



# Fiscal Note

## Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

### SB 26-188: RESIDENTIAL TREATMENT FOR MEMBERS IN DHS CUSTODY

**Prime Sponsors:**

Sen. Amabile; Kirkmeyer  
Rep. Brown; Taggart

**Fiscal Analyst:**

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**Version:** Initial Fiscal Note  
**Date:** May 5, 2026

**Fiscal note status:** The fiscal note reflects the introduced note, which was recommended by the Joint Budget Committee.

### Summary Information

**Overview.** The bill requires the Department of Health Care Policy and Financing to transition select services into the managed care system.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- Local Government

**Appropriations.** No appropriation is required.

**Table 1  
State Fiscal Impacts**

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

Starting in FY 2027-28, the bill results in a net zero change in expenditures by eliminating a transfer of \$14.4 million from the Department of Health Care Policy and Financing to the Department of Human Services, and instead spending that same amount directly through the state’s Medicaid managed care program. See State Expenditures section for more detail.

## **Summary of Legislation**

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By July 1, 2027, the bill requires the Department of Health Care Policy and Financing (HCPF) to initiate the transition of services currently provided under Qualified Residential Treatment Programs (QRTP) and Psychiatric Residential Treatment Facilities (PRTF) into the managed care system for Medicaid members who are in the care and custody of a county department of human or social services.

The bill creates a steering committee, effective July 1, 2026, to support this transition and subjects HCPF to reporting requirements.

## **State Expenditures**

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Starting in FY 2027-28, the bill results in a net zero change in expenditures in HCPF by eliminating a transfer of \$14,383,230 from the Department of Health Care Policy and Financing to the Department of Human Services, and instead spending that same amount directly through the state's Medicaid managed care program. This amount split is equally between General Fund and federal funds.

Previously, QRTP and PRTF costs paid by county departments of human or social services were reimbursed by CDHS from a transfer of funds from HCPF. Under the bill, these costs will instead be paid through the behavioral health capitation payments under Medicaid. This change will shift funding between line items in HCPF, and reduce the expenditure of reappropriated funds in the CDHS. These funding adjustments will be made through the annual budget process for FY 2027-28.

Additionally, workload will minimally increase for HCPF convene and report on activities of the steering committee and for other state departments to serve on the committee.

## **Local Government**

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County departments of human or social services will have decreased costs, and a corresponding reduction in reimbursements from the CDHS, from shifting responsibility for QRTP and PRTF payments to HCPF.

## **Effective Date**

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The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## **State and Local Government Contacts**

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Health Care Policy and Financing

Human Services

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).