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Fiscal Note

Drafting Number: LLS 22-0938 **Date:** March 28, 2022
Prime Sponsors: Rep. Herod; McCluskie **Bill Status:** House Appropriations
 Sen. Zenzinger; Rankin **Fiscal Analyst:** Annie Scott | 303-866-5851
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Bill Topic: INCREASE MINIMUM WAGE FOR NURSING HOME WORKERS

Summary of Fiscal Impact:

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

Budget package bill. The bill requires the establishment of a process to provide wage enhancement supplemental payments to nursing facilities, and expands eligibility to facilities statewide. The bill increases state expenditures in FY 2022-23 and 2023-24 only.

Appropriation Summary: For FY 2022-23, the bill includes an appropriation of \$4.8 million to the Department of Health Care Policy and Financing.

Fiscal Note Status: The fiscal note reflects the introduced bill, which was recommended by the Joint Budget Committee as part of its FY 2022-23 Long Bill package.

**Table 1
State Fiscal Impacts Under HB 22-1333**

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-
Expenditures	General Fund	\$2,389,627	\$853,695
	Federal Funds	\$2,389,626	\$853,695
	Total Expenditures	\$4,779,253	\$1,707,390
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$358,444	\$128,054

Summary of Legislation

Under current law, payments to nursing facilities for the purpose of increasing nursing facility employee wages are limited to those facilities within the jurisdiction of a local government that has increased its local minimum wage above the statewide minimum. The bill allows wage enhancement supplemental payments to be made by the Department of Health Care Policy and Financing (HCPF) to facilities statewide for the purpose of increasing the minimum wage for facility employees up to \$15 per hour, and requires the establishment of a process, by rule, to provide these payments, including:

- the minimum wage attestation procedure;
- the timing of supplemental payment distribution; and
- the method of calculating supplemental payments.

Supplemental payments are only in effect if the statewide minimum wage is less than \$15 per hour.

Background

Local government minimum wage. House Bill 19-1210 allows local governments to establish a minimum wage law for individuals working within the local government's jurisdiction. If a local government increases its minimum wage, the General Assembly is required to provide funding for supplemental payments to nursing facility providers.

American Rescue Plan Act Home and Community-based Services Spending Plan. Home- and community-based services (HCBS) allow individuals to receive essential care and remain in a community setting. As a part of the American Rescue Plan Act (ARPA) HCBS Spending Plan, HCPF increased rates for certain HCBS services with a required wage pass-through for providers to pay at least \$15 per hour base wage for staff providing direct care. Increases under the spending plan are effective from January 1, 2022, through April 15, 2023 for certain services. Nursing facility services are not eligible for enhanced federal funding under Section 9817 of ARPA or for reinvestment under the HCBS Spending Plan, nor is there a base wage requirement for nursing facilities other than the option for local governments to establish their own minimum wage.

Related legislation. [House Bill 22-1247](#), currently pending before the Senate Appropriations committee as of this writing, would provide up to \$27.0 million total funds, including \$17.0 million General Fund, in supplemental or incentive payments to eligible nursing facilities. These payments under HB 22-1247 would be one-time and not be specific to employees making under \$15 per hour.

State Expenditures

The bill increases state expenditures in the Department of Healthcare Policy and Financing by \$4.8 million in FY 2022-23 and \$1.7 million in FY 2023-24 from the General Fund and federal funds. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 22-1333

	FY 2022-23	FY 2023-24
Department of Health Care Policy and Financing		
Nursing Facility Supplemental Payments (GF)	\$2,389,627	\$853,695
Nursing Facility Supplemental Payments (FF)	\$2,389,626	\$853,695
Total Cost	\$4,779,253	\$1,707,390

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by \$358,444 in FY 2022-23 and \$128,054 in FY 2023-24, which will decrease the amount of General Fund available for other purposes.

Effective Date

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

State Appropriations

For FY 2022-23, the bill includes an appropriation of \$4,779,253 to the Department of Health Care Policy and Financing, of which \$2,389,627 is General Fund and \$2,389,626 is federal funds.

State and Local Government Contacts

Health Care Policy and Financing

Joint Budget Committee Staff