



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1244: CDPHE NURSING HOME PENALTY FUND

Prime Sponsors:

Rep. Slaugh; Joseph
Sen. Frizell; Exum

Fiscal Analyst:

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Bill Outcome: Signed into Law

Drafting Number: LLS 26-0803

Version: Final Fiscal Note

Date: June 18, 2026

Fiscal note status: The final fiscal note reflects the enacted bill.

Summary Information

Overview. The bill updates how the Colorado Department of Public Health and Environment distributes money from the Nursing Home Penalty Cash Fund.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- Minimal State Revenue
- Minimal State Workload
- Local Government

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

This bill updates how the Colorado Department of Public Health and Environment (CDPHE), in coordination with the Colorado Department of Health Care Policy and Financing (HCPF), distributes money from the Nursing Home Penalty Cash Fund.

Current law requires the CDPHE to consider certain specified criteria as a basis for distributing grants from the Nursing Home Penalty Cash Fund to nursing facilities that foster innovation and improve the quality of its residents' lives. The bill directs the CDPHE and HCPF to distribute these grants based on federal priorities and allowable uses established by the U.S. Centers for Medicare and Medicaid Services. The Nursing Home Innovations Grant Board must also make recommendations for grant approval that align with federal grant cycle processes and allowable uses. The bill further expands the scope of these grants to include education and training of nursing facility staff, and removes the restriction that prevents government entities from applying for a grant from the fund.

Lastly, the bill changes the date when the CDPHE and HCPF must submit annual reporting on grant funding from October 1 to January 1.

Background

Revenue for the Nursing Home Penalty Cash Fund consists of the state share of penalties collected when nursing facilities do not meet federal requirements for long-term care facilities. The [Nursing Home Innovations Grant Board](#) solicits, reviews, and recommends grants to CDPHE and HCPF for funding.

State Revenue

The bill may increase state revenue if agencies that operate a licensed nursing care facility (such as Veterans Community Living Centers) receive grant awards from the Nursing Home Penalty Cash Fund. This revenue depends on actions taken by the CDPHE and HCPF, and varies widely in amount and timing; therefore, the fiscal note cannot estimate potential impacts.

State Expenditures

The CDPHE will have increased workload to review and update grant distribution processes to align with federal priorities and allowable uses, as well as align the timeframe for funding with the federal grant cycle process. This workload increase can be accomplished within existing resources, and no additional appropriation is required.

Additionally, the amount and timing of grants awarded from the fund may change as a result of the bill. However, the total allocation of available funding is not expected to change and thus, the fiscal note assumes that state expenditures in the CDPHE related to nursing home innovations grants will remain the same.

Local Government

Revenue may increase for local governments that operate licensed nursing care facilities and receive grant awards from the Nursing Home Penalty Cash Fund. Workload may also increase for these entities to apply for grants and distribute any awarded funds.

Effective Date

The bill was signed into law by the Governor on May 6, 2026 and takes effect on August 12, 2026, assuming no referendum petition is filed. It applies to distributions made from the Nursing Home Penalty Cash Fund on or after this date.

State and Local Government Contacts

Health Care Policy and Financing
Law

Public Health and Environment