Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1096: CO MEDICAID ACCESS TO PRIMARY CARE SERVICES

Prime Sponsors:
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Fiscal note status: This revised fiscal note reflects the reengrossed bill.

Summary Information

Overview. The bill prohibits the Department of Health Care Policy and Financing from denying Medicaid clients the ability to enter into direct primary care agreements.

Types of impacts. The bill is projected to affect the following areas in FY 2026-27 only:

- State Expenditures

Appropriations. For FY 2026-27, the bill requires an appropriation of $85,000 to the Department of Health Care Policy and Financing.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	$0	$0
State Expenditures	$85,000	$0
Transferred Funds	$0	$0
Change in TABOR Refunds	$0	$0
Change in State FTE	0.0 FTE	0.0 FTE

Fund sources for these impacts are shown in the table below.

Table 1A
State Expenditures

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	$42,500	$0
Cash Funds	$0	$0
Federal Funds	$42,500	$0
Centrally Appropriated	$0	$0
Total Expenditures	**$85,000**	**$0**
Total FTE	**0.0 FTE**	**0.0 FTE**

Summary of Legislation

The bill prohibits the Department of Health Care Policy and Financing (HCPF) from denying Medicaid clients the ability to enter into direct primary care (DPC) agreements. Providers entering DPC agreements with Medicaid clients are required to enroll in Medicaid as Ordering, Prescribing, or Referring (OPR) providers and are subject to disclosure and data reporting requirements. HCPF must include summarized data on DPC agreements in their annual SMART Act presentation.

Background

Direct Primary Care

The DPC model is an alternative to the insurance model of primary care coverage. Under the insurance model, patients pool the risk of medical costs with multiple patients by paying into an insurance program and then having medical providers bill their insurance company. Under the DPC model, individual patients enter into contracts directly with providers and pay a monthly or annual fee in exchange for a set of primary care services. DPC patients may also enter into insurance agreements to cover the cost of services or providers outside the DPC agreement, or they may assume the full cost of such services without insurance. The Colorado Health Institute published this DPC overview in June 2018.

Ordering, Prescribing, and Referring Providers

The Affordable Care Act (ACA) requires medical practitioners to enroll in Medicaid to order, prescribe, or refer items or services for Medicaid members. OPR providers are not full Medicaid providers and cannot submit claims to Medicaid, but they may write prescriptions that Medicaid-enrolled pharmacies may submit claims for.

Assumptions

Federal law prohibits full Medicaid providers from accepting payments directly from Medicaid clients for services that are covered by Medicaid.[1] Current Colorado law extends this prohibition to all providers.[2]

The fiscal note assumes that the bill creates an exception to this prohibition as allowed by federal law, effectively allowing non-Medicaid providers (enrolled OPR providers) to charge Medicaid clients for Medicaid-covered services via a DPC agreement.

State Expenditures

Department of Health Care Policy and Financing

The bill increases state expenditures in HCPF by $85,000 in FY 2026-27 only and may minimally impact Medicaid expenditures. These costs, split evenly between the General Fund and federal funds, are discussed below.

Reporting Requirements

The bill requires providers to submit data to HCPF and for HCPF to summarize this data in their annual SMART Act presentation. HCPF does not currently collect this type of data from OPR providers and therefore requires a one-time $85,000 contract to develop a data collection system.

Direct Primary Care Agreements

To the extent that Medicaid clients pay for services through DPC agreements that would otherwise be covered by Medicaid, expenditures in HCPF will decrease. If these payments result in increased complaints, administrative workload for HCPF will increase. Given that the bill places disclosure requirements on providers entering DPC agreements with Medicaid clients, the limited utilization of DPC agreements in the private market, and that the up-front costs of these agreements are expected to further limit utilization in the Medicaid-client market, the fiscal note assumes that these impacts will be minimal.

Additionally, HCPF may have increased workload to educate providers about the restrictions placed on direct primary care agreements through the bill and federal law.

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[1] 42 CFR § 447.15

[2] Section 25.5-4-301 (1)(a)(II), C.R.S.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

In FY 2026-27, the bill requires an appropriation of $42,500 General Fund and $42,500 in federal funds to the Department of Health Care Policy and Financing.

Departmental Difference

HCPF estimates that the bill requires 1.0 FTE, requiring an appropriation in FY 2026-27 of $77,331 bringing the total appropriation to $162,331, split evenly between the General Fund and federal funds. This estimate assumes that administrative workload will increase to ensure that DPC agreements comply with federal and state law and do not result in duplicative billing, regardless of how often DPC agreements are utilized. It also assumes the processing of additional provider and member questions and complaints related to coverage uncertainty. The fiscal note assumes these impacts will be minimal given the limited nature of DPC agreements.

State and Local Government Contacts

Health Care Policy and Financing