# Second Regular Session Seventy-third General Assembly STATE OF COLORADO

### **ENGROSSED**

This Version Includes All Amendments Adopted on Second Reading in the House of Introduction

LLS NO. 22-0991.02 Conrad Imel x2313

**SENATE BILL 22-235** 

### SENATE SPONSORSHIP

Rankin and Zenzinger, Hansen

### **HOUSE SPONSORSHIP**

Herod and McCluskie, Ransom

### **Senate Committees**

### **House Committees**

Appropriations

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# A BILL FOR AN ACT CONCERNING COUNTY ADMINISTRATION OF PUBLIC ASSISTANCE PROGRAMS, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

## **Bill Summary**

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <a href="http://leg.colorado.gov">http://leg.colorado.gov</a>.)

Joint Budget Committee. The bill requires the department of human services (DHS) and the department of health care policy and financing (HCPF), in consultation with county departments of human and social services (county departments), to develop a scope of work for a comprehensive assessment of the best practices related to the

administration of public and medical assistance programs. The bill requires DHS to enter into an agreement with a third party to conduct the comprehensive assessment, evaluate existing practices for the administration of public and medical assistance programs, and to make recommendations related to administration of public and medical assistance programs and ongoing evaluation of the public and medical assistance program system. DHS is required to submit the results of the comprehensive assessment and a fiscal impact analysis of implementing the third party's recommendations to HCPF, county departments, and the joint budget committee.

Following completion of the comprehensive assessment, DHS is required to enter into an agreement with an outside entity to develop a public and medical assistance programs funding model (funding model) to determine the amount of money necessary to fund county administration of certain public assistance programs overseen by DHS and HCPF. DHS shall enter into an agreement with an outside entity to annually update and modify the funding model.

Beginning with fiscal year 2025-26, the joint budget committee shall use the results of the funding model to inform its decisions regarding the amount of the appropriation to DHS and HCPF to fund county administration of public assistance programs. DHS and HCPF shall allocate money to counties for public assistance program administration in accordance with the results of the funding model.

The bill requires DHS and HCPF to submit an annual report to the joint budget committee on the funding model.

The bill appropriates \$80,000 to HCPF for administration related to office of economic security - medicaid funding and \$420,000 to the DHS for administration.

Be it enacted by the General Assembly of the State of Colorado:

2 **SECTION 1.** In Colorado Revised Statutes, add 26-1-121.5 as

3 follows:

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26-1-121.5. Public assistance funding model - workload study

5 - evaluation - report - definitions - repeal. (1) AS USED IN THIS

6 SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

7 (a) "FUNDING MODEL" MEANS THE COUNTY ADMINISTRATION OF

PUBLIC AND MEDICAL ASSISTANCE PROGRAMS FUNDING MODEL TO

9 DETERMINE THE APPROPRIATE LEVEL OF FUNDING FOR EACH COUNTY

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1	REQUIRED TO MAKE ELIGIBILITY DETERMINATIONS REGARDING
2	PARTICIPATION IN A PUBLIC ASSISTANCE PROGRAM.
3	(b) "MEDICAL ASSISTANCE PROGRAMS" MEANS THE FOLLOWING
4	PUBLIC ASSISTANCE PROGRAMS ADMINISTERED BY THE DEPARTMENT OF
5	HEALTH CARE POLICY AND FINANCING: THE MEDICAL ASSISTANCE
6	PROGRAM, ESTABLISHED IN ARTICLES 4, 5, AND 6 OF TITLE 25.5, INCLUDING
7	LONG-TERM CARE SERVICES; THE CHILDREN'S BASIC HEALTH PLAN,
8	ESTABLISHED IN ARTICLE 8 OF TITLE 25.5; AND THE OLD AGE PENSION
9	HEALTH AND MEDICAL CARE PROGRAM DESCRIBED IN SECTION 25.5-2-101.
10	(c) "PUBLIC ASSISTANCE PROGRAMS" MEANS THE PROGRAMS OF
11	PUBLIC ASSISTANCE ADMINISTERED BY THE STATE DEPARTMENT
12	PURSUANT TO ARTICLE 2 OF THIS TITLE 26.
13	(2) (a) On or before August 15, 2022, the state department
14	AND THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING, IN
15	CONSULTATION WITH COUNTY DEPARTMENTS, SHALL DEVELOP A SCOPE OF
16	WORK FOR THE COMPREHENSIVE ASSESSMENT OF BEST PRACTICES
17	RELATED TO THE ADMINISTRATION OF PUBLIC AND MEDICAL ASSISTANCE
18	PROGRAMS, INCLUDING, BUT NOT LIMITED TO, POLICIES, PROCESSES, SIZE
19	AND STRUCTURE OF THE WORKFORCE THAT ADMINISTERS THE PROGRAMS,

24 (b) ON OR BEFORE NOVEMBER 1, 2022, THE STATE DEPARTMENT, 25 AFTER CONSULTATION WITH THE DEPARTMENT OF HEALTH CARE POLICY 26 AND FINANCING AND COUNTY DEPARTMENTS, SHALL ENTER INTO AN 27 AGREEMENT WITH A THIRD PARTY TO:

ADMINISTRATIVE EFFICIENCY, AND COST EFFECTIVENESS.

INFORMATION SYSTEMS INFRASTRUCTURE, AND DATA TO ENSURE

IMPROVED ACCESS BY ELIGIBLE INDIVIDUALS TO PUBLIC AND MEDICAL

ASSISTANCE PROGRAMS, TIMELINESS OF APPLICATIONS PROCESSING,

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1	(I) CONDUCT THE COMPREHENSIVE ASSESSMENT WITHIN THE
2	SCOPE OF WORK DEVELOPED PURSUANT TO SUBSECTION (2)(a) OF THIS
3	SECTION;
4	(II) EVALUATE THE EXISTING POLICIES, PROCESSES, SIZE AND
5	STRUCTURE OF PROGRAM WORKFORCE, INFORMATION SYSTEMS
6	INFRASTRUCTURE, AND DATA FOR THE ADMINISTRATION OF THE PUBLIC
7	AND MEDICAL ASSISTANCE PROGRAMS AT THE STATE AND COUNTY LEVELS;
8	(III) MAKE RECOMMENDATIONS FOR CHANGES TO STATE AND
9	COUNTY PUBLIC AND MEDICAL ASSISTANCE PROGRAM POLICIES,
10	PROCESSES, SIZE AND STRUCTURE OF PROGRAM WORKFORCE, AND
11	INFORMATION SYSTEMS INFRASTRUCTURE TO ENSURE IMPROVED ACCESS
12	BY ELIGIBLE INDIVIDUALS TO PUBLIC AND MEDICAL ASSISTANCE
13	PROGRAMS, TIMELINESS OF APPLICATIONS PROCESSING, ADMINISTRATIVE
14	EFFICIENCY, AND COST EFFECTIVENESS; AND
15	(IV) MAKE RECOMMENDATIONS RELATED TO THE ONGOING
16	EVALUATION OF THE PUBLIC AND MEDICAL ASSISTANCE PROGRAM SYSTEM,
17	INCLUDING APPROPRIATE METRICS FOR DETERMINING WHETHER THE
18	EFFICIENCY AND COST-EFFECTIVENESS OF THE SYSTEM HAS IMPROVED AS
19	A RESULT OF THE IMPLEMENTATION OF RECOMMENDATIONS MADE
20	PURSUANT TO THIS SUBSECTION (2)(b).
21	(c) On or before July $1,2023$ , the state department shall
22	SUBMIT THE RESULTS OF THE COMPREHENSIVE ASSESSMENT AND
23	RECOMMENDATIONS REQUIRED PURSUANT TO SUBSECTION (2)(b) OF THIS
24	SECTION TO THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING,
25	THE COUNTY DEPARTMENTS, AND THE JOINT BUDGET COMMITTEE.
26	(d) On or before November 1, 2023, the state department
27	SHALL SUBMIT AN ANALYSIS OF THE FISCAL IMPACT OF IMPLEMENTING THE

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1	RECOMMENDATIONS REQUIRED IN SUBSECTION (2)(b) OF THIS SECTION TO
2	THE JOINT BUDGET COMMITTEE. THE ANALYSIS MUST INCLUDE A
3	DETERMINATION OF THE FEASIBILITY OF IMPLEMENTING THE
4	RECOMMENDATIONS, A TIMELINE FOR IMPLEMENTATION, AND COST OF
5	IMPLEMENTATION FOR EACH FISCAL YEAR INCLUDED IN THE TIMELINE. THE
6	ANALYSIS MUST ALSO INCLUDE A DISCUSSION OF ANY CONCERNS
7	EXPRESSED BY THE STATE DEPARTMENT, THE DEPARTMENT OF HEALTH
8	CARE POLICY AND FINANCING, OR THE COUNTY DEPARTMENTS RELATED TO
9	THE COMPREHENSIVE ASSESSMENT AND RECOMMENDATIONS DESCRIBED
10	IN SUBSECTIONS $(2)(a)$ AND $(2)(b)$ OF THIS SECTION.
11	(e) This subsection (2) is repealed, effective June 30, 2024.
12	(3) (a) On or before January 2, 2024, the state department

- (3) (a) ON OR BEFORE JANUARY 2, 2024, THE STATE DEPARTMENT 13 SHALL ENTER INTO AN AGREEMENT WITH AN OUTSIDE ENTITY TO DEVELOP 14 A COUNTY ADMINISTRATION OF PUBLIC AND MEDICAL ASSISTANCE 15 PROGRAMS FUNDING MODEL TO DETERMINE THE AMOUNT OF MONEY 16 NECESSARY TO FUND THE ADMINISTRATION OF PUBLIC AND MEDICAL 17 ASSISTANCE PROGRAMS IN EACH COUNTY. THE OUTSIDE ENTITY MAY BE 18 THE SAME ENTITY AS THE THIRD PARTY THAT PERFORMS THE 19 COMPREHENSIVE ASSESSMENT DESCRIBED IN SUBSECTION (2) OF THIS 20 SECTION.
  - (b) THE OUTSIDE ENTITY SHALL WORK WITH THE STATE DEPARTMENT, THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING, AND COUNTY DEPARTMENTS TO DETERMINE THE APPROPRIATE PROCESS AND DATA TO BE USED IN THE DEVELOPMENT OF THE FUNDING MODEL.

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- (c) On or before July 1, 2024, the outside entity shall develop the funding model for fiscal year 2025-26.
- 27 (d) On or before November 1, 2024, the state department

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- 1 SHALL SUBMIT THE RESULTS OF THE FUNDING MODEL TO THE JOINT 2 BUDGET COMMITTEE, THE DEPARTMENT OF HEALTH CARE POLICY AND 3 FINANCING, AND THE COUNTY DEPARTMENTS. 4 (e) This subsection (3) is repealed, effective June 30, 2026. 5 (4) (a) ON OR BEFORE JULY 1, 2025, AND ON OR BEFORE JULY 1 6 EVERY THIRD YEAR THEREAFTER, THE STATE DEPARTMENT SHALL ENTER 7 INTO AN AGREEMENT WITH AN OUTSIDE ENTITY TO ANNUALLY UPDATE 8 AND MODIFY THE FUNDING MODEL. THE OUTSIDE ENTITY MAY BE THE 9 SAME ENTITY THAT DEVELOPED PRIOR VERSIONS OF THE FUNDING MODEL. 10 THE OUTSIDE ENTITY SHALL DEVELOP EACH UPDATE IN CONSULTATION 11 WITH THE STATE DEPARTMENT, THE DEPARTMENT OF HEALTH CARE POLICY 12 AND FINANCING, AND THE COUNTY DEPARTMENTS. 13 (b) On or before November 1, 2025, and on or before 14 NOVEMBER 1 OF EACH YEAR THEREAFTER, THE STATE DEPARTMENT SHALL 15 SUBMIT THE RESULTS OF THE FUNDING MODEL TO THE JOINT BUDGET 16 COMMITTEE, THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING, 17 AND THE COUNTY DEPARTMENTS. 18 (5) THE FUNDING MODEL MUST INCLUDE: 19
  - (a) THE NUMBER OF ELIGIBILITY STAFF, LEAD WORKERS, SUPERVISORS AND MANAGERS, CUSTOMER SERVICE STAFF, QUALITY ASSURANCE STAFF, PROGRAM INTEGRITY STAFF, INVESTIGATORS, CLAIMS ESTABLISHMENT AND COLLECTIONS STAFF, APPEALS STAFF, ATTORNEYS, AND ADDITIONAL SUPPORT STAFF NECESSARY FOR A COUNTY TO PERFORM ALL RESPONSIBILITIES REQUIRED BY STATE AND FEDERAL LAW, AND MUST INCLUDE A COMPONENT THAT CONSIDERS THE VARIOUS RESOURCES, INCLUDING FINANCIAL RESOURCES, REQUIRED TO EFFECTIVELY HIRE, TRAIN, AND RETAIN STAFF IN THEIR RESPECTIVE AREAS OF RESPONSIBILITY

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1	ASSOCIATED WITH PUBLIC AND MEDICAL ASSISTANCE PROGRAMS;
2	(b) DEMOGRAPHIC DATA, INCLUDING POVERTY STATISTICS, AND
3	STATE AND LOCAL ECONOMIC DRIVERS, INCLUDING STAFF COMPENSATION,
4	AT BOTH THE COUNTY AND REGIONAL LEVELS, THAT MAY INFLUENCE THE
5	OVERALL COST OF DELIVERING PUBLIC AND MEDICAL ASSISTANCE
6	PROGRAMS IN EACH COUNTY;
7	(c) The estimated administrative workload for each
8	COUNTY TO MAKE PUBLIC ASSISTANCE PROGRAM ELIGIBILITY
9	DETERMINATIONS, TO BE FUNDED BY THE MONEY ALLOCATED TO
10	COUNTIES PURSUANT TO SECTION 26-1-122;
11	(d) A COMPONENT THAT SUPPORTS BUSINESS PROCESS
12	IMPROVEMENTS AS DESCRIBED IN SECTION $26-1-122.3$ (1)(b)(IX) IN EACH
13	COUNTY; AND
14	(e) ANY MODIFICATIONS TO THE PUBLIC AND MEDICAL ASSISTANCE
15	PROGRAM SYSTEM THAT HAVE BEEN IMPLEMENTED BY THE DEPARTMENT
16	OR THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING, INCLUDING
17	THOSE THAT MAY HAVE BEEN RECOMMENDED BY THE THIRD PARTY
18	PURSUANT TO SUBSECTION (2)(b) OF THIS SECTION AND PROVIDED TO THE
19	JOINT BUDGET COMMITTEE PURSUANT TO SUBSECTION (2)(c) OF THIS
20	SECTION.
21	(6) (a) The joint budget committee shall use the results of
22	THE FUNDING MODEL TO INFORM ITS DECISIONS REGARDING THE AMOUNT
23	OF THE APPROPRIATION TO THE STATE DEPARTMENT FOR COUNTY
24	ADMINISTRATION OF PUBLIC ASSISTANCE PROGRAMS AND THE AMOUNT OF
25	THE APPROPRIATION TO THE DEPARTMENT OF HEALTH CARE POLICY AND
26	FINANCING FOR COUNTY ADMINISTRATION OF MEDICAL ASSISTANCE
27	PROGRAMS.

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1	(b) The state department shall allocate money to
2	COUNTIES FOR PUBLIC ASSISTANCE PROGRAMS IN ACCORDANCE WITH THE
3	RESULTS OF THE FUNDING MODEL. THE DEPARTMENT OF HEALTH CARE
4	POLICY AND FINANCING SHALL ALLOCATE MONEY TO COUNTIES AS
5	PERMITTED BY STATE AND FEDERAL LAW FOR MEDICAL ASSISTANCE
6	PROGRAMS INFORMED BY THE RESULTS OF THE FUNDING MODEL. IF THE
7	APPROPRIATION MADE FOR A FISCAL YEAR TO EITHER DEPARTMENT IS NOT
8	EQUAL TO THE AMOUNT NECESSARY TO FULLY FUND THE ALLOCATIONS
9	REQUIRED BY THE FUNDING MODEL, THE AFFECTED DEPARTMENT SHALL
10	ADJUST THE ALLOCATION TO EACH COUNTY TO ENSURE THAT THE FUNDING
11	MADE AVAILABLE TO ALL COUNTIES DOES NOT EXCEED THE ANNUAL
12	APPROPRIATION.
13	(7) (a) On or before November 15, 2026, and on or before
14	NOVEMBER 15 OF EACH YEAR THEREAFTER, THE STATE DEPARTMENT AND
15	THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING SHALL SUBMIT
16	A JOINT REPORT REGARDING THE FUNDING MODEL TO THE JOINT BUDGET
17	COMMITTEE. THE REPORT MUST INCLUDE THE FOLLOWING INFORMATION
18	CONCERNING THE PREVIOUS FISCAL YEAR:
19	(I) THE RESULTS OF THE FUNDING MODEL, INCLUDING THE COST
20	PER COUNTY NECESSARY TO MEET ALL STATE AND FEDERAL
21	REQUIREMENTS FOR THE COMPREHENSIVE DELIVERY OF PUBLIC
22	ASSISTANCE BENEFITS AND MEDICAL ASSISTANCE BENEFITS;
23	(II) THE TOTAL AMOUNT APPROPRIATED FOR PUBLIC ASSISTANCE
24	PROGRAMS TO THE STATE DEPARTMENT AND FOR MEDICAL ASSISTANCE
25	PROGRAMS TO THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING,
26	AND THE DIFFERENCE BETWEEN EACH COUNTY'S ACTUAL ALLOCATION AND
27	THE ALLOCATION AMOUNT IDENTIFIED BY THE FUNDING MODEL;

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1	(III) THE FINAL CLOSE-OUT FOR THE PREVIOUS FISCAL YEAR;
2	(IV) ANY MODIFICATIONS MADE TO THE MODEL TO IMPROVE THE
3	ACCURACY OF THE DATA;
4	(V) A DESCRIPTION OF ANY ASSESSMENT PERFORMED OF COUNTY
5	BUSINESS PROCESSES AND WORKFLOW AND A DESCRIPTION OF
6	MODIFICATIONS MADE BY A COUNTY THAT HAVE IMPROVED OR ARE
7	INTENDED TO IMPROVE WORKFLOW AND THE TIMELINES OF ELIGIBILITY
8	DETERMINATIONS, CLIENT SATISFACTION, AND WORKFORCE RETENTION;
9	AND
10	(VI) ANY OTHER ISSUES RELATED TO FUNDING THE DELIVERY OF
11	PUBLIC AND MEDICAL ASSISTANCE BENEFITS.
12	(b) Notwithstanding section 24-1-136 (11)(a)(I), the
13	REPORTING REQUIREMENT DESCRIBED IN THIS SUBSECTION (7) CONTINUES
14	INDEFINITELY.
15	SECTION 2. In Colorado Revised Statutes, 26-1-121, amend (2)
16	as follows:
17	26-1-121. Appropriations - food distribution programs.
18	(2) (a) The general assembly shall appropriate from the general fund for
19	the costs of administering assistance payments, food stamps, social
20	services, the food pantry assistance grant program created in section
21	26-2-139, and other public assistance and welfare functions of the state
22	department and the state's share of the costs of administering such
23	functions by the county departments amounts sufficient for the proper and
24	efficient performance of the duties imposed upon them by law, including
25	a legal advisor appointed by the attorney general. The general assembly
26	shall make two separate appropriations, one for the administrative costs
27	of the state department and another for the administrative costs of the

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county departments. Any applicable matching federal funds must be apportioned in accordance with the federal regulations accompanying such funds. Any unobligated and unexpended balances of such state funds so appropriated remaining at the end of each fiscal year must be credited to the state general fund.

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- (b) BEGINNING WITH FISCAL YEAR 2025-26, BEFORE MAKING THE APPROPRIATION DESCRIBED IN SUBSECTION (2)(a) OF THIS SECTION, THE GENERAL ASSEMBLY SHALL CONSIDER, BUT IS NOT REQUIRED TO 9 APPROPRIATE AMOUNTS INCLUDED IN, THE RESULTS OF THE PUBLIC ASSISTANCE PROGRAMS FUNDING MODEL DESCRIBED IN SECTION 26-1-121.5.
- 12 **SECTION 3.** In Colorado Revised Statutes, 26-1-122, amend 13 (2)(a) as follows:

26-1-122. County appropriations and expenditures advancements - procedures. (2) (a) The county boards, in accordance with the rules of the state department, shall file requests with the state department for advancement of funds for the program costs of assistance payments, food stamps (except the value of food stamp coupons), and social services and for the administrative costs of each. The state department shall determine the requirements of each county for such program costs, and administrative costs, taking into consideration available funds and all pertinent facts and circumstances, AND ADMINISTRATIVE COSTS, IN ACCORDANCE WITH THE FUNDING MODEL DESCRIBED IN SECTION 26-1-121.5, and shall certify by voucher to the controller the amounts to be paid to each county. The amounts so certified shall MUST be paid from the state treasury upon voucher of the state department and warrant of the controller and shall MUST be credited by

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1 the county treasurer to the county social services fund in accordance with 2 the law and rules of the state department. 3 **SECTION 4.** In Colorado Revised Statutes, 25.5-8-111, add (3) 4 as follows: 5 **25.5-8-111.** Department - administration - outsourcing. (3) IF 6 THE STATE DEPARTMENT USES COUNTY DEPARTMENTS OF HUMAN OR 7 SOCIAL SERVICES TO PERFORM FUNCTIONS RELATING TO THE 8 ADMINISTRATION OF THE CHILDREN'S BASIC HEALTH PLAN PURSUANT TO 9 SUBSECTION (1)(a)(II) OF THIS SECTION AND ALLOCATES MONEY TO A 10 COUNTY FOR THAT PURPOSE, THE STATE DEPARTMENT SHALL MAKE THE 11 ALLOCATION IN ACCORDANCE WITH THE RESULTS OF THE PUBLIC 12 ASSISTANCE PROGRAMS FUNDING MODEL DESCRIBED IN SECTION 13 26-1-121.5. 14 **SECTION 5.** Appropriation. (1) For the 2022-23 state fiscal 15 year, \$80,000 is appropriated to the department of health care policy and 16 financing for use by department of human services medicaid-funded 17 programs. This appropriation consists of \$48,120 from the general fund 18 and \$31,880 from the healthcare affordability and sustainability fee cash 19 fund created in section 25.5-4-402.4 (5)(a), C.R.S. To implement this act, 20 the department may use this appropriation for administration related to 21 office of economic security - medicaid funding. 22 (2) For the 2022-23 state fiscal year, the general assembly 23 anticipates that the department of health care policy and financing will 24 receive \$80,000 in federal funds to implement this act. The appropriation 25 in subsection (1) of this section is based on the assumption that the 26 department will receive this amount of federal funds, which is subject to 27 the "(I)" notation as defined in the annual general appropriation act for the

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same fiscal year.

- (3) For the 2022-23 state fiscal year, \$\frac{\$280,000}{}\$ is appropriated to the department of human services for use by the office of economic security. This appropriation consists of \$\frac{\$120,000}{}\$ from the general fund and \$\frac{\$160,000}{}\$ from reappropriated funds received from the department of health care policy and financing under subsections (1) and (2) of this section. To implement this act, the office may use this appropriation for administration.
- (4) For the 2022-23 state fiscal year, the general assembly anticipates that the department of human services will receive \$120,000 in federal funds to implement this act. The appropriation in subsection (3) of this section is based on the assumption that the department will receive this amount of federal funds, which is subject to the "(I)" notation as defined in the annual general appropriation act for the same fiscal year.

**SECTION 6. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety.

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