

**First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO**

REVISED

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

LLS NO. 25-0820.01 Chelsea Princell x4335

HOUSE BILL 25-1213

HOUSE SPONSORSHIP

Feret and Weinberg, Bacon, Bird, Boesenecker, Duran, English, Garcia, Gonzalez R., Jackson, Joseph, Lieder, Lindstedt, McCluskie, Ricks, Stewart K., Stewart R., Titone

SENATE SPONSORSHIP

Daugherty and Ball,

House Committees

Health & Human Services
Appropriations

Senate Committees

Health & Human Services

A BILL FOR AN ACT

101 **CONCERNING CHANGES TO THE MEDICAL ASSISTANCE PROGRAM.**

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 <http://leg.colorado.gov>.)

The bill exempts an assisted living residence with fewer than 19 beds that has not undergone new construction or renovations and that complies with the standards for assisted living residences from complying with facility guidelines adopted by the state board of health.

The bill requires the department of health care policy and financing (state department) to follow the standards set by the federal centers for medicare and medicaid when updating rules.

The state department must establish a process for reviewing and

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

SENATE
Amended 2nd Reading
April 29, 2025

HOUSE
3rd Reading Unamended
March 26, 2025

HOUSE
Amended 2nd Reading
March 25, 2025

updating the general billing manual on an annual basis and ensure that the general billing manual includes all necessary CPT codes.

Beginning January 1, 2026, for claims that must be reprocessed as a result of updating the provider rates, the bill requires a managed care organization to issue payment to a contracted provider within one year after the provider rate is updated.

The bill requires the state department to include in each new contract with, or renewal of a contract with, a managed care entity (MCE) a provision requiring the MCE to submit to the state department, on an annual basis, the amount the MCE is paid and the MCE's medical loss ratio. The state department is required to publish this information on the state department's website on an annual basis.

The bill prohibits the state department from imposing signature requirements on a physician or practitioner certifying a medicaid member's (member) plan of care that involves physical therapy or occupational therapy.

The bill prevents a member receiving home- and community-based services from losing the services the member currently receives if the member's disability and need for services have not changed in the preceding 3 years.

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

2 **SECTION 1.** In Colorado Revised Statutes, 10-16-1203, **amend**
3 **(12)(c)** as follows:

4 **10-16-1203. Definitions.** As used in this part 12, unless the
5 **context otherwise requires:**

6 **(12) "Qualified individual" means an individual, regardless of**
7 **immigration status, who:**

8 **(c) Is not eligible for the premium tax credit, medicaid, medicare,**
9 **or the children's basic health plan, EXCEPT FOR INDIVIDUALS ELIGIBLE**
10 **PURSUANT TO SECTION 25.5-5-201 (6) OR SECTION 25.5-8-109 (7).**

11 **SECTION 2.** In Colorado Revised Statutes, 25-27-104, **add** (3)
12 as follows:

13 **25-27-104. Minimum standards for assisted living residences**
14 **- rules - definition. (3) (a) RULES ADOPTED BY THE STATE BOARD**

1 PURSUANT TO SUBSECTION (1) OF THIS SECTION MUST EXEMPT AN
2 ASSISTED LIVING RESIDENCE FROM COMPLYING WITH THE FACILITY
3 GUIDELINE INSTITUTE (FGI) GUIDELINES, EXCEPT IN THE CASE OF NEW
4 CONSTRUCTION OR MAJOR RENOVATIONS. AN ASSISTED LIVING RESIDENCE
5 MUST STILL COMPLY WITH ALL OTHER FIRE AND LOCAL BUILDING CODES
6 AND THE STANDARDS OUTLINED IN THIS SECTION.

7 (b) FOR PURPOSES OF SUBSECTION (3)(a) OF THIS SECTION, "MAJOR
8 RENOVATIONS" MEANS ADDITIONS TO A BUILDING'S STRUCTURE OR
9 CHANGES THAT AFFECT THE STRUCTURAL INTEGRITY OF THE BUILDING.
10 MAJOR RENOVATIONS DO NOT INCLUDE CHANGING THE FUNCTIONAL
11 OPERATION OF A SPACE IF NO CONSTRUCTION IS COMPLETED AND THE
12 FLOOR PLAN OF THE BUILDING REMAINS THE SAME. IT ALSO DOES NOT
13 INCLUDE ADDING BEDS TO ACCOMMODATE MORE RESIDENTS OR UPGRADES
14 TO THE HEATING OR COOLING SYSTEMS AND ELECTRICAL SYSTEMS IF
15 THOSE IMPROVEMENTS DO NOT REQUIRE CONSTRUCTION.

16 **SECTION 3.** In Colorado Revised Statutes, **add** 25.5-1-135 as
17 follows:

18 **25.5-1-135. Billing manual.** USING EXISTING RESOURCES
19 ALLOCATED FOR BILLING MANUAL REVIEWS, THE STATE DEPARTMENT
20 SHALL ESTABLISH A PROCESS TO REVIEW AND UPDATE THE GENERAL
21 BILLING MANUAL ON AN ANNUAL BASIS, WHICH MUST ENSURE THAT THE
22 GENERAL BILLING MANUAL INCLUDES ALL NECESSARY CPT CODES, OR
23 PROVIDES LINKS TO THE STATE DEPARTMENT'S LIST OF CPT CODES.

24
25 **SECTION 4.** In Colorado Revised Statutes, **25.5-4-402.4, amend**
26 **(2)(f), (3)(d)(I), (3)(d)(V), (4)(b) introductory portion, (4)(b)(II), (5)(a),**
27 **(5)(b)(VI)(B), (6)(a)(I), (6)(b)(II), and (6)(c); amend as they will**

1 become effective July 1, 2025, (4)(a) introductory portion and
2 (5)(b)(VI)(D); and add (2)(f.5), (5)(b)(I.5), and (9) as follows:

3 25.5-4-402.4. Hospitals - healthcare affordability and
4 sustainability fee - receipt of public funds - Colorado healthcare
5 affordability and sustainability enterprise - federal waiver - fund
6 created - reports - rules - legislative declaration - repeal.

7 (2) Legislative declaration. The general assembly hereby finds and
8 declares that:

9 (f) Consistent with the determination of the Colorado supreme
10 court in *Nicholl v. E-470 Public Highway Authority*, 896 P.2d 859 (Colo.
11 1995), that the power to impose taxes is inconsistent with enterprise status
12 under section 20 of article X of the state constitution, it is the conclusion
13 of the general assembly that the healthcare affordability and sustainability
14 fee charged and collected by the Colorado healthcare affordability and
15 sustainability enterprise is a fee, not a tax, because the fee is imposed for
16 the specific purposes of allowing the enterprise to defray the costs of
17 providing the business services specified in subsections (2)(d)(I) and
18 (2)(d)(II) of this section to hospitals that pay the fee and is collected at
19 rates that are reasonably calculated based on the benefits received by
20 those hospitals; and

21 (f.5) TRANSFERS FROM GOVERNMENTAL HEALTH-CARE PROVIDERS
22 TO THE ENTERPRISE THROUGH A MUTUALLY EXECUTED AGREEMENT, AND
23 AS AUTHORIZED BY 42 CFR 433.51, ARE NOT "GRANTS" UNDER SECTION
24 20 OF ARTICLE X OF THE STATE CONSTITUTION BECAUSE:

25 (I) PARTICIPATING PROVIDERS RECEIVE FEDERAL FUNDS AND
26 OTHER BUSINESS SERVICES AS DESCRIBED IN THIS SECTION; AND

27 (II) SUCH TRANSFERS MUST BE REPAID IF THEY ARE NOT UTILIZED

1 OR APPROVED, AND THUS DO NOT MEET THE DEFINITION OF "GRANT" SET
2 FORTH IN SECTION 24-77-102; AND

3 (3) **Colorado healthcare affordability and sustainability**
4 **enterprise.** (d) The enterprise's primary powers and duties are:

5 (I) To charge and collect the healthcare affordability and
6 sustainability fee ~~as specified~~ AND RECEIVE PUBLIC FUNDS AS DESCRIBED
7 in subsection (4) of this section;

8 (V) To enter into agreements with the state department to the
9 extent necessary to ~~collect and~~ expend MONEY FROM THE healthcare
10 affordability and sustainability fee ~~revenue~~ CASH FUND;

11 (4) **Healthcare affordability and sustainability fee.** (a) For the
12 fiscal year commencing July 1, 2017, and for each fiscal year thereafter,
13 the enterprise is authorized to charge and collect a healthcare affordability
14 and sustainability fee, as described in 42 CFR 433.68 (b), OR AS
15 OTHERWISE IN COMPLIANCE WITH 42 CFR 433, on outpatient and inpatient
16 services provided by all licensed or certified hospitals, referred to in this
17 section as "hospitals", AND RECEIVE PUBLIC FUNDS AS DESCRIBED IN 42
18 CFR 433.51, for the purpose of obtaining federal financial participation
19 under the state medical assistance program as described in this article 4
20 and articles 5 and 6 of this title 25.5, referred to in this section as the
21 "state medical assistance program", including disproportionate share
22 hospital payments pursuant to 42 U.S.C. sec. 1396r-4. If the amount of
23 healthcare affordability and sustainability fee revenue collected exceeds
24 the federal net patient revenue-based limit on the amount of such fee
25 revenue that may be collected, requiring repayment to the federal
26 government of excess federal matching money received, hospitals that
27 received such excess federal matching money are responsible for repaying

1 the excess federal money and any associated federal penalties to the
2 federal government. The enterprise shall use the healthcare affordability
3 and sustainability fee revenue to:

4 (b) The enterprise shall recommend for approval and
5 establishment by the state board the amount of the healthcare affordability
6 and sustainability fee that it intends to charge and collect AND THE
7 AMOUNT OF PUBLIC FUNDS THAT IT INTENDS TO RECEIVE. The state board
8 must establish the final amount of the fee by rules promulgated in
9 accordance with article 4 of title 24. The state board shall not establish
10 any amount that exceeds the federal limit for such fees or public funds.
11 The state board may deviate from the recommendations of the enterprise,
12 but shall express in writing the reasons for any deviations. In establishing
13 the amount of the fee and in promulgating the rules governing the fee, the
14 state board shall:

15 (II) Establish the amount of the healthcare affordability and
16 sustainability fee AND PUBLIC FUNDS so that the amount collected from the
17 fee, THE AMOUNT RECEIVED FROM PUBLIC FUNDS, and federal matching
18 funds associated with the fee AND PUBLIC FUNDS are sufficient to pay for
19 the items described in subsection (4)(a) of this section, but nothing in this
20 subsection (4)(b)(II) requires the state board to increase the HEALTHCARE
21 AFFORDABILITY AND SUSTAINABILITY fee OR THE AMOUNT OF PUBLIC
22 FUNDS TO BE RECEIVED above the amount AMOUNTS recommended by the
23 enterprise; and

24 **(5) Healthcare affordability and sustainability fee cash fund.**

25 (a) Any healthcare affordability and sustainability fee collected OR
26 PUBLIC FUNDS RECEIVED pursuant to this section by the enterprise must be
27 transmitted to the state treasurer, who shall credit the fee OR PUBLIC

1 FUNDS to the healthcare affordability and sustainability fee cash fund,
2 which fund is hereby created and referred to in this section as the "fund".
3 The state treasurer shall credit all interest and income derived from the
4 deposit and investment of money in the fund to the fund. The state
5 treasurer shall invest any money in the fund not expended for the
6 purposes specified in subsection (5)(b) of this section as provided by law.
7 Money in the fund shall not be transferred to any other fund and shall not
8 be used for any purpose other than the purposes specified in this
9 subsection (5) and in subsection (4) of this section.

10 (b) All money in the fund is subject to federal matching as
11 authorized under federal law and, subject to annual appropriation by the
12 general assembly, shall be expended by the enterprise for the following
13 purposes:

14 (I.5) TO MAXIMIZE THE INPATIENT AND OUTPATIENT HOSPITAL
15 REIMBURSEMENTS, AS PERMITTED IN 42 CFR 438.6(c);

16 (VI) To pay the enterprise's actual administrative costs of
17 implementing and administering this section, including but not limited to
18 the following costs:

19 (B) The enterprise's actual costs related to implementing and
20 maintaining the healthcare affordability and sustainability fee AND
21 RECEIPT OF PUBLIC FUNDS, including personal services, operating, and
22 consulting expenses;

23 (D) The enterprise's personal services and operating costs related
24 to personnel, consulting services, and for review of hospital costs
25 necessary to implement and administer the increases in inpatient and
26 outpatient hospital payments made pursuant to subsection (5)(b)(I)
27 SUBSECTIONS (5)(b)(I) AND (5)(b)(I.5) of this section, disproportionate

1 share hospital payments made pursuant to subsection (5)(b)(II) of this
2 section, and quality incentive payments made pursuant to subsection
3 (5)(b)(III) of this section;

4 (6) Appropriations. (a) (I) Except as otherwise provided in
5 subsection (6)(b)(I.5) or (6)(b)(I.7) of this section, the healthcare
6 affordability and sustainability fee is AND PUBLIC FUNDS ARE to
7 supplement, not supplant, general fund appropriations to support hospital
8 reimbursements. General fund appropriations for hospital reimbursements
9 shall be maintained at the level of appropriations in the medical services
10 premium line item made for the fiscal year commencing July 1, 2008;
11 except that general fund appropriations for hospital reimbursements may
12 be reduced if an index of appropriations to other providers shows that
13 general fund appropriations are reduced for other providers. If the index
14 shows that general fund appropriations are reduced for other providers,
15 the general fund appropriations for hospital reimbursements shall not be
16 reduced by a greater percentage than the reductions of appropriations for
17 the other providers as shown by the index.

18 (b) If the revenue from the healthcare affordability and
19 sustainability fee is insufficient to fully fund all of the purposes described
20 in subsection (5)(b) of this section:

21 (II) The hospital provider reimbursement and quality incentive
22 payment increases described in subsections (5)(b)(I) to (5)(b)(III)
23 SUBSECTIONS (5)(b)(I), (5)(b)(II), AND (5)(b)(III) of this section and the
24 costs described in subsection (5)(b)(VI) of this section shall be fully
25 funded using revenue from the healthcare affordability and sustainability
26 fee and federal matching funds before any eligibility expansion is funded;
27 and

1 (c) Notwithstanding any other provision of this section, if, after
2 receipt of authorization to receive federal matching funds for money in
3 the fund, the authorization is withdrawn or changed so that federal
4 matching funds are no longer available, the enterprise shall cease
5 collecting the healthcare affordability and sustainability fee AND
6 RECEIVING PUBLIC FUNDS and shall repay to the hospitals any money
7 received by the fund that is not subject to federal matching funds.

8 (9) State-directed payments program - funding and
9 implementation. THE ENTERPRISE, ACTING IN CONCERT WITH, OR
10 THROUGH AN AGREEMENT WITH, THE STATE DEPARTMENT, IF REQUIRED BY
11 FEDERAL LAW, SHALL SEEK A STATE PLAN AMENDMENT OR ANY FEDERAL
12 AUTHORIZATION NECESSARY TO FUND AND, IN COOPERATION WITH THE
13 STATE DEPARTMENT AND HOSPITALS, SUPPORT THE IMPLEMENTATION OF
14 A STATE-DIRECTED PAYMENT PROGRAM IN COMPLIANCE WITH 42 CFR
15 438.6(c) THAT COMPLIES WITH ALL FEDERAL REQUIREMENTS FOR
16 FINANCING OF THE NON-FEDERAL SHARE AND SHALL SUPPORT A TOTAL
17 PAYMENT RATE FOR EACH STATE-DIRECTED PAYMENT THAT DOES NOT
18 EXCEED THE AVERAGE COMMERCIAL RATE AND IS DISTRIBUTED PURSUANT
19 TO THE REQUIREMENTS OF SUBSECTION (5) OF THIS SECTION.

20 **SECTION 5.** In Colorado Revised Statutes, 25.5-5-402, add (7.3)
21 as follows:

22 **25.5-5-402. Statewide managed care system - rules -**
23 **definitions.** (7.3) (a) BEGINNING JANUARY 1, 2026, FOR A CLAIM THAT
24 MUST BE REPROCESSED AS A RESULT OF UPDATING THE PROVIDER RATES,
25 AN MCO SHALL ISSUE PAYMENT TO THE CONTRACTED PROVIDER WITHIN
26 ONE YEAR AFTER THE PROVIDER RATE IS UPDATED.

27 (b) THE STATE DEPARTMENT SHALL NOTIFY THE MCOs OF ANY

1 CHANGE TO THE PROVIDER RATES WITHIN SIXTY DAYS OF CHANGING THE
2 PROVIDER RATES.

3 **SECTION 6.** In Colorado Revised Statutes, **add** 25.5-5-427 as
4 follows:

5 **25.5-5-427. Managed care entities - disclosure of payment and**
6 **medical loss ratio - definition.** (1) THE STATE DEPARTMENT SHALL
7 INCLUDE IN EACH NEW CONTRACT WITH, OR RENEWAL OF A CONTRACT
8 WITH, AN MCE A PROVISION REQUIRING THE MCE TO SUBMIT TO THE
9 STATE DEPARTMENT, ON AN ANNUAL BASIS, THE AMOUNT THE MCE IS
10 PAID FOR DELIVERING SERVICES AND THE MCE'S MEDICAL LOSS RATIO.

11 (2) THE STATE DEPARTMENT SHALL ANNUALLY PUBLISH THE
12 FOLLOWING INFORMATION ON ITS WEBSITE:

13 (a) THE INFORMATION RECEIVED PURSUANT TO SUBSECTION (1) OF
14 THIS SECTION;

15 (b) HISTORICAL MEDICAL LOSS RATIO DATA FOR EACH MCE; AND

16 (c) AUDIT FINDINGS REGARDING AN MCE'S MOST RECENTLY
17 COMPLETED MEDICAL LOSS RATIO AUDIT.

18 (3) FOR PURPOSES OF SUBSECTION (1) OF THIS SECTION, "MEDICAL
19 LOSS RATIO" MEANS THE PERCENTAGE OF PREMIUM REVENUE THAT THE
20 MCE SPENDS ON HEALTH-CARE SERVICES AND QUALITY IMPROVEMENT
21 ACTIVITIES.

22 **SECTION 7.** In Colorado Revised Statutes, **add** 25.5-6-117 as
23 follows:

24 **25.5-6-117. Plan of care - rehabilitation therapy -**
25 **requirements - definition.** (1) AS USED IN THE SECTION, UNLESS THE
26 CONTEXT OTHERWISE REQUIRES, "PLAN OF CARE" HAS THE SAME MEANING
27 AS SET FORTH IN SECTION 25.5-6-403.

1 (2) THE STATE DEPARTMENT SHALL NOT IMPOSE SIGNATURE
2 REQUIREMENTS BEYOND WHAT IS REQUIRED BY THE FEDERAL CENTERS FOR
3 MEDICARE AND MEDICAID SERVICES PURSUANT TO 42 CFR 409.43 ON A
4 PHYSICIAN OR PRACTITIONER CERTIFYING A MEMBER'S PLAN OF CARE THAT
5 INVOLVES PHYSICAL THERAPY, OCCUPATIONAL THERAPY, OR SPEECH
6 THERAPY SERVICES.

7 **SECTION 8.** In Colorado Revised Statutes, **add** 25.5-6-118 as
8 follows:

9 **25.5-6-118. Long-term care for members with permanent**
10 **disability.** (1) FOR A MEMBER RECEIVING SERVICES THROUGH A
11 LONG-TERM CARE PROGRAM PURSUANT TO PARTS 3 TO 10 OF THIS ARTICLE
12 6, IF A SERVICE THE MEMBER RECEIVES IS DISCONTINUED OR IS NO LONGER
13 A COVERED SERVICE, THE STATE DEPARTMENT MUST CONFIRM THE
14 TIMELINE FOR CONTINUITY OF TREATMENT WITH THE FEDERAL CENTERS
15 FOR MEDICARE AND MEDICAID DURING THE TRANSITION PERIOD OF THE
16 BENEFIT OR SERVICE BEING DISCONTINUED. UPON CONFIRMATION, THE
17 STATE DEPARTMENT SHALL COMMUNICATE THE TIMELINE TO THE MEMBER
18 IMPACTED BY THE BENEFIT OR SERVICE BEING DISCONTINUED.

19 (2) THIS SECTION APPLIES TO MEMBERS WHO ARE FUNCTIONALLY
20 AND FINANCIALLY ELIGIBLE TO RECEIVE LONG-TERM CARE SERVICES
21 PURSUANT TO PARTS 3 TO 10 OF THIS ARTICLE 6.

22 **SECTION 9.** In Colorado Revised Statutes, 25.5-6-2001, **amend**
23 (2)(a), (2)(c)(II), (2)(c)(III), (3)(a), and (7)(b) as follows:

24 **25.5-6-2001. System of care for children and youth - federal**
25 **authorization - leadership and implementation team - report - rules**
26 **- definition.** (2) (a) No later than November 1, 2024, The state
27 department shall convene a leadership team that is responsible for the

~~decision-making and oversight~~ ADVISING AND REVIEWING THE DEVELOPMENT AND OPERATION of the system of care for children and youth who have complex behavioral health needs.

(c) The leadership team has the following duties and responsibilities:

(II) To ~~oversee and advise~~ REVIEW AND ADVISE ON the strategic direction of the development of the system of care; and

(III) To ~~provide fiscal oversight of the state department's development and oversight of the system of care~~ REVIEW AND COMMENT ON THE STATE DEPARTMENT'S FISCAL DEVELOPMENT AND OVERSIGHT OF THE SYSTEM OF CARE.

(3) (a) ~~No later than October 1, 2024,~~ The state department shall convene an implementation team that shall create a plan UTILIZING THE RECOMMENDATIONS FROM THE LEADERSHIP TEAM, AS APPROPRIATE, to implement the system of care for children and youth who have complex behavioral health needs.

(7) (b) Beginning January 2025, and each quarter thereafter, the state department shall report progress on the development and implementation of the system of care developed pursuant to this section to the joint budget committee, THE IMPLEMENTATION TEAM, THE LEADERSHIP TEAM, THE SENATE HEALTH AND HUMAN SERVICES COMMITTEE, AND THE HOUSE OF REPRESENTATIVES HEALTH AND HUMAN SERVICES COMMITTEE. THE REPORT REQUIRED BY THIS SUBSECTION (7)(b) MUST INCLUDE THE RATIONALE FOR ANY RECOMMENDATION FROM THE LEADERSHIP TEAM THAT THE DEPARTMENT ELECTS NOT TO IMPLEMENT.

SECTION 10. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the

1 ninety-day period after final adjournment of the general assembly; except
2 that, if a referendum petition is filed pursuant to section 1 (3) of article V
3 of the state constitution against this act or an item, section, or part of this
4 act within such period, then the act, item, section, or part will not take
5 effect unless approved by the people at the general election to be held in
6 November 2026 and, in such case, will take effect on the date of the
7 official declaration of the vote thereon by the governor.