



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1432: HEALTH-CARE PAYMENT PROGRAMS

Prime Sponsors:

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Published for: House Health & Human Services**Drafting number:** LLS 26-0786**Version:** Initial Fiscal Note**Date:** May 7, 2026**Fiscal note status:** The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill requires the Department of Health Care Policy and Financing to discontinue an initiative that authorized performance-based penalties for hospitals receiving hospital provider fee distributions.

Types of impacts. The bill is projected to affect the following areas on a one-time basis:

- State Expenditures

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

Summary of Legislation

No longer than 10 days after the bill take effect, the bill requires the Department of Health Care Policy and Financing (HCPF) to withdraw and end implementation of State Plan Amendment (SPA) 24-0043, or any similar plan that authorizes penalties through performance-based reductions or redistributions of hospital supplemental medical assistance program payments under the Hospital Transformation Program in the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE). HCPF must notify the General Assembly after taking action.

The bill also prohibits HCPF from reducing, recouping, or redistributing hospital supplemental payments under that program unless the General Assembly authorizes this in the future.

Background

CHASE charges hospitals a Healthcare Affordability and Sustainability (HAS) fee to draw additional federal funds, which are used to fund health coverage for certain Medicaid and CHP+ populations and to make supplemental payments to hospitals. See this [Legislative Council Staff Issue Brief](#) for more detail.

The [Hospital Transformation Program](#) reformed hospital supplemental payments in 2022 to be distributed based on quality-based incentives. The five-year program is set to expire in 2027.

State Expenditures

While the bill may impact the distribution of supplemental payments to hospitals, the total amount of hospital supplemental payments made through the enterprise is not expected to change. Any administrative work for HCPF to end the Hospital Transformation Program and undo the state plan amendment can be completed within existing resources.

Effective Date

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

State and Local Government Contacts

Health Care Policy and Financing

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](#).