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Facing Hard Choices, Staying True to Our Values

1 message

HCPF Office of Community Living

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To: tracyk0923@gmail.com

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at 3:12 PM

Facing Hard Choices, Staying True to Our Values

A Message to Long-Term Services and Supports (LTSS) Stakeholders

Colorado's (LTSS) system is entering a period of significant challenge—but also of shared responsibility and purposeful action. The federal legislation known as H.R.1, signed into law on July 4, 2025, introduced sweeping changes to Medicaid that will reduce federal funding, increase administrative workloads, and shift more financial responsibility to states. For Colorado, this means over a **\$1 billion budget shortfall in the current fiscal year alone**—and difficult decisions ahead to ensure we can sustain the critical programs our communities rely on.

The Office of Community Living is taking proactive steps to recalibrate spending while staying rooted in our mission: **supporting dignity, independence, and access to care for older adults and people with disabilities**. We know this work is deeply personal. The choices we make must balance fiscal responsibility with the human reality behind every service, benefit, and budget line.

Over the past five years, our community has achieved extraordinary things together. But we must now face the fiscal realities: **LTSS costs have grown by 44% in just three years**, driven by rising utilization, complex population needs, and necessary rate increases that reflect our shared values. Facing this reality, we must act

decisively but transparently and will align with HCPF's North Star goal: **to mitigate inappropriate coverage losses and avoid draconian cuts.**

What You Can Expect:

- Targeted program adjustments in areas with outlier growth based on data, stakeholder input, and shared learning from other states.
- A continued focus on system sustainability, workforce investment, and access to care.
- Open and ongoing dialogue as we navigate this moment together. Our commitment to transparency and partnership is stronger than ever.

We know this is not easy. But together, we will protect what matters most—and emerge more sustainable, more accountable, and ready for the future ahead.

New Website

As part of our goal for transparency and open communication, OCL is excited to launch a new webpage titled Medicaid Sustainability and Colorado's Long-Term Services and Supports System.

The page provides information about current program and rate changes, as well as links to additional resources, such as the fact sheets below. As more information becomes available, this site will be updated and notification will go out via the OCL Digest (this newsletter).

[Visit The New Website](#)

Fact Sheets on the Website



Home and Community-Based Services (HCBS) Provider Rate Reduction (1.6%)

September 2025

In July 2025, providers received a 1.6% across the board (ATB) increase. Given the budget shortfall, this increase will be rolled back.

What's New

If an HCBS service received a 1.6% rate increase effective July 2025, then that HCBS Provider rate will be decreased by 1.6%.

What's Changing?

- Most Medicaid providers: 1.6% rate rollback.
- HCBS providers: The same rollback with a planned implementation on October 1, 2025. This includes: Case Management Agency (CMA) contract rates, including State General Fund programs and Targeted Case Management.

How will this affect Members and Direct Care Workers?

- This change is not anticipated to impact members' services or care.
- Providers are still required to pay direct care workers a legislatively set base wage. This means that direct care workers' wages may not be cut below this set base wage.
- Consumer Directed Assistant Support Services (CDASS) members can expect to see their monthly allocation reverted to June 2025's allocation (unless there has been an allocation change due to increased care needs).

Fiscal Impact

- Savings of \$38.3 million General Fund (GF).
- Supports balancing the FY 2025-26 budget under Executive Order D 2025 014.

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Eliminating the Nursing Facility Minimum Wage Payments

September 2025

House Bill (HB) 22-1333 created the Nursing Facility Minimum Wage Supplemental Payment to support facilities when the minimum wage was below \$15/hour. Since the state minimum wage will exceed \$15 in FY 2026-27, the payment will no longer be needed and was anticipated to be sunsetted.

What's New

The Department of Health Care Policy and Financing (HCPF) will end this supplemental payment one year earlier than planned.

What's Changing?

- Supplemental payment eliminated beginning in FY 2025-26.
- Nursing facility base rates are not impacted.

Fiscal Impact

- Savings of \$4.4 million General Fund (GF).
- Aligns with the Governor's Executive Order to target duplicative spending.

Timeline and Implementation

This change takes effect immediately. No additional minimum wage supplemental payments will go to nursing facility providers.

Why is This Happening?

The Denver minimum wage is currently above \$15 per hour and the statewide minimum wage is not far behind at \$14.81 per hour. The payment was anticipated to sunset next year when the statewide minimum wage rose above \$15. Ending it early avoids unnecessary spending and contributes savings to balance the budget.

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Community Connector: Rate Reduction

September 2025

Community Connector services are designed to help Members become more integrated into their communities by building skills, fostering relationships, and accessing natural supports through individualized, person-centered support. These services:

- Support Members in developing abilities and skills to participate in typical community activities and functions.
- Use the community as a learning environment to assist the Member in building relationships and natural supports.
- Are provided one-on-one in settings where children interact with community members without disabilities.

Community Connector Services are offered under:

- HCBS Children's Extensive Support (CES) Waiver
- HCBS Children's Habilitation Residential Program (CHRP) Waiver

What's New

The Department of Health Care Policy and Financing (HCPF) is reducing the rates to \$41.56 per hour (outside of Denver) and \$42.70 per hour (in Denver) (a 15% rate reduction) for Community Connector services. This brings the rate closer to similar services for adults and aligns with overall Medicaid rate standards. HCPF released a Memo regarding this change on August 22, 2025. Please see [Informational Memo 080.25-025](#).

What's Changing?

- Current rate: \$12.22 per 15 minutes (\$48.88/hour) outside Denver; \$12.56 per 15 minutes (\$50.24/hour) in Denver.
- New rate: \$10.39 per 15 minutes (\$41.56/hour) outside Denver; \$10.67 per 15 minutes (\$42.70/hour) in Denver.
- Reduction: -\$1.83 per unit (-\$7.32/hour) outside Denver; -\$1.89 per unit (-\$7.56/hour) in Denver.

This change is designed to ensure rate equity, better align with training requirements compared to other services, and support Medicaid sustainability. Improving health care equity, access and outcomes for the people we serve while saving Colorado's money on health care and driving value for Colorado.
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Home and Community-Based Services (HCBS) Provider Rate Reduction (1.6%)

Eliminating the Nursing Facility Minimum Wage Payments

Community Connector: Rate Reduction



Individual Residential Services and Supports (IRSS): Rate Alignment

September 2025

Individual Residential Services and Supports (IRSS) is a residential benefit found exclusively in the Developmental Disabilities (DD) Waiver. This service uses a variety of living arrangements to meet the unique needs for support, guidance, and habilitation of each member. The Individual Residential Services and Supports (IRSS) service covers:

- Host Homes (member lives with a provider in a private home).
- Family Homes (caregiver provides services in their own home/family home).
- Member-owned/rented homes.
- Staffed Homes (provider agency staff provide 24/7 rotating care for higher needs).

The Department of Health Care Policy and Financing (HCPF) has identified that agencies often bill at the "Staffed Home" rate for services provided by family caregivers, even though most family homes operate like Host Homes. This has led to higher-than-appropriate expenditures.

What's New

HCPF will clarify definitions for IRSS settings to ensure:

- Host Homes, Family Homes, and Member Homes bill one rate.
- Staffed Homes will continue to bill at the higher rate to reflect true business costs.

What's Changing?

- Agencies will no longer be allowed to bill at the higher "Staffed Home" rates for services provided by family caregivers.
- Only true Staffed Homes with rotating agency staff will qualify for the higher rate. All other setting types will bill at the lower rate.

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Individual Residential Services and Supports (IRSS): Rate Alignment

Helpful Information For Members, Families, and Advocates

September 2025

What is IRSS?

IRSS (Individual Residential Services and Supports) is a Medicaid service in the Developmental Disabilities (DD) waiver. It provides housing and support in different settings:

- **Host Homes** - A person with disabilities lives with a non-related provider in their private home.
- **Family Homes** - A family caregiver provides services in their own home.
- **Member Homes** - The person lives in their own home or apartment with support.
- **Staffed Homes** - A provider agency has rotating staff working 24/7 to support members with higher needs.

What is changing?

- Today, some family homes have been billing at the higher "Staffed Home" rate, even though they function like Host Homes.
- Going forward:
 - Host Homes, Family Homes, and Member Homes → All will use the same (lower) rate.
 - Staffed Homes → Will continue to receive a higher rate, since they have higher staffing and business costs.

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Individual Residential Services and Supports (IRSS): Rate Alignment

IRSS: Rate Alignment Helpful Info for Members, Families, and Advocates

How to Get Involved: Opportunities for Input

All of these changes, except the HCBS Provider 1.6% Rate Reduction, will have stakeholder engagement opportunities, some of which are listed below. As new meetings are scheduled and new opportunities for providing feedback are announced, they will be shared in this newsletter.

- ## Community Connector Rate Adjustment

Stakeholders may send written feedback to HCPF_LTSS.PublicComment@state.co.us until September 12, 2025 on the Community Connector Rate Alignment.

- ## Eliminating the Nursing Facility Minimum Wage Payments

Nursing Facility Stakeholders Meeting

The purpose of this meeting is to identify challenges in providing Medicaid services in nursing facilities. This meeting provides an opportunity for HCPF staff, members, and providers to discuss issues unique to nursing facilities and their residents. This meeting replaced the Nursing Facility Advisory Council (NFAC) and the Nursing Facility Provider Fee Advisory Board (PFAB) meetings.

Wednesday, September 17, 2025
1 to 3 p.m.

[Join via Google Meet](#)

Join via Phone:
401-379-3164 PIN: 406 137 468#

IRSS Rate Alignment

Meeting 1 of 2

This meeting is intended to provide stakeholders information and an opportunity to give feedback on the upcoming changes to IRSS rates and billing per Executive Order D 2025 014. This meeting will be focused on clarifying definitions for IRSS settings, review the changes to IRSS rates and billing, including timeline and implementation. Stakeholders are encouraged to provide input on the clarified language to ensure universal understanding of the different residential settings under IRSS.

Tuesday, October 14, 2025
10 to 11 a.m.

Join via Google Meet

Join via Phone:

319-382-9607; PIN: 292 944 237#

Meeting 2 of 2

This meeting is intended to provide stakeholders information and an opportunity to give feedback on the upcoming changes to IRSS rates and billing per Executive Order D 2025 014. This meeting will be focused on clarifying definitions for IRSS settings, review the changes to IRSS rates and billing, including timeline and implementation. Stakeholders are encouraged to provide input on the clarified language to ensure universal understanding of the different residential settings under IRSS.

Thursday, November 20, 2025

11 a.m. to 12 p.m.

Join via Google Meet

Join via Phone:

601-680-7088 PIN: 222 253 458#

Reasonable accommodations will be provided upon request for persons with disabilities. Auxiliary aids and services for individuals with disabilities and language services for individuals whose first language is not English may be provided upon request.

Please contact HCPF's 504/ADA Coordinator at hcpf504ada@state.co.us at least one week prior to the scheduled meeting to make arrangements.

Colorado Department of Health Care Policy and Financing | [303 E 17th Ave Ste. 1100 | Denver, CO 80203 US](#)

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