

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

REREVISED

*This Version Includes All Amendments
Adopted 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, Amabile, Michaelson Jenet

House Committees

Health & Human Services
Appropriations

Senate Committees

Health & Human Services

SENATE
Amended 3rd Reading
April 30, 2025

A BILL FOR AN ACT

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

SENATE
Amended 2nd Reading
April 29, 2025

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>.)

HOUSE
3rd Reading Unamended
March 26, 2025

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

HOUSE
Amended 2nd Reading
March 25, 2025

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.

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)(V), (3)(d)(VI), (3)(d)(VII), (4)(b) introductory portion,**
27 **(4)(b)(II), (5)(a), (5)(b)(VI)(B), (6)(a)(I), (6)(b)(II), and (6)(c); amend as**

1 they will become effective July 1, 2025, (4)(a) introductory portion and
2 (5)(b)(VI)(D); and add (2)(f.5), (3)(d)(VIII), (5)(b)(I.5), and (9) as
3 follows:

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

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

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

22 (f.5) TRANSFERS FROM GOVERNMENTAL HEALTH-CARE PROVIDERS
23 TO THE ENTERPRISE THROUGH A MUTUALLY EXECUTED AGREEMENT, AND
24 AS AUTHORIZED BY 42 CFR 433.51, ARE NOT "GRANTS" UNDER SECTION
25 20 OF ARTICLE X OF THE STATE CONSTITUTION BECAUSE:

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

1 (II) SUCH TRANSFERS MUST BE REPAID IF THEY ARE NOT UTILIZED
2 OR APPROVED, AND THUS DO NOT MEET THE DEFINITION OF "GRANT" SET
3 FORTH IN SECTION 24-77-102; AND

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

6 =
7 (V) To enter into agreements with the state department to the
8 extent necessary to collect and expend MONEY FROM THE healthcare
9 affordability and sustainability fee revenue CASH FUND;

10 (VI) To engage the services of private persons or entities serving
11 as contractors, consultants, and legal counsel for professional and
12 technical assistance and advice and to supply other services related to the
13 conduct of the affairs of the enterprise, including the provision of
14 additional business services to hospitals as specified in subsection
15 (4)(a)(IV) of this section; and

16 (VII) To adopt and amend or repeal policies for the regulation of
17 its affairs and the conduct of its business consistent with the provisions
18 of this section; AND

19 (VIII) TO RECEIVE PUBLIC FUNDS AS DESCRIBED IN SUBSECTION (4)
20 OF THIS SECTION.

21 (4) Healthcare affordability and sustainability fee. (a) For the
22 fiscal year commencing July 1, 2017, and for each fiscal year thereafter,
23 the enterprise is authorized to charge and collect a healthcare affordability
24 and sustainability fee, as described in 42 CFR 433.68 (b), OR AS
25 OTHERWISE IN COMPLIANCE WITH 42 CFR 433, on outpatient and inpatient
26 services provided by all licensed or certified hospitals, referred to in this
27 section as "hospitals", AND RECEIVE PUBLIC FUNDS AS DESCRIBED IN 42

1 CFR 433.51, for the purpose of obtaining federal financial participation
2 under the state medical assistance program as described in this article 4
3 and articles 5 and 6 of this title 25.5, referred to in this section as the
4 "state medical assistance program", including disproportionate share
5 hospital payments pursuant to 42 U.S.C. sec. 1396r-4. If the amount of
6 healthcare affordability and sustainability fee revenue collected exceeds
7 the federal net patient revenue-based limit on the amount of such fee
8 revenue that may be collected, requiring repayment to the federal
9 government of excess federal matching money received, hospitals that
10 received such excess federal matching money are responsible for repaying
11 the excess federal money and any associated federal penalties to the
12 federal government. The enterprise shall use the healthcare affordability
13 and sustainability fee revenue to:

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

25 (II) Establish the amount of the healthcare affordability and
26 sustainability fee AND PUBLIC FUNDS so that the amount collected from the
27 fee, THE AMOUNT RECEIVED FROM PUBLIC FUNDS, and federal matching

1 funds associated with the fee AND PUBLIC FUNDS are sufficient to pay for
2 the items described in subsection (4)(a) of this section, but nothing in this
3 subsection (4)(b)(II) requires the state board to increase the HEALTHCARE
4 AFFORDABILITY AND SUSTAINABILITY fee OR THE AMOUNT OF PUBLIC
5 FUNDS TO BE RECEIVED above the amount AMOUNTS recommended by the
6 enterprise; and

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

8 (a) Any healthcare affordability and sustainability fee collected OR
9 PUBLIC FUNDS RECEIVED pursuant to this section by the enterprise must be
10 transmitted to the state treasurer, who shall credit the fee OR PUBLIC
11 FUNDS to the healthcare affordability and sustainability fee cash fund,
12 which fund is hereby created and referred to in this section as the "fund".
13 The state treasurer shall credit all interest and income derived from the
14 deposit and investment of money in the fund to the fund. The state
15 treasurer shall invest any money in the fund not expended for the
16 purposes specified in subsection (5)(b) of this section as provided by law.
17 Money in the fund shall not be transferred to any other fund and shall not
18 be used for any purpose other than the purposes specified in this
19 subsection (5) and in subsection (4) of this section.

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

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

26 (VI) To pay the enterprise's actual administrative costs of
27 implementing and administering this section, including but not limited to

1 the following costs:

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

6 (D) The enterprise's personal services and operating costs related
7 to personnel, consulting services, and for review of hospital costs
8 necessary to implement and administer the increases in inpatient and
9 outpatient hospital payments made pursuant to subsection (5)(b)(I)
10 SUBSECTIONS (5)(b)(I) AND (5)(b)(I.5) of this section, disproportionate
11 share hospital payments made pursuant to subsection (5)(b)(II) of this
12 section, and quality incentive payments made pursuant to subsection
13 (5)(b)(III) of this section;

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

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

4 (II) The hospital provider reimbursement and quality incentive
5 payment increases described in subsections (5)(b)(I) to (5)(b)(III)
6 SUBSECTIONS (5)(b)(I), (5)(b)(II), AND (5)(b)(III) of this section and the
7 costs described in subsection (5)(b)(VI) of this section shall be fully
8 funded using revenue from the healthcare affordability and sustainability
9 fee and federal matching funds before any eligibility expansion is funded;
10 and

11 (c) Notwithstanding any other provision of this section, if, after
12 receipt of authorization to receive federal matching funds for money in
13 the fund, the authorization is withdrawn or changed so that federal
14 matching funds are no longer available, the enterprise shall cease
15 collecting the healthcare affordability and sustainability fee AND
16 RECEIVING PUBLIC FUNDS and shall repay to the hospitals any money
17 received by the fund that is not subject to federal matching funds.

18 (9) State-directed payments program - funding and
19 implementation. THE ENTERPRISE, ACTING IN CONCERT WITH, OR
20 THROUGH AN AGREEMENT WITH, THE STATE DEPARTMENT, IF REQUIRED BY
21 FEDERAL LAW, SHALL SEEK A STATE PLAN AMENDMENT OR ANY FEDERAL
22 AUTHORIZATION NECESSARY TO FUND AND, IN COOPERATION WITH THE
23 STATE DEPARTMENT AND HOSPITALS, SUPPORT THE IMPLEMENTATION OF
24 A STATE-DIRECTED PAYMENT PROGRAM IN COMPLIANCE WITH 42 CFR
25 438.6(c) THAT COMPLIES WITH ALL FEDERAL REQUIREMENTS FOR
26 FINANCING OF THE NON-FEDERAL SHARE AND SHALL SUPPORT A TOTAL
27 PAYMENT RATE FOR EACH STATE-DIRECTED PAYMENT THAT DOES NOT

1 EXCEED THE AVERAGE COMMERCIAL RATE AND IS DISTRIBUTED PURSUANT
2 TO THE REQUIREMENTS OF SUBSECTION (5) OF THIS SECTION.

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

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

10 (b) THE STATE DEPARTMENT SHALL NOTIFY THE MCOs OF ANY
11 CHANGE TO THE PROVIDER RATES WITHIN SIXTY DAYS OF CHANGING THE
12 PROVIDER RATES.

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

15 **25.5-5-427. Managed care entities - disclosure of payment and**
16 **medical loss ratio - definition.** (1) THE STATE DEPARTMENT SHALL
17 INCLUDE IN EACH NEW CONTRACT WITH, OR RENEWAL OF A CONTRACT
18 WITH, AN MCE A PROVISION REQUIRING THE MCE TO SUBMIT TO THE
19 STATE DEPARTMENT, ON AN ANNUAL BASIS, THE AMOUNT THE MCE IS
20 PAID FOR DELIVERING SERVICES AND THE MCE'S MEDICAL LOSS RATIO.

21 (2) THE STATE DEPARTMENT SHALL ANNUALLY PUBLISH THE
22 FOLLOWING INFORMATION ON ITS WEBSITE:

23 (a) THE INFORMATION RECEIVED PURSUANT TO SUBSECTION (1) OF
24 THIS SECTION;

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

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

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

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

7 **25.5-6-117. Plan of care - rehabilitation therapy -**
8 **requirements - definition.** (1) AS USED IN THE SECTION, UNLESS THE
9 CONTEXT OTHERWISE REQUIRES, "PLAN OF CARE" HAS THE SAME MEANING
10 AS SET FORTH IN SECTION 25.5-6-403.

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

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

19 **25.5-6-118. Long-term care for members with permanent**
20 **disability.** (1) FOR A MEMBER RECEIVING SERVICES THROUGH A
21 LONG-TERM CARE PROGRAM PURSUANT TO PARTS 3 TO 10 OF THIS ARTICLE
22 6, IF A SERVICE THE MEMBER RECEIVES IS DISCONTINUED OR IS NO LONGER
23 A COVERED SERVICE, THE STATE DEPARTMENT MUST CONFIRM THE
24 TIMELINE FOR CONTINUITY OF TREATMENT WITH THE FEDERAL CENTERS
25 FOR MEDICARE AND MEDICAID DURING THE TRANSITION PERIOD OF THE
26 BENEFIT OR SERVICE BEING DISCONTINUED. UPON CONFIRMATION, THE
27 STATE DEPARTMENT SHALL COMMUNICATE THE TIMELINE TO THE MEMBER

1 IMPACTED BY THE BENEFIT OR SERVICE BEING DISCONTINUED.

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

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

7 **25.5-6-2001. System of care for children and youth - federal**
8 **authorization - leadership and implementation team - report - rules**
9 **- definition.** (2) (a) ~~No later than November 1, 2024,~~ The state
10 department shall convene a leadership team that is responsible for ~~the~~
11 ~~decision-making and oversight~~ ADVISING AND REVIEWING THE
12 DEVELOPMENT AND OPERATION of the system of care for children and
13 youth who have complex behavioral health needs.

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

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

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

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

27 (7) (b) Beginning January 2025, and each quarter thereafter, the

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

9 **SECTION 10. Act subject to petition - effective date.** This act
10 takes effect at 12:01 a.m. on the day following the expiration of the
11 ninety-day period after final adjournment of the general assembly; except
12 that, if a referendum petition is filed pursuant to section 1 (3) of article V
13 of the state constitution against this act or an item, section, or part of this
14 act within such period, then the act, item, section, or part will not take
15 effect unless approved by the people at the general election to be held in
16 November 2026 and, in such case, will take effect on the date of the
17 official declaration of the vote thereon by the governor.