



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number:	LLS 24-0802	Date:	January 18, 2024
Prime Sponsors:	Rep. Holtorf; Amabile	Bill Status:	House Health & Human Services
		Fiscal Analyst:	Kristine McLaughlin 303-866-4776 kristine.mclaughlin@coleg.gov

Bill Topic: **OPERATION OF DENVER HEALTH & HOSPITAL AUTHORITY**

Summary of	<input type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Local Government
Fiscal Impact:	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input checked="" type="checkbox"/> Statutory Public Entity

The bill places requirements on the Department of Health Care Policy and Financing's contract with Denver Health and Hospital Authority. The bill decreases state expenditures, and may decrease revenue and expenditures for Denver Health, on an ongoing basis.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Summary of Legislation

The bill places requirements on the Department of Health Care Policy and Financing's (HCPF) contract with Denver Health and Hospital Authority (Denver Health) including:

- requiring HCPF to continue contracting with Denver Health until it ceases to operate a managed care program;
- prohibiting Denver Health from reimbursing contracted Medicaid providers more than the Medicaid fee-for-service rates, not including any quality incentive payments;
- requiring Denver Health to provide physical and behavioral health care services to the state's Medicaid population; and
- authorizing HCPF to continually distribute funds appropriated for payment to Denver Health.

Background

HCPF directly contracts with Denver Health Medical Plan (Denver Health), which is a health insurance company operating as a Medicaid managed care organization (MCO) providing healthcare to Medicaid members who live in Denver, Jefferson, Arapahoe, and Adams counties.

As an MCO, Denver Health receives set monthly payments from HCPF, also known as a capitation rate, for each person enrolled in the plan to receive physical and behavioral health services through the providers that Denver Health contracts with. The monthly capitation rate is based on actuarial analysis and negotiations with Denver Health.

State Expenditures

State expenditures will likely decrease as a result of the prohibition against Denver Health paying providers more than the Medicaid fee-for-service rates, excepting incentive payments. Denver Health will be required to renegotiate with its relevant providers and HCPF will adjust its monthly payments to Denver Health accordingly. The extent of any potential decrease will depend on the results of the negotiations, as well as any resulting increase in the use of incentive payments. It is assumed that any impacts will be addressed through the annual budget process once contract negotiations are finalized and the impact on rates/payments is known.

Statutory Public Entity

Denver Health and Hospital Authority is a statutorily created safety net provider. Similar to the state, restricting Denver Health to charging no more than the Medicaid fee-for-service rates will likely decrease costs incurred and paid through its managed care organization. To the extent that this reduces the capitated rate paid by HCPF, revenue to Denver Health will also decrease.

Effective Date

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

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](#).