Department of Health Care Policy and Financing

Funding Request for the FY 2026-27 Budget Cycle

Request Title

R-17 OCL Benefit Adjustments

Dept. Approval By: ______________________ ____ **Supplemental FY 2025-26**

OSPB Approval By: ______________________ ____ **Budget Amendment FY 2026-27**

X **Change Request FY 2026-27**

Summary Information	Fund	FY 2025-26 Initial Appropriation	FY 2025-26 Supplemental Request	FY 2026-27 Base Request	FY 2026-27 Change Request	FY 2027-28 Continuation
Total of All Line Items Impacted by Change Request	**Total**	**$225,145,601**	**$0**	**$219,409,714**	**($5,229,310)**	**($5,229,310)**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$104,971,046	$0	$102,910,193	($2,632,702)	($2,632,702)
	CF	$3,630,490	$0	$2,848,197	$17,147	$17,147
	RF	$81,000	$0	$81,000	$0	$0
	FF	$116,463,065	$0	$113,570,324	($2,613,755)	($2,613,755)

Line Item Information	Fund	FY 2025-26 Initial Appropriation	FY 2025-26 Supplemental Request	FY 2026-27 Base Request	FY 2026-27 Change Request	FY 2027-28 Continuation
01. Executive Director's Office, (A) General Administration, (1) General Administration - General Professional Services and Special Projects	**Total**	**$45,936,358**	**$0**	**$40,397,469**	**$100,000**	**$100,000**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$16,663,486	$0	$14,707,769	$31,953	$31,953
	CF	$3,629,148	$0	$2,846,853	$17,147	$17,147
	RF	$81,000	$0	$81,000	$0	$0
	FF	$25,562,724	$0	$22,761,847	$50,900	$50,900
04. Office of Community Living, (A) Division of Intellectual and Developmental Disabilities, (2) Medicaid Programs - Children's Extensive Support Services	**Total**	**$147,638,446**	**$0**	**$147,566,019**	**($5,292,004)**	**($5,292,004)**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$72,523,503	$0	$72,480,701	($2,646,002)	($2,646,002)
	CF	$0	$0	$0	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$75,114,943	$0	$75,085,318	($2,646,002)	($2,646,002)
04. Office of Community Living, (A) Division of Intellectual and Developmental Disabilities, (2) Medicaid Programs - Children's Habilitation Residential Program	**Total**	**$31,570,797**	**$0**	**$31,446,226**	**($37,306)**	**($37,306)**
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$15,784,057	$0	$15,721,723	($18,653)	($18,653)
	CF	$1,342	$0	$1,344	$0	$0
	RF	$0	$0	$0	$0	$0
	FF	$15,785,398	$0	$15,723,159	($18,653)	($18,653)

Auxiliary Data			
Requires Legislation?	NO		
Type of Request?	Health Care Policy and Financing Prioritized Request	**Interagency Approval or Related Schedule 13s:**	No Other Agency Impact

Governor Jared Polis
FY 2026-27 Funding Request

Kim Bimestefer, Executive Director
Department of Health Care Policy & Financing
November 3, 2025

Department Priority: R-17
OCL Benefit Adjustments

Summary of Funding Change for FY 2026-27

Fund Type	FY 2026-27 Base Request	FY 2026-27 Incremental Request	FY 2027-28 Incremental Request
Total Funds	$219,409,714	($5,229,320)	($5,229,310)
General Fund	$102,910,193	($2,632,702)	($2,632,702)
Cash Funds	$2,848,197	$0	$0
Reappropriated Funds	$81,000	$0	$0
Federal Funds	$113,570,324	($2,632,702)	($2,632,702)
FTE	0.0	0.0	0.0

Summary of Request

Problem or Opportunity

In response to ongoing federal budget reductions to Medicaid and the state's structural budget deficit, the Department has reviewed benefit and payment policies to ensure strong fiscal stewardship and long-term sustainability. This analysis has prioritized access to medically necessary services while identifying areas for responsible cost containment and system efficiencies. The Department remains committed to delivering high-quality care to Health First Colorado members while aligning expenditures with available resources and preserving the integrity of the Medicaid program for future generations.

Proposed Solution

The Department requests to remove access to Community Connector services for members under six years of age.

Fiscal Impact of Solution

This request includes a decrease of $5.2 million in total funds, including $2.6 million General Fund in FY 2026-27 and ongoing.

Requires Legislation	Colorado for All Impacts	Revenue Impacts	Impacts Another Department?	Statutory Authority
No	Mixed	No	No	25.5-6-409, 25.5-6.406, C.R.S.

Background and Opportunity

Long-Term Services and Supports (LTSS) are services that assist individuals with disabilities or chronic illnesses with their daily activities. They are additional benefits provided to qualifying members that can be provided in different places, such as in a person's home, in a community center, or in a nursing home. Within LTSS, members are eligible for services such as personal care, homemaking, home modification, and transportation.

Community Connector Changes

Community Connector is a service offered through the Children's Extensive Services (CES) waiver and the Children's Habilitation Residential Program (CHRP) waiver, to help eligible children participate in typical childhood activities that foster relationships and natural supports within their community. Community Connector utilization has increased significantly over the past few years, resulting in substantial increases in expenditures for the CES and CHRP waivers.

Evaluation of the increase related to Community Connector services revealed that the service is not always being authorized appropriately. The Department is seeking to update the policy surrounding this service so that members utilize it in accordance with the guidelines outlined by the Department. Some of the service's utilization is attributed to members under six years of age. This service is designed to help children participate in meaningful community activities that foster relationships and establish natural supports within their community. The Department has determined that at times, this service is being used in lieu of typical parental responsibilities, where a paid parent caregiver is using this service to provide community engagement that they should already be providing as the parent of a child. Few states offer this service to children, and even fewer allow parents to be compensated for providing it. While this can be a benefit, as it widens the provider pool and allows children better access to care, it can be difficult to delineate the service versus typical parental responsibilities. With this initiative, the Department is seeking to add an age restriction to Community Connector services, so children under the age of six are not able to access the service.

Contracted Project Manager

The Department currently does not have the resources to roll out multiple projects with differing lifecycles and high strategic planning needs. This request, as well as other requests from the Department require more work and planning than the Department is currently able to manage, so this request includes funding for one business project manager to ensure all initiatives are incorporated smoothly.

Proposed Solution and Anticipated Outcomes

The Department requests a decrease of $5.2 million in total funds, including a decrease of $2.6 million from the General Fund, to implement this initiative aimed at increasing fiscal stewardship, improving access to appropriate levels of care, and enhancing the value of care for members utilizing long-term services and supports. The Department has determined that the following initiatives support the Wildly Important Goal of Medicaid Efficiency. All of the included initiatives prioritize reducing Medicaid spending through value-based care, with member needs driving the proposed changes and continuations of care. The Community Connector Changes focuses on reducing inappropriate Medicaid spending by moving members into the right setting and level of care.

Community Connector Changes

To ensure that members utilize Community Connector appropriately, the Department proposes limiting the service to members aged six years or older. This will ensure that parental responsibilities are taken into account with this service, while allowing age-appropriate members to make meaningful connections within their communities. The Department expects that approval of this initiative will encourage meaningful community engagement for members using this service, as well as generate ongoing savings for the Department. Making this adjustment will also reinforce the intended use of the Community Connector service, which is to allow individuals to make connections through participating in activities within their residential communities. Continuing the service without an age restriction may lead to further inappropriate usage of the service, which could result in increased costs to the Department over time. With the approval of this request, the Department would see age-appropriate utilization and decreased expenditure in the Community Connector service.

This will be enforced similarly to other age-restricted services, and requires minimal system changes.

Contracted Project Manager

Implementation of changes to policies and programs is a significant lift for the Department. Conducting stakeholder engagement and incorporating feedback, along with the state and federally required processes, such as rule changes, and waiver and state plan amendments require strategic planning and coordination. Achieving a successful roll-out of any one project can be challenging, but managing multiple project lifecycles at a time is especially complex. To manage new projects within the Department, contracted project management support is needed. Project managers develop and oversee project schedules, support and track key milestones, assist with reporting, and provide general oversight of possible risks and issues. They are key to ensuring smooth planning and implementation, particularly when subject matter experts have a number of projects underway simultaneously. The initiative within this request and others include required policy changes to be implemented successfully. To support the internal team executing the work, the Department requests $500,000 across this request, the FY 2026-27 R-8 Colorado Single Assessment Implementation request, and the FY 2026-27 R-15 OCL Payment Methodology Adjustments request for business project management support. $100,000 will be included in this request as these resource will not be fully dedicated to the projects in this request and the hours required will be commensurate to the specific needs of these initiatives.

Supporting Evidence and Evidence Designation

The Department has determined that the initiatives included in this budget request have different levels of evidential support.

Changes to Community Connector

Program Objective	The Department expects that narrowing the population eligible for the Community Connector service will encourage appropriate utilization.
Relevant Outputs	Number of members under six utilizing the service, decreased expenditure on CES and CHRP waiver.
Relevant Outcomes	Improve age appropriate care for members utilizing the Community Connector service.
Evidence Designation with Brief Justification	Insufficient Evidence - Studies do not include information on individuals under six years of age.

The Department believes that the “Changes to Community Connector” initiative would be considered “Insufficient” due to the lack of literature addressing individuals under the age of six. Literature found regarding the impact of community connections and supports for children with disabilities often do not include children under the age of six, and instead study children ages seven and older. While this is important to note, as the Department is seeking to remove access to these services for children six and under, this does lead to the Insufficient evidence label, as there is no data collected to show any impact for this population.

However, there are several studies focused on the impact of community connections and supports that focus on children aged seven and older that have found positive conclusions. Specifically, a study in 2018 found that social support and connection was found to reduce family stress and increase resilience, especially for marginalized families such as those with a family member with a disability.[1] Another study found that both formal and informal support

[1] Edwards, M., Parmenter, T., O’Brien, P., & Brown, R. (2018, April 12). *Family quality of life and the building of social connections: Practical suggestions for practice and policy*. International Journal of Child, Youth and Family Studies. https://journals.uvic.ca/index.php/ijcyfs/article/view/18642

influences well-being for family members, family functioning, and the utilization of social resources. Informal support from family and friends and perceptions of helpfulness from support are also associated with lower parental stress, greater feelings of parental empowerment, and higher levels of marital satisfaction.[2] These studies support the Department's goals for the Community Connector service, which are intended for children above the age of six.

Promoting Colorado for All

If this request is approved, the initiatives implemented will have a mixed equity impact and some initiatives will present equitable outcomes by addressing disparities based on socioeconomic status, ability, and other factors.

The Department expects that the Changes to Community Connector initiative will have a mixed equity impact, as some members will lose access to the service. However, the Department has determined that members under six years of age are not able to use the service in its intended form, and thus should no longer have access. While this will affect the population of children using this service, children over the age of six who are using the service as intended will continue to have access, and benefit from Community Connector.

Assumptions and Calculations

Community Connector Changes

The Department expects that there will be savings associated with the eligibility change for Community Connector. During FY 2023-24, there was an average of 3,106 participant months recorded utilizing Community Connector under the age of six. Participant months are defined as the total members using the service in a given month divided by the total number of members authorized to use the service. Those members had an average cost of $1,533.09 per month. The total estimated savings is calculated at $5,329,310. The Department is estimating that this will be ongoing savings, as children under the age of six will no longer be able to access the service. Minimal system changes are required with no associated costs, as there are other programs utilizing similar age limits.

Contracted Project Manager

To support the internal team executing the work, the Department requests $100,000 TF for business project management support.This resource will not be fully dedicated to the projects in this request and the hours required will be commensurate to the specific needs of these initiatives.

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[2] Canary, H. E. (2008). Creating Supportive Connections: A Decade of Research on Support for Families of Children with Disabilities. *Health Communication*, *23*(5), 413-426. https://doi.org/10.1080/10410230802342085

Table 1.1
Summary by Line Item
FY 2026-27

Row	Line Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP Rate	Notes/Calculations
A	(1) Executive Director's Office; (A) Administration, General Professional Services and Special Projects	$100,000	0.0	$31,953	$17,147	$0	$50,900	50.90%	Table 2.1 Row D
B	(4) Office of Community Living; (A) Division of Intellectual and Developmental Disabilities, (2) Medicaid Programs - IDD Children's Extensive Support Services	($5,292,004)	0.0	($2,646,002)	$0	$0	($2,646,002)	50.00%	Table 2.1 Row A
C	(4) Office of Community Living; (A) Division of Intellectual and Developmental Disabilities, (2) Medicaid Programs - IDD Children's Habilitation Residential Program	($37,306)	0.0	($18,653)	$0	$0	($18,653)	50.00%	Table 2.1 Row A
D	**Total Request**	**($5,229,310)**	**0.0**	**($2,632,702)**	**$17,147**	**$0**	**($2,613,755)**	**50.00%**	Sum of Rows A through C

Table 1.2
Summary by Line Item
FY 2027-28

Row	Line Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP Rate	Notes/Calculations
A	(1) Executive Director's Office; (A) Administration, General Professional Services and Special Projects	$100,000	0.0	$31,953	$17,147	$0	$50,900	50.90%	Table 2.2 Row D
B	(4) Office of Community Living; (A) Division of Intellectual and Developmental Disabilities, (2) Medicaid Programs - IDD Children's Extensive Support Services	($5,292,004)	0.0	($2,646,002)	$0	$0	($2,646,002)	50.00%	Table 2.2 Row A
C	(4) Office of Community Living; (A) Division of Intellectual and Developmental Disabilities, (2) Medicaid Programs - IDD Children's Habilitation Residential Program	($37,306)	0.0	($18,653)	$0	$0	($18,653)	50.00%	Table 2.2 Row A
D	**Total Request**	**($5,229,310)**	**0.0**	**($2,632,702)**	**$17,147**	**$0**	**($2,613,755)**	**50.00%**	Sum of Rows A through C

Table 1.3
Summary by Line Item
FY 2028-29 and Ongoing

Row	Line Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP Rate	Notes/Calculations
A	(1) Executive Director's Office; (A) Administration, General Professional Services and Special Projects	$100,000	0.0	$31,953	$17,147	$0	$50,900	50.90%	Table 2.3 Row D
B	(4) Office of Community Living; (A) Division of Intellectual and Developmental Disabilities, (2) Medicaid Programs - IDD Children's Extensive Support Services	($5,292,004)	0.0	($2,646,002)	$0	$0	($2,646,002)	50.00%	Table 2.3 Row A
C	(4) Office of Community Living; (A) Division of Intellectual and Developmental Disabilities, (2) Medicaid Programs - IDD Children's Habilitation Residential Program	($37,306)	0.0	($18,653)	$0	$0	($18,653)	50.00%	Table 2.3 Row A
D	**Total Request**	**($5,229,310)**	**0.0**	**($2,632,702)**	**$17,147**	**$0**	**($2,613,755)**	**50.00%**	Sum of Rows A through E

Table 2.1
Summary by Initiative
FY 2026-27

Row	Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP Rate	Notes/Calculations
A	Community Connector Age Restriction	($5,329,310)	0.0	($2,664,655)	$0	$0	($2,664,655)	50.00%	Table 3.1 Row D
B	Project Management Contract	$100,000	0.0	$31,953	$17,147	$0	$50,900	50.90%	Table 4.1 Row C
C	**Total Request**	**($5,229,310)**	**0.0**	**($2,632,702)**	**$17,147**	**$0**	**($2,613,755)**	**50.00%**	**Row A + Row B + Row C**

Table 2.2
Summary by Initiative
FY 2027-28

Row	Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP Rate	Notes/Calculations
A	Community Connector Age Restriction	($5,329,310)	0.0	($2,664,655)	$0	$0	($2,664,655)	50.00%	Table 3.1 Row D
B	Project Management Contract	$100,000	0.0	$31,953	$17,147	$0	$50,900	50.90%	Table 4.1 Row C
C	Total Request	($5,229,310.00)	0.0	($2,632,702.00)	$17,147.00	$0.00	($2,613,755.00)	50.00%	**Row A + Row B + Row C**

Table 2.3
Summary by Initiative
FY 2028-29 and Ongoing

Row	Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP Rate	Notes/Calculations
A	Community Connector Age Restriction	($5,329,310)	0.0	($2,664,655)	$0	$0	($2,664,655)	50.00%	Table 3.1 Row D
B	Project Management Contract	$100,000	0.0	$31,953	$17,147	$0	$50,900	50.90%	Table 4.1 Row C
C	Total Request	($5,229,310)	0.0	($2,632,702)	$17,147	$0	($2,613,755)	50.00%	**Row A + Row B + Row C**

Table 3.1 Changes to Community Connector - Age Restriction					
Row	**Item**	**FY 2026-27**	**FY 2027-28**	**FY 2028-29 and Beyond**	**Notes**
Current Utilization of Members Under 6 Years Old					
A	Average Number of Participant Months	3,106	3,106	3,106	FY 2023-24 Total Number of Members Using Community Connector on CES and CHRP Waiver Under 6 years old
B	Average Cost Per Member	$1,533.09	$1,533.09	$1,533.09	Average Cost Per Member Per Month for Members Under 6 years old (CES and CHRP)
C	Total Current Expenditure	$5,329,310	$5,329,310	$5,329,310	FY 2023-24 Expenditure for Members Under 6 years old (CES and CHRP)
D	Total Savings	($5,329,310)	($5,329,310)	($5,329,310)	Row C * (-1)

Table 4.1 FY 2026-27 and Ongoing Contracted Project Manager						
Row	Item	Total Funds	General Fund	Cash Funds	Federal Funds	FMAP
A	Business Administration	$100,000	$31,953	$17,147	$50,900	50.90%
C	**Total Project Management**	**$100,000**	**$31,953**	**$17,147**	**$50,900**	50.90%