whole person.

The Department anticipates 30 individuals per month will no longer be automatically enrolled in the DD waiver, but will still receive services through other waiver programs, including the Supported Living Services (SLS) and Elderly, Blind, and Disabled (EBD) waivers. Costs will shift from the DD waiver rather than be eliminated. The Department anticipates that about 80.0 percent of those affected will enroll in SLS and use Community First Choice (CFC) personal care, homemaker and skill-building. As a result, these programs will see higher enrollment and service utilization; however, SLS and CFC have lower per-member costs than the DD waiver. Shifting individuals into SLS and CFC slows the growth of overall spending. The savings calculated is net of this shift between waivers.

The Department proposes a July 1, 2026 implementation date for this policy change. At this time, immediate access to the DD waiver is reserved only for youth experiencing emergencies, who are discharging from institutions, or leaving child welfare. These individuals will continue to receive priority enrollment in the DD waiver through reserve capacity requests. Case managers will evaluate alternative waivers and service delivery options for those individuals affected by this policy change.

The end of automatic transitions for youth has caused considerable concern for families who have been planning for an automatic transition as they age out of their current children's waiver. The Department will implement a statewide framework for youth transition planning and options counseling. The framework will support members who will not be able to enroll into the DD waiver using reserve capacity as they age out of their current waiver and will ensure there is continuity services. Under the new framework every youth aging out of CES or CHRP will undergo an individualized and comprehensive transition planning process. The planning process will help members understand the many long-term services and supports options available to them. The Department will provide oversight to ensure members receive the required transition planning and support.

Comprehensive/Developmental Disabilities Waiver

The Adult Comprehensive Services waiver provides access to 24-hour/seven-day-a-week supervision through Residential Habilitation and Day Habilitation Services and Supports. The service provider is responsible for supporting individuals in securing living arrangements that can range from host home settings with 1-2 persons, individualized settings of 1-3 persons, and group settings of 4-8 persons. Support is also available for participants who live in their own home or who live with and/or are provided services by members of their family.

Comprehensive Waiver Waitlist

Individuals are placed on waiting lists when enrollments meet the limit of a federally-approved waiver application or when additional enrollments would exceed the General Fund appropriation for a given program. The waitlist includes four timelines:

- As soon as available (ASAA) – The individual has requested enrollment as soon as available;
- Date specific – The individual does not need services at this time but has requested enrollment at a specific future date, including those who have not yet reached the age of 18.
- Safety net – The individual does not need or want services at this time, but requests to be on the waiting list in case a need arises at a later time, including those who have not yet reached the age of 18; and
- Internal Management – Individuals who have indicated interest in SLS waiver services and are in the enrollment process.

Most individuals who are waiting for enrollment into the DD waiver as soon as available are receiving other services while they wait. As of September 2025, 2,749 individuals were identified as needing DD services as soon as available. Of this amount, 88 were newly placed on the waitlist. The Department reports that 90.0 percent of members waiting on the ASAA waitlist are receiving Medicaid services and 79.0 percent are receiving other HCBS waiver services.

An individual's placement on the waiting list is determined by their order of selection date. The order of selection date is the date on which the case management agency first determines that the person has a developmental disability. For individuals identified as having a developmental disability before their 14th birthday, the order of selection date is their 14th birthday. An individual's position on the waiting list is not based on the date they were added to the list; rather, it is always determined in relation to other enrolled individuals' order of selection dates.

→ R6.18 IDD waitlist

Request

The Department requests to reduce funding for DD waiver enrollments.

The Department anticipates implementing this change July 1, 2026. The change increases the Department's administrative expenses but reduces its forecast by:

- Current Year: An increase of \$72,922 total funds, including \$36,461 General Fund, and 0.5 FTE.
- Year 1: A net reduction of \$6.5 million total funds, including \$3.2 million General Fund, and increase of 1.0 FTE.
- Year 2: A net reduction of \$18.7 million total funds, including \$9.4 million General Fund, and increase of 1.0 FTE.

Request revisions

On March 6th, the Department revised its FTE request to 0.5 FTE stating in FY 2026-27. The staffing resource will:

- assist with waiver amendments and rule promulgation;
- develop operational guidance and training for case management agencies;
- provide internal operational planning; and
- engage stakeholders.

Recommendation

Staff recommends the Committee approve the reductions to the Department's forecast:

- Year 1: -\$6.6 million total funds, including -\$3.3 million General Fund.
- Year 2 and ongoing: -\$18.9 million total funds, including -\$9.4 million General Fund.

Further, staff recommends the Committee approve funding for the requested 0.5 FTE. However, staff recommends this FTE be term-limited, with their funding annualizing to \$0 in FY 2028-29. Term-limiting the FTE is both a means to control costs and to gather workload data to verify whether these resources are needed on a more permanent basis.

Appropriations Impact of Staff Recommendation - R6.18

Fiscal year	Division	Line Item(s)	Total Funds	General Fund	Federal Funds	FTE
FY 2026-27	Executive Director's Office, General Administration	Personal Services	\$40,450	\$20,225	\$20,225	0.5
		Operating Expenses	7,640	3,820	3,820	0.0
		Centrally appropriated costs	0	0	0	0.0
	Office of Community Living	Adult Comprehensive Waiver Services	-6,633,817	-3,316,909	-3,316,908	0.0
FY 2026-27 recommendation			-\$6,585,727	-\$3,292,864	-\$3,292,863	0.5
FY 2027-28	Executive Director's Office, General Administration	Personal Services	\$40,450	\$20,225	\$20,225	0.5
		Operating Expenses	640	320	320	0.0
		Centrally appropriated costs	11,013	\$5,507	\$5,506	0.0
	Office of Community Living	Adult Comprehensive Waiver Services	-18,880,864	-9,440,432	-9,440,432	0.0
FY 2027-28			-\$18,828,761	-\$9,414,380	-\$9,414,381	0.5
FY 2028-29 and ongoing	Executive Director's Office, General Administration	Personal Services	\$0	\$0	\$0	0.0
		Operating Expenses	0	0	0	0.0
		Centrally appropriated costs	0	\$0	\$0	0.0
	Office of Community Living	Adult Comprehensive Waiver Services	-18,880,864	-9,440,432	-9,440,432	0.0
FY 2028-29 and ongoing			-\$18,880,864	-\$9,440,432	-\$9,440,432	0.0

Analysis

The DD waiver currently has a waitlist. When an individual leaves the DD waiver, the next person on the waitlist is authorized to replace them. The process of filling vacant enrollment with new enrollments from the waitlist is referred to as “churn.” The Department monthly approves churn enrollments from the waitlist for individuals based on the date they were determined eligible and placed on the waitlist. The process maintains a rolling enrollment list, based on the previous month’s reported vacancies. The average length of time an individual over the age of 18 is on the DD waitlist is seven years.

The Department proposes reducing churn enrollments by 50.0 percent. For every two members that disenroll from the DD waiver, the Department would enroll one individual. The Department notes that in FY 2024-25 41 of the 254 individuals (16.1 percent) declined the opportunity to enroll in the DD waiver as a result of churn. This proposal will increase the length of time and number of individuals on the waitlist.

→ R6.36 IDD cost share

Request

The Department requests to reduce funding for the DD waiver for the implementation of a policy to require members on the waiver to contribute financially for their residential services.

The Department anticipates implementing this change on July 1, 2026. The change reduces the Department's forecast by:

- Year 1: \$12.6 million total funds, including \$6.3 million General Fund.
- Year 2: \$26.3 million total funds, including \$13.1 million General Fund.

Recommendation

Staff recommends approval of the request.

Appropriations Impact of Staff Recommendation - R6.36

Fiscal year	Division	Line Item(s)	Total Funds	General Fund	Federal Funds
FY 2026-27 recommendation	Office of Community Living	Adult Comprehensive Waiver Services	-12,641,818	-6,320,909	-6,320,909
FY 2027-28 and ongoing	Office of Community Living	Adult Comprehensive Waiver Services	-26,267,767	-13,133,883	-13,133,884

Analysis

The Department plans to institute post eligibility-treatment of income (PETI) for individuals enrolled in the DD waiver beginning July 1, 2026. PETI is the process used to determine how much of a member's income must be contributed toward the cost of their long-term care in programs that provide residential services. The current policy is to allow individuals enrolled in the DD waiver to retain all income beyond what they pay for room and board, while Medicaid covers the full cost of residential services. Members enrolled in other HCBS residential services are subject to PETI requirements. The PETI process accounts for a personal needs allowance and other allowable deduction and expenses permitted by regulations.

The use of a calculated portion of an individual's income to cover a portion of their long-term care is a standard process within the HCBS waiver applications used by many states. As part of this calculation, a personal needs allowance and other required deductions are protected first. Any remaining income is then considered the member's monthly cost-of-care contribution. Medicaid covers any remaining care costs. This approach is already standard in other residential long-term services and supports (LTSS) programs in Colorado. The Department estimates that 40.0 percent of those enrolled in the DD waiver, or approximately 3,767 individuals, would be subject to PETI calculations.

Current policy has members on the DD waiver pay only a standard room and board amount, while Medicaid pays the full daily service rate. In contrast, members in other residential waiver services, such as individuals residing in an alternative care facility, contribute a portion of their income toward service costs through the PETI

process. This is currently a requirement for members in all residential settings within LTSS programs. The Department is proposing to apply the same PETI framework to residential habilitation under the DD waiver. The application of PETI to the DD waiver is not new. Prior to 2008, this cost sharing policy was used within the DD waiver, but a shift in internal policy paused the requirement. The Department seeks a resumption of the PETI policy to all adult residential benefits.

For individuals on the DD waiver, the additional contribution is intentionally structured to come only from income left after basic living needs are met. Members with very limited income will have little or no PETI obligation, and all members will retain the full personal needs allowance to support everyday expenses. The Department's proposal will exempt individuals enrolled in the Working Adults with Disabilities program from the PETI process to incentivize workforce participation. Members with higher incomes will contribute more, consistent with the PETI approach already used in other residential waivers. This policy supports the long-term sustainability of the DD waiver, manages cost growth, and preserves access to comprehensive 24-hour services.

This policy does not create a new asset or resource test. The PETI calculation applies only after a member has qualified for Medicaid under existing financial eligibility rules. It determines how much of a member's ongoing monthly income (e.g., Social Security, pensions, or wages that are counted as income under current rules) is available to contribute toward long-term care costs. For example, a member with \$1,500 in monthly income in 2025 would keep \$797 for room and board and \$421.46 as a personal needs allowance, with the remaining \$281.54 per month going toward the cost of services that Medicaid currently pays in full. The request does not change which assets are countable or exempt for Medicaid eligibility, and it does not extend PETI to future assets beyond the standard ongoing eligibility reviews that occur. The Department will apply this policy change prospectively to members' monthly income at and after the effective date.

→ R17 Community connector age limit

Request

The Department asks to reduce funding by limiting access to community connector benefit to minor members ages 6 years or older.

The Department anticipates implementing this change in the Spring or Summer of 2026. The change reduces the Department's forecast by:

- Year 1 and ongoing: -\$5.2 million total funds, including -\$2.6 million General Fund.

The Department also requests an increase of \$0.1 million total funds, including \$31,953 General Fund, for contractor support to stakeholder engagement, rules changes, and amendments to the waivers and state plan. Contracted project managers will develop and oversee project schedules, support and track key milestones, assist with reporting, and provide general oversight of possible risks and issues.

Request revisions

The February 2026 forecast results in revised savings projections from this request. The Department anticipates an additional reduction to the forecast of:

- Year 1: -\$2.1 million total funds, including -\$1.1 million General Fund.
- Year 2 and ongoing: -\$4.3 million total funds, including -\$2.2 million General Fund.

Recommendation

Staff recommends approval of the request.

Appropriations Impact of Staff Recommendation - R17

Fiscal Year	Division	Line Item(s)	Total Funds	General Fund	Cash Funds	Federal Funds
FY 2026-27	Executive Director's Office	General Professional Services and Special Projects	\$100,000	\$31,953	\$17,147	\$50,900
	Office of Community Living	Children's Extensive Support Services	-7,488,468	-3,744,234	0	-3,744,234
		Children's Habilitation Residential Program	-52,788	-26,394	0	-26,394
FY 2026-27			-\$7,441,256	-\$3,738,675	\$17,147	-\$3,719,728
FY 2027-28 and ongoing	Executive Director's Office	General Professional Services and Special Projects	\$100,000	\$31,953	\$17,147	\$50,900
	Office of Community Living	Children's Extensive Support Services	-9,586,202	-4,793,101	0	-4,793,101
		Children's Habilitation Residential Program	-67,576	-33,788	0	-33,788
FY 2027-28 and ongoing			-\$9,553,778	-\$4,794,936	\$17,147	-\$4,775,989

Analysis

Community connector services help individuals enrolled in the Children’s Extensive Services (CES) and Children’s Habilitation Residential Program (CHRP) waivers participate in typical childhood activities and to become more fully integrate into their communities. These services help members develop skills and abilities to be active participants in their communities, build relationships and natural supports, and interact one-on-one with non-familial persons without disabilities. Examples of engagement supported by this benefit are volunteering, attending enrichment classes, and going to the library alongside peers without disabilities.

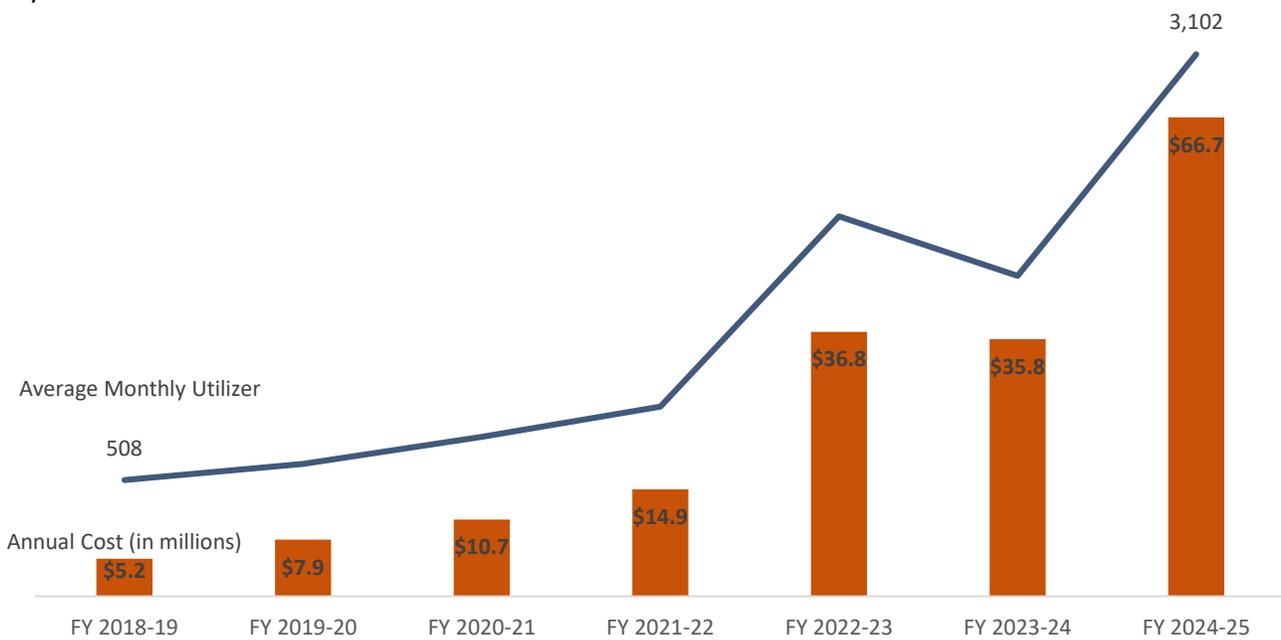
Community connector services are provided by agency-based, program approved service agencies (PASAs), who hire staff to deliver the service. The following requirements must be met to be a provider:

- The provider must be enrolled as a Medicaid provider of Home and Community-Based Services.
- The provider must be 18 or older, able to communicate effectively and complete documentation, able to provide services according to the service plan, have completed state-required training, and have the skills and interpersonal abilities needed to work with people with developmental disabilities.
- When parents are also the provider, they must still follow the same community connector service definition—working in inclusive community settings on skill-building and connection, not simply providing routine parental care.

These qualifications align with the supported community connections (SCC) benefit, which is the comparable service in the adult waivers.

Utilization of CES and CHRP community connector services have grown much faster than the Department expected. In particular, the last three fiscal years have seen a marked increase in both utilization and total cost. Utilization has increased by 510.6 percent between FY 2018-19 and FY 2024-25. Total cost has increased by 1,179.1 percent in the same time period. The Department’s analysis shows that utilization and expenditure increases are driving in large part by the provision of community connector services for children under the age of 6 years. Total average monthly utilization for member under 6 years old has increase from 45 to 523, while total expenditures for this group has increase from \$0.5 million to \$11.2 million. The Department has expressed concern that community connector services are being utilized, in some cases, for activities that should already be provided by the child’s caregiver as typical parental responsibilities. The Department reports that few state office this service to children, and fewer compensate parents for providing the service.

The use and cost of community connector services has increased substantially in the last seven fiscal years.



To address the unexpected, order of magnitude cost increase of the community connector services, the Department is proposing four distinct budgetary actions: two rate reductions and two eligibility and benefits changes. The rate reductions are intended to bring the community connector services in line with the adult SCC rates. The eligibility and benefits changes are intended to manage utilization to address the unexpected growth through an annual 1,040 unit¹ cap and age-appropriate guidelines for determining services. The Department anticipates \$11.6 million total funds, including \$5.8 million General Fund, savings in FY 2025-26 from the two rate reductions and the unit cap. In FY 2026-27, the Department’s proposed cost containment measure would save \$50.7 million total funds, including \$25.4 million General Fund.

Impacts of Proposed Changes to Community Connector Services [1]

Item	FY 2025-26	FY 2026-27 and ongoing
<u>Provider rates</u>		

¹ A unit is a 15-minute increment.

Item	FY 2025-26	FY 2026-27 and ongoing
15% reduction	-\$6,344,747	-\$13,639,676
23% reduction	-3,216,671	-20,745,204
Sub-total	-\$9,561,418	-\$34,384,880
<u>Eligibility & benefits changes</u>		
Unit cap	-\$3,885,586	-\$25,349,180
Age limit	n/a	-7,541,257
Sub-total	-\$3,885,586	-\$32,890,437
Total	-\$13,447,004	-\$67,275,317

[1] Amounts are total funds, which are split evenly between General Fund and federal funds. Amounts shown reflect requested changes excluding administrative costs.

Rate reductions for FY 2025-26

The Department argues that because of the similarities in provider requirements and services provided by the community connector and supported community connections services the two rate structures should be aligned. Both rate reductions are at the direction of the Governor’s August 28 and October 31, 2025 Executive Orders. The rate changes proposed by the Department for FY 2025-26 represent a 38.0 reduction for providers in the Denver metro area and a 37.0 percent reduction for providers outside of the Denver metro area. The 15.0 percent rate reduction became effective January 1, 2026. The 23.0 percent rate reduction will be effective April 1, 2026, at which point the community connector rate will be aligned with the supported community connector rate for adults.

Community Connector Services Rate Change for FY 2025-26

Municipality	July 1, 2025	October 1, 2025	January 1, 2026 (-15%)	April 1, 2026 (-23%)	Total Change (%)
Denver	\$12.56	\$12.36	\$10.67	\$7.83	-38.0%
Non-Denver	\$12.22	\$12.03	\$10.39	\$7.71	-37.0%

Annual Unit Cap

The Department is planning a 50.0 percent reduction to the annual cap for community connector services to 1,040 units. Community connector services are billed in 15-minute increments, so the new cap equates to 260 hours per year per member. The Department anticipates hundreds of exceptions requests and requests an addition staff position to support the review process for this change to the community connector benefit. However, specific workload estimates have not been provided to JBC staff. Given the implementation date of the annual unit cap and incremental nature of the renewal and approval process for Person-centered Support Plans, providing supplemental funding for administrative staff resources is not supported. For at least FY 2025-26, the Department can absorb the exception workload within existing resources.

Age Limit

The Department reports that utilization and expenditures for community connector service, particularly for children under the age of 6 years, have significantly increased since FY 2018-19. In that last six fiscal years:

- Total average monthly utilization has increased from 508 to 2,102, while total expenditures have increase from \$5.0 million to \$67.0 million.
- Total average monthly utilization for member under 6 years old has increase from 45 to 523, while total expenditures for this group has increase from \$0.5 million to \$11.2 million.

The Department has expressed concern that community connector services are being utilized, in some cases, for activities that should already be provided by the child’s caregiver as typical parental responsibilities. The Department reports that few states offer this service to children, and fewer compensate parents for providing the service.

Estimated Impact of Age-Appropriate Guidance on Community Connector Expenditures

Item	FY 2026-27	FY 2027-28	FY 2028-29 and ongoing
Average monthly participants under 6 years old	3,106	3,106	3,106
Total current expenditure	\$5,329,310	\$5,329,310	\$5,329,310
Projected growth - CES and CHRP waiver	67.7%	81.1%	81.1%
Total Forecasted Expenditure	\$8,937,786	\$9,653,779	\$9,653,779
Percentage of the Year Impacted	84.4%	100.0%	100.0%
Total Savings	-\$7,541,257	-\$9,653,779	-\$9,653,779

The Department has been informed by the Centers for Medicare and Medicaid Services (CMS) that a specific age limitation is not approvable under a 1915(c) HCBS waiver authority. As a result, the Department intends for eligibility for this service to be assessed using age-appropriate guidelines that will ensure services are provided to those who can meaningfully benefit from this type of community integration. It is anticipated that most children under the age of 6 will not qualify for this service unless they show extraordinary need. The Department will work with case managers and families to find alternative services (e.g., personal care, health maintenance activities, etc.) to support those who do not qualify based on the age-appropriate guidelines.

→ S/R6.31 Caregiver hours soft cap

Request

The Department asks to reduce funding for caregiving services with the implementation of a cap on the paid weekly hours per caregiver providing these services.

The Department anticipates implementing this change in the Spring of 2026. The change increases the Department’s administrative expenses but reduces its forecast by:

- Current Year: A net -\$0.3 million total funds, including -\$0.2 million General Fund, an increase of 0.5 FTE.
- Year 1 and ongoing: A net -\$2.3 million total funds, including -\$1.1 million General Fund, an increase of 1.0 FTE.

Request revisions

On March 3rd, the Department submitted a revised request and proposal resulting from continued community and stakeholder engagement. The Department continues to believe the 56-hour cap is the appropriate long-

term policy, but has offered an alternative implementation plan to address stakeholder concerns. The revised proposal reflects three key changes:

1. A delayed implementation date
2. A phased stair stepped transition
3. An expanded and centralized exceptions review process

The revised implementation plan includes a centralized and expanded exceptions process. The Department requests 2.0 FTE ongoing to implement the exceptions process. The originally requested 1.0 FTE for compliance is also still requested.

The compliance FTE will:

- implement and monitor regulatory standards, reporting requirements, and enforcement mechanisms; and
- conduct data analytics, audit coordination, corrective action oversight, and cross team collaboration.

The two exceptions process FTE will:

- provide centralized review, documentation evaluation, systems updates, and metrics tracking; and
- coordinate with case managers and issue determinations.

Based on the revised proposal to phase in the cap and the February 2026 forecast results, the Department anticipates the following changes to the forecast, excluding the costs of any additional staffing resources:

- Current Year: no savings.
- Year 1: -\$2.2 million total funds, including -\$1.1 million General Fund.
- Year 2 and ongoing: -\$3.1 million total funds, including -\$1.5 million General Fund.

Recommendation

Staff recommends the Committee approve the reductions to the Department’s forecast:

- Year 1: -\$2.2 million total funds, including -\$1.1 million General Fund.
- Year 2 and ongoing: -\$3.1 million total funds, including -\$1.5 million General Fund.

Further, staff recommends the Committee approve funding for the requested 3.0 FTE. Staff recommends funding for these FTE beginning in FY 2025-26. However, staff recommends these FTE be term-limited, with their funding annualizing to \$0 in FY 2028-29. Term-limiting the FTE is both a means to control costs and to gather workload data to verify whether these resources are needed on a more permanent basis.

Appropriations Impact of Staff Recommendation - S/R6.31

Fiscal year	Division	Line Item(s)	Total Funds	General Fund	Federal Funds	FTE
FY 2025-26 (Feb. revision)	Executive Director's Office, General Administration	Personal Services	\$40,450	\$20,225	\$20,225	0.5
		Operating Expenses	21,640	10,820	10,820	0.0
FY 2025-26 recommendation			\$62,090	\$31,045	\$31,045	0.5
FY 2026-27 [1]		Personal Services	\$202,256	\$101,128	\$101,128	2.5
		Operating Expenses	-17,800	-8,900	-8,900	0.0

Fiscal year	Division	Line Item(s)	Total Funds	General Fund	Federal Funds	FTE
	Executive Director's Office, General Administration	Centrally appropriated costs	66,080	33,040	33,040	0.0
	Medical Services Premiums	Medical and Long-Term Care Services for Medicaid Eligible Individuals	-2,166,182	-1,083,090	-1,083,092	0.0
FY 2026-27 recommendation [1]			-\$1,915,646	-\$957,822	-\$957,824	2.5
FY 2027-28	Executive Director's Office, General Administration	Personal Services	\$242,706	\$121,353	\$121,353	0.0
		Operating Expenses	3,840	1,920	1,920	0.0
		Centrally appropriated costs	66,079	33,040	33,040	3.0
	Medical Services Premiums	Medical and Long-Term Care Services for Medicaid Eligible Individuals	-3,094,895	-1,547,446	-1,547,449	0.0
FY 2027-28			-\$2,782,270	-\$1,391,133	-\$1,391,136	3.0
FY 2028-29 and ongoing	Executive Director's Office, General Administration	Personal Services	\$0	\$0	\$0	0.0
		Operating Expenses	0	0	0	0.0
		Centrally appropriated costs	0	0	0	0.0
	Medical Services Premiums	Medical and Long-Term Care Services for Medicaid Eligible Individuals	-3,094,895	-1,547,446	-1,547,449	0.0
FY 2028-29 and ongoing			-\$3,094,895	-\$1,547,446	-\$1,547,449	0.0

[1] Shows incremental change accounting for supplemental actions.

Analysis

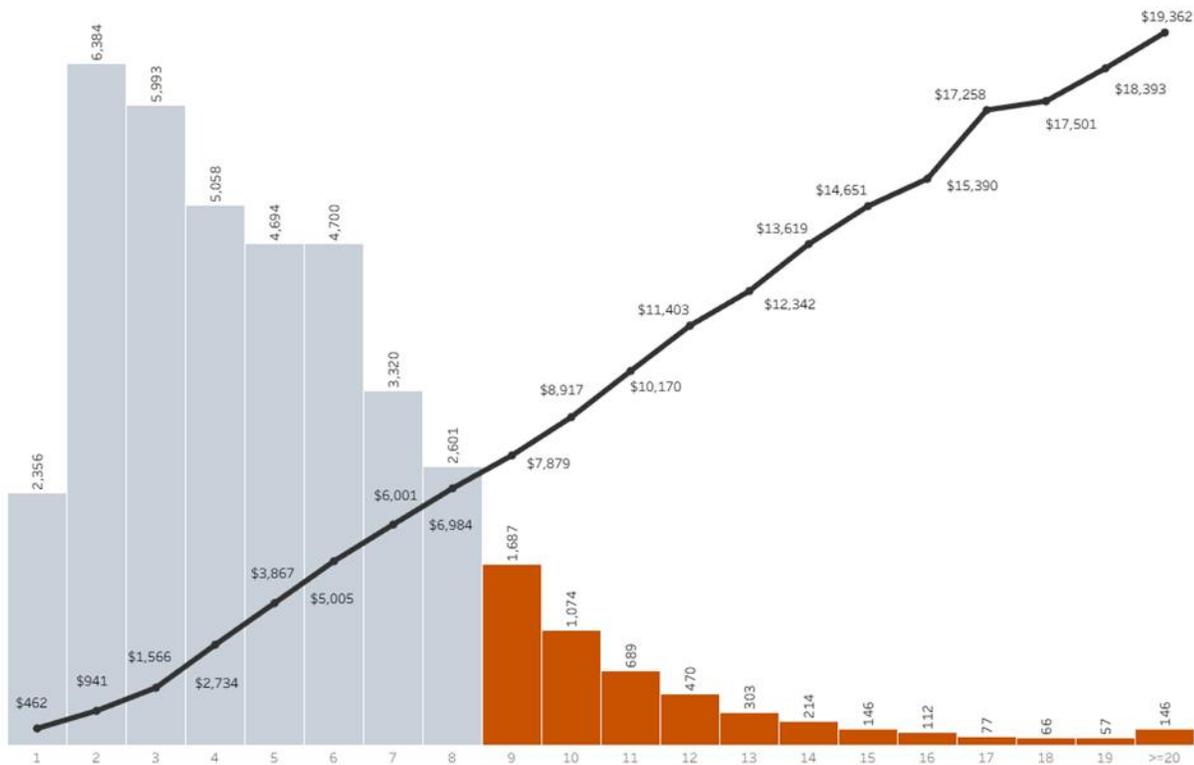
The 56-hour cap limit to total hours across personal care, homemaker, health maintenance activities, home health aide, and nursing services. The cap would apply to a single caregiver rendering all services, so they would only be able to provide a total of 56 hours per week. The Department argues the cap will improve the safety of caregivers and clients, while promoting sustainable care delivery. The Department anticipates authorizing exceptions to the cap only in extraordinary and short-term circumstances and requests a staffing resource to manage policy compliance and the exception review process.

Members Receiving Caregiver Services

Fiscal Year	Over 8 Hours	Total Receiving Services	% Over 8 Hours
2018-19	1,135	29,568	3.8%
2019-20	1,418	29,982	4.7%
2020-21	1,749	31,181	5.6%
2021-22	2,199	31,253	7.0%
2022-23	2,912	33,277	8.8%
2023-24	3,657	35,359	10.3%
2024-25	5,041	40,147	12.6%

The majority of those caregivers will not be impacted by this policy change. Roughly 13.0 percent of members receiving caregiver services receive more than 8 hours per day. Most those receiving more than 8 hours per day receive no more than four extra hours per day.

Fiscal Year 2024-25 Total Members Receiving Caregiver Services by Average Hours Per Day and PMPM Paid Amounts



The Department used caseload data to assess the fiscal impact of the proposed change. The methodology accounts for individual behavior, the overlapping of multiple caps, and adjustments for the phased-in implementation of the proposed change. The method assumes that a portion of the affected population will change their utilization behavior and decrease services to the cap levels. The method also establishes a 20.0 percent overlap factor to capture the effect of duplicative savings for individuals using multiple services affected by other savings proposals. The Department estimated the number of individuals receiving services in excess of the proposed cap (50.0 percent), the average hours per affected individual above the cap, and the total cost of those hours.

Department Revised Implementation Plan

The implementation of the 56 hour per week cap will be rolled out over five months, between June and October 2026, with full implementation planned for November 1, 2026. Providers are expected to be in compliance with the new required caregiver hours per week step down as outlined below:

Step Down Implementation

- April 1, 2026: Case management agencies and provider agencies will begin to communicate the upcoming changes (to begin July 1, 2026) so families can make plans
- July 1, 2026: Requirement that each caregiver have no more than 80 hours per week per member

- September 1, 2026: Requirement that each caregiver have no more than 63 hours per week per member
- November 1, 2026: Requirement that each caregiver have no more than 56 hours per week per member

To ensure that the Department is prepared to quickly review the exception requests, the submission of exceptions requests will be rolled out over the same time period as the new policy. The submission timeline is outlined below.

Rolling Exceptions Process Request

- Exception Request Phase 1
 - Members requiring an exception who have 80 hours or more per week provided by one caregiver must submit the exception between June 1, 2026 and June 30, 2026
 - The Department has until August 31, 2026 to review and process all submitted exceptions requests.
- Exception Request Phase 2
 - Members requiring an exception who have between 63 and 79 hours per week provided by one caregiver must submit the exception between July 1, 2026 and August 31, 2026.
 - The Department has until October 31, 2026 to review and process all submitted exceptions requests.
- Exception Request Phase 3
 - Members requiring an exception who have between 56 and 62 hours per week provided by one caregiver must submit the exception between September 1, 2026 and October 31, 2026.
 - The Department has until December 31, 2026 to review and process all submitted exceptions requests.

Expanded and Centralized Exceptions Review Process

Providers will work with the member and their family to align caregiving with the new policy requirement. Should the provider be unable to meet the new requirement because of one of the below reasons, they must contact the member's case manager and request an exception be submitted. For consumer-directed attendant support services² (CDASS) members the member or their authorized representative must ensure their caregivers hours do not exceed 56 hours per week. Should the CDASS member or authorized representative be unable to meet the new requirement because of one of the below reasons, they must contact the member's case manager and request an exception be submitted.

Exceptions will only be approved on a time-limited basis, with the expectation that providers are working to remedy the reason for the exception and identify alternative and additional caregivers to meet the members' needs. The case manager submits an exception request on behalf of the provider and member to exceed the cap. Case managers will be trained to submit exceptions based on assessed and documented needs of the member, rather than need of the family to maintain any particular income level, per CMS requirements. Requests will be evaluated using objective criteria and documentation including:

- alignment with the allowable reasons for an exception;
- authorized hours of care;
- current caregiver mix;
- documentation of attempts to secure alternative caregivers;

² CDASS is a service delivery option that allows individuals to manage their own care. Members can: hire, train, and supervise their own attendants; choose family members, friends, or others as paid caregivers; determine work schedules and tasks; and manage a service budget with support from a financial management services provider.

- documented plan for coming into compliance with the 56-hour requirement.

Provider agency will be responsible for working with case managers to submit an exception renewal request at least 60 days before the expiration of the existing exception, in the event that the member requires an ongoing need to exceed the cap. For CDASS members, it is their or their authorized representative's responsibility to work with their case manager to submit a renewal at least 60 days before the expiration of the existing exception.

This action is not a change to the member's authorized hours; therefore, this action is not subject to the appeals process. Per federal and state law, the formal appeal process is only for when a benefit is denied, terminated, suspended, reduced or if the state fails to act on a request with reasonable promptness. No Notice of Action will be sent. Denials of an exception request is also not appealable by the member.

Allowable Reasons for an Exception

1. Extraordinary Clinical Acuity
 - a. The member has an extremely rare diagnosis that puts them at severe risk for illness, hospitalization, or death should they be in frequent close contact with others.
2. Demonstrated Workforce Access Barriers
 - a. The member lives in a rural or frontier area with documented workforce shortages AND
 - b. Multiple recruitment attempts have failed despite documented outreach OR
 - c. The member requires specialized skills not available in the local labor market.
3. Transition or Stabilization Periods
 - a. Immediately following hospital discharge, particularly for new members.
 - b. During crisis stabilization periods.
 - c. While a provider recruits and trains additional staff.
4. Cultural, Linguistic, or Communication Barriers
 - a. The member may require a caregiver who speaks a rare language.
 - b. The member may use highly individualized communication methods that are difficult to train others to employ.
 - c. Replacement caregivers are not realistically available.
5. End-of-Life or Palliative Care Circumstances
 - a. The member is receiving hospice or palliative care.
 - b. Stability and continuity with a primary caregiver is clinically appropriate.
 - c. The timeframe is clearly limited by prognosis.

Provider Rates

→ R15 Home health/nurse rates

Request

The Department asks for a net reduction in funding resulting from the modification of the private duty nursing (PDN) rate structure and the home health rate structure, as well as to develop and implement a new rate negotiation strategy for the DD waiver and the CHRP waiver.

The change temporarily increases the Department’s administrative expenses and reduces, on an ongoing basis, the Department’s forecast by:

- Year 1: -\$26.6 million total funds, including -\$13.7 million General Fund, and 0.9 FTE.
- Year 2: -\$58.4 million total funds, including -\$27.8 million General Fund, and 1.0 FTE.
- Year 3 and ongoing: -\$58.7 million total funds, including -\$28.8 million General Fund.

Recommendation

Staff recommends approval of the request, applying JBC policies regarding new FTE.

Appropriations Impact of Staff Recommendation - R15

Fiscal Year	Division	Line Item(s)	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
FY 2026-27	Executive Director's Office, General Administration	Personal Services	\$72,812	\$23,266	\$12,485	\$37,061	0.9
		Operating Expenses	8,152	2,605	1,398	4,149	0.0
		Centrally appropriated costs	0				
	Executive Director's Office, IT Contracts and Projects	General Professional Services and Special Projects	405,154	74,360	39,970	290,824	0.0
		Medicaid Management Information System Maintenance and Projects	2,437,494	184,762	101,643	2,151,089	0.0
		Medical and Long-Term Care Services for Medicaid Eligible Individuals	-29,535,803	-13,964,648	0	-15,571,155	0.0
FY 2026-27 recommendation			-\$26,612,191	-\$13,679,655	\$155,496	-\$13,088,032	0.9
FY 2027-28	Executive Director's Office, General Administration	Personal Services	\$80,902	\$25,851	\$13,872	\$41,179	1.0
		Operating Expenses	1,280	409	219	652	0.0
		Centrally appropriated costs	22,026	7,038	3,777	11,211	0.0
	Executive Director's Office, IT Contracts and Projects	General Professional Services and Special Projects	305,154	66,946	35,885	202,323	0.0
		Medicaid Management Information System Maintenance and Projects	220,480	17,131	8,775	194,574	0.0

Fiscal Year	Division	Line Item(s)	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
	Medical Services Premiums	Medical and Long-Term Care Services for Medicaid Eligible Individuals	-59,071,603	-27,929,293	0	-31,142,310	0.0
FY 2027-28			-\$58,441,761	-\$27,811,918	\$62,529	-\$30,692,371	1.0
		Personal Services	\$0	\$0	\$0	\$0	0.0
	Executive Director's Office, General Administration	Operating Expenses	0	0	0	0	0.0
		Centrally appropriated costs	0	0	0	0	0.0
FY 2028-29 and ongoing		General Professional Services and Special Projects	200,000	33,346	17,854	148,800	0.0
	Executive Director's Office, IT Contracts and Projects	Medicaid Management Information System					
		Maintenance and Projects	220,480	16,580	8,775	195,125	0.0
	Medical Services Premiums	Medical and Long-Term Care Services for Medicaid Eligible Individuals	-59,071,603	-27,929,293	0	-31,142,310	0.0
FY 2028-29 and ongoing			-\$58,651,123	-\$27,879,367	\$26,629	-\$30,798,385	0.0

Analysis

Private Duty Nursing

The Department is proposing the creation of a blended per-diem rate and of an acute care period for PDN services. Private duty nursing provides skilled nursing services in a residential setting to individuals with complex medical needs. These services are billed on an hourly basis based on the level of staff providing the care (i.e., registered nurse, licensed practical nurse, or a blended rate) and the setting. A prior authorization request (PAR) is required for reimbursement of these services, which can be a barrier to service for members discharged from a hospital.

The Department believes a blended daily rate would provide a more accurate reimbursement model. The blended per-diem rate is intended for use by members with a range of care needs that are provided by a range of staffing levels. This rate structure is anticipated to ease the administrative burden of billing, as providers will no longer have to ensure billing for the specific type of staff. Easing this administrative burden is also anticipated to ensure that an appropriate continuum of care is provided to members, as less emphasis is placed on switching out staff at the appropriate level. The Department anticipates setting the per diem rate at \$554.51.

Establishing an acute care period for PDN services would allow members a short window of time in which they can receive services prior to an PAR.³ This policy is intended to ease delays in hospital discharges, avoid prolonged hospital stays, and prevent repeated admissions if acute nursing services can be utilized when medical need arises. The Department expects an acute care period to decrease uncertainty for members and providers who receive PDN services before a PAR is approved. Members will be able to utilize an acute care period once per year or post-hospital admission.

These changes will have a substantial cost in the first year, driven primarily by updates to the supporting information technology systems. In the out years, costs decline sharply. The General Fund impact is relatively

³ The Department indicates that establishing an acute care period is Evidence-informed. After a cursory review of the provided studies, staff agrees with this designation.

minimal as compared to the overall cost of the changes. The Department expects to these changes to go into effect January 1, 2027.

Appropriations Impact of Private Duty Nursing Policy Changes

Item	FY 2026-27	FY 2027-28	FY 2028-29
Contractor funding	\$105,154	\$105,154	\$0
Systems costs	1,293,599	0	0
Per diem blended rate	-135,572	-271,143	-271,143
Acute care period	158,701	317,402	317,402
Total cost	\$1,421,882	\$151,413	\$46,259
<i>General Fund</i>	<i>143,218</i>	<i>56,730</i>	<i>23,130</i>
<i>Cash Funds</i>	<i>71,974</i>	<i>18,031</i>	<i>0</i>
<i>Federal Funds</i>	<i>1,206,690</i>	<i>76,652</i>	<i>23,129</i>

Home Health and Community First Choice⁴

The home health benefit provides services from a licensed and certified home health agency for members needing intermittent home health services. Services are billed and reimbursed based on the provider type, typically on a per-visit basis. The providers for these services include certified nursing assistants, physical therapists, occupational therapists, and speech-language pathology therapists. The Department is proposing creating a single 15-minute rate for certified nursing assistant services and 30-minute rate increments for the therapy services. The Department anticipates this change will provide a more accurate payment for these services, which have seen a 13.3 percent annual increase in reimbursement since FY 2016-17. Acute care services in aggregate have increased by 5.9 percent annually since FY 2016-17.

Community First Choices services provide select home health benefits. These services are billed at a 15-minute rate interval regardless of whether the service is provided in an individual or group setting. Direct care workers are required to track their hourly work on a per-member bases, which can lead to duplication of services. The Department proposes creating a group rate for these services to be used when a direct care worker provides services in a group setting. They assume this will result in more accurate billing and will reduce reimbursement for group visits that require less overhead and compensation.

The implementation of these changes requires changes to the underlying information technology systems and term-limited staffing resources. However, the change in rate structures provide significant savings the more than offset the General Fund impact of the term-limited state staff, contact support, and system changes. The Department expects to these changes to go into effect January 1, 2027.

Appropriations Impact of Home Health and CFC Rate Restructures

Item	FY 2026-27	FY 2027-28	FY 2028-29
Staffing (1.0 FTE)	\$80,964	\$104,208	\$0
Systems costs	1,143,895	220,480	220,480
Rate adjustments	-29,558,932	-59,117,862	-59,117,862
Project management	200,000	200,000	200,000
Total cost	-\$28,134,073	-\$58,593,174	-\$58,697,382

⁴ The Department indicates that the proposed rate restructures are Evidence-informed. After a cursory review of the provided studies, staff believes there is insufficient evidence and studies to establish an evidence rating.

Item	FY 2026-27	FY 2027-28	FY 2028-29
<i>General Fund</i>	-13,830,289	-27,868,648	-27,902,497
<i>Cash Funds</i>	79,437	44,498	26,629
<i>Federal Funds</i>	-14,383,221	-30,769,023	-30,821,514

Residential Waivers Negotiated Rate

Members enrolled in the DD and CHRP waivers are provided access to 24/7 supervision and care. Living arrangements can range from host home settings with 1-2 persons, staffed settings of 1-3 persons, and group settings of 4-8 persons, as well as residential supports for participants who live in their own home or who live with and/or are provided services by members of their family. Reimbursement is based on a member's support level need, ranging from 1 (lowest need) to 7 (highest need). For several service categories, the level 7 rate is not set, rather it is negotiated on a per-member basis. The rate is set based on information provided by a member's case management agency. The tool used by the Department to evaluate and set the level 7 rates was developed in 2007 and has not been updated since. The Department proposes creating new negotiation strategies that could lead to more accurate reimbursement for members with a level 7 need.

The Department anticipates the development of the new negotiation strategies will take a year to complete and expects them to be implemented as early as July 1, 2027. The Department will use contract resources in FY 2026-27 to develop the new strategies at cost of \$100,000 total funds, including \$7,415 General Fund.

Administration

→ R19 Line item consolidation

Request

The Department asks for a budget neutral restructure of its section of the Long Bill to consolidate the appropriations for the IDD waiver services into the Medical Services Premium line item.

- Year 1 and ongoing: The request is budget neutral.

The Department contends that the current Long Bill structure creates an administrative burden in managing appropriations and reconciling accounting. The current Long Bill structure, which includes a separate budgetary section for the Office of Community Living's waiver programs for individuals with intellectual and developmental disabilities (IDD), was created with the FY 2014-15 Long Bill in response to H.B. 13-1314 (Transfer Developmental Disabilities to HCPF). The Office of Community Living also oversees long-term services and support programs through their physical disability waivers, which are appropriated funding in the Medical Services Premium line item. Additionally, recent policy changes including implementation of Community First Choice and conflict-free case management have shifted the appropriations for some services and case management between budgetary sections in the Long Bill. The Department argues that consolidating appropriations for IDD waiver services into the Medical Services Premium line item will reduce their administrative burdens.

Recommendation

Staff recommends denial.

Consolidating the line items may reduce administrative burden, but it also reduces budgetary transparency. The Medical Services Premium line item currently has \$14.0 billion total funds and funds a vast number of programs and services. Moving the IDD waiver services line item into the Medical Services Premium line item risks the obfuscation of the fiscal impact of those waivers. The ability for the General Assembly and various stakeholders to identify the discreet funding for the IDD waiver services provides transparency and accountability.

→ BA10 DOJ housing vouchers

Request

The Department requests additional funding for housing vouchers and staffing resources to support the transition of individuals from institutional care settings to community-based care setting in order to meet the provisions of the federal DOJ settlement agreement related to Title II of the Americans with Disabilities Act.

- Year 1: A net reduction of -\$20.1 million total funds, including -\$9.0 million General Fund, and an increase of 6.2 FTE.
- Year 2: A net reduction of -\$15.9 million total funds, including -\$2.9 million General Fund, and an increase of 6.5 FTE.
- Year 3 and ongoing: A net reduction of -\$15.3 million total funds, including -\$1.0 million General Fund, and an increase of 6.5 FTE.

Of the FTE requested, 2.0 FTE are for in-reach counseling by the Department of Health Care Policy and Financing and 4.5 FTE are for the management of housing vouchers for individuals transition from institutional care settings by the Department Local Affairs (DOLA). Included in the request is \$1.9 million General Fund for housing vouchers managed by the Department of Local Affairs. The departments request a direct appropriation to the Department of Health Care Policy and Financing of the General Fund and federal funds supporting the housing vouchers and related FTE, which will then be transferred to the Department of Local Affairs through an interagency agreement.

Request Revisions

In the course of discussions with staff, several revisions to the request were made.

- The Department of Health Care Policy and Financing revised its FTE request to 1.0 FTE, as a result of successful contracting for in-reach counseling in one of the two regions that did not have those services.
- The Department of Local Affairs revised its FTE request to 3.0 FTE for the management of housing vouchers.

The fiscal impact of the request is revised as follows:

- Year 1: A net reduction of -\$20.1 million total funds, including -\$9.0 million General Fund, and an increase of 3.7 FTE.
- Year 2: A net reduction of -\$15.9 million total funds, including -\$3.0 million General Fund, and an increase of 4.0 FTE.
- Year 3 and ongoing: A net reduction of -\$15.4 million total funds, including -\$1.1 million General Fund, and an increase of 4.0 FTE.

Recommendation

Staff recommends the Committee approve funding for the housing vouchers and DOLA staff, as well as the HCPF forecast adjustments related to individuals transitioning from institutional care settings to community-based care settings.

Staff further recommends that the funding for the Department of Local Affairs be appropriated to the transfer line items in the Department of Health Care Policy and Financing, as detailed in the recommendation below. These funds will then appear as reappropriated funds in the Department of Local Affairs, along with the recommended FTE. This method of appropriation provides greater transparency to the Committee and General Assembly, as it relates to cross-departmental programs.

Staff recommends the inclusion of a request for information (RFI) to get a full accounting of the amount of federal Medicaid funding used by the Department of Local Affairs. However, given timing limitations, staff has

not had the opportunity to draft language for the Committee’s consideration. This language will be presented when the Committee reviews RFIs later this session.

Staff recommends denial of the additional staff for HCPF. Staff believes the Department can repurpose existing resources, given the funding history for the DOJ settlement agreement.

Appropriations Impact of Staff Recommendation - BA10

Fiscal Year	Division	Line Item	Total Funds	General Fund	Federal Funds	FTE
FY 2026-27	Executive Director's Office, General Administration	General Professional Services and Special Projects	-\$85,582	-\$42,791	-\$42,791	0.0
		Medical and Long-Term Care Services for Medicaid Eligible Individuals	-16,753,957	-8,376,979	-8,376,978	0.0
	Medical Services Premiums [1] Transfers to Other State Department Medicaid-Funded Programs, Local Affairs	Administration [2]	185,418	92,709	92,709	0.0
		Health-Related Social Needs	1,909,931	1,909,931	0	0.0
FY 2026-27 recommendation			-\$14,744,190	-\$6,417,130	-\$8,327,060	0.0
FY 2027-28	Executive Director's Office, General Administration	General Professional Services and Special Projects	-\$85,582	-\$42,791	-\$42,791	0.0
		Medical and Long-Term Care Services for Medicaid Eligible Individuals	-26,694,600	-13,347,300	-13,347,300	0.0
	Medical Services Premiums Transfers to Other State Department Medicaid-Funded Programs, Local Affairs	Administration [2]	242,826	121,413	121,413	0.0
		Health-Related Social Needs	10,135,309	10,135,309	0	0.0
FY 2027-28			-\$16,402,047	-\$3,133,369	-\$13,268,678	0.0
FY 2028-29 and ongoing	Executive Director's Office, General Administration	General Professional Services and Special Projects	-\$85,582	-\$42,791	-\$42,791	0.0
		Medical and Long-Term Care Services for Medicaid Eligible Individuals	-29,029,056	-14,514,528	-14,514,528	0.0
	Medical Services Premiums Transfers to Other State Department Medicaid-Funded Programs, Local Affairs	Administration [2]	242,826	121,413	121,413	0.0
		Health-Related Social Needs	13,240,104	13,240,104	0	0.0
FY 2028-29 and ongoing			-\$15,631,708	-\$1,195,802	-\$14,435,906	0.0

[1] Shows incremental change accounting for supplemental actions.

[2] Associated 3.0 FTE will appear in Dept. of Local Affairs.

Analysis

In March 2022, the Department of Justice issued a findings letter alleging that Colorado is violating Title II of the Americans with Disabilities Act by “administering its long-term care system in a way that unnecessarily segregates individuals with physical disabilities in nursing facilities and places others with physical disabilities at serious risk of unnecessary institutionalization.” The letter suggested four main areas for improvement, including:

- providing additional information to members to prevent unnecessary institutionalization
- providing effective transition services

- expanding access to Colorado’s community-based service system
- increasing access to integrated community-based housing opportunities

On September 29, 2023, the DOJ filed a lawsuit against the State of Colorado based on these allegations.

While the Department disputes the DOJ’s allegations, the Department and the DOJ entered negotiations in February 2024 in order to settle the lawsuit. Through the settlement process, the Department continued to advocate for provisions that aligned with funding approved by the legislature. On October 31, 2024, the DOJ and the State signed a voluntary Settlement Agreement.

The settlement agreement outlines the allegations and the parties’ positions, while detailing those actions that are to be taken to prevent litigation. Of particular relevance to the Joint Budget Committee, Section XII of the settlement agreement acknowledges the General Assembly’s authority to determine the level of appropriations made in support of the execution of the agreement. It also acknowledges that, if funding is insufficient to ensure the Department’s efforts to meet its obligations, the federal government has the right to revive litigation.

Vouchers supporting access to community-based housing

The Department of Local Affairs administers the Community Access Team (CAT) voucher program. This program provides housing assistance to Medicaid-enrolled individuals transitioning from institutional settings or who are at risk of institutionalization. These vouchers are integral to meeting the requirements DOJ settlement agreement. As part of the agreement, the State must ensure that at least 950 individuals transition from an institutional care setting to a community-based care setting.⁵ The State must also prioritize those who were in nursing facilities prior to the signing of the agreement.

Housing vouchers are primarily funded by General Fund, though there are some federal funds available to help cover the costs. The Departments applied for and were awarded Money Follows the Person federal grant dollars. This grant program supports states in transitioning individuals from institutional settings to community-based living. The state anticipates receiving a total of \$8.7 million in grant funding, with this funding covering the full cost of housing vouchers from November 2025 through October 2026, and then partially funding vouchers from November 2026 through September 2027 when the grant funding ends. After the Money Follows the Person grant funding expires, the departments assume that some federal funds from a new 1115 waiver⁶ will be available to offset some of the cost of the housing vouchers. The waiver is allowed to provide a 50.0 federal percent match for the first six months of rental assistance provided to the targeted population.

Fiscal Impact of Housing Voucher and Care Setting Transitions

Fiscal Year	Vouchers	Housing Voucher Funding			Transition Savings			Net Cost
		General Fund	Federal Funds	Total Funds	Elderly, Blind, and Disabled Waiver (50/50 GF/FF)	Nursing Facility (50/50 GF/FF)	Care Savings	
FY 2025-26	312	\$0	\$1,802,483	\$1,802,483	\$4,684,354	-\$10,265,353	-\$5,581,000	-\$3,778,517
FY 2026-27	600	1,909,931	5,729,794	7,639,725	18,680,917	-40,937,603.0	-22,256,686	-14,616,961
FY 2027-28	663	10,135,309	1,433,692	11,569,001	32,015,599	-58,710,199.0	-26,694,600	-15,125,599

⁵ Section VI (F)(3)

⁶ A new 1115 waiver financing mechanism was created by S.B. 25-308 (Medicaid Services Related to Federal Authorizations).

Fiscal Year	Vouchers	Housing Voucher Funding			Transition Savings			Net Cost
		General Fund	Federal Funds	Total Funds	Elderly, Blind, and Disabled Waiver (50/50 GF/FF)	Nursing Facility (50/50 GF/FF)	Care Savings	
FY 2028-29 and ongoing	729	13,240,104	118,934	13,359,038	34,815,379	-63,844,435.0	-29,029,056	-15,670,018

The departments anticipate the savings from transitioning individuals from nursing facilities to community-based care will more than offset the cost of the housing vouchers. The transition program is projected to save General Fund through FY 2028-29:

- \$2.8 million in FY 2025-26,
- \$9.2 million in FY 2026-27,
- \$3.2 million in FY 2027-28, and
- \$1.3 million in FY 2028-29.

The savings are muted and decline over time because of two factors: administration costs and housing costs. Beginning in FY 2026-27, state staffing and administration costs will total approximately \$345,000 total funds annually, split between General Fund and Federal Funds, based on JBC staff’s recommendation. The additional staffing costs are primarily driven by DOLA for supporting the significant workload increase driven by compliance with the DOJ settlement agreement. The CAT program currently has 2.0 FTE managing 264 voucher households and DOLA asserts that a manageable per FTE caseload is 150 voucher households. DOLA also uses contract agencies in the community; however, the report being at capacity and no longer able to manage additional vouchers. The 3.0 FTE requested by DOLA will provide accounting and compliance, program oversight, outreach and engagement, and systems management and tracking.

More substantial cost pressure is placed on the General Fund by the rising cost of housing and, therefore, the housing vouchers. Housing voucher costs are projected to increase by 6.0 percent per year. DOLA’s vouchers are intended to cover only a portion of the cost of housing, with voucher recipients using 30.0 percent of their adjusted monthly income to make up the difference.

General Fund Impact of Flat Funding for Housing Voucher

Fiscal Year	Flat Funding	Requested Funding	Savings
FY 2026-27	\$1,802,483	\$1,909,931	-\$107,448
FY 2027-28	9,025,897	10,135,309	-1,109,412
FY 2028-29	11,124,942	13,240,104	-2,115,162
Total saving	\$21,953,322	\$25,285,344	-\$3,332,022

The voucher amount is based on the unit rent and yearly payment standard, which varies year to year. DOLA uses a weighted 10-year average of the yearly payment standard increases across all counties and unit sizes in Colorado. The FY 2025-26 cost of a voucher is \$1,283.82. Holding voucher cost assumption flat through FY 2028-29 would save \$3.3 million General Fund over the next three fiscal years, as compared to the request. However, this cost containment strategy would impede and put at risk the State’s ability to meet its obligations under the settlement agreement. As such, JBC staff does not recommend this action at this time.

In-reach counseling staff support

In-reach counseling is a service designed to engage and provide members living in a nursing facility with information regarding housing, transition, and other community-based services available to support them living in the community. These services are currently provided by contractors who visit nursing facilities to provide group and individual counseling sessions, informing residents of their right to live in the community and the support available to make that transition possible. In-reach Counseling comes in two forms, Group and Individual:

- Group in-reach is conducted in a group setting and provides a referral process to either individual in-reach or transition coordination services while supporting members with making an educated choice about their options for where they live.
- Individual in-reach is conducted one-on-one with a member and their chosen supports, if needed. Individual in-reach provides an opportunity for the resident to receive a person-centered informational session regarding community transition options, local resources, and other available services.

Individuals who express interest in moving are referred to transition coordination services for further assessment and planning. Once using transition coordination services, the member is referred to housing navigation when housing supports are needed. The Department has been successful in finding contract support for 15 of the 16 regions in the state, but the request for proposal process did not yield an adequate proposal for one region. The Department requests state staffing resources to provide this counseling in the last region, with a reduction in contractor appropriations to partially offset the added costs.

The Department has received funding for the administration of the settlement agreement with the DOJ for the last three fiscal years. From FY 2023-24 through FY 2025-26, the General Assembly has appropriated a total of \$47.0 million dollars, including \$16.1 million General Fund, and 30.7 FTE for this purpose. Funding has been provided for staff to support escalations, workforce support, oversight and monitoring, compliance, IT systems support, and eligibility support. The Department has included transition support and services, including in-reach counseling and monitoring and support, in the responsibilities of the previously-approved positions.

Appropriations History Related to DOJ Settlement Agreement Administration

Fiscal Year	Budget action	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2023-24	BA7 Community based access to services	\$6,341,474	\$175,000	\$2,974,232	\$0	\$3,192,242	0.0
	S8 Adjustment to community-based access to services	-1,307,652	508,390	-908,021	0	-908,021	0.0
FY 2024-25	Annualization of FY 2023-24 BA7	10,722,858	7,835,809	-2,974,232	0	5,861,281	13.0
	Annualization of FY 2023-24 S8	1,307,652	-508,390	908,021	0	908,021	0.0
	BA8 Adjustment to community-based access to services	589,049	833,954	0	0	-244,905	0.0
	S9 DOJ settlement	2,384,037	-687,424	0	0	3,071,461	2.6
FY 2025-26	Annualization of FY 2023-24 BA7	24,789,485	6,817,473	1,439,870	0	16,532,142	4.9
	Annualization of FY 2024-25 BA8	839,685	419,843	0	0	419,842	0.0
	Annualization of FY 2024-25 S9	-2,384,037	687,424	0	0	-3,071,461	-2.6
	BA9 DOJ settlement	3,739,179	22,842	0	0	3,716,337	12.8
Total		\$47,021,730	\$16,104,921	\$1,439,870	\$0	\$29,476,939	30.7

→ R8 Single assessment

Request

The Department asks for funding to deploy a single assessment tool in compliance with S.B. 16-192 (Assessment Tool Intellectual and Developmental Disabilities) that will replace multiple assessment tools currently used. Deployment of the single assessment tool is planned for August 2026.

The change impacts the Department administrative expenses and forecast by:

- Year 1: A net reduction of \$11.7 million total funds, including \$6.2 million General Fund, and an increase of 2.7 FTE.
- Year 2 and ongoing: An increase of \$3.5 million total funds, including \$1.4 million General Fund, and 3.0 FTE.

The Department requests term-limited state staffing and contract resources. The state staff term is proposed from August 2026 through August 2029 and will provide system support, training and technical assistance, and provide quality assurance reviews. The contract resources will assist the Department with launching the new tool and provide system support.

The Department identifies this request as evidence-informed.

Recommendation

Staff recommends the Committee approve the following appropriations for the deployment of the single assessment tool.

Appropriations Impact of Recommendation - R8

Fiscal Year	Division	Line Item(s)	Total Funds	General Fund	Cash Funds	Federal Funds	FTE	
FY 2026-27	Executive Director's Office, General Administration	Personal Services	\$218,435	\$33,262	\$17,706	\$167,467	2.7	
		Operating Expenses	24,456	3,724	1,982	18,750	0.0	
		Centrally appropriated costs	0	0	0	0	0.0	
		General Professional Services and Special Projects	200,000	33,346	17,854	148,800	0.0	
		Executive Director's Office, IT Contracts and Projects	Medicaid Management Information System Maintenance and Projects	400,000	23,660	16,340	360,000	0.0
		Office of Community Living	Case Management for People with Disabilities	-12,599,205	-6,299,602	0	-6,299,603	0.0
FY 2026-27 recommendation			-\$11,756,314	-\$6,205,610	\$53,882	-\$5,604,586	2.7	
FY 2027-28 and ongoing	Executive Director's Office, General Administration	Personal Services	\$242,706	\$36,958	\$19,674	\$186,074	3.0	
		Operating Expenses	3,840	585	311	2,944	0.0	
		Centrally appropriated costs	66,079	10,062	5,356	50,661	0.0	
		General Professional Services and Special Projects	200,000	33,346	17,854	148,800	0.0	

Fiscal Year	Division	Line Item(s)	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
	Executive Director's Office, IT Contracts and Projects	Medicaid Management Information System Maintenance and Projects	400,000	23,660	16,340	360,000	0.0
	Office of Community Living	Case Management for People with Disabilities	2,604,226	1,302,113	0	1,302,113	0.0
FY 2027-28 and ongoing			\$3,516,851	\$1,406,723	\$59,535	\$2,050,592	3.0

Evidence Designation

This request is ineligible for an evidence designation. This request is simply asking for funding to implement a previously approved and built software system. The one study provided by the Department was an internal study conducted over a month period in 2020 evaluating the impact on the length of time an assessment took using the system, as compared to other assessment tools. This study was intended to help the Department set case management rates. The study faced several challenges, including:

- problems with the automation;
- the need to conduct the assessments by telephone or other electronic method during the time study because of COVID-19; and
- additional updates to the assessment process that were made two weeks into and following the pilot that likely impacted the time to complete the process.

The study provided some useful information, but the results were not statistically significant and inconclusive. Ultimately, the study was not designed to evaluate the outcomes the Department has identified.

Analysis

The single assessment tool is designed to support a person-centered approach in developing an individual's Person-centered Support Plan (PCSP or Plan). The single assessment tool gathers information about a person's life experiences (e.g., work, education, health, etc.) and their quality of life by helping to identify needs, preferences, and personal goals. The Plan uses the results of the single assessment tool to outline the services and supports that meet the individual's care goals and preferences. The single assessment tool is intended to standardize the assessment process to assist case management agencies in determining the appropriate level of long-term services and supports.

The single assessment tool has had a long and difficult road to deployment. The Department was tasked with the effort to create the tool beginning in FY 2016-17. The COVID-19 pandemic forced a pause in development and deployment, then the 2023 launch of the Care and Case Management (CCM) IT system needed to be stabilized, and finally implementation of case management redesign and Community First Choice took priority. The single assessment tool will be integrated into the CCM and replaces several different assessment tools currently in use. This replacement drives substantial savings in the first year of implementation.

The deployment of the single assessment tool will be conducted in a phased approach, with the state's 15 case management agencies grouped in three cohorts. The first cohort will begin using the tool August 2026, the second in February 2027, and the third in May 2027. The staggering of deployment is intended to ensure the transition to the single assessment tool is without major problems, while providing the opportunity to address any issues that come up during the rollout.

Continuation of Supplemental Actions

→ R10.1 Disability determinations

Request

The Department requests funding for projected caseload increases and to rebalance funding sources to accurately reflect the caseload split of traditional Medicaid members versus expansion population members.

The change increases the Department contract expenses by:

- Year 1: \$1.4 million total funds, including \$0.8 million General Fund.
- Year 2: \$1.5 million total funds, including \$0.9 million General Fund.
- Year 3 and ongoing: \$1.6 million total funds, including \$0.9 million General Fund.

Recommendation

Staff recommends the Committee approve the request.

Supplemental Action

Staff recommended and the Committee approved the related supplemental request. The following fiscal impact was included in the Department's supplemental bill (H.B. 26-1155).

- Current Year: \$1.3 million total funds, including \$0.4 million General Fund.

Analysis

Disability determinations assess whether an individual's medical condition qualifies for Medicaid benefits under disability-based eligibility. Disability determinations are provided through a contract and are required to meet a 60-day timeliness standard for application processing. The contractor hired by the Department uses licensed physicians with experience and training in disability determinations to review applications and make decisions. These determinations are a key step in the provision of Medicaid services for individuals with disabilities. Disability determinations may be appealed if an applicant disagrees with the decision.

Disability Determinations

Monthly application volume has increased substantially over the last several years. The Department reports that 14,776 applications were processed in FY 2024-25, as compared to 8,917 in FY 2023-24 and 7,696 in FY 2022-23. The Department believes that the dramatic increase in applications from FY 2023-24 to FY 2024-25 is reflective of an acute spike in demand for disability services. The spike is likely in response to the public health emergency unwind when individuals needed to reapply for a disability determination to ensure continuity of benefits.

The Department anticipates application volumes will stabilize in FY 2025-26 and ongoing. The Department estimates that FY 2025-26 application volumes will approximately 15,000. The Department believes that application volumes will grow at 2.5 percent per year, mirroring the growth in Medicaid disability enrollments. Application processing costs are contracted at \$285 per application. The current appropriation for disability determination application process is \$3.0 million total funds. The Department's request for \$1.3 million total funds is calibrated to provide sufficient funding to process 15,000 applications in FY 2025-26.

Fund Splits Correction

Administrative costs for disability determinations should be allocated according to the proportion of cases from traditional Medicaid (General Fund) versus the expansion population (hospital provider fees). Based on current caseload projections the correct funding splits should reflect two-thirds of determinations for the traditional Medicaid population and one-third for the expansion population. To accurately reflect this split, the appropriation needs to be reweighted toward the General Fund. The Department calculates that a shift of \$388,169 from hospital provider fees (cash funds) to General Fund is required to match the case proportions.

→ R7 Eligibility administration [legislation]

Request

The Department requests for funding to centralize some administrative functions for the provision of medical and public assistance programs.

The change increases the Department administrative expenses by:

- Current Year: \$0.6 million total funds, including includes \$0.2 million General Fund, and 1.0 FTE.
- Year 1: \$16.6 million total funds, including \$1.5 million General Fund, and 3.0 FTE.
- Year 2: \$40.8 million total funds, including \$2.7 million General Fund, and 3.0 FTE.
- Year 3 and ongoing: \$38.0 million total funds, including \$2.1 million General Fund, and includes 3.0 FTE.

Recommendation

Staff recommends denial of the request on technical grounds. The Long Bill is written to current law and, given the legislative requirements of this proposal, staff recommends any fiscal impact be incorporated into that legislation.

Staff recommends the Committee establish a placeholder for the fiscal impacts of this proposal and the Department of Human Service *BA3 County admin districts*. If the Committee would like to sponsor this legislation, staff asks permission to go to draft and to work with the Departments and affected stakeholder in developing the draft legislation for Committee consideration.

Analysis

Colorado operates a state-supervised, county-administered system for the administration of medical and public assistance programs. Counties are responsible for all administrative, eligibility, and enrollment activities; however, the State is accountable to the federal government for meeting performance standards. The variability of county resources throughout the state (e.g., revenue, staffing, training, etc.) can create inequities for recipients of medical and public assistance and hinder the ability of counties and the State in meeting federal standards. The passage of federal H.R. 1 creates additional federal requirements and monetary penalties. New and increase work requirements for recipients, twice yearly renewals, and an increased federal focus on fraud, waste, and abuse place added burdens on counties. Counties have long argued that state funding levels are insufficient to meet their administrative needs.

The Department of Health Care Policy and Financing (HCPF), in collaboration with the Department of Human Services (DHS), is proposing the centralization of four administrative services for statewide medical and public assistance programs: call center support, document management, quality assurance for Medicaid programs, and fraud investigations for Medicaid programs. To accomplish this centralization, the departments propose contracting with high-performing counties who will provide these services statewide. The departments argue that centralizing specific services will provide operational efficiencies and assist in addressing federal policy changes to medical and public assistance programs.

Each centralized service will be managed through a separate contract. Each contract will be with a single county, with up to four counties being the primary service providers. The contracts would begin in FY 2026-27 with centralization of services being fully implemented by July 1, 2028. Appropriations for these contracts are requested in both HCPF and DHS. To offset some of the impact of this request, HCPF is requesting reductions to the County Incentive Program, the Colorado Medical Assistance Program, and Eligibility Assistance Partner site.

In FY 2026-27, a total of \$19.1 million is requested, including \$2.7 million General Fund. The appropriations increase to \$48.8 million total funds, including \$7.8 million General Fund, in FY 2027-28, before decreasing slightly to \$45.6 million total funds in FY 2028-29. On going costs for this proposal is \$45.0 million total funds, including \$7.2 million General Fund.

Total Cost for Centralized Services (HCPF and DHS)

Fiscal year	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
2025-26	\$636,866	\$206,979	\$111,452	\$0	\$318,435	1.0
2026-27	19,082,151	2,652,893	1,665,904	2,455,447	12,307,907	3.0
2027-28	48,785,219	7,775,256	4,125,759	7,950,874	28,933,330	3.0
2028-29	45,616,277	7,376,217	3,808,837	7,588,527	26,842,696	3.0
2029-30 and ongoing	45,023,999	7,183,727	3,705,188	7,588,527	26,546,557	3.0
5-year total cost	\$159,144,512	\$25,195,072	\$13,417,140	\$25,583,375	\$94,948,925	n/a

HCPF requests additional staffing resources to manage and oversee these contracts.

HCPF Staffing for Contract Administration

Cost element	FY 2025-26	FY 2026-27	FY 2027-28 and ongoing
Personal Services	\$103,521	\$315,939	\$315,939
Employee benefits	24,351	77,847	82,692
Operating costs	26,400	16,155	16,155

Cost element	FY 2025-26	FY 2026-27	FY 2027-28 and ongoing
Total	\$154,272	\$409,941	\$414,786
FTE	1.0	3.0	3.0

Four services proposed to be centralized

Statewide call center shared by HCPF and DHS

The Department proposes creating a two-tiered statewide call center system to replace the county-by-county call response system currently in place. Currently, there are 11 counties that have their own call centers that field eligibility-related calls. The remaining counties use less formal response systems. The first tier of the proposal is a statewide call center that would take all eligibility calls for all programs managed through the Colorado Benefits Management System (CBMS). Calls would be initially answered by an automated interactive voice response system. If this system does not address the caller’s issue, then the call is forwarded to the call center staff. The staff would then attempt to address the reason for the call by accessing the individuals case information in CBMS. An unsuccessful attempt by the statewide call center staff would prompt the call to be forwarded again, this time to the relevant county call center. The county-level call centers are considered the second tier of the system; counties would be required to staff and maintain their own call center.

Statewide Call Center Costs (HCPF and DHS)

Fiscal year	Total Funds	General Fund	Cash Funds	Reapprop Funds	Federal Funds	FTE
2025-26	\$51,424	\$16,713	\$8,999	\$0	\$25,712	0.3
2026-27	13,032,793	2,576,660	886,839	2,085,608	7,483,685	1.0
2027-28	41,168,259	9,078,572	2,652,752	6,829,162	22,607,773	1.0
2028-29	39,467,537	9,070,337	2,546,018	6,542,409	21,308,773	1.0
2029-30 and ongoing	39,467,537	9,070,337	2,546,018	6,542,409	21,308,773	1.0
5-year total cost	\$133,187,550	\$29,795,906	\$8,631,627	\$21,999,588	\$72,709,004	n/a

The statewide call center would be managed by a county under contract with HCPF. The request asks for funding for 251 call center agents, 40 supervisors and managers, four call center systems managers, and systems access licenses. The contracted county would be responsible for the daily operations of the statewide call center, while the Department supervised. The Department requests 1.0 FTE, starting in FY 2025-26, to act as the contract administrator and operations supervisor. The Department assumes the statewide call center will be able to address the majority of calls, thereby reducing call volumes handled by individual counties.

Document management share by HCPF and DHS

The Department propose centralizing document scanning, indexing, and character recognition work for all counties. The centralization would apply to all documents except those submitted through PEAK, the state’s online application system, and those physically dropped off at county offices. This is work currently being done by each county, with varying accuracy and completion rates owing to resource constraints. The Department estimates that 12,00 pages will be scanned and indexed daily. Scanned documents will be reviewed for readability and attached to the correct case file. The request assumes that the Unified County System, which is a statewide document and workload management system, is implemented and available at the time the centralized document management service is stood up.

Document Management Costs (HCPF and DHS)

Fiscal year	Total Funds	General Fund	Cash Funds	Reapprop Funds	Federal Funds	FTE
2025-26	\$0	\$0	\$0	\$0	\$0	0.0
2026-27	1,622,094	346,520	100,162	369,839	805,573	0.0
2027-28	4,748,163	1,159,033	264,104	1,121,712	2,203,314	0.0
2028-29	4,299,810	1,102,800	227,923	1,046,118	1,922,969	0.0
2029-30 and ongoing	4,299,810	1,102,800	227,923	1,046,118	1,922,969	0.0
5-year total cost	\$14,969,877	\$3,711,153	\$820,112	\$3,583,787	\$6,854,825	n/a

The contract funding for the centralized document management services supports 51 staff, software and systems licenses, and the purchase and maintenance of scanning equipment. Staffing is a mix of scanning technicians, quality assurance and supervising staff, and systems maintenance personnel. The contract would be awarded to a county and supervised by HCPF.

Medicaid quality assurance

The Department proposes centralizing quality assurance activities related to Medicaid programs only. Counties are currently mandated by the state to perform quality assurance reviews, but are allowed to use their own resources and technological solutions in conducting those reviews. There is a wide variance between counties in the availability of resources and technology used. Creating a shared service would consolidate quality assurance resources and standardize the systems and technology used.

The Department argues that centralizing quality assurance activities will better position the state to meet federal Payment Error Rate Measurement (PERM) standards. The federal government audits Medicaid programs and Child Health Plan Plus (CHP+) to examine eligibility decisions and payments to providers for accuracy. The federal PERM standard is a 3.0 percent error rate, non-compliance risks a loss of an estimated \$186.0 million in federal funds.

Medicaid Quality Assurance Costs (HCPF only)

Fiscal year	Total Funds	General Fund	Cash Funds	Reapprop Funds	Federal Funds	FTE
2025-26	\$95,296	\$30,970	\$16,677	\$0	\$47,649	0.3
2026-27	1,502,706	476,881	239,973	0	785,851	1.0
2027-28	3,961,808	1,304,249	649,673	0	2,007,886	1.0
2028-29	3,801,461	1,250,968	623,289	0	1,927,204	1.0
2029-30 and ongoing	3,801,461	1,250,968	623,289	0	1,927,204	1.0
5-year total cost	\$13,162,732	\$4,283,066	\$2,136,224	\$0	\$6,648,145	n/a

Contract funding will support 20 quality assurance reviewers, 13 supervisors and managers, and contract software systems supports. The Department anticipates that centralizing quality assurance work will allow for 12,000 case reviews per year, a ten-fold increase from existing reviews. The software system used for quality assurance is the same used for fraud investigations, so the department assumes that the contract systems support will be shared, too. The Department requests 1.0 FTE, starting in FY 2025-26, to act as the contract administrator and operations supervisor.

Medicaid fraud investigations

The Department proposes centralizing fraud investigations to address variances across the state. Fraud investigations are a voluntary activity that most counties do not engage in. The Department reports that in FY

2023-24, fewer than 20 counties had active fraud investigations. The low rate of investigations is attributed to the appropriations structure for county administration, without a dedicated fraud investigation appropriation counties are required to make a priority decision between eligibility processing or fraud investigation.

The state has a policy that attempts to incentive counties to conduct fraud investigations. If a county recoups money from an individual that received benefits through fraudulent activities, those funds are repaid to the federal and state governments. Currently, counties are able to retain the State’s portion of those recoupments to defray the cost of those investigations. This incentive structure has not appreciably increased the number of fraud investigations across the state. If the Department’s request to centralize investigations is approved, this incentive will end and the state’s portion of fraud recoupments will contribute to the funding of this centralized service.

Medicaid Fraud Investigations Costs (HCPF only)

Fiscal year	Total Funds	General Fund	Cash Funds	Reapprop Funds	Federal Funds	FTE
2025-26	\$95,296	\$30,970	\$16,677	\$0	\$47,649	0.3
2026-27	4,438,382	867,853	435,130	0	3,135,398	1.0
2027-28	6,274,734	2,072,807	1,030,258	0	3,171,669	1.0
2028-29	6,007,489	1,984,006	986,283	0	3,037,200	1.0
2029-30 and ongoing	6,007,489	1,984,006	986,283	0	3,037,200	1.0
5-year total cost	\$22,823,390	\$6,908,672	\$3,437,954	\$0	\$12,381,467	n/a

The request assumes funding for 40 investigators, 11 supervisors and managers, and four judicial liaisons and trainers. The Department also assumes that this contract will split the cost of contract software systems supports with the quality assurance contract. Additionally, the funding requests includes resources for an additional 16,870 pool hours for CBMS development to update the system to centralize fraud referrals, recoupments, an tax intercepts.

Reductions to offset centralization costs

County Incentive Program

The Department’s county incentive program uses performance-based contracts with counties to improve performance. Counties that meet their performance metrics receive money to offset their local share of administrative costs. The program is supported exclusively by the General Fund and was established in FY 2014-15 with an appropriation of \$5.7 million. In FY 2022-23, the appropriation for this program increased to \$8.2 million. The Department proposes reducing incentive program funding by \$2.0 million in FY 2026-27 and by \$6.2 million in FY 2027-28 and ongoing.

Colorado Medical Assistance Program

The Colorado Medical Assistance Program operates a call center that supports members of the CHP+ program. The Department’s propose to create a statewide call center system creates a redundancy in these efforts. The request seeks a 10.0 percent reduction to the Program’s funding, which is funded with hospital provider fees and federal funds, to address this redundancy. The FY 2026-27 reduction is \$0.2 million total funds, increasing to a reduction of \$0.8 million in FY 2027-28 and ongoing.

Eligibility Application Partner Sites

Eligibility Application Partner (EAP) sites can assist an individual in completing an application for medical assistance. Counties become responsible for ongoing case maintenance once those applications are approved and the individual becomes a member. The support services provided by EAP sites is not required by federal regulations. The General Assembly appropriates hospital provider fees, with matching federal funds, to the Department to support the EAP sites. However, not all sites are funded, with some receiving reimbursements while others do not. The request seeks a reduction of \$0.5 million total funds in FY 2026-27, increasing to a reduction of \$1.5 million total funds in FY 2027-28 and ongoing.

→ S/R6.12 Community connector -15%

Request

The Department requests to reduce funding for a community connector rate cut of 15.0 percent.

The Department anticipates implementing this change January 1, 2026. The change reduces the Department's forecast by:

- Current Year: -\$6.0 million total funds, including -\$3.0 million General Fund.
- Year 1: -\$12.1 million total funds, including includes -\$6.0 million General Fund.

Request revisions

The February 2026 forecast results in revised savings projections from this request. The Department anticipates an additional reduction to the forecast of:

- Current Year: -\$0.3 million total funds, including -\$0.2 million General Fund.
- Year 1: -\$1.6 million total funds, including includes -\$0.8 million General Fund.

Recommendation

Staff recommends approval of the request. Staff recommended and the Committee approve the related supplemental request.

Appropriations Impact of Staff Recommendation - S/R6.12

Fiscal Year	Division	Line Item	Total Funds	General Fund	Federal Funds
FY 2025-26 (Jan. supplemental)	Office of Community Living	Children's Extensive Support Services	-\$6,026,470	-\$3,013,235	-\$3,013,235
FY 2025-26 (Feb. revised)	Office of Community Living	Children's Extensive Support Services	-318,277	-159,139	-159,138
FY 2025-26 recommendation			-\$6,344,747	-\$3,172,374	-\$3,172,373
FY 2026-27 recommendation [1]	Office of Community Living	Children's Extensive Support Services	-\$7,295,929	-\$3,647,464	-\$3,648,465

Fiscal Year	Division	Line Item	Total Funds	General Fund	Federal Funds
FY 2027-28 and ongoing	Office of Community Living	Children's Extensive Support Services	-\$13,639,676	-\$6,819,838	-\$6,819,838

[1] Shows incremental change accounting for supplemental actions.

Analysis

Community connector services help individuals enrolled in the Children’s Extensive Services (CES) and Children’s Habilitation Residential Program (CHRP) waivers participate in typical childhood activities and to become more fully integrate into their communities. These services help members develop skills and abilities to be active participants in their communities, build relationships and natural supports, and interact one-on-one with non-familial persons without disabilities. Examples of engagement supported by this benefit are volunteering, attending enrichment classes, and going to the library alongside peers without disabilities.

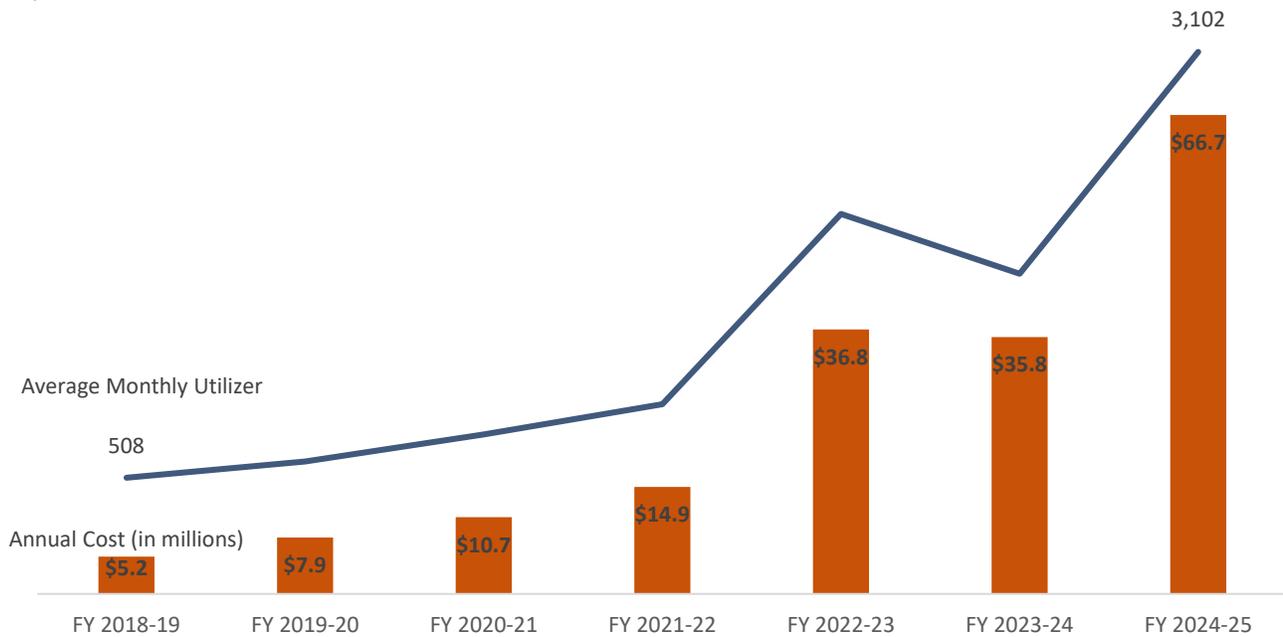
Community connector services are provided by agency-based, program approved service agencies (PASAs), who hire staff to deliver the service. The following requirements must be met to be a provider:

- The provider must be enrolled as a Medicaid provider of Home and Community-Based Services.
- The provider must be 18 or older, able to communicate effectively and complete documentation, able to provide services according to the service plan, have completed state-required training, and have the skills and interpersonal abilities needed to work with people with developmental disabilities.
- When parents are also the provider, they must still follow the same community connector service definition—working in inclusive community settings on skill-building and connection, not simply providing routine parental care.

These qualifications align with the supported community connections (SCC) benefit, which is the comparable service in the adult waivers.

Utilization of CES and CHRP community connector services have grown much faster than the Department expected. In particular, the last three fiscal years have seen a marked increase in both utilization and total cost. Utilization has increased by 510.6 percent between FY 2018-19 and FY 2024-25. Total cost has increased by 1,179.1 percent in the same time period. The Department’s analysis shows that utilization and expenditure increases are driving in large part by the provision of community connector services for children under the age of 6 years. Total average monthly utilization for member under 6 years old has increase from 45 to 523, while total expenditures for this group has increase from \$0.5 million to \$11.2 million. The Department has expressed concern that community connector services are being utilized, in some cases, for activities that should already be provided by the child’s caregiver as typical parental responsibilities. The Department reports that few state office this service to children, and fewer compensate parents for providing the service.

The use and cost of community connector services has increased substantially in the last seven fiscal years.



To address the unexpected, order of magnitude cost increase of the community connector services, the Department is proposing four distinct budgetary actions: two rate reductions and two eligibility and benefits changes. The rate reductions are intended to bring the community connector services in line with the adult SCC rates. The eligibility and benefits changes are intended to manage utilization to address the unexpected growth through an annual 1,040 unit⁷ cap and age-appropriate guidelines for determining services. The Department anticipates \$11.6 million total funds, including \$5.8 million General Fund, savings in FY 2025-26 from the two rate reductions and the unit cap. In FY 2026-27, the Department’s proposed cost containment measure would save \$50.7 million total funds, including \$25.4 million General Fund.

Impacts of Proposed Changes to Community Connector Services [1]

Item	FY 2025-26	FY 2026-27 and ongoing
<u>Provider rates</u>		
15% reduction	-\$6,344,747	-\$13,639,676
23% reduction	-3,216,671	-20,745,204
Sub-total	-\$9,561,418	-\$34,384,880
<u>Eligibility & benefits changes</u>		
Unit cap	-\$3,885,586	-\$25,349,180
Age limit	n/a	-7,541,257
Sub-total	-\$3,885,586	-\$32,890,437
Total	-\$13,447,004	-\$67,275,317

[1] Amounts are total funds, which are split evenly between General Fund and federal funds. Amounts shown reflect requested changes excluding administrative costs.

⁷ A unit is a 15-minute increment.

Rate reductions for FY 2025-26

The Department argues that because of the similarities in provider requirements and services provided by the community connector and supported community connections services the two rate structures should be aligned. Both rate reductions are at the direction of the Governor’s August 28 and October 31, 2025 Executive Orders. The rate changes proposed by the Department for FY 2025-26 represent a 38.0 reduction for providers in the Denver metro area and a 37.0 percent reduction for providers outside of the Denver metro area. The 15.0 percent rate reduction became effective January 1, 2026. The 23.0 percent rate reduction will be effective April 1, 2026, at which point the community connector rate will be aligned with the supported community connector rate for adults.

Community Connector Services Rate Change for FY 2025-26

Municipality	July 1, 2025	October 1, 2025	January 1, 2026 (-15%)	April 1, 2026 (-23%)	Total Change (%)
Denver	\$12.56	\$12.36	\$10.67	\$7.83	-38.0%
Non-Denver	\$12.22	\$12.03	\$10.39	\$7.71	-37.0%

Annual Unit Cap

The Department is planning a 50.0 percent reduction to the annual cap for community connector services to 1,040 units. Community connector services are billed in 15-minute increments, so the new cap equates to 260 hours per year per member. The Department anticipates hundreds of exceptions requests and requests an addition staff position to support the review process for this change to the community connector benefit. However, specific workload estimates have not been provided to JBC staff. Given the implementation date of the annual unit cap and incremental nature of the renewal and approval process for Person-centered Support Plans, providing supplemental funding for administrative staff resources is not supported. For at least FY 2025-26, the Department can absorb the exception workload within existing resources.

→ S/R6.33 Community connector -23%

Request

The Department requests to reduce funding for the community connector rate to align this rate with the tier 3 supported community connections rate in the adult SLS waiver.

The Department anticipates implementing this change in the Spring of 2026. The change reduces the Department’s forecast by:

- Current Year: -\$3.1 million total funds, including -\$1.5 million General Fund.
- Year 1 and ongoing: -\$18.3 million total funds, including -\$9.2 million General Fund.

Request revisions

The February 2026 forecast results in revised savings projections from this request. The Department anticipates an additional reduction to the forecast of:

- Current Year: -\$0.2 million total funds, including -\$0.1 million General Fund.
- Year 1 and ongoing: -\$2.4 million total funds, including includes -\$1.2 million General Fund.

Recommendation

Staff recommends approval of the request. Staff recommended and the Committee approved the related supplemental request.

Appropriations Impact of Staff Recommendation - S/R6.33

Fiscal Year	Division	Line Item	Total Funds	General Fund	Federal Funds
FY 2025-26 (Jan. supplemental)	Office of Community Living	Children's Extensive Support Services	-\$3,055,312	-\$1,527,656	-\$1,527,656
FY 2025-26 (Feb. revised)	Office of Community Living	Children's Extensive Support Services	-161,360	-80,680	-80,680
FY 2025-26 recommendation			-\$3,216,672	-\$1,608,336	-\$1,608,336
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FY 2026-27 recommendation [1]	Office of Community Living	Children's Extensive Support Services	-\$17,528,532	-\$8,764,266	-\$8,764,266
FY 2027-28 and ongoing	Office of Community Living	Children's Extensive Support Services	-\$20,745,204	-\$10,372,602	-\$10,372,602

[1] Shows incremental change accounting for supplemental actions.

Analysis

This is one of four requests affecting the community connector services. Please see the Analysis section for *S/R6.12 Community connector -15%* for details regarding the department's proposals and JBC staff analysis.

→ S/R6.34 Community connector units

Request

The Department requests to reduce funding for the community connector rate for implementing a lower annual cap on the number of units covered.

The Department anticipates implementing this change in the Spring of 2026. The change increases the Department's administrative expenses but reduces its forecast by:

- Current Year: net -\$2.5 million total funds, including -\$1.2 million General Fund, and an increase of 0.5 FTE.
- Year 1 and ongoing: net -\$15.1 million total funds, including -\$7.5 million General Fund, and an increase of 1.0 FTE.

Request revisions

The February 2026 forecast results in revised savings projections from this request. The Department anticipates an additional reduction to the forecast of:

- Current Year: -\$0.3 million total funds, including -\$0.2 million General Fund.
- Year 1: -\$1.6 million total funds, including includes -\$0.8 million General Fund.

Recommendation

Staff recommends the Committee approve reductions to the Department’s forecast:

- Current Year: -\$3.9 million total funds, including -\$1.9 million General Fund.
- Year 1: -\$21.4 million total funds, including -\$10.7 million General Fund.
- Year 2 and ongoing: -\$25.4 million total funds, including -\$12.7 million General Fund.

Further, staff recommends the Committee approve funding for the 1.0 requested FTE. Staff recommends staff recommends funding for this FTE beginning in FY 2026-27 and at 50.0 percent of the total personal services and operating costs, excluding capital outlay costs. In FY 2027-28, staff expects the full cost of this second FTE to be included in the budget. Lastly, staff recommends this FTE be term-limited, with their funding annualizing to \$0 in FY 2028-29. Term-limiting the FTE is both a means to control costs and to gather workload data to verify whether these resources are needed on a more permanent basis.

As JBC staff gathered information regarding *S/R6.30 HCBCS hours soft cap*, the Department acknowledged that three staff related to that request were hired prior to funding authorization by the General Assembly. On March 6th, the Department revised their *S/R6.30* FTE request from 3.0 to 2.0 FTE, meaning one of the preemptively hired FTE remains unaccounted for in the budgeting process. That FTE can be used for the *S/R6.34* request. JBC staff’s justification for funding this FTE at 50.0 percent is the same. The hiring of these three staff is an abrogation of the budgeting process and is a highly questionable administrative decision by the Department. This action suggests to JBC staff that the Department has sufficient resources to share in the fiscal burden of these staff.

Appropriations Impact of Staff Recommendation - S/R6.34

Fiscal Year	Division	Line Item(s)	Total Funds	General Fund	Federal Funds	FTE
FY 2025-26 (Jan. supplemental)	Office of Community Living	Children's Extensive Support Services	-\$2,533,994	-\$1,266,997	-\$1,266,997	0.0
FY 2025-26 (Feb. revised)	Office of Community Living	Children's Extensive Support Services	-1,351,592	-675,796	-675,796	0.0
FY 2025-26 recommendation			-\$3,885,586	-\$1,942,793	-\$1,942,793	0.0
FY 2026-27	Executive Director's Office, General Administration	Personal Services	\$40,450	\$20,225	\$20,225	1.0
		Operating Expenses	640	320	320	0.0
		Centrally appropriated costs	0	0	0	0.0
	Office of Community Living	Children's Extensive Support Services	-21,464,594	-10,731,796	-10,732,798	0.0
FY 2026-27 recommendation [1]			-\$21,423,504	-\$10,711,251	-\$10,712,253	1.0
FY 2027-28		Personal Services	\$80,902	\$40,451	\$40,451	1.0

Fiscal Year	Division	Line Item(s)	Total Funds	General Fund	Federal Funds	FTE
	Executive Director's Office, General Administration	Operating Expenses	1,280	640	640	0.0
		Centrally appropriated costs	22,026	11,013	11,013	0.0
		Office of Community Living	Children's Extensive Support Services	-25,350,795	-12,675,398	-12,675,397
FY 2027-28			-\$25,246,587	-\$12,623,294	-\$12,623,293	1.0
	Executive Director's Office, General Administration	Personal Services	\$0	\$0	\$0	0.0
FY 2028-29		Operating Expenses	0	0	0	0.0
		Centrally appropriated costs	0	0	0	0.0
		Office of Community Living	Children's Extensive Support Services	-25,350,795	-12,675,398	-12,675,397
FY 2028-29 and ongoing			-\$25,350,795	-\$12,675,398	-\$12,675,397	0.0

[1] Shows incremental change accounting for supplemental actions.

Analysis

This is one of four requests affecting the community connector services. Please see the Analysis section for *S/R6.12 Community connector -15%* for details regarding the department's proposals and JBC staff analysis.

→ R6.14 Individual residential services and supports

Request

The Department requests to reduce funding for updates to the billing guidance for individual residential services and supports (IRSS). The Department anticipates implementing this change April 1, 2026. The change reduces the Department's forecast by:

- Current Year: -\$2.9 million total funds, including -\$1.5 million General Fund.
- Year 1 and ongoing: -\$5.8 million, including -\$2.3 million General Fund.

The assumed current year savings represents half of the total saving. However, an implementation date of April 1, 2026 would imply a current year savings of one-quarter of the fiscal year, or half the state savings.

Recommendation

Staff recommends the Committee approve the forecast adjustment for the Department's guidance change. However, staff recommends an implementation date of July 1, 2026, to give affected family caregivers sufficient time to prepare for the fiscal impact they will experience from this guidance change. Staff recommends the following reductions to the Department's forecast:

- Year 1 and ongoing: -\$5.8 million, including -\$2.3 million General Fund.

Appropriation Impact of Staff Recommendation - R6.14

Division	Line item	Total Funds	General Funds	Cash Funds	Federal Funds
Office of Community Living	Adult Comprehensive Waiver Services	-\$5,800,064	-\$2,284,065	-\$615,967	-\$2,900,032

Analysis

Individual residential services and supports (IRSS) use a variety of living arrangements to meet the unique needs for support, guidance and habilitation of individuals enrolled in the DD waiver. Individuals may access IRSS services in several settings, including host homes, family homes, member homes, and staffed homes. The Department establishes IRSS daily rates through the standard fee-for-service rate-setting process. Daily rates are tiered by support level, with higher acuity levels receiving higher per-diem payments. Separate rate lines exist for the setting in which the service is delivered, in host homes and staffed home, with distinctions between Denver and non-Denver areas. The host home rate is intended for host homes, family homes, and member homes. The staffed home rate is intended for care settings with rotating agency staff, which have higher costs.

IRSS Per Diem Rate Ranges, Support Levels 1 to 7

Region	Host Home Range	Staffed Home Range
Denver	\$89.96 to \$337.99	\$97.76 to \$367.77
Non-Denver	\$83.57 to \$307.64	\$90.66 to \$334.01

The way IRSS settings are defined in regulation is unclear and does not account for the variety of settings available to members receiving these services. In the past, when IRSS is provided by a family caregiver in the family home, those services have often been reimbursed under the staffed home IRSS rate series rather than host home IRSS rate for the same support level. This occurred despite the IRSS rate methodology being designed to support higher reimbursement for only staffed settings, which are more expensive to operate due to the use of rotating agency staff and associated higher administrative staffing costs. The Department acknowledges that their confusing and unclear communication about IRSS policies and rates has led to inconsistent billing practices and higher than expected expenditures.

The Department’s proposed change will align rates for family-home settings with host-home settings, so that services are paid consistently regardless of whether the live-in caregiver is a host-home provider or a family caregiver. The proposal will ensure that services delivered in settings that are staffed by qualified professionals, including family homes where agency staff provide more than 50.0 percent of the care, may continue to be billed under the staffed home rate structure. Individuals with a support level 7 negotiated rate will not be impacted by this change and those rates will continue to be individualized and member-specific.

Billing data shows that roughly half of those billing for IRSS are billing at the higher staffed home rate. The Department is proposing to institute policies and guidance to reduce the rate of providers billing at the higher rate to 25.0 percent. For the Denver metro area this results in an annual savings of \$0.7 million total funds. For the non-Denver regions this results in an annual savings of \$5.1 million total funds. The proposed policy would shift services provider billing for 351,585 individuals from the higher rate to the lower rate: 35,870 in the Denver metro and 315,715 in non-Denver regions. It is unclear to JBC staff the make-up of those services settings and providers (e.g., host homes, family homes, or other share living environments).

Fiscal Impact of Proposed IRSS Billing Practice Change

Item	Current Billing	Proposed Billing	Full-year Change [1]
<u>Denver</u>			
Individuals	130,198	130,198	0
Billing at higher rate	52.6%	25.0%	-27.6%
Billing at lower rate	47.5%	75.0%	27.6%
Expenditure	\$28,293,310	\$27,639,408	-\$653,902
<u>Non-Denver</u>			
Individuals	1,204,561	1,204,561	0
Billing at higher rate	51.2%	25.0%	-26.2%
Billing at lower rate	48.8%	75.0%	26.2%
Expenditure	\$239,704,302	\$234,558,141	-\$5,146,161
Total	\$267,997,612	\$262,197,549	-\$5,800,063

[1] Amounts shown are total funds.

Community concerns with guidance change process

Anecdotal reports from advocates and care providers paint a picture of confusion and uncertainty. The billing practices the Department seeks to change have been a standard of practice for many years. The timing and speed of the proposed change has caught many off guard, with some expressing concern about the Department’s ability to clearly communicate the reasoning and results of the proposed change. Some have also expressed concern about the impacts on those receiving services, given the reduced billing rate many providers will experience.

In response to community feedback, the Department has clarified the following policy changes.

1. Allowing the higher staffed home rate when rotating staff are use.

The Department received feedback that in some family caregivers use their pay to hire rotating staff to help meet the needs of their family member receives services. In response, the Department revised the regulation to clarify that the higher staffed home rate may be billed when rotating staff are utilized, even when those staff are working in a family home and the primary caregiver is a family member. This ensures the rate reflects the care model used, not simply the setting.

2. Clearly distinguishing family caregivers from host home providers

The Department received feedback that family caregivers should not be defined the same as host home providers. In response, the Department:

- created a new name and definition to describe the settings in which this service may be provided;
- clarified expectations without re-categorizing family caregivers as host home providers; and
- preserved the unique role of family caregivers within the system.

These changes improve clarity while acknowledging the lived reality of families providing care.

→ R6.29 LTSS presumptive eligibility

Request

The Department requests the delay in implementation of presumptive eligibility for long-term services and supports (LTSS) until July 1, 2027.

- Current year: -\$1.3 million total funds, including -\$0.7 million General Fund
- Year 1: -\$2.8 million total funds, including -\$1.5 million General Fund
- Year 2: -\$1.4 million total funds, including -\$0.7 million General Fund

Recommendation

Staff recommends the Committee approve the request. The FY 2026-27 reduction detailed below is the incremental reduction accounting for the Committee’s supplemental action.

Appropriations Impact of Staff Recommendation - R6.29

Division	Line Item	Total Funds	General Fund	Federal Funds
Medical Services Premiums	Medical and Long-Term Care Services for Medicaid Eligible Individuals	-\$1,472,778	-\$780,756	-\$692,022

Supplemental Action

Staff recommended and the Committee approved the related supplemental request. The following fiscal impact was included in the Department’s supplemental bill (H.B. 26-1155).

- Current year: -\$1.3 million total funds, including -\$0.7 million General Fund

Analysis

The Department is currently developing a new presumptive eligibility program for long-term support services that would allow adults with disabilities access to some community-based services while their Medicaid application is processed. The program is intended to help individuals in crisis situations to stabilize in the community, preventing unnecessary and unwanted institutionalization. The Department plans for presumptive eligibility to be initiated through a self-declaration of eligibility referral, followed by application verification. The program was approved through the budgeting process in FY 2023-24.⁸

The Department plans to implement the delay based on feedback and guidance from the Centers for Medicare and Medicaid Services (CMS). CMS gave verbal notice that the State’s 1115 waiver will be renewed with a no-cost extension, which means the federal government will not consider any new additions to the waiver and has a year to review the presumptive eligibility program. The department’s proposed delay aligns with the timing of the federal review.

⁸ The FY 2023-24 budget request was *BA7 Community-based access to services*.

→ S/R6.30 HCBS hours soft cap

Request

The Department requests to reduce funding for select Home- and Community-Based Services (HCBS) for the implementation of caps on annual use.

The Department anticipates implementing this change in the Spring of 2026. The change reduces the Department's forecast by:

- Current Year: A -\$2.3 million total funds, including -\$1.2 million General Fund, and an increase of 1.5 FTE.
- Year 1 and ongoing: A net -\$13.9 million total funds, including -\$6.9 million General Fund, and an increase of 3.0 FTE.

Request revisions

The February 2026 forecast results in revised savings projections from this request. The Department anticipates an additional reduction to the forecast of:

- Current Year: -\$0.8 million total funds, including -\$0.4 million General Fund.
- Year 1: -\$8.9 million total funds, including -\$4.5 million General Fund.
- Year 2 and ongoing: -\$10.2 million total funds, including -\$5.1 million General Fund.

Additionally, on March 6th the Department revised its FTE request from 3.0 to 2.0.

Recommendation

Staff recommends the Committee approve reductions to the Department's forecast:

- Current Year: -\$3.3 million total funds, including -\$1.7 million General Fund.
- Year 1: -\$22.9 million total funds, including -\$11.4 million General Fund.
- Year 2 and ongoing: -\$24.4 million total funds, including -\$12.2 General Fund.

Further, staff recommends the Committee approve the 2.0 requested FTE. Staff recommends full funding for the FTE approved through the January supplemental process, including the centrally appropriated costs for this FTE in FY 2026-27. However, while staff recommends the additional of 1.0 FTE from the Department's revised request, staff recommends funding for this FTE beginning in FY 2026-27 and at 50.0 percent of the total personal services and operating costs, excluding capital outlay costs. In FY 2027-28, staff expects the full cost of this second FTE to be included in the budget. Lastly, staff recommends these two FTE be term-limited, with their funding annualizing to \$0 in FY 2028-29, which aligns with the Committee's supplemental decision related to this request. Term-limiting the FTE is both a means to control costs and to gather workload data to verify whether these resources are needed on a more permanent basis.

During JBC staff's information gathering related to this request, the Department acknowledged that the three staff for which funding was originally requested have already been hired. One staff member was onboarded in January 2026 and the other two in February 2026. This is an abrogation of the budgeting process and is a highly

questionable administrative decision by the Department. This action suggests to JBC staff that the Department has sufficient resources to share in the fiscal burden of these staff.

Appropriations Impact of Staff Recommendation - S/R6.30

Fiscal year	Division	Line Item(s)	Total Funds	General Fund	Federal Funds	FTE
FY 2025-26 (Jan. supplemental)	Executive Director's Office, General Administration	Personal Services	\$24,270	\$12,135	\$12,135	0.3
		Operating Expenses	7,384	3,692	3,692	0.0
	Medical Services Premiums	Medical and Long-Term Care Services for Medicaid Eligible Individuals	-2,503,441	-1,251,721	-1,251,720	0.0
FY 2025-26 (Feb. revision)	Medical Services Premiums	Medical and Long-Term Care Services for Medicaid Eligible Individuals	-806,902	-403,451	-403,451	0.0
FY 2025-26 recommendation			-\$3,278,689	-\$1,639,345	-\$1,639,344	0.3
FY 2026-27 [1]	Executive Director's Office, General Administration	Personal Services	\$97,083	\$48,542	\$48,541	1.7
		Operating Expenses	-5,464	-2,732	-2,732	0.0
	Medical Services Premiums	Centrally appropriated costs	23,829	11,914	11,915	0.0
		Medical and Long-Term Care Services for Medicaid Eligible Individuals	-19,542,428	-9,799,198	-9,743,230	0.0
FY 2026-27 recommendation [1]			-\$19,426,980	-\$9,741,474	-\$9,685,506	1.7
FY 2027-28	Executive Director's Office, General Administration	Personal Services	\$161,804	\$80,902	\$80,902	2.0
		Operating Expenses	2,560	1,280	1,280	0.0
	Medical Services Premiums	Centrally appropriated costs	44,052	22,026	22,026	0.0
		Medical and Long-Term Care Services for Medicaid Eligible Individuals	-24,442,352	-12,221,176	-12,221,176	0.0
FY 2027-28			-\$24,233,936	-\$12,116,968	-\$12,116,968	2.0
FY 2028-29	Executive Director's Office, General Administration	Personal Services	\$0	\$0	\$0	0.0
		Operating Expenses	0	0	0	0.0
	Medical Services Premiums	Centrally appropriated costs	0	0	0	0.0
		Medical and Long-Term Care Services for Medicaid Eligible Individuals	-24,442,352	-12,221,176	-12,221,176	0.0
FY 2028-29 and ongoing			-\$24,442,352	-\$12,221,176	-\$12,221,176	0.0

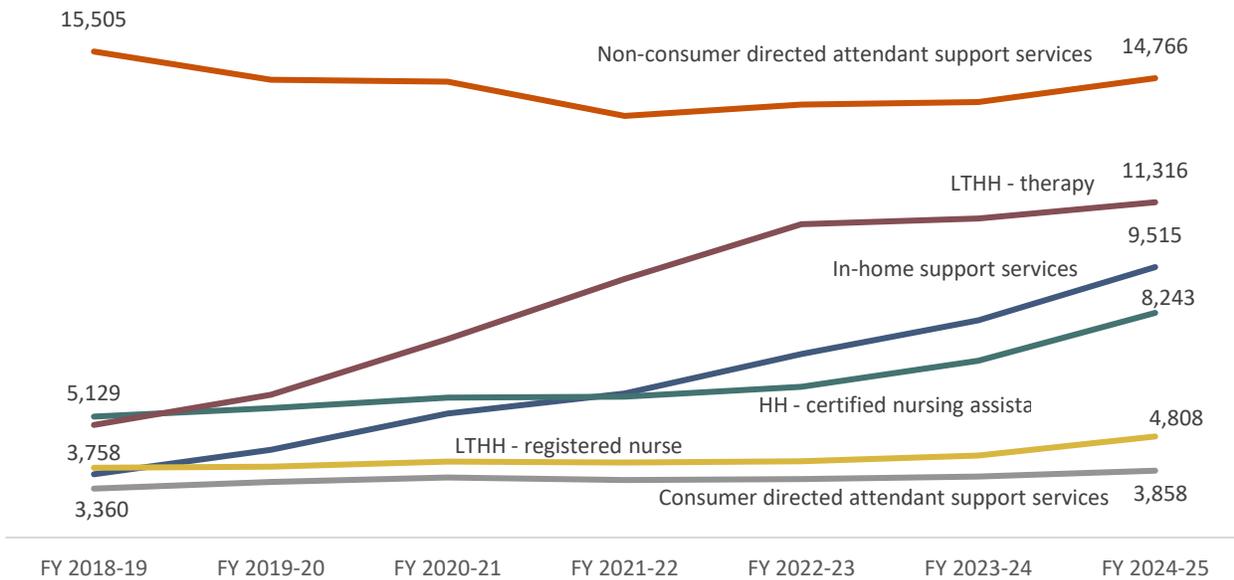
[1] Shows incremental change accounting for supplemental actions.

Analysis

Personal care, homemaker, and health maintenance activities are core home and community-based services (HCBS) benefits and are available under Community First Choice. These services are not currently limited and are authorized base on assessed need. Personal Care services assist with activities such as bathing, dressing, eating, mobility, and hygiene. Homemaker services provide assistance with household tasks including meal preparation, cleaning, laundry, and shopping. Health maintenance activities include supports such as medication

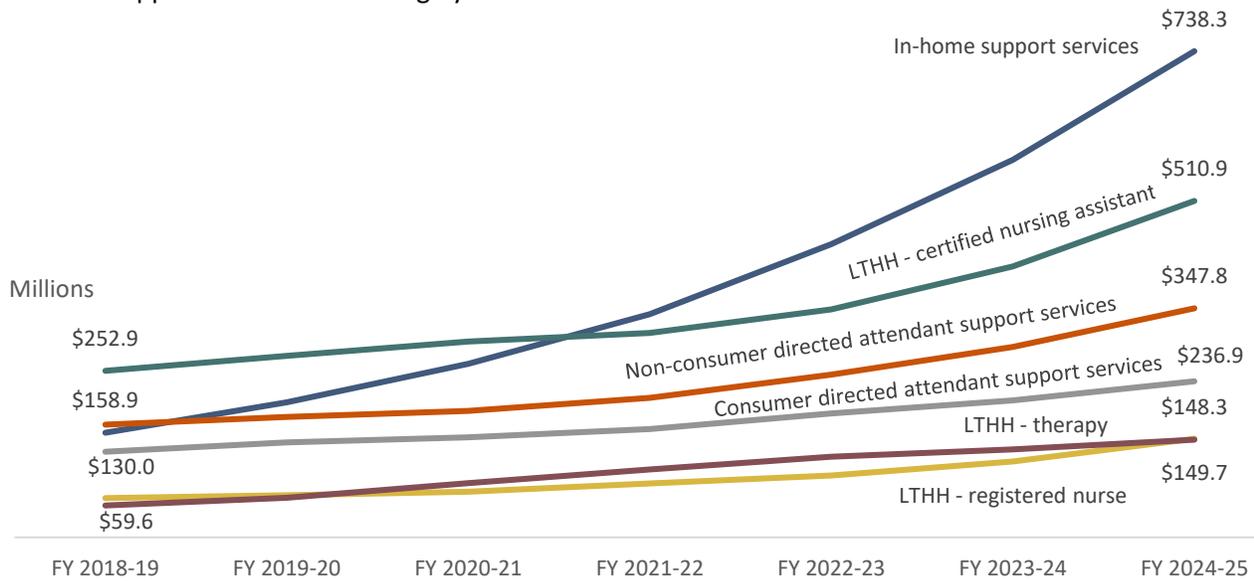
administration, catheter care, or respiratory assistance that can be safely performed in the home or community setting.

Average monthly individuals using HCBS core services has generally increased over the last seven years, with in-home support services and LTHH therapy increasing by 153 and 121 percent, respectively.



The growth in HCBS services, both in terms of individuals using those service and the total cost, over the last seven fiscal years has been substantial. From FY 2018-19 to FY 2024-25, the number of individuals using in-home support services has grown by 153.2 percent, from 3,758 to 9,515. In the same period, the total cost for these services has increase by 364.7 percent, from \$158.9 million to \$738.3 million. While the growth trend in average monthly individuals has a wide variance (-4.8 percent to 153.2 percent), the annual cost for services has grown across the board (82.3 percent to 364.7 percent). This comparison shows that, generally, more people are using services and the cost of those services are increasing at a considerable rate.

The annual cost of HCBS core services has increased across the board in the last seven years, with in-home support services increasing by the most in both absolute and relative terms.



The Department proposes implementing soft caps for these services. The caps will limit annual utilization, but a process for requesting an exception will be established. The workload for the exception process is relatively unknown, as a cap for these services is a new proposition. Rather than providing funding for permanent staff, JBC staff sees it as a prudent measure to provide term-limited funding so that the Department can establish base workload trends. The behavioral changes in the individuals using these services are estimated and reality may not align with the current assumptions. Without actual exception request and processing data, it is difficult to justify ongoing staffing resources.

Annual HCBS Service Limits

Service	Limit (units)	Daily Hours
Personal care	10,000	6.5
Homemaker	4,500	3.0
Health maintenance activities	19,000	13.0

The Department used statistical modeling to establish the soft caps for the three services affected by this proposed change. The limits were set at two standard deviations above the mean utilization for each service. The Department used utilization data on the average number of units, members, and amount paid for utilization that fell two standard deviations above the mean. The methodology accounts for individual behavior, the overlapping of multiple caps, and adjustments for the effective date of the proposed change (April 1, 2026). The method assumes that half of the affected population will change their utilization behavior and decrease services to the cap levels. The method also establishes a 75.0 percent overlap factor to capture the effect of duplicative savings for individuals using multiple services affected by other savings proposals. For health maintenance activities, the Department also assumes that a substantial portion of individuals will transition into long-term home health (LTHH) services, which reduces the savings realized from the proposed 19,000 unit cap.

Savings from Soft Caps on HCBS Annual Hours

Item	Personal Care	Homemaker	Health Maintenance Activities
Individuals over two standard deviations	284	353	329
Utilization above two standard deviations	5,427	12,517	24,568
Expenditure for excess utilization	\$9,630,095	\$12,293,322	\$58,017,395
Behavior factor	50.0%	50.0%	50.0%
Overlap factor	75.0%	75.0%	75.0%
Individuals moving to LTHH	n/a	n/a	80.0%
Expenditure for LTHH utilization	n/a	n/a	\$14,957,159
Full year savings	\$3,611,286	\$4,609,996	\$6,799,364
FY 2025-26 savings	\$601,881	\$768,333	\$1,133,227

→ S/R6.32 Homemaker hours soft cap

Request

The Department asks to reduce funding for homemaker services for the implementation of a cap on paid weekly hours for legally responsible persons providing these services.

The Department anticipates implementing this change in the Spring of 2026. The change reduces the Department's forecast by:

- Current Year: -\$74,350 total funds, including -\$37,175 General Fund.
- Year 1 and ongoing: -\$0.4 million total funds, including -\$0.2 million General Fund.

Request revisions

The February 2026 forecast results in revised savings projections from this request. The Department anticipates an additional reduction to the forecast of:

- Current Year: -\$12,008 total funds, including -\$6,004 General Fund.
- Year 1 and ongoing: -\$0.6 million total funds, including \$0.3 million General Fund.

Recommendation

Staff recommends approval the request. Staff recommended and the Committee approved the related January supplemental request.

Appropriations Impact of Staff Recommendation - S/R6.32					
Fiscal year	Division	Line Item	Total Funds	General Fund	Federal Funds
FY 2025-26 (Jan. supplemental)	Medical Services Premiums	Medical and Long-Term Care Services for Medicaid Eligible Individuals	-\$74,350	-\$37,175	-\$37,175
FY 2025-26 (Feb. revision)	Medical Services Premiums	Medical and Long-Term Care Services for Medicaid Eligible Individuals	-12,008	-6,004	-6,004
FY 2025-26 recommendation			-\$86,358	-\$43,179	-\$43,179

FY 2026-27 recommendation [1]	Medical Services Premiums	Medical and Long-Term Care Services for Medicaid Eligible Individuals	-\$477,128	-\$238,564	-\$238,564
FY 2027-28 and ongoing	Medical Services Premiums	Medical and Long-Term Care Services for Medicaid Eligible Individuals	-\$587,997	-\$293,999	-\$293,998

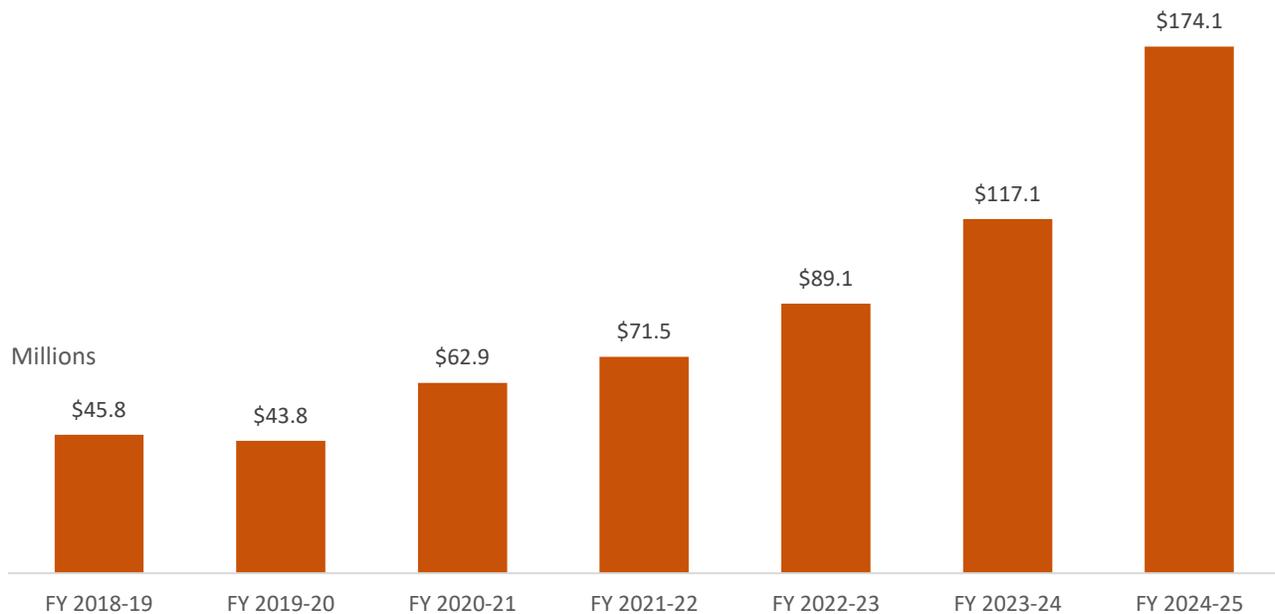
[1] Shows incremental change accounting for supplemental actions.

Analysis

Homemaker services provide assistance with household tasks including meal preparation, cleaning, laundry, and shopping. The Department proposes reducing the cap for legally responsible persons from 10 hours per week to 5 hours per week. Legally responsible persons are typically family members who have a legal responsibility to care for the individual enrolled in Medicaid. Homemaker services are core HCBS services and are available under Community First Choice.

Expenditures for homemaker services have increase substantially in recent year, showing a sharp uptick in the last two fiscal years. From FY 2018-19 to FY 2024-25, homemaker expenditures increase from \$45.8 million to \$174.1 million, a 280.4 percent increase. In the last three fiscal years, these expenditures have increased by 95.4 percent.

Total expenditures for homemaker services, excluding those provide through consumer directed attendant support services, have increase by 280.4 percent in the last seven fiscal years.



The Department used utilization data to determine the cap level. The Department reports that most individuals use between 5-6 hours of homemaker services per week. The saving calculations do not include a behavior factor because of the small population served and the closeness to the limit for the majority of those served. The Department assumes that all individuals currently using homemaker services will adjust their use to the proposed cap.

Savings from Soft Cap on Homemaker Weekly Hours

Item	FY 2025-26	FY 2026-27	FY 2027-28 ongoing
Individuals above the cap	94	94	94
Average units per member above cap	1.3	1.3	1.3
Expenditure for excess units	2,590,738	2,817,428	2,939,986
Overlap factor	20.0%	20.0%	20.0%
Forecasted savings	\$86,358	\$563,486	\$587,997

(4) Office of Community Living

The Office of Community Living provides regulatory and administrative oversight for all of the Department's long-term care programs.

For Medicaid clients with intellectual and developmental disabilities, the budgetary division includes funding for:

- Residential services through the Adult Comprehensive and Children's Habilitation waivers
- Non-residential services through the Adult Supported Living and Children's Extensive Support waivers

Independent of Medicaid, the Division operates programs for people with intellectual and developmental disabilities to provide:

- Funding for extraordinary costs incurred by families
- Preventive dental hygiene
- Supported employment

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	\$1,456,377,649	\$719,306,417	\$20,606,426	\$0	\$716,464,806	39.5
Long Bill Supplemental	24,549,747	12,776,074	-501,203	0	12,274,876	0.0
Total FY 2025-26	\$1,480,927,396	\$732,082,491	\$20,105,223	\$0	\$728,739,682	39.5
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$1,480,927,396	\$732,082,491	\$20,105,223	\$0	\$728,739,682	39.5
Medical forecast	60,986,773	32,321,158	-1,602,749	0	30,268,364	0.0
Prior year actions	2,106,693	876,184	25,403	0	1,205,106	0.0
Eligibility & benefit changes	-20,183,074	-10,091,537	0	0	-10,091,537	0.0
Provider rates	0	0	0	0	0	0.0
Administration	-12,043,455	-6,122,023	95,294	0	-6,016,726	0.0
Continuation of supplemental actions	-81,478,520	-40,061,046	-724,503	0	-40,692,971	0.0
Total FY 2026-27	\$1,430,315,813	\$709,005,227	\$17,898,668	\$0	\$703,411,918	39.5
Changes from FY 2025-26	-\$50,611,583	-\$23,077,264	-\$2,206,555	\$0	-\$25,327,764	0.0
Percentage Change	-3.4%	-3.2%	-11.0%	n/a	-3.5%	0.0%
FY 2026-27 Executive Request	-\$10,266,965	-\$5,182,278	-\$36,390	\$0	-\$5,048,297	0.0
Staff Rec. Above/-Below Request	\$1,440,582,778	\$714,187,505	\$17,935,058	\$0	\$708,460,215	39.5

Line Item Detail – (A) Division of Intellectual and Developmental Disabilities

(1) Administrative Costs

Personal Services

This line item funds the Department’s expenditures for FTE and temporary staff who manage services for people with intellectual and developmental disabilities. It was created as a part of H.B. 13-1314 (Transfer Developmental Disabilities to HCPF), which transferred the administration of long-term services for persons with intellectual and developmental disabilities from the Department of Human Services to the Department of Health Care Policy and Financing. Allocated POTS for the FTE, including salary survey; merit pay; health, life, dental; short-term disability; and amortization and supplemental amortization equalization disbursements are paid through the Executive Director’s Office General Administration POTS appropriations.

Statutory Authority: Section 25.5-10-101, C.R.S.

Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities, Administrative Costs, Personal Services

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
FY 2025-26 Appropriation	\$3,469,613	\$1,858,480	\$0	\$0	\$1,611,133	39.5
Total FY 2025-26	\$3,469,613	\$1,858,480	\$0	\$0	\$1,611,133	39.5
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$3,469,613	\$1,858,480	\$0	\$0	\$1,611,133	39.5
Administration	0	0	0	0	0	0.0
Total FY 2026-27	\$3,469,613	\$1,858,480	\$0	\$0	\$1,611,133	39.5
Changes from FY 2025-26	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	0.0%	0.0%	n/a	n/a	0.0%	0.0%
FY 2026-27 Executive Request	\$0	\$0	\$0	\$0	\$0	0.0
Staff Rec. Above/-Below Request	\$3,469,613	\$1,858,480	\$0	\$0	\$1,611,133	39.5

Operating Expenses

This line item provides for most of the non-personal services costs of the office, including telephones, computers, office furniture, and employees supplies. It supports a number of annual costs such as in- and out-of-state travel, records storage, postage costs, and subscriptions to federal publications.

Statutory Authority: Section 25.5-10-101, C.R.S.

**Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities,
Administrative Costs, Operating Expenses**

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
FY 2025-26 Appropriation	\$281,510	\$164,636	\$0	\$0	\$116,874	0.0
Total FY 2025-26	\$281,510	\$164,636	\$0	\$0	\$116,874	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$281,510	\$164,636	\$0	\$0	\$116,874	0.0
Administration	0	0	0	0	0	0.0
Total FY 2026-27	\$281,510	\$164,636	\$0	\$0	\$116,874	0.0
Changes from FY 2025-26	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	0.0%	0.0%	n/a	n/a	0.0%	n/a
FY 2026-27 Executive Request	\$0	\$0	\$0	\$0	\$0	0.0
Staff Rec. Above/-Below Request	\$281,510	\$164,636	\$0	\$0	\$116,874	0.0

Community and Contract Management System

This line item funds licensing, reporting functions, and some limited information technology support for the Community and Contract Management System (CCMS) that is used to track client demographics and waiting list information and to bill for services for people with intellectual and developmental disabilities. CCMS is used for the purpose of authorizing and billing for services for state funded programs, including the Family Support Services Program and State Supported Living Services.

**Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities,
Administrative Costs, Community and Contract Management System**

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
FY 2025-26 Appropriation	\$137,480	\$89,362	\$0	\$0	\$48,118	0.0
Total FY 2025-26	\$137,480	\$89,362	\$0	\$0	\$48,118	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$137,480	\$89,362	\$0	\$0	\$48,118	0.0
Administration	0	0	0	0	0	0.0
Total FY 2026-27	\$137,480	\$89,362	\$0	\$0	\$48,118	0.0
Changes from FY 2025-26	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	0.0%	0.0%	n/a	n/a	0.0%	n/a
FY 2026-27 Executive Request	\$0	\$0	\$0	\$0	\$0	0.0
Staff Rec. Above/-Below Request	\$137,480	\$89,362	\$0	\$0	\$48,118	0.0

Support Level Administration

This line item funds the ongoing costs associated with the administration of support level determination, including the Supports Intensity Scale (SIS), a tool that is used to determine the needs and authorize funding for individuals with developmental disabilities receiving Home and Community Based Waiver Services through the Supported Living Services or Comprehensive waiver. In addition, to the SIS, two external factors, including *danger to self* and *community safety risk*, are considered when determining an individual’s support level.

Statutory Authority: Section 25.5-10-204, C.R.S.

Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities, Administrative Costs, Support Level Administration

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
FY 2025-26 Appropriation	\$58,350	\$28,920	\$255	\$0	\$29,175	0.0
Total FY 2025-26	\$58,350	\$28,920	\$255	\$0	\$29,175	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$58,350	\$28,920	\$255	\$0	\$29,175	0.0
Administration	0	0	0	0	0	0.0
Total FY 2026-27	\$58,350	\$28,920	\$255	\$0	\$29,175	0.0
Changes from FY 2025-26	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	0.0%	0.0%	0.0%	n/a	0.0%	n/a
FY 2026-27 Executive Request	\$0	\$0	\$0	\$0	\$0	0.0
Staff Rec. Above/-Below Request	\$58,350	\$28,920	\$255	\$0	\$29,175	0.0

(2) Medicaid Programs

Adult Comprehensive Services

This line item funds the costs of the adult Comprehensive Home and Community Based Services Waiver. Through this waiver, services are provided to individuals who require extensive supports to live safely in the community including day habilitation, prevocational services, residential habilitation, supported employment, dental and vision services, behavioral services, non-medical transportation, and specialized medical equipment and supplies.

Statutory Authority: Sections 25.5-6-401 through 412 and 25.5-10-206, C.R.S.

Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities, Medicaid Programs, Adult Comprehensive Services

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation	\$969,544,678	\$483,186,837	\$1,585,502	\$0	\$484,772,339	0.0
Long Bill Supplemental	-4,908,631	-2,454,325	9	0	-2,454,315	0.0
Total FY 2025-26	\$964,636,047	\$480,732,512	\$1,585,511	\$0	\$482,318,024	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$964,636,047	\$480,732,512	\$1,585,511	\$0	\$482,318,024	0.0
Medical forecast	34,514,197	17,253,874	3,225	0	17,257,098	0.0
Prior year actions	245,366	120,740	1,943	0	122,683	0.0
Administration	0	0	0	0	0	0.0
Provider rates	0	0	0	0	0	0.0
Eligibility & benefit changes	-34,673,658	-17,336,827	0	0	-17,336,831	0.0
Continuation of supplemental actions	-10,687,910	-4,719,687	-624,268	0	-5,343,955	0.0
Total FY 2026-27	\$954,034,042	\$476,050,612	\$966,411	\$0	\$477,017,019	0.0
Changes from FY 2025-26	-\$10,602,005	-\$4,681,900	-\$619,100	\$0	-\$5,301,005	0.0
Percentage Change	-1.1%	-1.0%	-39.0%	n/a	-1.1%	n/a
FY 2026-27 Executive Request	-\$7,013,603	-\$3,495,803	-\$10,993	\$0	-\$3,506,807	0.0
Staff Rec. Above/-Below Request	\$961,047,645	\$479,546,415	\$977,404	\$0	\$480,523,826	0.0

Adult Supported Living Services

This line item funds the costs of adult supported living services provided through the Home and Community Based Services Supported Living Services waiver. This waiver provides supported living services in the home or community to persons with intellectual and developmental disabilities. Services include: day habilitation, homemaker, personal care, respite, supported employment, dental and vision services, assistive technology, behavioral services, home accessibility adaptation, mentorship, non-medical transportation, personal emergency response systems, professional therapeutic services, specialized medical equipment and supplies, and vehicle modification. These waiver services are intended to be flexible and individualized based on the needs of each individual and may help avoid or delay the individual's need for services through the comprehensive waiver.

Statutory Authority: Sections 25.5-6-401 through 412 and 25.5-10-206, C.R.S.

Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities, Medicaid Programs, Adult Supported Living Services

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
FY 2025-26 Appropriation	\$107,263,637	\$41,201,637	\$12,443,949	\$0	\$53,618,051	0.0
Long Bill Supplemental	\$2,655,000	\$1,828,711	-\$501,212	\$0	\$1,327,501	0.0
Total FY 2025-26	\$109,918,637	\$43,030,348	\$11,942,737	\$0	\$54,945,552	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$109,918,637	\$43,030,348	\$11,942,737	\$0	\$54,945,552	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Prior year actions	1,723,477	684,996	17,400	0	1,021,081	0.0
Administration	0	0	0	0	0	0.0
Eligibility & benefit changes	0	0	0	0	0	0.0
Provider rates	0	0	0	0	0	0.0
Medical forecast	-13,018,987	-6,456,585	106,435	0	-6,668,837	0.0
Continuation of supplemental actions	-649,576	-243,703	-74,345	0	-331,528	0.0
Total FY 2026-27	\$97,973,551	\$37,015,056	\$11,992,227	\$0	\$48,966,268	0.0
Changes from FY 2025-26	-\$11,945,086	-\$6,015,292	\$49,490	\$0	-\$5,979,284	0.0
Percentage Change	-10.9%	-14.0%	0.4%	n/a	-10.9%	n/a
FY 2026-27 Executive Request	-\$700,170	-\$263,063	-\$87,022	\$0	-\$350,085	0.0
Staff Rec. Above/-Below Request	\$98,673,721	\$37,278,119	\$12,079,249	\$0	\$49,316,353	0.0

Children's Extensive Support Services

This line item funds the costs of children's extensive support services waiver which provides services to families and their children with developmental disabilities whose behavior and/or medical condition require constant supervision, and who are at high risk of out-of-home placements. The services provided through this waiver enable the child to remain in the family home and include: homemaker services, respite, vision care, adapted and therapeutic recreation equipment, equipment and supplies, vehicle modifications, and parent education.

Statutory Authority: Sections 25.5-6-401 through 412 and 25.5-10-206, C.R.S.

Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities, Medicaid Programs, Children's Extensive Support Services

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
FY 2025-26 Appropriation	\$148,787,890	\$74,407,660	\$0	\$0	\$74,380,230	0.0
Long Bill Supplemental	\$19,861,182	\$9,930,590	\$0	\$0	\$9,930,592	0.0
Total FY 2025-26	\$168,649,072	\$84,338,250	\$0	\$0	\$84,310,822	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$168,649,072	\$84,338,250	\$0	\$0	\$84,310,822	0.0
Medical forecast	4,215,767	2,114,473	0	0	2,101,294	0.0
Administration	0	0	0	0	0	0.0
Provider rates	0	0	0	0	0	0.0
Continuation of supplemental actions	-47,054,148	-23,519,358	0	0	-23,534,790	0.0
Eligibility & benefit changes	-7,488,468	-3,744,234	0	0	-3,744,234	0.0
Prior year actions	-72,427	-42,802	0	0	-29,625	0.0
Total FY 2026-27	\$118,249,796	\$59,146,329	\$0	\$0	\$59,103,467	0.0
Changes from FY 2025-26	-\$50,399,276	-\$25,191,921	\$0	\$0	-\$25,207,355	0.0
Percentage Change	-29.9%	-29.9%	n/a	n/a	-29.9%	n/a

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2026-27 Executive Request	-\$1,296,804	-\$648,401	\$0	\$0	-\$648,403	0.0
Staff Rec. Above/-Below Request	\$119,546,600	\$59,794,730	\$0	\$0	\$59,751,870	0.0

Children’s Habilitation Residential Program

This line item funds residential services and supports for children and youth from birth to 21 years of age. Services include: self-advocacy training, independent living training, cognitive services, communication services, counseling and therapeutic services, personal care services, emergency assistance training, community connection training, travel services, supervision services, and respite services.

Statutory Authority: Sections 25.5-6-401 through 412 and 25.5-10-206, C.R.S.

Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities, Medicaid Programs, Children's Habilitation Residential Program

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
FY 2025-26 Appropriation	\$38,368,867	\$19,183,106	\$1,327	\$0	\$19,184,434	0.0
Long Bill Supplemental	\$2,004,138	\$1,002,069	\$0	\$0	\$1,002,069	0.0
Total FY 2025-26	\$40,373,005	\$20,185,175	\$1,327	\$0	\$20,186,503	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$40,373,005	\$20,185,175	\$1,327	\$0	\$20,186,503	0.0
Medical forecast	11,281,212	5,640,652	0	0	5,640,560	0.0
Administration	0	0	0	0	0	0.0
Provider rates	0	0	0	0	0	0.0
Continuation of supplemental actions	-163,607	-81,797	-7	0	-81,803	0.0
Prior year actions	-124,571	-62,334	2	0	-62,239	0.0
Eligibility & benefit changes	-52,788	-26,394	0	0	-26,394	0.0
Total FY 2026-27	\$51,313,251	\$25,655,302	\$1,322	\$0	\$25,656,627	0.0
Changes from FY 2025-26	\$10,940,246	\$5,470,127	-\$5	\$0	\$5,470,124	0.0
Percentage Change	27.1%	27.1%	-0.4%	n/a	27.1%	n/a
FY 2026-27 Executive Request						
FY 2026-27 Executive Request	-\$345,662	-\$172,822	-\$9	\$0	-\$172,831	0.0
Staff Rec. Above/-Below Request	\$51,658,913	\$25,828,124	\$1,331	\$0	\$25,829,458	0.0

Children’s Habilitation Residential Program

This line item funds case management for utilizers of the Department's long term care programs. In FY 2023-24, to implement conflict free case management, the case management duties are transferring from 20 Community Centered Boards that serve people with intellectual and developmental disabilities and from 24 Single Entry Points that serve all other utilizers of long-term care to 15 case management agencies.

Statutory Authority: Sections 25.5-6-401 through 412 and 25.5-10-206, C.R.S.

Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities, Medicaid Programs, Case Management for People with IDD

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
FY 2025-26 Appropriation	\$166,577,105	\$77,297,260	\$6,575,393	\$0	\$82,704,452	0.0
Long Bill Supplemental	\$4,938,058	\$2,469,029	\$0	\$0	\$2,469,029	0.0
Total FY 2025-26	\$171,515,163	\$79,766,289	\$6,575,393	\$0	\$85,173,481	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$171,515,163	\$79,766,289	\$6,575,393	\$0	\$85,173,481	0.0
Medical forecast	23,994,584	13,768,744	-1,712,409	0	11,938,249	0.0
Prior year actions	308,015	148,751	6,058	0	153,206	0.0
Provider rates	0	0	0	0	0	0.0
Administration	-12,043,455	-6,122,023	95,294	0	-6,016,726	0.0
Continuation of supplemental actions	-776,792	-365,936	-25,883	0	-384,973	0.0
Total FY 2026-27	\$182,997,515	\$87,195,825	\$4,938,453	\$0	\$90,863,237	0.0
Changes from FY 2025-26	\$11,482,352	\$7,429,536	-\$1,636,940	\$0	\$5,689,756	0.0
Percentage Change	6.7%	9.3%	-24.9%	n/a	6.7%	n/a
FY 2026-27 Executive Request	-\$759,249	-\$450,712	\$61,634	\$0	-\$370,171	0.0
Staff Rec. Above/-Below Request	\$183,756,764	\$87,646,537	\$4,876,819	\$0	\$91,233,408	0.0

(2) State-only Programs

State Supported Living Services

This line item funds the costs of adult supported living services for individuals who do not qualify for Medicaid. The program provides supported living services in the home or community to persons with intellectual and developmental disabilities, including: day habilitation, homemaker, personal care, respite, supported employment, dental and vision services, assistive technology, behavioral services, home accessibility adaptation, mentorship, non-medical transportation, personal emergency response systems, professional therapeutic services, specialized medical equipment and supplies, and vehicle modification.

Statutory Authority: Sections 25.5-6-401 through 412 and 25.5-10-206, C.R.S.

Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities, State-only Programs, State Supported Living Services

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
FY 2025-26 Appropriation	\$5,318,732	\$5,318,732	\$0	\$0	\$0	0.0
Total FY 2025-26	\$5,318,732	\$5,318,732	\$0	\$0	\$0	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$5,318,732	\$5,318,732	\$0	\$0	\$0	0.0
Prior year actions	6,520	6,520	0	0	0	0.0
Administration	0	0	0	0	0	0.0
Provider rates	0	0	0	0	0	0.0
Continuation of supplemental actions	-27,858	-27,858	0	0	0	0.0
Total FY 2026-27	\$5,297,394	\$5,297,394	\$0	\$0	\$0	0.0
Changes from FY 2025-26	-\$21,338	-\$21,338	\$0	\$0	\$0	0.0
Percentage Change	-0.4%	-0.4%	n/a	n/a	n/a	n/a
FY 2026-27 Executive Request	-\$36,808	-\$36,808	\$0	\$0	\$0	0.0
Staff Rec. Above/-Below Request	\$5,334,202	\$5,334,202	\$0	\$0	\$0	0.0

State Supported Living Services Case Management

This line item funds the 15 case management agencies that administer the supports intensity scale and provide case management, utilization review, and quality assurance. Case management is provided for the State Supported Living Services delivery option, the State Supported Family Support Services Program, and the Family Support Loan Fund. Services are delivered through community providers and two state-operated regional centers.

Statutory Authority: Sections 25.5-6-401 through 412 and 25.5-10-206, C.R.S.

Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities, State-only Programs, State Supported Living Services Case Management

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
FY 2025-26 Appropriation	\$5,183,056	\$5,183,056	\$0	\$0	\$0	0.0
Total FY 2025-26	\$5,183,056	\$5,183,056	\$0	\$0	\$0	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$5,183,056	\$5,183,056	\$0	\$0	\$0	0.0
Prior year actions	6,354	6,354	0	0	0	0.0
Administration	0	0	0	0	0	0.0
Provider rates	0	0	0	0	0	0.0
Continuation of supplemental actions	-27,148	-27,148	0	0	0	0.0
Total FY 2026-27	\$5,162,262	\$5,162,262	\$0	\$0	\$0	0.0
Changes from FY 2025-26	-\$20,794	-\$20,794	\$0	\$0	\$0	0.0
Percentage Change	-0.4%	-0.4%	n/a	n/a	n/a	n/a
FY 2026-27 Executive Request	-\$35,869	-\$35,869	\$0	\$0	\$0	0.0
Staff Rec. Above/-Below Request	\$5,198,131	\$5,198,131	\$0	\$0	\$0	0.0

Family Support Services

This line item provides financial support for families who have children, including adult children, with developmental disabilities or delays with costs that are beyond those normally experienced by other families. The intent of this funding is to provide supports that help reduce the likelihood of out-of-home placements. Services include: medical and dental expenses, additional insurance expenses, respite care and child care, special equipment, home or vehicle modifications or repairs, family counseling and support groups, recreation and leisure needs, transportation, and homemaker services.

Statutory Authority: Section 25.5-10-303 (1), C.R.S.

Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities, State-only Programs, Family Support Services

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
FY 2025-26 Appropriation	\$11,315,225	\$11,315,225	\$0	\$0	\$0	0.0
Total FY 2025-26	\$11,315,225	\$11,315,225	\$0	\$0	\$0	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$11,315,225	\$11,315,225	\$0	\$0	\$0	0.0
Prior year actions	13,871	13,871	0	0	0	0.0
Administration	0	0	0	0	0	0.0
Provider rates	0	0	0	0	0	0.0
Continuation of supplemental actions	-59,266	-59,266	0	0	0	0.0
Total FY 2026-27	\$11,269,830	\$11,269,830	\$0	\$0	\$0	0.0
Changes from FY 2025-26	-\$45,395	-\$45,395	\$0	\$0	\$0	0.0
Percentage Change	-0.4%	-0.4%	n/a	n/a	n/a	n/a
FY 2026-27 Executive Request	-\$78,305	-\$78,305	\$0	\$0	\$0	0.0
Staff Rec. Above/-Below Request	\$11,348,135	\$11,348,135	\$0	\$0	\$0	0.0

Preventive Dental Hygiene

This line item provides funding for the Preventive Dental Hygiene Program administered by a contract with the Colorado Foundation of Dentistry for the Handicapped. The program is designed to improve oral hygiene in persons with developmental disabilities in order to prevent dental disease. Funding also supports outreach services to match individuals needing care with dentists willing to provide pro-bono dental care. Medicaid eligible children may receive dental screening through the federal Early and Periodic, Screening, Diagnosis and Treatment Program; however, Colorado does not offer adult dental care through Medicaid.

Statutory Authority: Section 25.5-10-220, C.R.S.

Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities, State-only Programs, Preventive Dental Hygiene

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
FY 2025-26 Appropriation	\$71,506	\$71,506	\$0	\$0	\$0	0.0
Total FY 2025-26	\$71,506	\$71,506	\$0	\$0	\$0	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$71,506	\$71,506	\$0	\$0	\$0	0.0
Prior year actions	88	88	0	0	0	0.0
Administration	0	0	0	0	0	0.0
Provider rates	0	0	0	0	0	0.0
Continuation of supplemental actions	-375	-375	0	0	0	0.0
Total FY 2026-27	\$71,219	\$71,219	\$0	\$0	\$0	0.0
Changes from FY 2025-26	-\$287	-\$287	\$0	\$0	\$0	0.0
Percentage Change	-0.4%	-0.4%	n/a	n/a	n/a	n/a
FY 2026-27 Executive Request	-\$495	-\$495	\$0	\$0	\$0	0.0
Staff Rec. Above/-Below Request	\$71,714	\$71,714	\$0	\$0	\$0	0.0

(7) Transfers to Other State Department Medicaid-Funded Programs (5 line items)

Division (7) within the Department of Health Care Policy and Financing (HCPF) includes Medicaid funds appropriated for programs administered by the Department of Human Services (DHS). The five line items in the section of this document, which appear in the Long Bill in HCPF Section (7), are addressed this document.

Line Item Detail – (C) Human Services

(3) Office of Economic Security

Administration

This line item reflects the amount of Medicaid funds appropriated to support the administrative items within the Office of Economic Security related to county administration of public assistance programs.

Statutory Authority: Sections 26-1-201 (d)(v)(w), C.R.S.

Staff Recommendation: Staff requests permission to adjust these line items based on the Committee’s actions in the Department of Human Services.

Transfers to Other State Department Medicaid-Funded Programs, Human Services, Office of Economic Security, Administration

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
FY 2025-26 Appropriation	\$240,000	\$72,180	\$47,820	\$0	\$120,000	0.0
Total FY 2025-26	\$240,000	\$72,180	\$47,820	\$0	\$120,000	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$240,000	\$72,180	\$47,820	\$0	\$120,000	0.0
Impacts driven by other agencies	0	0	0	0	0	0.0
Total FY 2026-27	\$240,000	\$72,180	\$47,820	\$0	\$120,000	0.0
Changes from FY 2025-26	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	0.0%	0.0%	0.0%	n/a	0.0%	n/a
FY 2026-27 Executive Request	\$80,000	\$24,180	\$15,820	\$0	\$40,000	0.0
Staff Rec. Above/-Below Request	\$160,000	\$48,000	\$32,000	\$0	\$80,000	0.0

Systemic Alien Verification for Eligibility

This line item reflects the amount of Medicaid funds appropriated to support the state's interface with the federal alien verification database, which serves all programs for which citizenship or legal residence is a requirement. The federal Deficit Reduction Act of 2005 required that applicants for public assistance programs be verified as United States citizens or as legal immigrants. The Departments of Health Care Policy and Financing and Human Services verify the names and legal status of applicants for public assistance through use of the federal Systematic Alien Verification for Eligibility (SAVE) system. This line item supports the state's interface with this database. These funds are reflected as reappropriated funds in the Long Bill in the Department of Human Services, Office of Self Sufficiency, (C) Special Purpose Welfare, Systematic Alien Verification for Eligibility line item.

Statutory Authority: Immigration Reform and Control Act of 1986

Staff Recommendation: Staff requests permission to adjust these line items based on the Committee's actions in the Department of Human Services.

Transfers to Other State Department Medicaid-Funded Programs, Human Services, Office of Economic Security, Systemic Alien Verification for Eligibility

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
FY 2025-26 Appropriation	\$116,804	\$58,403	\$0	\$0	\$58,401	0.0
Total FY 2025-26	\$116,804	\$58,403	\$0	\$0	\$58,401	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$116,804	\$58,403	\$0	\$0	\$58,401	0.0
Impacts driven by other agencies	40,927	20,463	0	0	20,464	0.0
Total FY 2026-27	\$157,731	\$78,866	\$0	\$0	\$78,865	0.0
Changes from FY 2025-26	\$40,927	\$20,463	\$0	\$0	\$20,464	0.0
Percentage Change	35.0%	35.0%	n/a	n/a	35.0%	n/a
FY 2026-27 Executive Request	\$157,731	\$78,866	\$0	\$0	\$78,865	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

(6) Office of Adults, Aging, and Disability Services

Administration

This line item reflects the amount of Medicaid funds appropriated to support the administrative items within the Office of Adults, Aging, and Disability Services related to the Regional Centers and community services for the elderly

Statutory Authority: Sections 26-1-201 (d)(e)(s)(u)(y), C.R.S.

Staff Recommendation: Staff requests permission to adjust these line items based on the Committee's actions in the Department of Human Services.

Transfers to Other State Department Medicaid-Funded Programs, Human Services, Office of Adults, Aging, and Disability Services, Administration

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
FY 2025-26 Appropriation	\$503,562	\$251,781	\$0	\$0	\$251,781	0.0
Total FY 2025-26	\$503,562	\$251,781	\$0	\$0	\$251,781	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$503,562	\$251,781	\$0	\$0	\$251,781	0.0
Total FY 2026-27	\$503,562	\$251,781	\$0	\$0	\$251,781	0.0
Percentage Change	0.0%	0.0%	n/a	n/a	0.0%	n/a
FY 2026-27 Executive Request	\$503,562	\$251,781	\$0	\$0	\$251,781	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Regional Centers for People with Developmental Disabilities

The state operates three regional centers that provide direct support for adults with developmental disabilities. These are individuals who have significant needs and for whom adequate services and support are not available in the private and non-profit systems to safely meet their needs. The regional centers are located in Grand Junction, Pueblo, and Wheat Ridge. Regional centers serve adults in community group homes that provide services for between four and eight people. The majority of regional center beds are operated under the same comprehensive Home and Community Based waiver program that supports most community-based residential services. The regional center campuses also house Intermediate Care Facilities for persons with intellectual disabilities. The department provides funding for personal services, operating expenses, capital outlay for patient needs, leased space, residential incentive allowance, and the purchase of services.

Statutory Authority: Sections 25.5-6-101 through 1206, 25.5-10-224, 27-10.5-118, and 27-10.5-301 through 307, C.R.S.

Staff Recommendation: Staff requests permission to adjust these line items based on the Committee’s actions in the Department of Human Services.

Transfers to Other State Department Medicaid-Funded Programs, Human Services, Office of Adults, Aging, and Disability Services, Regional Centers for People with Developmental Disabilities

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
FY 2025-26 Appropriation	\$59,760,345	\$27,991,270	\$1,888,903	\$0	\$29,880,172	0.0
Total FY 2025-26	\$59,760,345	\$27,991,270	\$1,888,903	\$0	\$29,880,172	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$59,760,345	\$27,991,270	\$1,888,903	\$0	\$29,880,172	0.0
Impacts driven by other agencies	1,083,319	541,660	0	0	541,659	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Total FY 2026-27	\$60,843,664	\$28,532,930	\$1,888,903	\$0	\$30,421,831	0.0
Changes from FY 2025-26	\$1,083,319	\$541,660	\$0	\$0	\$541,659	0.0
Percentage Change	1.8%	1.9%	0.0%	n/a	1.8%	n/a
FY 2026-27 Executive Request	\$60,843,664	\$28,532,930	\$1,888,903	\$0	\$30,421,831	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Community Services for the Elderly

This line item reflects the amount of federal Medicaid funds appropriated to the State Ombudsman Program, including the PACE Ombudsman program, Senior Services, and the Area Agencies on Aging. These funds are reflected as reappropriated funds in the Long Bill in the Department of Human Services, Office of Adults, Aging, and Disability Services, Community Services for the Elderly, State Ombudsman Program line item and State Funding for Senior Services line item.

Statutory Authority: State Ombudsman Program, Sections 26-11.5-101 et seq., C.R.S.; State Funding for Senior Services and Area Agencies on Aging, Sections 26-11 et seq., C.R.S.

Staff Recommendation: Staff requests permission to adjust these line items based on the Committee's actions in the Department of Human Services.

Transfers to Other State Department Medicaid-Funded Programs, Human Services, Office of Adults, Aging, and Disability Services, Community Services for the Elderly

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
FY 2025-26 Appropriation	\$1,001,800	\$500,900	\$0	\$0	\$500,900	0.0
Total FY 2025-26	\$1,001,800	\$500,900	\$0	\$0	\$500,900	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$1,001,800	\$500,900	\$0	\$0	\$500,900	0.0
Total FY 2026-27	\$1,001,800	\$500,900	\$0	\$0	\$500,900	0.0
Percentage Change	0.0%	0.0%	n/a	n/a	0.0%	n/a
FY 2026-27 Executive Request	\$1,001,800	\$500,900	\$0	\$0	\$500,900	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Long Bill Footnotes and Requests for Information

Long Bill Footnotes

Staff recommends **CONTINUING** the following footnote:

N Department of Health Care Policy and Financing, Office of Community Living, Division of Intellectual and Developmental Disabilities, Medicaid Programs -- It is the General Assembly's intent that expenditures for these services be recorded only against the Long Bill group total for Medicaid Programs.

Comment: This long-standing footnote provides flexibility for the Department to move money between line items within the Office of Community Living.

N Department of Health Care Policy and Financing, Office of Community Living, Division of Intellectual and Developmental Disabilities, State-only Programs -- It is the General Assembly's intent that expenditures for these services be recorded only against the Long Bill group total for State-only Programs.

Comment: This footnote provides flexibility for the Department to move money between line items within the Office of Community Living. The Department is complying with the footnote.

N Department of Health Care Policy and Financing, Office of Community Living, Division of Intellectual and Developmental Disabilities, State-only Programs, Preventive Dental Hygiene - It is the General Assembly's intent that this appropriation be used to provide special dental services for persons with intellectual and developmental disabilities.

Comment: This footnote explains the purpose of the appropriation to provide special dental services for persons with intellectual and developmental disabilities. The Department is complying with the footnote.

Requests For Information

Staff recommends an RFI asking for an accounting of Medicaid funding in the Department of Local Affairs. However, as alluded to in staff's *BA10 DOJ housing vouchers* staff write-up, draft language for this RFI is pending.

Appendix A: Numbers Pages

Appendix A details the actual expenditures for the last two state fiscal years, the appropriation for the current fiscal year, the requested appropriation for next fiscal year, and the staff recommendation. Appendix A organizes this information by line item and fund source.

JBC Staff Figure Setting - FY 2026-27
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
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DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
Kim Bimestefer, Executive Director

(4) OFFICE OF COMMUNITY LIVING

(A) Division for Individuals with Intellectual and Developmental Disabilities

(i) Administrative Costs

Personal Services	<u>3,469,613</u>	<u>3,469,613</u>	<u>3,469,613</u>	<u>0</u>	<u>3,469,613</u> *
FTE	39.3	41.5	39.5	0.0	39.5
General Fund	1,858,480	1,858,480	1,858,480	0	1,858,480
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	1,611,133	1,611,133	1,611,133	0	1,611,133
Operating Expenses	<u>151,897</u>	<u>253,680</u>	<u>281,510</u>	<u>0</u>	<u>281,510</u> *
General Fund	75,948	202,136	164,636	0	164,636
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	75,949	51,544	116,874	0	116,874
Community and Contract Management System	<u>65,743</u>	<u>0</u>	<u>137,480</u>	<u>0</u>	<u>137,480</u> *
General Fund	32,871	0	89,362	0	89,362
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	32,872	0	48,118	0	48,118

JBC Staff Figure Setting - FY 2026-27
Staff Working Document - Does Not Represent Committee Decision

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
Support Level Administration	58,350	58,350	58,350	0	58,350 *
General Fund	28,920	28,920	28,920	0	28,920
Cash Funds	255	255	255	0	255
Reappropriated Funds	0	0	0	0	0
Federal Funds	29,175	29,175	29,175	0	29,175
SUBTOTAL - (i) Administrative Costs	3,745,603	3,781,643	3,946,953	0	3,946,953
<i>FTE</i>	<u>39.3</u>	<u>41.5</u>	<u>39.5</u>	<u>0.0</u>	<u>39.5</u>
General Fund	1,996,219	2,089,536	2,141,398	0	2,141,398
Cash Funds	255	255	255	0	255
Reappropriated Funds	0	0	0	0	0
Federal Funds	1,749,129	1,691,852	1,805,300	0	1,805,300
Medicaid Programs					
Adult Comprehensive Waiver Services	<u>755,547,913</u>	<u>921,442,636</u>	<u>964,636,047</u>	<u>(7,013,603)</u>	<u>954,034,042</u> *
General Fund	369,480,850	444,252,759	480,732,512	(3,495,803)	476,050,612
Cash Funds	6,388,274	13,706,609	1,585,511	(10,993)	966,411
Reappropriated Funds	0	0	0	0	0
Federal Funds	379,678,789	463,483,268	482,318,024	(3,506,807)	477,017,019
Adult Supported Living Waiver Services	<u>90,499,263</u>	<u>113,944,257</u>	<u>109,918,637</u>	<u>(700,170)</u>	<u>97,973,551</u> *
General Fund	34,458,327	43,965,673	43,030,348	(263,063)	37,015,056
Cash Funds	9,486,360	12,391,494	11,942,737	(87,022)	11,992,227
Reappropriated Funds	0	0	0	0	0
Federal Funds	46,554,576	57,587,090	54,945,552	(350,085)	48,966,268

JBC Staff Figure Setting - FY 2026-27
Staff Working Document - Does Not Represent Committee Decision

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
Children's Extensive Support Services	<u>76,703,034</u>	<u>142,581,791</u>	<u>168,649,072</u>	<u>(1,296,804)</u>	<u>118,249,796</u> *
General Fund	37,666,925	70,634,623	84,338,250	(648,401)	59,146,329
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	39,036,109	71,947,168	84,310,822	(648,403)	59,103,467
Children's Habilitation Residential Program	<u>14,430,139</u>	<u>24,562,757</u>	<u>40,373,005</u>	<u>(345,662)</u>	<u>51,313,251</u> *
General Fund	7,079,937	12,104,032	20,185,175	(172,822)	25,655,302
Cash Funds	1,171	120,362	1,327	(9)	1,322
Reappropriated Funds	0	0	0	0	0
Federal Funds	7,349,031	12,338,363	20,186,503	(172,831)	25,656,627
Case Management for People with IDD	<u>110,074,949</u>	<u>142,075,488</u>	<u>171,515,163</u>	<u>(759,249)</u>	<u>182,997,515</u> *
General Fund	50,107,475	67,405,726	79,766,289	(450,712)	87,195,825
Cash Funds	5,020,810	5,976,685	6,575,393	61,634	4,938,453
Reappropriated Funds	0	0	0	0	0
Federal Funds	54,946,664	68,693,077	85,173,481	(370,171)	90,863,237
SUBTOTAL - Medicaid Programs	1,047,255,298	1,344,606,929	1,455,091,924	(10,115,488)	1,404,568,155
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	498,793,514	638,362,813	708,052,574	(5,030,801)	685,063,124
Cash Funds	20,896,615	32,195,150	20,104,968	(36,390)	17,898,413
Reappropriated Funds	0	0	0	0	0
Federal Funds	527,565,169	674,048,966	726,934,382	(5,048,297)	701,606,618

JBC Staff Figure Setting - FY 2026-27
Staff Working Document - Does Not Represent Committee Decision

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
State-only Programs					
Family Support Services Program	<u>10,885,327</u>	<u>9,936,117</u>	<u>11,315,225</u>	<u>(78,305)</u>	<u>11,269,830</u> *
General Fund	10,885,327	9,936,117	11,315,225	(78,305)	11,269,830
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>5,676,143</u>	<u>6,985,943</u>	<u>5,318,732</u>	<u>(36,808)</u>	<u>5,297,394</u> *
General Fund	5,676,143	6,985,943	5,318,732	(36,808)	5,297,394
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 Case Management	<u>4,568,635</u>	<u>4,770,504</u>	<u>5,183,056</u>	<u>(35,869)</u>	<u>5,162,262</u> *
General Fund	4,568,635	4,770,504	5,183,056	(35,869)	5,162,262
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>64,894</u>	<u>71,506</u>	<u>(495)</u>	<u>71,219</u> *
General Fund	64,894	64,894	71,506	(495)	71,219
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

JBC Staff Figure Setting - FY 2026-27
Staff Working Document - Does Not Represent Committee Decision

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
Supported Employment Provider and Certification					
Reimbursement	<u>176,100</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	176,100	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
SUBTOTAL - State-only Programs	21,371,099	21,757,458	21,888,519	(151,477)	21,800,705
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	21,371,099	21,757,458	21,888,519	(151,477)	21,800,705
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
TOTAL - (4) Office of Community Living	1,072,372,000	1,370,146,030	1,480,927,396	(10,266,965)	1,430,315,813
<i>FTE</i>	<u>39.3</u>	<u>41.5</u>	<u>39.5</u>	<u>0.0</u>	<u>39.5</u>
General Fund	522,160,832	662,209,807	732,082,491	(5,182,278)	709,005,227
Cash Funds	20,896,870	32,195,405	20,105,223	(36,390)	17,898,668
Reappropriated Funds	0	0	0	0	0
Federal Funds	529,314,298	675,740,818	728,739,682	(5,048,297)	703,411,918

JBC Staff Figure Setting - FY 2026-27
Staff Working Document - Does Not Represent Committee Decision

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
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(1) TRANSFERS TO OTHER STATE DEPARTMENT MEDICAID-FUNDED PROGRAMS

Primary functions: Provides all of the administrative, audit and oversight functions for the Department.

(D) Human Services

(III) Office of Economic Security

Administration	0	240,000	80,000	240,000	*
General Fund	0	72,180	24,180	72,180	
Cash Funds	0	47,820	15,820	47,820	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	120,000	40,000	120,000	
 Systemic Alien Verification for Eligibility	 67,422	 116,804	 157,731	 157,731	
General Fund	33,711	58,403	78,866	78,866	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	33,711	58,401	78,865	78,865	

SUBTOTAL - (III) Office of Economic Security	67,422	356,804	237,731	397,731	
FTE	0.0	0.0	0.0	0.0	
General Fund	33,711	130,583	103,046	151,046	
Cash Funds	0	47,820	15,820	47,820	
Reappropriated Funds	0	0	0	0	
Federal Funds	33,711	178,401	118,865	198,865	

JBC Staff Figure Setting - FY 2026-27
Staff Working Document - Does Not Represent Committee Decision

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
(VI) Office of Adults, Aging, and Disability Services					
Administration	<u>505,357</u>	<u>503,562</u>	<u>503,562</u>	<u>503,562</u>	
General Fund	252,678	251,781	251,781	251,781	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	252,679	251,781	251,781	251,781	
Regional Centers for People with Developmental					
Disabilities	<u>53,967,621</u>	<u>59,760,345</u>	<u>60,843,664</u>	<u>60,843,664</u>	*
General Fund	25,151,982	27,991,270	28,532,930	28,532,930	
Cash Funds	1,888,903	1,888,903	1,888,903	1,888,903	
Reappropriated Funds	0	0	0	0	
Federal Funds	26,926,736	29,880,172	30,421,831	30,421,831	
Community Services for the Elderly					
General Fund	<u>997,590</u>	<u>1,001,800</u>	<u>1,001,800</u>	<u>1,001,800</u>	
Cash Funds	498,795	500,900	500,900	500,900	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Federal Funds	498,795	500,900	500,900	500,900	
SUBTOTAL - (VI) Office of Adults, Aging, and Disability Services					
	55,470,568	61,265,707	62,349,026	62,349,026	
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
General Fund	25,903,455	28,743,951	29,285,611	29,285,611	
Cash Funds	1,888,903	1,888,903	1,888,903	1,888,903	
Reappropriated Funds	0	0	0	0	
Federal Funds	27,678,210	30,632,853	31,174,512	31,174,512	



Memorandum

To: Joint Budget Committee Members
 From: Tom Dermody, JBC Staff (303-866-4963)
 Date: March 12, 2026
 Subject: Dept. of Health Care Policy and Financing – FY 2026-27 OCL Figure Setting, Additional Budget Reduction Options

As part of staff budget briefings in November and December 2025, staff identified budget reduction options for each department that the JBC could consider in addition to or instead of the options presented in the budget request. **Items staff recommends and items that agencies have requested formally are addressed earlier in this packet.** Other items that could be considered, if needed to bring the budget into balance, are listed below.

A General Fund reduction of 5.0 percent to the sections of the budget covered in this briefing would require a reduction of \$35.0 million.

Additional Options for General Fund Relief

Option	General Fund	Other Funds	Bill? Y/N	Description
Revenue Enhancements				
None				
Subtotal - Revenue	\$0	\$0		
Expenditure Reductions				
5% OCL admin	-\$107,070	-\$90,278	N	Reduction to OCL administration based on FY 2025-26 appropriation
5% State-only programs	-\$1,106,134	\$0	N	Reduction to state-only programs based on FY 2025-26 appropriation
Transportation incentive	-360,000	-360,000	N	HB 22-1114 created incentive to increase non-medical transportation provider participation for persons enrolled in DD and SLS waivers
Service limits for job coaching and development	-575,233	-575,233	Y	SB 21-039 removed service limits for job coaching and development for persons enrolled in DD waiver
Skill and therapeutic respite services for CES and CHRP waivers	-\$1,769,429	-\$1,769,429	N	Remove services added in FY 2023-24 through budget action (FY 23-24 R10), build into forecasts
Subtotal - Expenditures	-\$3,342,633	-\$2,219,707		
Net General Fund Relief	\$3,342,633			

Revenue Enhancements

None.

Expenditure Reductions

5.0 percent Office of Community Living administration

Description: A \$0.1 million General Fund reduction to the administrative subdivision of the OCL Long Bill section.

Health/Life/Safety Impact: Low

Key Considerations: The reduction is based on the Office's FY 2025-26 enacted budget.

5.0 percent State-only programs

Description: A \$1.1 million General Fund reduction to the State-only Programs subdivision of the OCL Long Bill section.

Health/Life/Safety Impact: High

Key Considerations: The reduction is based on the Office's FY 2025-26 enacted budget.

Additional background: This Long Bill subdivision was created five years ago and is comprised of four line items. This subdivision is funded exclusively from the General Fund and a Long Bill footnote authorizes the transfer of appropriations between its line items to prevent overexpenditures. The appropriations support programs for individuals not eligible for Medicaid, those who do not meet Home- and Community-Based Services waiver target criteria, and those where the waiver is not able to fully meet their needs. The line items and their descriptions are below.

- **Family Support Services** - The Family Support Services line item provides financial support for families who have children, including adult children, with developmental disabilities or delays with costs that are beyond those normally experienced by other families. The intent of this funding is to provide supports that help reduce the likelihood of out-of-home placements. Services include: medical and dental expenses, additional insurance expenses, respite care and child care, special equipment, home or vehicle modifications or repairs, family counseling and support groups, recreation and leisure needs, transportation, and homemaker services.
- **State Supported Living Services** - This line item funds the costs of adult supported living services for individuals who do not qualify for Medicaid. The program provides supported living services in the home or community to persons with intellectual and developmental disabilities, including: day habilitation, homemaker, personal care, respite, supported employment, dental and vision services, assistive technology, behavioral services, home accessibility adaptation, mentorship, non-medical transportation, personal emergency response systems, professional therapeutic services, specialized medical equipment and supplies, and vehicle modification.
- **State Supporting Living Services Case Management** - This line item funds Case Management Agencies and Single Entry Points that administer the supports intensity scale and provide case management, utilization review, and quality assurance. Case management is provided for the State Supported Living Services delivery option, the State Supported Family Support Services Program, and the Family Support Loan Fund. Services are delivered through community providers and two state-operated regional centers.

Transportation incentive

Description: A \$0.4 million General Fund reduction to the funding for transportation services provided by transportation network companies.

Health/Life/Safety Impact: Low

Key Considerations: House Bill 22-1114 (Transportation Services for Medicaid Waiver Recipients) authorized the Department to seek federal approval for verified transportation network companies to provide non-medical transportation services for adult Medicaid waiver programs. Non-medical transportation is also provided by credentialed drivers, taxi services, mobility vans, and public transportation. The bill explicitly acknowledges this expansion of transportation services is subject to budget constraints, so legislation is not required for this relief option.

Services limits for job coaching and development

Description: A \$0.6 million General Fund reduction to reinstate service limits for job coaching and development for persons on the DD and SLS waivers.

Health/Life/Safety Impact: Medium

Key Considerations: Senate Bill 21-039 (Elimination of Subminimum Wage Employment) requires the Department to not place limits on access to job coaching and development services for individuals enrolled on the DD and SLS waivers. In order to reinstate these limits, legislation is required.

Skill and therapeutic respite services for CES and CHRP waivers

Description: A \$1.8 million General Fund reduction to remove skill and therapeutic respite service for the Children's Extensive Services and Children's Habilitation Residential Program waivers.

Health/Life/Safety Impact: Medium

Key Considerations: The expansion of services to provide access to skilled and therapeutic respite for the CES and CHRP waivers was funded through a FY 2023-24 budget request. The expansion sought to address a gap in respite care for families with high medical and behavioral needs children.



Memorandum

To: Joint Budget Committee Members
From: Tom Dermody, JBC Staff (303-866-4963)
Date: March 12, 2026
Subject: Dept. of Health Care Policy and Financing – FY 2026-27 Office of Community Living Figure Setting, RFI related to Medicaid transfers to Dept. of Local Affairs

Department of Health Care Policy and Financing; Department of Local Affairs – By November 1, 2026, the Departments are requested to provide a full accounting of Medicaid funds used to support programs in the Department of Local Affairs in FY 2025-26. The report should include, by program:

- The name of the Department of Local Affairs program, including the relevant statutory authority.
- The line item(s) in the Department of Local Affairs through which the program is funded.
- The Department of Health Care Policy and Financing program(s), service(s), or waiver(s) through which the Medicaid funding is provided.
- The line item(s) in the Department of Health Care Policy and Financing from which the Medicaid funding is provided.
- The amount of matching state funds provided for the program, specifying General Fund and cash fund sources, and the department providing those matching funds.
- The amount of Medicaid funding provided for the program.