

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

Executive Director of Health Care Policy and Financing

EXECUTIVE DIRECTOR OF HEALTH CARE POLICY AND FINANCING RULES

10 CCR 2505-5

[Editor's Notes follow the text of the rules at the end of this CCR Document.]

1.010 FINANCE AND ACCOUNTING

The incorporation by reference (as indicated within) throughout section 1.010 excludes later amendments to, or editions of, the referenced materials. Pursuant to C.R.S. § 24-4-103(12.5) the State Department maintains copies of this incorporated text in its entirety available for public inspection during regular business hours, at: Colorado Department of Health Care Policy and Financing, 1570 Grant Street, Denver, CO 80203. Certified copies of incorporated materials are provided at cost upon request.

Incorporated materials are found in the following sections: 1.010.1, 1.010.3(5), 1.010.5(2)(b), 1.010.7.H(4), 1.010.7.I(4), 1.010.7.K(2), 1.010.7.K(4), 1.010.7.M(3), 1.010.7.O(3), 1.010.8.A(1), 1.010.8.B, 1.010.8.E(1), 1.010.8.F(3), and 1.010.8.H(1)-(5).

1.010.1 Definitions

Please be advised that the definitions set forth in 1.010.1 also apply to 1.020

The following definitions are used in this rule manual, unless the context otherwise requires.

Accounts Receivable are recoveries that may be due the County Department of Social/Human Services for, but not limited to the following: Overpayment of a benefit or benefits, Ineligibility for a benefit or benefits, Fee for service provided, Overpayment to a Vender of goods, Provider of service, or Employee.

Allowable Expenditures are those which the Colorado Department of Health Care Policy and Financing deems are allowed or required.

Applicable Credits refer to those receipts or reductions of expenditure-type transactions that offset or reduce expense items as direct or indirect costs. Examples of such transactions are: Purchase discounts, Rebates or allowances, Recoveries or indemnities on losses, Insurance refunds or rebates, Adjustments of overpayments, or Erroneous charges. To the extent that such credits accrue to or are received by the County Department of Social/Human Services and relate to allowable costs, they shall be credited to the Colorado Department of Health Care Policy and Financing and/or the appropriate federal award as a reduction of expenditures.

Applicant is any individual who has applied for benefits under the programs of Medical Assistance administered or supervised by the Colorado Department of Health Care Policy and Financing, in accordance with the provisions of Section 25.5-4-103, C.R.S.

Appointing Authority is the person with the direct authority and responsibility for Appointment of employment, Disciplinary action, Promotion of, and or Discharge of employment, over another person.

Appropriation means the authorization by ordinance or resolution of a spending limit for expenditures and obligations for specific purposes, in accordance with the provisions of Section 29-1-102, C.R.S.

Appropriations Account is a budgetary account that represents the total authorized expenditures for a current fiscal period.

Approving Authority is the person with direct authority and responsibility for reviewing and approving of another's activities or requests for payment of expenses.

Arms-length Bargaining means both parties to a contract have relatively equal powers of negotiation upon entering into the contract. Neither party has a disproportionate amount of power to strong-arm the other party.

Capital Expenditure shall be the cost of the asset including the cost to put it in place. Capital expenditure for equipment means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, freight, and installation may be included in, or excluded from, capital expenditure cost in accordance with the County Department of Social/Human Services' accounting policies.

Capitalized Equipment is tangible personal property that has an acquisition cost of more than \$5,000.00, which is not a permanent part of a building and does not lose its identity through incorporation into a more complex unit.

Capital Lease transfers to the lessee substantially all of the benefits and risks related to ownership of the property. The lessee records the leased property as an asset and establishes a liability for the lease obligation.

Cash means the cash account(s) of the County Department, all trust accounts, all petty cash accounts and any other cash accounts maintained.

Cash Reconciliation means the treasurer/bank balance shall be agreed to the general ledger cash balance using an outstanding warrant list and possibly other identifiable reconciling items.

Catalog of Federal Domestic Assistance Number (CFDA) means a five digit number assigned in the awarding document to most grants and cooperative agreements funded by the Federal government. The CFDA number for Medicaid is 93.778 and the CFDA for the Children's Health Insurance Program is 93.767.

Chart of Accounts is a numbered list of accounts that gives order and consistency to a bookkeeping system. Common terminology and classifications shall be used consistently throughout the budget, the accounts, and the financial reports of the fund.

Commercial Lodging is a hotel, motel, resort or public inn as defined in Section 44-3-103, C.R.S. or a bed and breakfast as defined in Section 39-1-102, C.R.S.

Commitment Vouchers as defined by State of Colorado Fiscal Rules, 1 CCR 101-1:Rule 3-1 (2021), which is hereby incorporated by reference, include any approved form of purchase order, contract, travel authorization, advice of employment, Grant Contract, license agreement, parking license agreement and other written authorization for disbursements which satisfy the requirements in a document providing the following:

1. A description of goods or services being purchased or other reasons for the disbursement of funds;
2. The amount to be paid;
3. The obligation is being charged to the appropriate account; and

4. That procurement requirements have been satisfied.

Contract means a mutually binding legal relationship obligating the seller to furnish the supplies or services and the buyer to pay for them. It includes all types of commitments that obligate the government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing.

Contractor is an entity that receives a Contract (2 CFR §200.23). A contractor provides goods and services within normal business operations. Operates in a competitive environment. Provides goods and services that are ancillary to the operation of the federal program.

Corrective Action means action taken by an auditee that corrects identified deficiencies.

Cost Allocation Methodology is a system of principles, practices, and procedures that identify the: Types of services provided, Cost of each service, Reasonable basis of allocation for each type of service which will produce an equitable distribution of costs, Cost objective(s), and Appropriate mathematical computation to make a rational allocation of costs.

Cost Allocation Plan is a systematic and rational allocation of all administrative costs and a narrative description of the procedures that will be used in identifying, measuring and allocating all administrative costs to the benefiting programs and activities.

Cost Objective is a program, grant, organizational subdivision, function, contract or other activity for which costs are being accumulated.

Cost Pool is an aggregation of costs for subsequent allocation to another cost pool or a cost objective.

Costs are expenses incurred, either directly or indirectly. Costs include such items as Labor, Material, Supplies, Rent or building charges, Operating expenses, and Administrative expenses that might properly be assigned to a project or program. It does not include transfers to a general fund or similar fund.

County Board of Social/Human Services or County Board means the county board of social or human services or district board of social or human services except in the case of the City and County of Denver or the City and County of Broomfield, this means the city and county board with responsibility for Medical Assistance and related activities.

County Department of Social/Human Services or County Department means the county department of social or human services or district department of social or human services, except in the case of the City and County of Denver or the City and County of Broomfield, this means the department or agency responsible for Medical Assistance and related activities.

County Department Director means the director of the County Department of Social/Human Services or district department of social/human services.

County means a county or a city and county.

Data refers to all books, papers, maps, photographs, or other documentary materials regardless of physical form. Data may be in hard copy form, microfiche, electronic, or other form.

Deferred Revenue means a revenue collected but not yet earned.

Direct Costs are those costs that can be specifically and readily identified with a program, grant, function, contract, or other activity.

Disability - According to federal regulations, a person is considered to have a disability if s/he: 1) has a physical, communication, or mental impairment which substantially limits one or more major life activities; 2) has a record of such an impairment, or 3) is regarded as having such an impairment. Such impairments may include, but are not limited to, blindness, deafness, paraplegia, contagious diseases, etc.

Disbursement is any decrease in fund resources.

Double-entry Accounting is a method of accounting that recognizes the duality of a transaction. Any change in one account also causes a change in another account.

Equipment shall be an article of non-expendable, tangible personal property having a cost, which equals the lesser of the capitalization level established by the County Department of Social/Human Services for financial statement purposes, or \$5,000.00.

Estimated Revenues Account is a budgetary account that represents the total anticipated revenues expected to be available during the fiscal year on a budgetary basis.

Executive Director means the executive director of the Colorado Department of Health Care Policy and Financing.

Expenditures is a decrease in fund resources other than through inter-fund transfer.

Federal Award means federal financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities.

Federal Financial Assistance means assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals as:

1. Medicare payments (payments to a non-federal entity for providing patient care services to Medicare eligible individuals), and
2. Medicaid payments (payments to a sub-recipient for providing patient care services to Medicaid eligible individuals) unless a state requires the funds to be treated as federal awards expended because reimbursement is on a cost-reimbursement basis.

Fiscal Year for a County Department of Social/Human Services is the period covered by the County Department appropriations for social/human services funds and shall be the calendar year, which coincides with the County Department fiscal year. The fiscal year covered by the Colorado Department of Health Care Policy and Financing appropriations and allocations to the counties shall be July through June. The fiscal year covered by the federal grants in aid shall be October through September. Federal projects may cover fiscal years other than the federal fiscal year and will be specified in the terms of the project.

Fund is an accounting entity which owns assets and incurs liabilities. This means the social/human services fund in each County Department must be accounted for separately from any other funds in the County Department. The assets, including cash, must be identified as assets of this fund.

General Ledger is a book or computer database that contains a full set of accounts. It should be in balance at all times with aggregate debits equaling aggregate credits.

Generally Accepted Accounting Principles (GAAP) has the meaning specified by the Financial Accounting Standards Board (FASB). The FASB is a private, non-profit organization standard-setting body whose primary purpose is to establish and improve Generally Accepted Accounting Principles within the United States in the public's interest. They encompass a wide spectrum of accounting guidelines, ranging from basic concepts and standards to detailed methods and procedures. The priority sequence of sources that an entity should look to for accounting and reporting guidance is discussed in the Statement of Federal Financial Accounting Standards (SFFAS) 34, The Hierarchy of Generally Accepted Accounting Principles for Federal Entities, Including the Application of Standards Issued by the Financial Accounting Standards Board (2020), which is hereby incorporated by reference.

Governmental Auditing Standards: The Comptroller General of the United States issues Generally Accepted Governmental Auditing Standards. They are the standards for audits of governmental organizations, programs, activities and functions, and of governmental assistance received by contractors, nonprofit organizations and other nongovernmental organizations. They are more commonly known as the "Yellow Book."

HHS Financial Guidance is the US Department of Health and Human Services (HHS) 45 CFR Part 75 Uniform Administrative Requirements, Cost Principles and Audit Requirements for HHS Awards, commonly referred to as the "HHS Uniform Guidance," which superseded requirements from OMB Circulars A-21, A-50, A-87, A-89, A-102, A-110, A-122, and A-133.

Indirect Costs relate to a cost incurred that cannot be specifically and readily identified with a cost objective and therefore must be allocated on some basis of imputed benefit. Indirect costs are more commonly known as the costs of administration.

Internal Control is a process affected by an entity's board of directors, management, and other personnel that is designed to provide reasonable assurance regarding the achievement of objectives in the following categories: a) reliability of financial reporting, b) effectiveness and efficiency of operations, and c) compliance with applicable laws and regulations.

The above definition reflects certain fundamental concepts as stated in the US Government Accountability Office Standards for Internal Controls in the Federal Government (the "Green book") revised September 2014:

1. Internal controls are a process. It is a means to an end, not an end in itself. People affect internal controls. It is not policy manuals and forms, but people at every level of an organization.
2. Internal control can be expected to provide only reasonable, not absolute assurance, to an entity's management and board.
3. Internal Control comprises five interrelated components:
 - a. Control Environment: The people - their individual attributes, including integrity, ethical values and competence - and the environment in which they operate. They are the engine that drives the entity and the foundation on which everything rests.
 - b. Risk Assessment: Mechanisms that identify, analyze, and manage related business and operating risks.
 - c. Control Activities: Control policies and procedures must be established and implemented to help ensure that the actions identified by management as necessary to address risks and obtain the specified goals are effectively carried out. Policies and procedures should be reviewed on a periodic basis by management.

- d. Information and Communication: Surrounding these activities are information and communication systems. These enable the County Department of Social/Human Services to capture and exchange the information needed to conduct, manage and control their operations.
- e. Monitoring: The entire process must be monitored and modifications made as necessary. In this way, the system can react dynamically, changing as conditions warrant.

Inventory means a physical identification and count and/or to provide a list of items.

Less-than-arms-length Transactions include, but are not limited to, those where one party is able to control or substantially influence the actions of the other.

Management Decision means the evaluation by the federal awarding agency or pass-through entity of the audit findings and corrective action plan and the issuance of a written decision as to what corrective action is necessary.

Maintenance of Effort is a requirement that a County Department of Social/Human Services must maintain a specified level of financial effort in a specific area in order to receive federal grant funds.

Medical Assistance is defined in section 25.5-1-103, C.R.S.

Medical Services Board means the state board authorized to act in accordance with the provisions of Section 25.5-1-301, C.R.S.

Member is a generic term for an individual or group of individuals who receives any assistance from the County Department of Social/Human Services whether it is in the form of cash, non-cash or services.

Non-capital Expenditure is one that is less than \$5,000.00 (or a lesser threshold amount set by the County Department) or an operating expense not expected to benefit future periods.

Partisan refers to any election in which any one of the candidates for office is nominated or elected representing a political party whose candidates for presidential election received votes at the last preceding election at which presidential electors were selected.

Pass-through Entity (PTE) is a non-federal entity that provides a subaward to one or more subrecipients to carry out part of a federal program.

Payroll means a list of expenditures and/or disbursements that are similar in nature or object of expenditure. An employee payroll listing wages, with the amounts due to each employee is an example of a payroll. A listing of Old Age Pension benefits payable to eligible OAP members is another type of payroll. Such lists become vouchers when certified and approved.

Personal Property is property such as machinery, equipment, or furniture that is not real property.

Post-audit is the examination and verification of expenditures after reimbursement with State and/or federal funds.

Pre-audit is the examination and verification of expenditures before reimbursement with State and/or federal funds.

Program is a generic term for any "social services", "assistance payments," "payments under the Colorado Medical Assistance Act," or a specific function or activity.

Program Accessibility is achieved when an entity has all of its services, programs, or activities, when viewed in its entirety, accessible to and usable by persons with disabilities.

Provider is any person, public or private institution, agency, or business concern enrolled under the state Medical Assistance program to provide medical care, services, or goods and holding a current valid license or certificate to provide such services or to dispense such goods.

Questioned Cost means a cost that is questioned by an auditor because of an audit finding: (1) Which resulted from a violation or possible violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the use of federal funds, including funds used to match federal funds; (2) Where the costs, at the time of the audit, are not supported by adequate documentation; or (3) Where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.

Random Moment Sampling is the federally approved cost allocation method that documents the efforts expended in support of programs in order to receive reimbursement for the expenditures.

Real Property is land and generally anything erected on, growing on, or attached to land, for instance, a building.

Recipient Agency means a non-federal entity that expends federal awards received directly from a federal awarding agency to carry out a federal program.

Recipient means any individual or group of individuals who is receiving or has received benefits from programs of Medical Assistance administered or supervised by the Colorado Department of Health Care Policy and Financing, in accordance with the provisions of Section 25.5-4-103 (21), C.R.S.

Regulation is a rule or order issued by an executive authority or regulatory agency of a government and having the force of law.

Reimbursable Expenditures are supported in whole or in part by State general fund, federal (Pass Through) or a combination of State and federal money.

Revenue Expenditure is one that benefits only the current year and is treated as an expense to be matched against revenue; it is less than \$5,000.00 or a lesser amount established by the County Department and the expenditure is not for land, a building or a permanent part of a building and does not lose its identity through incorporation into a more complex unit.

Rule is an agency statement of general applicability and future effect implementing, interpreting, or declaring law or policy or setting forth the procedure or practice requirements of any agency. Rule includes Regulation.

Social/Human Services Fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Social Services are services and payments for services available, directly or indirectly, through the County Department or through State designated agencies, where applicable, for the benefit of eligible persons.

State Department means the Colorado Department of Health Care Policy and Financing.

Subrecipient means a non-federal entity that expends federal awards received from a pass-through entity to carry out a federal program, but does not include an individual that is a beneficiary of such a program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency. Guidance on distinguishing between a subrecipient and a contractor is provided in the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards §200.330 and US Department of Health and Human Services 45 CFR Section 75.351 - Uniform Administrative Requirements, Cost Principles and Audit Requirements for HHS Awards.

Subaward is an award provided by the pass through entity to a subrecipient for the purpose of carrying out part of a federal award received by the pass through entity. A subaward does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program. The form of agreement for a subaward is a grant (2 CFR §200.92 and 45 CFR part 75).

Training Function is a meeting, conference, or other function which is held to enhance staff knowledge or to educate customers of the county that are affected by the county department operations or regulations.

Transportation is travel by commercial airline, railroad, bus, taxicab, County-owned, or personally-owned automobile or any other means of conveyance.

Trial Balance is a list of all open accounts in a ledger and their balances. The debits and credits should be in balance at all times. It provides a summary that can be used in making later adjusting and closing entries before financial statements are prepared.

Trust Accounts may result from activity of a foster care, child support enforcement, adult protective or any other activity when a County Department employee is given the responsibility as representative payee for a member's financial affairs. Trust account funds typically come from a member's income from SSA, SSI, Railroad Retirement, Veteran's Affairs, court ordered lump sum settlements, or child support enforcement activities. Trust accounts maintained by the County Department imply a high degree of fiduciary responsibility.

Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, Commonly referred to as the "Uniform Guidance" issued in 2014. It supersedes requirements from all previous OMB Circulars and applies to all Federal awards except those under the federal department of Health and Human Services.

Vendor generically means a dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a federal program. These goods or services may be for an organization's own use or for the use of beneficiaries of the federal program. Additional guidance on distinguishing between a subrecipient and a vendor is provided in Office of Management and Budget (OMB) Circular A133, Audits of States, Local Governments and Non-Profit Organizations.g1.010.2 Purpose and Scope

1.010.2 Purpose and Scope

These rules are the fiscal rules for County Departments concerning Medical Assistance and the administration of that assistance including but not limited to internal controls, financial reporting, accounting and auditing.

The Colorado Department of Health Care Policy and Financing's Finance and Accounting Manual consists entirely of Executive Director rules as allowed by Section 25.5-1-108, C.R.S.

1.010.3 Board of County Commissioners

1. Board of County Commissioners Responsible for Appropriating Twenty Percent Share

As per Section 25.5-4-206 C.R.S., the board of county commissioners for each county shall annually appropriate as provided by law the funds necessary to defray the county twenty percent share of the overall cost of Medical Assistance administration and related activities delivered in the county, including the costs allocated to the administration of each, and shall include in the tax levy the funds appropriated for that purpose. Such appropriation shall be based upon the County Department budget prepared by the County Department Director.

2. Board of County Commissioners Responsible for Availability of Twenty Percent Share

Additional funds shall be made available by the board of county commissioners if the county funds so appropriated prove insufficient to defray the county twenty percent share of actual costs for Medical Assistance administration.

3. Approval of the County Department Budget

The board of county commissioners approves the final County Department budget and makes a county levy to provide the necessary money to defray the local share of amounts appropriated for administration of Medical Assistance payments and the administration of the County Department.

4. Send a Copy of the Approved Budget to the Colorado Department of Health Care Policy and Financing

A copy of the Approved final budget shall be submitted to the Colorado Department of Health Care Policy and Financing electronically to HCPF_Audit@state.co.us as soon as the budget is approved or by January 1 of each year, whichever date is earlier.

5. Approval of the County Merit System Plan

On or before January 1 of each year, the board of county commissioners shall submit to the State Department a certification that the county merit system is in conformity with 9 CCR 2502-1, Volume 2 (2021), which is hereby incorporated by reference.

6. Liability Insurance

The board of county commissioners shall purchase insurance for its officers, employees and agents that protects them against any liability for injuries or damages resulting from their negligence or other tortuous conduct during the course of their service or employment. The board of county commissioners can, in writing, assume the risk and the financial responsibility of a reasonable deductible.

7. Surety Bond

A surety bond shall be purchased for the County Department Director and other County Department employees, who receive, disburse, handle or have access to currency, checks, money orders, and warrants. The bond shall be in favor of the County Department and be the greater of \$10,000 or 15% of the maximum value of cash and or cash-like items the County Department Director and employees have access to during a year. The board of county commissioners can, in writing, assume the risk and the financial responsibility of a reasonable deductible. This bonding requirement applies to any contractual employees having the same responsibilities.

1.010.4 Financial and Budgetary Responsibilities of the County Department Director

1. Payroll and Expenses Responsibility

a. Payroll and Expenses Certification

Each month the County Department Director or designee shall certify by signature all payrolls and each expense voucher for the issuance of warrants.

b. Certified Payrolls of Salaries and Expenses Presented to the County Board

The County Department Director shall present to the County Board the certified payrolls for salaries and expenses authorizations that have been certified.

c. Certification Description

A description of the certification process for issuance of warrants for the County Department fund and a copy of each certificate shall be available for audit purposes.

2. Responsible for Overseeing the Maintenance of the Accounting System

The County Department Director shall be responsible for overseeing the maintenance of the County Department accounting system.

a. Financial Reports Follow Generally Accepted Governmental Accounting Principles

Each monthly reporting period shall be regarded as an integral part of the fiscal year. Revenues shall be allocated to monthly reporting periods in accordance with generally accepted governmental accounting principles. Expenditures, such as salaries and operating expenditures, shall be allocated to interim periods in which they were incurred. Arbitrary assignment to a monthly period shall not be allowed. The County Department Director shall submit these monthly reports to the County Board within 60 calendar days of the end of each month.

b. Financial Reports Come from the General Ledger

The county general ledger and supporting systems to the general ledger shall be the system used to record the county financial information and the system from which standard reports shall be prepared and forwarded to the County Board of Social/Human Services.

c. Quarterly Financial Reports

Pursuant to section 1.010.5(3)(e) of these rules, the County Department Director shall be responsible for submitting quarterly financial reports to the board of county commissioners. These financial reports shall be available for use by county executive management and their respective staffs for planning purposes and decision-making.

d. Annual Financial Statements

The County Department Director shall be responsible for generating un-audited annual financial statements fully disclosing the financial position of the social/human services fund by March 1 of the subsequent fiscal year.

3. Federal Compliance on Pass Through Funds

The County Departments are responsible for administering federal programs that involve contracts, grants, block grants, and other agreements and shall comply with the applicable federal and state laws and regulations even though the funds were passed through the State Department.

4. Responsibility for Administrative Internal Control and Accounting Internal Control.

The County Department Director is responsible for organizing staff functions to assure adequate control and safeguards for all cash, fixed assets and negotiable items (cash, bonds, securities, etc.) handled by, stored in or used in the County Department and establish appropriate internal controls and separation of duties.

a. Internal Control Activities

Internal control activities include, but are not limited to, reviews by director or high level financial staff member of actual performance, controls over information processing, physical controls over vulnerable assets, establishment and review of performance measures and indicators, segregation of duties, proper execution of transactions, accurate and timely recording of transactions, and access restrictions to and accountability for resources and records.

5. Responsibility for Internal Control on Trust Accounts

a. Signatures Required

Internal control on trust accounts or other funds entrusted or maintained for others outside the County Department shall require at least two signatures, one of which is to be the County Department Director or designee of the County Department Director, for making withdrawals from savings accounts, checking accounts or for the sale of, or redemption of bonds or other securities.

b. High Degree of Fiduciary Responsibility

Trust accounts require a high degree of fiduciary responsibility. The County Department Director is responsible for every trust account transaction.

6. Responsibility for Record Retention

The County Department Director shall assure that the county has available all necessary and complete records for audit purposes and that adequate prior years' expenditure documents are maintained for use in the budgeting process.

7. Budgetary Responsibility

a. Budget Preparation

As part of the county budget, the County Department Director shall prepare a County Department budget and submit this to the County Board for approval.

b. Annual Budgets

The County Department Director shall be responsible for estimating future needs of the County Department as accurately as possible, utilizing all available data, including economic and census forecasts. The estimates are to be supported by documentation and a narrative supporting the budget. The budget shall estimate revenues from all sources based on the most current information. County Department revenue shall be sufficient to maintain an appropriate surplus from year to year. The County Department Director is responsible for initiating requests to County Board for changes in the County Department.

c. Distribution of the Budget

The County Department Director shall submit the original budget request to the County Board and as many copies as it may need. A copy of the approved final budget shall be submitted to the State Department, Audits Section, Denver CO 80203-1818 or HCPF_Audit@state.co.us no later than February 15 of each year. The budget shall be submitted to the board of county commissioners no later than October 15 of each year.

d. Spending Within Budgeted Appropriations

The County Department Director shall be responsible for assuring that expenditures do not exceed appropriations and for controlling the county fund balance at all times.

e. Quarterly Budget Reports to Commissioners

The County Department Director shall be responsible for timely submitting quarterly reports to the board of county commissioners concerning:

- i) A budget report containing a comparison of calendar year-to-date expenditures to calendar year-to-date county appropriations,
- ii) A budget report containing a comparison of calendar year-to-date earned revenues to calendar year-to-date county estimated revenues,
- iii) A budget report containing a comparison of State fiscal year-to-date expenditures to State fiscal year-to-date allocations from the State Department, and
- iv) Interim Balance Sheet and Statement of Net Assets.

f. Budget Revisions

The County Department Director shall be responsible for initiating requests to the County Board for changes in the County Department budget.

1.010.5 County Treasurer

1. County Treasurer Shall Act As Custodian

The County Treasurer shall be the treasurer and custodian of the social/human services fund and shall disburse money from the fund only upon distinct County Department warrants drawn by the person duly appointed by the County Board.

2. Monthly County Treasurer's Reports

The County Treasurer, or county entity acting as the County Treasurer, shall prepare a monthly report which indicates a beginning balance of cash, the amount of monies deposited into the social/human services fund each month, the warrants redeemed by the treasurer or designated redemption entity each month, and an ending cash balance. Alternate forms of tracking the monthly amounts of cash through a redemption entity are also accepted. One example of this is the use of a zero balance account(s) where the balance of this account(s) at any point in time is the amount of unredeemed warrants.

3. No County Treasurer's Fee for Social/Human Services Fund

The County Treasurer, or county entity acting as the County Treasurer, shall not collect any fee for the collection or deposit of any monies into the county social/human services fund.

1.010.6 Chart of Accounts

A chart of account numbering system shall reflect the order of the Statement of Net Assets/Balance Sheet and Statement of Activity/Statement of Revenues and Expenditures accounts. The numbering shall start with the accounts that go into current assets, the first section of the balance sheet, and end with the last category of expenses in the income statement.

1.010.7. General Ledger

1. Double-Entry General Ledger

Each county social/human services fund shall maintain a double-entry general ledger system that is the basis for the accounting system and for financial reporting. The general ledger shall be the location in which all of the active accounts are collected.

2. General Ledger in Balance

The general ledger shall be in balance at all times, with aggregate debits equaling aggregate credits.

3 Experienced Staff to Maintain the Accounting System

Only county staff experienced in bookkeeping and accounting shall maintain the accounting system for the county social/human services fund.

4. Subsidiary Journals

Subsidiary journals shall be maintained to support the general ledger. The supporting journals at a minimum shall be the general journal, cash receipts journal, cash disbursements journal, earned revenue journal, electronic benefits authorized journal, and an accounts receivable journal. In an automated accounting system these journals may consist of a distinct code for each type of journal:

a. Accounts Receivable Journal

Colorado Department of Human Services automated accounts receivable systems may be used as a subsidiary journal but only if appropriate internal controls are in place at the county level for the operation and maintenance of these systems.

b. Cash Disbursement Journal

The warrants issued by the County Department shall be recorded in the cash disbursement journal in a manner that distinctions shall be shown for administration, specific programs, and those warrant issues which are returns or refunds or other accounts payable transactions.

5. Postings Are to Be Current

The accounting system shall be kept current. Each month's transactions shall be recorded to the general ledger as soon as possible after all information is received concerning receipts, expenditures, disbursements, electronic benefit authorizations, actual revenue, and estimated revenue, for a month.

6. Budgetary Accounts

The budget amounts for each calendar year shall be entered in the county general ledger or budget system used by the county. The amounts noted shall reflect the final budget as approved by the board of county commissioners or other governing body with authority to approve the budget. If the budget is subsequently revised, the amounts by program shall be posted to the appropriation and estimated revenue accounts.

1.010.8. Financial Statement Reporting

1. Prepare in Accordance with Generally Accepted Governmental Accounting Principles

Financial statements shall be prepared in accordance with generally accepted governmental accounting principles.

2. Reflect All Financial Activities

Financial statements shall reflect all of the financial activities of the County Department.

3. Additional Financial Reports

Additional reports to fully disclose the operations of the County Department shall be tailored to meet the County Department's needs and enhance the ability to make timely and accurate decisions. Reports shall include but are not limited to such items as: comparison of budget to actual for programs or organizational units; efficiencies and economies in operations; and the results of specific programs and activities, as reflected in accomplishments, benefits, and effectiveness; and compliance with grant requirements and administrative policies.

1.010.9. Internal Control

1. Personnel Responsible for Internal Accounting and Administrative Controls

The County Board, the County Department Director, County Department managers and supervisors, and employees are all responsible for the internal accounting and administrative control processes within and surrounding the County Department.

a. Signature Authority

The County Department shall identify those persons authorized to sign or approve specific documents for another person. The County Department Director shall approve of such listings that shall contain the name(s) and of those persons delegated signature authority.

b. Adequate and Appropriate Personnel

There shall be personnel of quality, integrity, and experience commensurate with their assigned responsibilities.

c. Access to Assets

There shall be restrictions permitting access to assets only by authorized persons in the performance of their assigned duties.

2. Written Plan of Accounting Controls and Administrative Controls

A written plan of accounting controls and administrative controls shall be on file at the County Department. This plan shall reflect the current operations of the County Department and shall provide for but not be limited to the following:

a. Accounting and Administrative Procedures

There shall be adequate authorization and procedures to provide effective accounting control over assets, liabilities, revenues, and expenditures.

b. Continuous Review of the Plan of Internal Accounting and Administrative Controls

There shall be an effective process of internal review and adjustment for changes in operating conditions.

c. Purchasing or Procurement Cards (P-Cards)

The County Department Director is responsible for establishing and maintaining written department-specific P-Card program policies and procedures that include, but are not limited to, purchasing approvals, accounting controls, cardholder compliance and training for employees participating in the P-Card program.

3. Separation of Duties

There shall be internal control procedures that include the appropriate separation of duties such as, but not limited to the following:

a. Separation of Duties for the Receipt and Recording of Cash

The same employee shall not receive cash, record the receipt, deposit the funds, and make journal and/or ledger entries for cash.

b. Separation of Duties for the Receipt of Negotiable Items and the Control of Negotiable Items

The same employee shall not receive negotiable items, dispense these items and control the repository and the inventory of them.

c. Separation of Duties, Ordering and Paying for Goods and Services

The same employee shall not order, receive, and process payment for goods and/or services. Orders for goods and/or services are to be approved in writing by the County Department Director or the director's designee prior to placing such orders. There shall be written approval from the County Department Director or the director's designee prior to payment being made for goods and services received.

4. Effectiveness and Efficiency of Operations

There shall be an appropriate balance between accounting controls and administrative controls, and the effectiveness and efficiency of operations.

5. Reliable Financial Reporting

There shall be systems in place for the accurate and timely compilation of financial reports.

6. Compliance with Applicable Laws and Regulations

There shall be a review process to ensure compliance with the many and varied laws, rules and regulations that are included with the administration of federal grants.

7. Official Receipts

a. Consecutively Numbered Receipt Book

County Departments shall maintain manual or automated receipt books with receipts numbered consecutively. Manual receipt books shall be pre-numbered.

b. Mail Listing of All Negotiable Items

There shall be a listing at the point the mail is opened for all negotiable receipts. This mail listing shall be prepared by the person opening the mail and by someone other than the bookkeeper/accountant.

c. Restrictively Endorsed Negotiable Items

Each County Department shall have a restrictive endorsement stamp and each negotiable item shall be immediately stamped with a restrictive endorsement at the point the mail is opened.

d. Separation of Duties for Mail List Preparation and Receipt Writing

The preparation of the mail and the writing of receipts, whether automated or manual shall be performed by different people. If possible, the monies shall be sent to another person for preparation of the deposit.

9. Deposit of All Cash

All cash or negotiable items made payable to the County Department shall be deposited directly into the social/human services fund.

a. Daily Deposit of All Cash Totaling \$500 or More

Monies shall be deposited daily unless the total amount received is less than \$500.00. Once the cumulative amount of monies received equals \$500 or more, it shall be deposited no later than the next business day. Sufficient security shall be provided to secure cash and negotiable items against theft or loss.

b. Cash Receipts Shall Equal Cash Deposits

The cash receipt total shall be the same as the amount deposited.

c. Reconcile the Mail List to the Receipts to the Deposits

At least at the end of each month, the mail listing and the listing of receipts shall be reconciled with the amount deposited and any differences shall be noted and reconciled.

d. Identification of Cash Receipts

At a minimum, cash receipts shall include information to distinguish Colorado Department of Health Care Policy and Financing remittances, county revenues, plus receipts from individuals, vendors, and other sources.

e. Maintain a Cash Receipts Journal

The county shall record the monies received for deposit into the social/human services fund on a cash receipts journal. The cash receipts journal shall record the receipt transactions for a calendar month.

f. Receipt of Negotiable Items Not Made Payable to the County Department

If the county must accept negotiable items made payable to others, the county shall initiate a procedure to record the county receipt of the negotiable item, the amount of the negotiable item, the sender, the payee, the reason the transaction must be handled in this way, and the date the negotiable item was forwarded to the payee. All available methods to eliminate or minimize these transactions shall be undertaken by the county.

1.010.10. Bid System

1. Threshold for Utilizing a Bid System

A County Department that purchases at one time, supplies, equipment, personal property, or personal services in excess of \$25,000.00 shall use a formal advertising and bidding process to provide, to the maximum extent practicable, open and free competition. If a County Department is unable to use this process, written justification shall be available from the County Department giving the facts related to the purchase and the inability to advertise and seek bids.

a. Groups of Items Totaling \$25,000 or More

Purchases, including a group of items or services from one vendor, at one time, that equals or exceeds \$25,000.00 are defined as a purchase of one item or service.

2. Reconciliation of County Information with Statewide Financial Automated Systems

The county reimbursement or billing will be based on the information that is transmitted by these statewide-automated tracking systems to the Colorado Department of Human Services financial reporting system. The County Departments shall reconcile their own information with the expenditures, reimbursements, and billing information documented in the statewide automated tracking systems and the State financial reporting system.

3. Correct Coding of Information

The county shall correctly code all information reported to the Colorado Department of Human Services and the Department of Health Care Policy and Financing. These codes determine whether the expenditure falls within budgetary allocations, disregards budgetary maximums or is a special project.

a. Reimbursable and Non-Reimbursable Costs

Some costs have a reimbursable portion and a non-reimbursable portion. The county shall split and appropriately code these costs for reporting in the County Financial Management System.

4. Reporting of Refunds

All refunds collected for previously reimbursed expenditures shall be reported in the County Financial Management System. This reporting shall follow the procedures of the statewide automated tracking systems and/or the financial reporting systems.

5. Over-collections

If the County Department collects more money from a payer than the amount established as due, a County Department warrant shall be issued to the payer to repay this over-collection within 10 business days of determining the over-collection.

1.010.11. Balance Sheet Accounts

1. Social/Human Services Fund

A fund to be known as the social/human services fund shall be established and maintained in each of the counties of the State of Colorado.

a. Separate from Other Funds

The social/human services fund in each county shall be accounted for separately from any other funds in the county so that the cash balance in the social/human services fund can be determined at all times.

b. Special Revenue Fund

The social/human services fund shall be maintained as a special revenue fund and used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- c. Includes All Medical Assistance

The social/human services fund shall include all money appropriated by the board of county commissioners for Medical Assistance administration and related purposes.

- d. Includes All Colorado Department of Health Care Policy and Financing and Federal Funds

The social/human services fund shall include all money allotted, allocated, or apportioned to the county by the State Department. These funds are granted by the State of Colorado and by the federal government for Medical Assistance administration and related purposes and paid to the county by the State Department.

- e. Composition of the Social/Human Services Fund

The fund consists of:

- i) Assets,
- ii) Liabilities,
- iii) Approved budget, and
- iv) Fund balance (surplus or deficit of local revenues, both current and prior year).

2. Cash, Warrants and Electronic Benefits Authorized

- a. Cash Reconciliation(s)

- i) Performed within 30 Days

All cash accounts are to be reconciled each month within 30 days of the end of each month.

- ii) Send Reconciliation to the State Department

A copy of the December 31 cash reconciliation(s) report shall be submitted to the State Department, Audits Department, 1570 Grant Street, Denver, CO 80203-1818 or submitted electronically to HCPF_Audit@state.co.us by March 1 of each year.

- iii) Warrants Redeemed List

A redeemed warrant listing(s) shall be retained or alternative procedures should be in place to reconcile the cash balance of the social/human services fund. The reconciliation of the fund shall be based on warrants written and warrants outstanding along with other reconciling items to agree the book balance of the cash in the account with the actual cash balance of the social/human services fund.

- iv) Retain Redeemed Warrants

The redeemed warrants shall be retained, filed in numerical sequence or by date redeemed, and available for audit. A facsimile listing of redeemed warrants provided by the financial institution shall be acceptable.

b. Date of Warrant Issue

The date of issue on a warrant must be on or before the date of mailing.

i) Delivery

On the established pay date, all member and vendor warrants shall be mailed to the last known address of the payee. Member and vendor warrants shall not be hand delivered to payees. Employee compensation or employee travel reimbursement may be hand delivered with appropriate internal control surrounding the delivery.

c. Warrant Redemption Period of 180 Days

Each warrant drawn on and issued from the social/human services fund shall bear a notation clearly printed in a prominent position upon its face, stating that the warrant is void after a predetermined number of days, for example: "Void after 180 days from issue date."

i) Exception to Rule

County Departments shall not have the option of using a time period longer than 180 days for canceling warrants but may use a shorter period of time for cancellation of the warrants.

ii) Canceling Warrants

Any warrants outstanding after the specified time period shall be canceled in accordance with the county internal control procedures or by resolution of the County Board at their next County Board meeting with the stipulation that should such warrant be presented for payment, a new warrant shall be issued.

iii) Stale Dated Warrants

A stop-payment order will be issued to the County Treasurer or county redemption entity at the time the warrant cancellation resolution is passed.

d. Forged Warrants

i) County Procedure

Disposition of the forged warrant shall follow whatever steps are available at the county level to recover the amount of the forged warrant.

ii) Non-Reimbursable

The expenditure as a result of a forged warrant is non-reimbursable. If the amount is collected (from the forger or through return through the banking system) the refund is not reported through the County Financial Management System.

1.010.12 Trust Accounts

1. Responsibility

All trust accounts arising from the State Department programs shall bear the name and the title of the County Department Director as trustee for the recipient. Withdrawals from savings, checking or investment accounts shall require two signatures, neither of which can be the caseworker or the bookkeeper. They may be the business office supervisor and director or director designee, or the caseworker supervisor and director or director designee. Shortages in trust accounts are the responsibility of the County Department.

2. Trust Accounts Usage

a. Deposits

All trust account funds shall initially be deposited with the County Treasurer with the understanding that it is to be deposited where it can draw interest.

b. Document Security

All savings account passbooks, blank checks, checkbooks, bonds, all other securities and any other documentation that could provide access to a trust account shall be kept in a secure place.

c. Checking Accounts

When a member has monthly needs, the trust account funds may be held in a checking account. When it is determined that the checking account contains more than is reasonably needed for the current month's needs, the excess shall be deposited in an interest bearing account.

d. Documentation

Documentation must exist for all transactions of the trust account(s). Withdrawals from trust accounts shall be documented by use of a disbursement request form developed by the County Department.

e. Termination

Termination of trust accounts shall be documented on a notice to terminate trust account form. The form shall be prepared by a caseworker/technician indicating the fact that all payments are to cease on a given date and indicating the disposition of the funds.

f. Reconciliations

All trust accounts shall be reconciled each month and the business office shall prepare a monthly trust account status report 10 working days after the close of the month's business. If all activity is limited to saving account interest earnings, quarterly status reports are acceptable.

g. Commingling

Multiple trust accounts may be held in one account. The monthly reconciliation shall indicate that the adjusted bank balance will cover the positive balances of all the individual trust accounts.

3. Trust Accounts Recorded in the General Ledger

Trust account deposits, withdrawals, and balances shall be recorded in a general ledger account(s). The general ledger account(s) shall, at a minimum, be updated at the conclusion of each month's business.

1.010.13. Accounts Receivable

1. Conflict with Accounts Receivable Program Rules

If the accounts receivable rules of a program are in conflict with these financial rules, the program rules on accounts receivable shall be followed instead of this section 1.010.7.G.

2. Establish Accounts Receivable

The County Department shall establish recoveries due from members, providers, vendors, and employees for all program and administrative areas in a manner consistent with program rules.

3. Interest Payment on Delinquent Accounts Receivables

a. Statutory Interest

If permitted by program rules, a delinquent receivable not already assigned an interest rate may be assessed interest at the statutory rate as set by § 5-12-102, C.R.S.

b. Interest Begins on Forty-Sixth Day after Notice

If no time for payment has been provided for in writing and interest is assessed, interest on the unpaid balance shall be calculated beginning with the forty-sixth day after the notice has been given that the receivable is due and payable.

c. Interest Stated Separately

Interest liability incurred shall be presented on each billing statement as a separate amount from the original amount due.

4. Monthly Billing for Accounts Receivable

The billing shall be supported by the detail of the amount owed, prepared by the County Department referencing the delinquent receivable, the number of days of interest to be paid if applicable, and the interest rate if applicable.

5. Aging Accounts Receivable

Each month every account receivable shall be aged in increments of 1-30 days past due, 31-60 days past due, 61-90 days past due, and 91 or more days past due.

a. Referral of Accounts Receivable to a Collection Agency

When a county has exhausted its collection resources on a claim, the claim shall be referred to a collection agency and written off.

6. Assignment of Member Benefits

No assistance payments made to an eligible recipient shall be transferable or assignable at law or in equity, and none of the money paid or payable under these rules shall be subject to execution, levy, attachment, garnishment, or other legal process or to the operation of any bankruptcy or insolvency law.

7. Accounts Receivable Recorded in the General Ledger

The total amount of recoveries due shall be recorded in the county's general ledger accounting system. The account will be adjusted at a minimum each quarter, reflecting additional amounts due and collections received.

8. Accounts Receivable, Subsidiary Journal

The county shall maintain detailed subsidiary journals and the total of the subsidiary journals must equal the amount(s) recorded in the general ledger accounting system for accounts receivable.

1.010.14. Fixed Assets

1. County Responsibility

Each County Department shall be responsible for ensuring that all capitalized equipment is properly accounted for when acquired, annually inventoried, safeguarded throughout its useful life, and properly accounted for at the time of disposal.

2. Inventory

The County Department shall be responsible for an annual inventory of property, both real and personal, belonging to the County Department. An inventory shall be required only with respect to items of property having an original cost that equals or exceeds \$5,000.00. For control purposes a County Department may establish an amount less than \$5,000.00.

3. Property Records

Each County Department shall maintain detailed property records disclosing the:

- a. Date acquired,
- b. Cost of the fixed asset or value at the time of donation,
- c. Specific program fund or cost pool used to acquire the fixed asset,
- d. Any alterations made to the fixed asset, and
- e. The physical location of the fixed asset.

4. Useful Life, Use and Disposal

a. Useful Life

The fixed asset acquired must be used by, and in, the County Department for the useful life of the asset. Useful life will be the same as defined by the Internal Revenue Service for straight-line depreciation for that class of asset as discussed in the Internal Revenue Manual 1.35.6, Property and Equipment Accounting (2019), which is hereby incorporated by reference.

b. Use for the County Department

If the fixed asset is removed from the County Department, sold or traded before the useful life is exhausted, the prorated cost of the remaining useful life is to be refunded to the original funding source for the asset.

c. Discontinuance of Program

If fixed assets were purchased for a program that has been discontinued, the assets may continue to be used for the benefit of the other federally funded programs that are administered by the County Department.

d. Credit to the Original Funding Source

Upon fixed asset disposal, the trade-in value or scrap value is to be reported as a credit to the original funding source of the asset.

5. Recorded in the General Ledger

The total dollar amount of fixed assets shall be recorded in the general ledger and shall be supported by and agree to the detailed property records that disclose the funding source of the assets.

6. Donated Fixed Assets

Fixed assets donated to a County Department shall be recorded at the fair market value on the date of the gift and treated as purchased equipment for inventory and accounting purposes.

7. Leased Fixed Assets With No Intent to Purchase

The fixed asset so acquired must be used by, and in, the County Department for the term of the lease.

a. Interest

Interest is allowable per the restrictions found in this rule manual, section 1.010.13.3.

b. Allowable Cost in a Sale and Leaseback

Costs under sale and leaseback arrangements are allowable only up to the amount that would be allowed had the County Department continued to own the fixed asset.

c. Limit on Amount of Reimbursement

Fixed assets rented by the county with no intent to purchase are reimbursable only up to the amount of the annual depreciation had the county purchased the asset.

8. Capital Lease of Fixed Assets

Costs under leases, which are required to be treated as capital leases under generally accepted governmental accounting principles, are allowable only up to the amount that would be allowed had the county purchased the fixed asset on the date the lease agreement was executed. This amount would include expenses such as depreciation or use allowance, maintenance, and insurance.

1.010.15. Revenue and Expenditures

1. County Tax Revenue

The county government, through the budget process, determines the amount of county tax revenue that will be deposited into the social/human services fund during a calendar year.

a. Apportioned Taxes

County tax revenue apportioned to the social/human services fund includes but is not limited to:

- i) Levy on assessed valuation of property, and
- ii) Specific ownership taxes.

b. Deposits are Revenues

The county shall record the actual deposits made each month to the social/human services fund from information furnished by the County Treasurer. No calculation of earned revenue from county sources is necessary month by month.

2. Miscellaneous Revenue

a. Revenue from Social/Human Services Costs

All revenue received by a county or County Department, as a result of part or all of the costs being borne by a social/human services program, shall be deposited into the social/human services fund.

b. Donations and Gifts

Unrestricted bequests, gifts or donations to the County Department are used as local revenue. If a restricted donation to the county is invested and the income from the investment is not restricted, such income is a source of local revenues.

3. State and/or Federal Revenue and Payables

a. Monthly Posting to the General Ledger

Accounting entries to record the County Department calculation of the monthly earned revenues and electronic benefit authorization payables shall be posted monthly to the county general ledger.

4. Expenditures

a. Expenditures, Basis of Claims for Reimbursement, and Factors Affecting Allowability of Costs

To be allowable for reimbursement under Federal awards, expenditures reported in the County Financial Management System shall meet the following general criteria:

i) No Provision for Profit

Reimbursable expenditures shall be based on actual cost with no provision for profit or increment above cost.

ii) Expenditures shall be based on Actual Costs

Reimbursable expenditures shall be an actual cost and not a cost based on an average, allocated, anticipated or budgeted cost.

iii) Expenditures Shall Not Be Prohibited

Reimbursable expenditures shall not be those prohibited under federal, State, or local, laws, rules, and regulations.

iv) Expenditure Policies, Regulations, and Procedures Shall Be Applied Uniformly

Reimbursable expenditures shall be consistent with policies, regulations, and procedures that apply uniformly to State and federal awards and other activities of the county.

1) Expenditures Shall Have Consistent Treatment

Expenditures shall be accorded consistent treatment.

A cost shall not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost.

2) Expenditures Shall Comply With Generally Accepted Accounting Principles

Expenditures shall, except for provisions in Office of Management and Budget Uniform Guidance or the US Department of Health and Human Services 45 CFR part 75 Financial Guidance, incorporated by reference, be determined in accordance with generally accepted governmental accounting principles.

v) Expenditures Shall Only Be Used Once as a Match

Expenditures shall not be included as a cost or used to meet cost sharing or matching requirements of any other federal award in either the current or a prior period, except as specifically provided by federal law or regulation.

vi) Expenditures Shall Be Net of Applicable Credits

1) Net of All Credits

Expenditures shall be claimed net of all credits, including but not limited to, volume and cash discounts, refunds, rental income, trade-ins, scrap sales, rebates or allowances, recoveries or indemnities on losses, insurance refunds, adjustments of overpayments, and erroneous charges.

2) In Some Instances, the Amounts Received from the Federal Government Shall Be Treated as Applicable Credits

In some instances, the amounts received from the Federal government to finance activities or service operations shall be treated as applicable credits. Specifically, the concept of netting such credit items, including any amounts used to meet cost sharing or matching requirements, should be recognized in determining the rates or amounts to be charged to federal awards.

vii) Expenditures Shall Be Necessary and Reasonable

Expenditures shall be necessary and reasonable for proper and efficient performance and administration. A cost is reasonable if, in its nature and amount, it meets all the following criteria:

1) Expenditures Shall Be Compared to Market Prices for Reasonableness

Expenditures shall be compared to the market prices for comparable goods or services as a test for reasonableness.

2) Expenditures Shall Be Ordinary and Necessary

Expenditures shall be of a type generally recognized as ordinary and necessary for the operation of the governmental unit or the performance of the federal award.

3) Expenditures Shall Meet Standards Such as Sound Business Practices and Arms-Length Bargaining

Expenditures shall have restraints or requirements imposed by such factors as: sound business practices; arms-length bargaining; federal, State and other laws and regulations; and, terms and conditions of the State and/or federal award.

4) Expenditures Shall Be the Same as Would Be Incurred by a Prudent Person

Expenditures shall not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. A prudent person is one who considers their responsibilities to the governmental unit, its employees, the public at large, and the federal government.

b. Legal Settlements

Legal judgments and settlements against the County Department are not reimbursable.

5. Documentation of Expenditures

To be allowable for reimbursement under federal awards, expenditures reported in the County Financial Management System shall meet the following criteria:

a. Documentation to Support Expenditures

The authorization to purchase, documentation of the receipt of the goods or services, the vendor's invoice, and a signed commitment voucher or signed approval to pay for each disbursement are documents supporting expenditures and must be retained and available for audit purposes.

i) Prior Authorization

Expenditures shall be prior authorized by a signed requisition, purchase order, or similar form of prior authorization. If the purchase is for a monthly recurring expense, a copy of the initial authorization shall be attached to the billing.

ii) Different People Are Required for Ordering, for Receiving and for Processing Payment

The person ordering goods and/or services shall not be the same person receiving or the person processing the payment for them. Likewise, the person receiving the goods/services shall not be the same person processing the payment for them.

iii) Receiving Reports

1) Proper Receiving Report

Expenditures shall be documented by evidence of the receipt of goods or services such as a receiving report signed by an employee authorized to receive the goods or services. A receiving report shall include; actual quantities received, any unsatisfactory condition, and compliance with specifications, prior to a voucher being processed for payment and shall be attached to the voucher packet.

iv) Verification of Vendor's Invoice

The vendor's invoice must be verified by checking for proper purchase authorization, notation of receipt of goods/services, correct addition, and extensions. The invoice should be signed by the person verifying its accuracy. Any discounts for prompt payment or volume purchase shall be reported as a credit or reduction of expenditures.

v) Commitment Vouchers

No disbursement of funds shall be made unless the County Department director or the director's designee has signified approval by signing the commitment voucher or invoice.

6. Employee Salary and Benefits

To be allowable for reimbursement under Federal awards, employee salary and benefits reported in the County Financial Management System shall meet the following criteria:

a. Documentation of Employee Salary and Benefits

The County Department Director and/or board of county commissioners will document employee salary, benefits, and withholdings on payroll records. County Department expenditures shall be listed on payrolls separate from other county personnel costs. These payrolls must be retained as per Colorado State Archives Records Management Manual, Schedule 10 and available for audit.

i) Documentation of Employee Salary and Benefits

County Departments shall have records documenting all personnel actions including, but not limited to, appointments and separations, employee salary level, transfers, demotions, funding changes, pay increases, promotions, terminations, title changes, attendance and leave records, longevity or other circumstances affecting employee compensation.

ii) Controls Over Employee Salary and Benefits

Adequate controls shall be maintained to initiate changes in salary due to promotion, longevity or other circumstances affecting employee compensation.

b. Employee Wage Assignments

County Department employee wages are subject to execution, levy, attachment, garnishment, or other legal processes.

c. Leave Records

All County Departments shall maintain records of all leave both accrued and taken.

d. Standards for documentation of personnel expenses

Personnel expenses shall:

- i) Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable and properly allocated.

- ii) Reasonably reflect the total activity for which the employee is compensated not to exceed 100% of compensated activities
 - iii) Have supporting documentation for the distribution of the employee salary or wages among specific activities or cost objectives. This includes personnel activity reports such as 100% time reporting, prescribed certifications or equivalent documentation that support the records as required by HHS Financial Guidance 45 CFR part 75, §75.460 Compensation - personal services.
- e. Reimbursements for Employee Training
 - i) Training Purpose

Training not provided or required by the State Department as specified in section 1.020.3.3.c must include the following to be eligible for reimbursement: Training functions shall be held to achieve program objectives, develop employees, enhance employee's job performance, and shall be limited to reasonable and actual costs.
 - ii) Training Attendance

The attendance of employees at training functions shall include only those individuals related to the purpose of the function.
 - iii) Training Functions Shall Be Documented

Training functions shall have a written agenda, study materials, and be led by an identified presenter. Training materials created or modified by the County Department that are related to the required trainings as listed in section 1.020.3.3.c must be approved by the State Department prior to the training being offered to County Department staff.

1.010.16. Contracts

The County Departments shall adhere to all county guidelines for contract processes and procedures. In the absence of county procedures, the County Department shall follow State contract process and procedures pursuant to 1 CCR 101 through 1 CCR 109.

To be allowable for reimbursement under federal awards, expenditures for contracts reported in the County Financial Management System shall meet the following criteria:

1. Contract Intent

Each County Department shall be responsible for assuring that the contracts they initiate are within the intent of the funding source and that the contract is necessary and is the most economical and efficient means for accomplishing the identified tasks.

2. Subrecipient versus Contractor Determination

Each County Department shall be responsible for determining the substance of the agreement as required by HHS Financial Guidance §75.351 between the county and its vendors. County Departments must have a documented process for this determination. County Departments must maintain documentation of the determination as part of the agreement.

- a) The County Department must have a written monitoring process for oversight of its subrecipients. This process must include a risk assessment of each subrecipient.
- b) The risk assessment is not part of the selection process but must be done at the outset of the subaward and at least annually thereafter.
- c) Counties must follow information and documentation requirements required by HHS Financial Guidance §75.352.

3. Interagency Contracts

Formal agreements between two agencies, sometimes referred to as "Interagency Agreements," "Memoranda of Understanding," or "Memoranda of Agreement" are to be treated as if they are contracts.

4. Contracts Legality

The County Department shall be responsible for assuring that all constitutional, statutory, regulatory, and grant requirements have been met prior to signing a contract.

5. Protection of Interests

A County Department shall negotiate and process a contract when protecting the interest of the county can only be accomplished by using a contract. When questions arise in this area, the county legal representative should be contacted for assistance.

6. Advance Payments/Retainers

Contracts and other commitment vouchers shall not provide for advance payment for goods and/or services unless it is an established industry standard or unless the party to the contract provides a benefit to the county at least equal to the cost and risk of the advance payment. Any advance payment made on a contract shall require the written approval of the chairman of the County Board, or an authorized delegate.

7. No Personal Benefit

The county signatories of a contract shall have no personal or beneficial interest whatsoever in the goods or services described in the contract.

8. Contracts at a Minimum Shall:

a. Be in Writing

All contracts at a minimum shall be prepared in writing.

b. Specifically Identify the Parties to the Contract

All contracts at a minimum shall specifically identify the parties to the contract.

c. Contain a County Fiscal Year Restriction

All Contracts shall contain a fiscal year restriction such as:

"This contract is subject to and contingent upon the continuing availability of budgeted county funds for the purposes hereof."

- d. Contain a Restriction Regarding the Availability of State and/or Federal Funds

Contracts shall contain a restrictive clause involving State and or federal funds such as:

“This contract is subject to and contingent upon the continuing availability of State and or federal funds for the purposes hereof.”

- e. All Contracts Shall Contain Provisions for:

- i) Statement of Work;
- ii) Payment terms, including maximum dollar amount;
- iii) Performance period (contract beginning and end dates); and
- iv) General terms and conditions.

- f. Request Payment at Least Monthly

Contractors shall bill for goods or services at least monthly. Goods or services performed must be identified in detail. Contracts shall specify that all parties to the contract shall maintain, for audit purposes, documentation to support expenditures claimed under the contract. Payments made should be coded to account categories that identify the type of expense being paid.

- g. Define Breach of Contract

The county shall define breach of contract and include available remedies in the contract.

- h. State a Preference for Colorado Labor

Pursuant to Sections 8-17-101 and 8-17-102, C.R.S., a preference for Colorado labor is applicable if the contract is for public works and is financed in part or in whole with State funds.

- 9. Contract Review

- a. Contract Monitoring

The County shall have a monitoring system to assure that expenditures claimed are within the terms of the contract.

- b. Review for Availability of Funds

Before the execution of a contract, the County Department Director or a delegate shall review the contract for completeness and to ensure that funds are available to cover the contract liability; written evidence of the director's or delegate's review shall be maintained with the contract.

c. Review for Compliance

Before execution of a contract, the County Department Director or delegate shall categorize the contract according to risk using the State Controller's "Review and Approval of State Contracts" criteria or criteria established by written policy of the County Department Director. The County Department legal representative shall review all high risk contracts to include compliance with:

- i) The federal and the State constitution,
- ii) Federal and State laws,
- iii) Federal and State rules and regulations,
- iv) Executive orders, and
- v) The authority of the County Department of Social/Human Services to enter into the contract.

The County Department shall maintain written documentation of the risk analysis of the contract as well as a copy of the results of the written legal review in the contract file.

d. Delegation of the Contracting Authority

Under certain circumstances the County Department Director may delegate, in writing, authority to execute contracts. Delegation of the County Department Director's signature authority does not eliminate the requirement that all contracts have a risk analysis and, if required, legal review, or exempt any County Department from securing the required approval from the chairman of the County Board.

10. Contract Signature Approval

a. Signature Authority

The chairman of the County Board or a designee shall sign all contracts on behalf of the County Department. Delegated authority shall be in writing and maintained for audit purposes.

b. Original Signatures

It shall be the responsibility of the contracting county to obtain original or legally accepted signatures of all parties to the contract and to retain at least one contract that contains the original or legally accepted signatures of all of the contracting parties.

11. Required for Personal Services

Contracts shall be required when a County Department purchases personal services that are provided in a relationship other than that of employee-employer. Personal service contracts include maintenance and service agreements, including but not limited to, legal services, management services, extensions of County Department staff, other public or private agencies, automated data processing services, and training by other than the Colorado Department of Health Care Policy and Financing, Colorado Department of Human Services, or another County Department staff.

- a. Contract Provision for Personal Services in excess of \$100,000

To be included as a reimbursable expense from the State Department, personal services contracts over \$100,000 shall include all of the following contract requirements:

- i) Performance measures and standards developed specifically for the contract by the administering County;
- ii) Accountability standards requiring regular vendor reports on achievement of the specified performance measures and standards;
- iii) Payment provisions allowing the County to withhold payment until successful completion of all or specified parts of the contract and requiring prompt payment upon successful completion;
- iv) Monitoring requirements specifying how the County and the vendor will evaluate each other's performance, including progress reports, site visits, inspections, and reviews of performance data; and
- v) Processes for resolving disputes between the County and the vendor.

11. Required for Lease/Rent

A County Department shall negotiate and process a contract when leasing land, buildings, or other office or meeting space when the rental is for more than thirty days or for an amount more than \$5,000.00.

12. Required for Capital Construction/Maintenance

A County Department shall negotiate and process a contract when expending capital construction or maintenance funds in excess of \$5,000.00.

13. Compliance with Laws

Existing laws, rules and regulations cannot be overridden by terms in a contract or a memorandum of understanding.

1.010.17. Travel

The County Department shall adhere to all county guidelines for travel policies and reimbursement procedures. In the absence of county policies and procedures, County Departments shall follow State travel policies and procedures pursuant to 1 CCR 101-1, Chapter 5, Rule 5-1.

1. To be allowable for reimbursement under Federal awards, travel expenditures reported in the County Financial Management System shall meet the following criteria:

- a. General

All costs for travel not directly related to case workers or member activity shall be pre-approved by the employee's supervisor and the County Department Director. Appropriate supporting documentation shall be maintained by the supervisor prior to travel.

b. Travel Policies Shall Be Consistent Throughout the County

The travel policies for County Department employee reimbursement for lodging, meals, and transportation shall be consistent with those policies in the county's other departments, offices, and divisions.

c. Travel Expense as Part of Another Fee

If travel expenses (meals, lodging, transportation, etc.) are included in conference fees, registration fees, or are otherwise furnished at no additional cost to the traveler, no reimbursement shall be made for these items. If, however, a meal included in a commercial transportation ticket is not adequate, and the traveler incurs an additional meal expense, reimbursement may be claimed at the authorized rate for that meal.

d. Travel Reimbursement for Only County Business

Lodging, meals, and other reimbursable travel expenses shall only be reimbursed for the period of time necessary for the traveler to accomplish the County Department business. When a traveler uses an alternate method of transportation, which is authorized by the approving authority, any additional time required to complete the County Department business shall be charged to approved leave.

e. Limited Time for Reimbursement

Reimbursement for travel and related expenses is available for the current month (month being paid) and two preceding months.

2. Transportation

Transportation costs charged to the State Department shall be for the benefit of the State Department and shall conform to the State of Colorado Fiscal Rules, 1 CCR 101-1, Chapter 5, Rule 5-1 (Travel) (2021), which is hereby incorporated by reference.

a. Reimbursement for the Most Economical and Efficient Means Available

Transportation shall be completed using the most economical and efficient means available that will satisfactorily accomplish the County Department business.

b. Documentation of Trip

Sufficient documentation of the purpose and the cost of the trip shall be included with the travel expense form. If the purpose of the travel is not solely for business purposes, the individual involved shall make a reasonable allocation of the expenses and the travel reimbursement request shall contain sufficient documentation to indicate the allocation made and the basis for the allocation.

c. Mileage Rate

Reimbursement of vehicle transportation shall not be greater than the standard mileage rate for business established by the US Internal Revenue Service. This mileage rate is to cover all ownership and operating costs of the vehicle. The County Department shall adhere to all county guidelines for mileage reimbursement. If a County Department does not have an established policy they must follow the State Travel policy at Section 24-9-104, C.R.S.

d. Transportation Does Not Include Employee's Spouse or Other Non-County Employee

Reimbursable costs shall not include the cost of an employee's spouse or other non-County Department employee(s) accompanying the employee on a business trip.

e. Only One Reimbursement per Vehicle

When two or more people travel together in the same personally owned and operated automobile, only the employee responsible for the automobile shall be allowed mileage reimbursement.

3. Lodging

a. Lodging Receipt

Receipts for lodging shall be obtained and submitted with the travel expense form. The actual lodging receipt is required. Charge slips are not sufficient.

b. Travel Reimbursement at Reasonable Accommodations

Employees pre-authorized to travel shall be reimbursed the actual cost of reasonable accommodations. Employees may be required to use approved or designated lodging facilities in certain areas to assist in controlling travel cost. Reimbursement shall be limited to the cost of commercial lodging.

4. Meals

a. Meal Per Diem

Employees pre-authorized to travel shall be reimbursed for the cost of meals, including tax, tip and other incidental expenses at a rate not higher than the per diem rates set by State of Colorado Fiscal Rules, 1 CCR 101-1, Chapter 5, Rule 5-1 (2021), which is hereby incorporated by reference.

5. Reimbursable Items

In addition to lodging, meals, and transportation, the following actual expenses incurred as a necessary part of approved travel may be reimbursed.

a. Travel Tips

Reasonable tips paid by the traveler for bellhops, porters, maids, and ground transportation are reimbursable up to the daily incidental per diem. Tips paid in conjunction with meals are included in the meal per diem and cannot be claimed separately.

b. Vehicle Trips

i) Mileage of a Private Vehicle

Mileage expenses are reimbursable for the written, pre-approved use of a private vehicle. The written approval should be by the employee's supervisor. The pre-approval may be provided by the supervisor on an annual basis for case workers and those directly involved with member activity. The County Department shall adhere to all county guidelines for mileage reimbursement. If a County Department does not have an established policy they must follow the State Travel policy at Section 24-9-104, C.R.S.

ii) Commercial Vehicle

Commercial transportation expenses paid by the traveler are reimbursable. A receipt shall be required for each individual ride in a commercial vehicle, if over \$25.00.

c. Travel Campsite Fees

Campsite fees paid by the traveler for a commercial campground or a State or national park are reimbursable. A receipt shall be required if over \$25.00.

d. Parking Fees

Parking fees paid by the traveler are reimbursable. A receipt shall be required for any single fee over \$25.00.

e. Travel Registration Fees

Registration fees paid by the traveler are reimbursable. A receipt is required for all registration fees paid.

f. Rental Car Cost

Rental car costs paid by the traveler are reimbursable. A receipt is required for all rental car expenditures.

g. Communications Charges

Telephone, fax, and other similar charges paid by the traveler for official County Department business are reimbursable. A receipt shall be required for any single charge over \$25.00. Personal phone calls are included in the incidental per diem rate; they cannot be claimed separately.

h. Toll Road Charges

Toll road charges paid by the traveler are reimbursable when the travel is for official County Department business and when the travel is pre-approved.

6. Non-Reimbursable Travel Items

The following actual expenses incurred as a part of approved travel shall not be reimbursed.

a. Alcohol

Alcoholic beverages purchased by the traveler are not allowable for reimbursement.

b. Entertainment Fees

Entertainment expenses paid by the traveler are not allowable for reimbursement.

c. Personal Items

Personal expenses incurred during travel that are primarily for the benefit of the traveler and not directly related to the official purpose of the travel are not allowable for reimbursement. Examples include the purchase of personal hygiene items, magazines, snacks, movie rentals, and other miscellaneous items.

d. Insurance Expense

Travel insurance expenses paid by the traveler are not allowable for reimbursement.

e. Traffic Fines and Tickets

The cost of traffic fines and traffic tickets are not allowable for reimbursement.

7. Travel Expense Form and Approval

a. Travel Expense Form

The State Department-prescribed travel expense form or alternate form containing the same information shall be used for claiming all travel expenses for which an employee, volunteer, or County Board member requests reimbursement. A properly completed and approved travel expense form shall support all payments for travel expenses.

b. Approval

The County Department Director or designee shall sign the travel expense form. This signature shall certify a review and approval of all travel expense items. Receipts for lodging, parking and other miscellaneous claims shall be attached to the County Department copy of the travel expense form. This travel expense form and all receipts shall be retained. Approval of this travel expense form shall be shown by the employee's supervisor's signature. The employee requesting reimbursement shall sign the travel expense form to certify that all expenses listed are for approved County Department purposes.

c. Travel Advances

At the discretion of and in compliance with County Department policies and procedures, employees may request a cash advance to conduct business for the County Department. The amount of the travel advance shall be no larger than the total per diem allowance for the planned trip. The State Department-prescribed Request for Travel Advance form or alternate form containing the same information shall be used for requesting an advance. The form should require the signed approval of the employee's supervisor and the County Department Director or designee.

8. Travel Coding and Reimbursement

a. Travel Coding

Travel shall be reported under the same program and function coding as the employee's salary and benefits. If the travel expense is reported under a coding other than the coding for the employee's salary and benefits, sufficient explanation and/or documentation to support this alternate coding shall be attached to the travel expense form.

b. Travel Appropriations and Reimbursement

Travel by County Department employees and members of County Boards will be reimbursed within the limit of each County Department allocation(s) if travel was pursuant to section 1.010.7.K of these rules.

1.010.18. Office Space

1. To be allowable for reimbursement under federal awards, expenditures for office space reported in the County Financial Management System shall meet the following criteria:

a. Purchase of Office Space

A county social/human services fund shall not use federal funds to construct or purchase buildings or facilities or to purchase real estate unless prior approval has been obtained from the Controller of the State Department, 1570 Grant St., Denver, CO 80203.

b. Allocation of Office Space Costs

The reimbursement for office space is a part of each program's administrative allocation and allowable only to the extent of each program's administrative allocation. The allocation of the total office space costs to each program is to be based on square foot used or other reasonable and documented method.

c. Sharing Office Space

If a building is shared with another agency, the County Department cost shall not exceed the prorated share of the total building costs based on square feet used.

d. Substantiating Space Costs

Prior to building or contracting for another building, or changing the current contract, the County Department shall obtain and retain documentation that office space costs incurred are equal to or less than the cost of comparable commercial leases in the area.

2. Allowable Costs for County Owned Office Space

a. Allowable Capital Costs for Owned Office Space

The allowable cost for county-owned office space is based on a usage allowance of two percent per year of the capitalized cost of the building or an amount based on a reasonable depreciation schedule that is approved by the Controller of the State Department, 1570 Grant St., Denver, CO 80203.

b. Expenditure of the Social/Human Service Fund

The full amount of the usage allowance or depreciation for office space shall be an actual expenditure from the social/human services fund. This expenditure shall be paid to the county social/human services fund or other county entity that owns the building(s).

c. Allowable Office Space Costs in Addition to Capital Costs

Office space costs that are allowable for reimbursement are as follows, but are not limited to, utilities such as heating, lighting or cooling the building, normal repairs and maintenance that are not capitalized, ordinary and normal rearrangement and alterations that are not capitalized, security, janitorial, building insurance, elevator service, and upkeep of grounds.

d. Allowable Interest on Office Space Costs

Costs incurred for interest on borrowed capital or the use of a governmental unit's own funds, however represented, are unallowable except as specifically provided below.

i) Office Space Interest Expense Limitations

Financing costs (including interest) paid or incurred on or after August 29, 1997, associated with the otherwise allowable costs of building acquisition, construction, or fabrication, reconstruction or remodeling completed on or after October 1, 1980, is allowable, subject to the following three conditions:

1) Bona Fide Third Party Funding

The financing is provided (from other than tax or user fee sources) by a bona fide third party external to the governmental unit,

2) Support Federal Awards

The assets are used in support of federal awards, and

3) Interest Earnings

Earnings on debt service reserve funds or interest earned on borrowed funds pending payment of the construction or acquisition costs are used to offset the current period's cost or the capitalized interest, as appropriate. Earnings subject to being reported to the Federal Internal Revenue Service under arbitrage requirements are excludable.

3. Allowable Costs for Leased Office Space

a. Allowable Office Space Costs for Leased Office Space

The allowable cost for non-county owned office space is the lower of the actual lease cost or a rate that is reasonable in light of such factors as rental costs of comparable property, if any; market conditions in the area; alternatives available; and, the type, life expectancy, condition, and value of the property leased.

b. Allowable Office Space Costs in Addition to Lease Costs

Office space costs that are allowable for reimbursement if not already provided for in the lease agreement are as follows but are not limited to utilities such as heating, lighting or cooling the building, normal repairs and maintenance that are not capitalized, ordinary and normal rearrangement and alterations that are not capitalized, security, janitorial, building insurance, elevator service, upkeep of grounds, and appraisal fees required by the County Department for cost comparisons.

c. Allowable Office Space Costs in a Sale and Leaseback

Costs under sale and leaseback arrangements are allowable only up to the amount that would be allowed had the county continued to own the property.

d. Office Space Costs in a Less-Than-Arms-Length Lease

Office space costs under a less-than-arms-length lease are allowable at the lower of the actual lease cost or an amount that is reasonable in light of such factors as rental costs of comparable property, if any; market conditions in the area; alternatives available; and the type, life expectancy, condition, and value of the property leased.

e. Authority Created to Acquire and Lease Office Space

Prior approval from the State Department Controller, 1570 Grant St., Denver, CO 80203, is required for reimbursement of office space costs when the county creates an authority or similar entity to acquire and lease the office space to the County Department.

f. Capital Lease of Office Space

Costs under leases, which are required to be treated as capital leases under generally accepted governmental accounting principles, are allowable only up to the amount that would be allowed had the governmental unit purchased the property on the date the lease agreement was executed. This amount would include expenses such as depreciation or use allowance, maintenance, and insurance. Interest costs related to capital leases are allowable to the extent they meet the criteria for allowability of interest in section 1.010.13.3 of these rules.

4. Office Space Costs to be Excluded from Reimbursement

a. Office Space Funded by Others

Office space cost to be excluded is space that is funded by another State or private agency.

b. Sublet Office Space

Office space cost to be excluded is space sublet to a local, state, or federal agency or other user.

c. Used by Others

Office space cost to be excluded is space used solely by staff not authorized by the State Department.

d. Not Authorized for Use

Office space cost to be excluded is space used solely for functions not authorized by the State Department.

e. Not Incurred

Office space cost to be excluded is cost that has not been incurred by or paid from the County Department. Costs excluded are the value of donated materials, labor, or buildings. Other costs excluded are those paid from a grant, or a cost used as matching funds for a grant.

f. Idle or Empty Office Space

Office space cost to be excluded is idle facilities or idle capacity unless necessary to meet fluctuations in workload.

1.010.19. Cost Accounting

1. Application of Costs Requires a Plan

Where an accumulation of indirect costs will ultimately result in charges to a federal award, a cost allocation plan, indirect rate proposal or application of random moment sampling shall be required.

2. Direct or Indirect Cost

a. Consistent Treatment

Each item of cost shall be treated consistently in like circumstances either as a direct or an indirect cost.

b. No Universal Rule

There is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the federal award or other final cost objective.

3. Reasonable and Based on Generally Accepted Governmental Accounting Principles

All costs incurred shall be allocated to the program/activity/cost pool based on generally accepted governmental accounting principles and OMB Uniform Guidance and the HHS Financial Guidance incorporated by reference. Direct costs shall be allocated to the project on a reasonable basis relating directly to the benefit or value added to the program. Indirect costs shall be allocated from indirect cost pools on a reasonable basis consistent with that of other similar or related projects/grants/activities.

4. All Inclusive Cost Accounting Plan

All activities that benefit from an indirect cost, including unallowable activities and services, shall receive an appropriate allocation of indirect costs.

5. Duplicate Claims for Reimbursement

a. Same Cost Not Allowed

Costs shall not be claimed for reimbursement by a county or County Department more than once.

b. Direct and Also Indirect

The same cost shall not be charged directly to a program and then charged again through a cost allocation plan or an indirect rate proposal.

c. Same Cost Reported to More Than One Program

The same cost shall not be charged to more than one program. For example, a staff person being reported and reimbursed from the county administration full-time may have some costs reimbursed through a special program, project, or grant. Any reimbursement received from the special grant must be reported as a reduction of expenditures, not as a source of revenue. Crediting the refund to the funding source from which the original reimbursement was made reduces expenditures.

6. Net of All Credits

Expenditures shall be claimed net of all credits, for example, volume and cash discounts, refunds, rental income, trade-ins, scrap sales, rebates or allowances, recoveries or indemnities on losses, insurance refunds, adjustments of overpayments, erroneous charges, etc.

7. Relative Benefits Received

A cost is allocable to a particular cost objective if the goods or services involved shall be chargeable or assignable to such cost objective in accordance with relative benefits received.

8. Cost Shifting to Fund Deficiencies

Any cost allocable to a particular federal award or cost objective shall not be charged to other federal awards to overcome fund deficiencies or to avoid restrictions imposed by law or terms of the federal awards, or for other reasons. However, this prohibition shall not preclude from shifting costs that are allowable under federal and State laws for two or more awards in accordance with existing program agreements.

1.010.20. Random Moment Sampling

1. Participation in Random Moment Sampling

Participation in random moment sample reporting shall be required by all County Department employees as determined by the Colorado Department of Human Services and the Department of Health Care Policy and Financing.

2. Purpose of Reporting Under Random Moment Sampling

The purpose of this reporting is to measure time expended by employees on certain programs in order to substantiate expenditures eligible for federal reimbursement. Reporting on random moment sampling measures the direct services provided by the County Department. The results of the workload study are used to distribute the indirect costs of the County Department to direct service areas.

1.010.21. Countywide Cost Allocation Plan

1. Availability of Funds

Based on the availability of State and federal funds, a county's allowable indirect countywide costs shall be reimbursed.

2. Purpose of the Countywide Cost Allocation Plan

Counties shall prepare a countywide cost allocation plan that allocates indirect costs across the county operations relative to the benefit derived. Countywide cost allocation plans shall be used in determining rates, fees, or the cost of services provided, and by management in determining the cost effectiveness of a program or activity.

3. Countywide Cost Allocation Plan, Cost Principles

Certified countywide cost allocation plans must be prepared in accordance with the cost principles found in the Office of Management and Budget Uniform Guidance and the HHS Financial Guidance (2014), which is hereby incorporated by reference, or other cost principles as required by a specific grant.

4. Responsibility for the Countywide Cost Allocation Plan

Responsibility for preparation and submission of an indirect countywide cost allocation plan is with the county.

5. Submittal of the Countywide Cost Allocation Plan

An electronic copy of the countywide cost allocation plan that is provided to the Colorado Department of Human Services annually and due on June 30 of each year shall be provided to the State Department, Audits Section via electronic mail to HCPF_Audit@state.co.us.

1.010.22. Audit by an Independent Certified Public Accountant

Each county shall annually have a financial and, if required by the Uniform Guidance and HHS Financial Guidance, a single audit made by a certified public accountant. An electronic copy of these audits shall be submitted to the State Department via electronic mail to HCPF_Audit@state.co.us. The report must be submitted no later than seven months following the end of the fiscal year. The county may request a 3-month extension to September 30th by filing the request with the State of Colorado, Office of the State Auditor. The State Department may suspend reimbursements of expenditures until such time as the audit report is received.

1.010.23. Audits by the Colorado Department of Health Care Policy and Financing

Information requested by the State Department personnel resulting from desk audits, site reviews or any other audit of County Department records, shall be provided by the County Department within the time frame specified in the request. If responses are not received by the due date (including State Department-approved extensions), the State Department may suspend reimbursements of expenditures until such time as the responses are received.

1. Desk Audits

The State Department is responsible for supervising the maintenance of fiscal and administrative controls to insure proper accountability for all expenditures of State and Federal funds. Desk audits made at the State Department may result in reducing a County Department claim for reimbursement by the amount of any incorrect claims for reimbursement.

2. Post-Audits

Post-audits are made by the State Department to verify the correctness of payments and benefit authorizations and may result in additional adjustments in County Department claims for reimbursement.

3. Recovery of Money Owed by a County

Pursuant to § 25.5-1-114, C.R.S., the State Department has the power to recover any monies owed by a County Department to the State Department by reducing the amount of any payments due from the State Department in connection with any program or activity. Unallowable costs which are identified during either desk audits or field audits will be disallowed despite similar costs which may have been reimbursed in the past.

4. Corrective Action Process for Financial Compliance Reviews Performed by the State Department

a. Copy to County Department Director

The State Department will mail one copy of the preliminary Financial Compliance Review report to the County Department Director.

b. Deadline for Factual Corrections

The County Department shall have 15 working days from the date of mailing to submit any factual corrections to the Financial Compliance Review report to the State Department, Audit Section, 1570 Grant Street, Denver, CO 80203 or electronically to HCPF_Audit@state.co.us. If no factual corrections are to be submitted, then the County Department shall have 30 working days from the date of mailing to submit a corrective action plan to the Audit Section.

c. Corrective Action Plan

The corrective action plan submitted by the County Department shall include a:

i) Written Corrective Action Plan Completion

Description, in writing, of how each non-compliance issue has been corrected; or

ii) Information on the Corrective Action Planned

Plan, in writing, by which each non-compliance issue will be corrected. Such a plan must contain the following information for each non-compliance issue:

- 1) Identify the non-compliance issue,
- 2) List the specific action(s) to be taken to correct the non-compliance,
- 3) List the specific time frames for completion of each specific action, and
- 4) Provide the name of the contact person responsible for corrective action. The corrective action plan should proceed as rapidly as possible.

d. Technical Assistance

The County Department may request technical assistance from the State Department in developing the corrective action plan. This request must occur within the 30-day period.

e. Extension of Time

If the County Department needs additional time to develop a Corrective Action Plan, the County Department Director must submit a request in writing to the State Department, Audit Section, 1570 Grant Street, Denver, CO 80203 or electronically to HCPF_Audit@state.co.us, specifying the new timeframe and providing an explanation for the extension request.

i) Review of Extension Request

The State Department, Audit Section, will review the request for time extension within five working days of receipt and respond to the County Department Director.

f. Corrective Action Plan

i) Accept or Reject the Corrective Action Plan

Within 30 working days of receipt of the Corrective Action Plan from the County Department, the State Department, Audit Section, will review and either accept or reject the corrective action plan.

ii) Accepted Corrective Action Plan

If the plan is accepted, this decision will be indicated and the County Department will be notified via letter.

iii) Rejected Corrective Action Plan

If the plan is rejected by the State Department, the County Department will be notified in writing of the decision along with a new due date for an amended plan to be submitted.

iv) Accepted New Plan

Upon acceptance of the new plan, the State Department, Audit Section will follow procedures outlined in section 1.010.23 of these rules.

v) Follow-Up

The State Department, Audit Section will verify that the County Department has complied with the corrective action plan.

vi) Closure

The State Department, Audit Section, will send a closure letter to the County Department Director and any applicable financial adjustments to the State Department, Accounting Division to be processed in the State financial reporting system.

5. Appeal Process for Financial Compliance Reviews Performed and Management Decisions Issued by the State Department, Audit Section

a. Appeal in Writing

The appeal must be in writing and addressed to the Audit Manager of the State Department, 1570 Grant St., Denver, CO 80203, or submitted electronically to HCPF_Audit@state.co.us. The appeal must be received in the Audit Manager's office within 30 days from the date of Notice of Non-Compliance. The basis for the appeal shall be limited to a factual error in the report or an incorrect interpretation of law, rule, or regulations. The County Department may submit documents or evidence with its appeal. Within 30 days of receiving the appeal, the Audit Manager shall issue his/her final decision in writing. The final decision shall be mailed to the County Department. The effective date of the Audit Manager's final decision is the date it is signed.

b. Secondary Appeal

A secondary appeal may be made in writing to the Executive Director of the State Department, 1570 Grant Street, Denver, CO 80203, after a final decision by the Audit Manager. The secondary appeal must be received by the Executive Director of the State Department within 30 days from the date of the decision by the Audit Manager. The Executive Director of the State Department will notify the County Department of the decision in writing. The decision of the Executive Director of the Department shall be the end of the appeal process.

6. Interest on Wrongful Claims

a. Statutory Interest

When money or property has been wrongfully claimed, withheld, or reimbursed, and when there is no agreement as to the interest rate, interest charged by the State may be at the rate of eight percent per annum compounded annually commencing on the date of the wrongful claim, withholding, or reimbursement to the date of settlement for all moneys or the value of property wrongfully claimed withheld, withheld, or reimbursed. Interest paid to the State may not be claimed for reimbursement.

7. Federal Department of Health and Human Services, and Other Federal Department or Agencies

The federal Department of Health and Human Services and other federal departments or agencies with which the County Department expends funds and is reimbursed with federal funds may make periodic audits in the selected County Department to verify the correctness of payments, case recording, and pertinent administrative practices. The County Departments shall comply with requests from these federal auditors. These audits may result in adjustments in County Department claims for reimbursement.

1.010.24. Conflict of Interest

1. Conflicts of Interest

No County Department employee shall accept fees, compensation, gifts, payment of expenses, or any other item of monetary value under circumstances in which the acceptance could result in:

a. Preferential Treatment

An undertaking to give preferential treatment to any person or business, or,

b. Impeding Efficiency or Economy

Impeding governmental efficiency or economy, or,

c. Loss of Independence or Impartiality

Any loss of complete independence or impartiality, or,

d. Decisions Made Outside Official Channels

The making of governmental decisions outside official channels, or,

e. Activity Detrimental to Duties and Responsibilities

County Department employees engaging in any activity that may be perceived as detrimental to the discharge of assigned duties and responsibilities, or,

f. Reasonable Inference of Conflict of Interest

The reasonable inference that any of the provisions in this subsection have happened or might happen, or,

g. Adverse Effect on Public Confidence

Any adverse effect on the confidence of the public in the integrity of the government of the State of Colorado or its County Department.

2. Personal Business Interests

County commissioners, County Department Directors, or any other County Department employees shall not perform an official act directly and substantially affecting an economic benefit for a business or other undertaking in which they either have a substantial financial interest or are engaged as counsel, consultant, representative, or agent.

3. Outside Employment

All outside employment of County Department employees shall have the prior written approval of their appointing authority. The outside employment shall not conflict with the interests of the County Department involved, the State of Colorado, or the federal government.

4. Private Business with People Inspected or Supervised by County Employees

County commissioners, County Boards, County Department Directors, or any other County Department employee shall not engage in a substantial financial transaction for their private business purpose with a person whom they inspect or supervise in the course of their official duties.

5. Employment within Six Months of Termination

County commissioners, County Boards, County Department Directors, or any other County Department employee shall not, within six months following the termination of their office or employment, take advantage, unavailable to others, of matters with which they were directly involved during their employment.

6. Voting or Attempting to Influence

Pursuant to Section 24-18-109, C.R.S., County commissioners, County Boards, County Department Directors, or any other County Department employee shall not vote and shall refrain from attempting to influence the decision of other members of the governing body in voting on matters in which they have a personal or private interest.

1.010.25. Political Activity

1. Partisan Politics

Pursuant to the Hatch Act, 5 United State Code (USC) Chapter 15, Section 1502 (2020), which is hereby incorporated by reference, County Department employees whose salary is reimbursed partially or fully with federal funds shall not be candidates for partisan elective office.

2. Non-Partisan Politics

Activity with respect to the proposed adoption of constitutional amendments, the approval of matters specified in referendums, the proposed adoption of charter amendments, the approval of municipal ordinances, or with respect to other matters of a similar non-partisan character, shall not be deemed to be political activity.

1.010.26 Confidentiality

1. Confidentiality of Financial Data

Pursuant to § 25.5-1-116, C.R.S., financial systems contain both public and confidential information; therefore access to financial data shall not be granted to anyone for general perusal of financial records. However, fiscal data, budgets, financial statements, and reports that do not identify social/human services recipients by name, number, or other identifying information are open records.

1.010.27. Misappropriations

1. Employee Misappropriation

No County Department employee shall use County Department time, property, equipment, or supplies for private or any other use not in the pursuit of County Department business.

a. Reporting of Employee Theft or Embezzlement

Any suspected theft or embezzlement of federal, State, or local funds shall be immediately reported to at least one level of management above the party(s) suspected or to the County Board. In addition, suspected thefts or embezzlements shall be reported to the Audits Section of the State Department at 1570 Grant Street, Denver, CO 80203-1818 or submitted electronically to HCPF_Audit@state.co.us. A theft or embezzlement of State and/or federal funds or assets totaling \$5,000.00 or more shall be reported in writing to the County Board and to the Audits Section of the State Department submitted electronically to HCPF_Audit@state.co.us.

1.010.28. U.S. Department of Health and Human Services 45 CFR Part 75 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (HHS Financial Guidance)

1. Compliance with HHS Financial Guidance

The US Department of Health and Human Services has issued guidance pertaining to grant management. Counties shall comply with the applicable guidance and shall hold their subrecipients and vendors accountable for compliance.

2. Applicable Cost Principles Flow Through on Federal Funds

The County Department shall comply with U.S Department of Health and Human Services, 45 CFR Part 75, Uniform Administrative Requirements, Cost Principles, and Audit Requirements, Appendix V - State/Local Governmentwide Central Service Cost Allocation Plans for HHS Awards. If the County Department passes through federal funds to a non-profit organization, that non-profit organization shall also comply with the federal guidance.

3. Compliance with Individual Federal Awards

Individual federal awards may identify circumstances or dictate policy that is unique to the federal participation. In these instances, the federal award policy shall be followed in the administration and financing of that particular federal award.

1.020. COUNTY ADMINISTRATIVE RULES

The incorporation by reference (as indicated within) throughout section 1.020 excludes later amendments to, or editions of, the referenced materials. Pursuant to C.R.S. § 24-4-103(12.5) the Department maintains copies of this incorporated text in its entirety available for public inspection during regular business hours, at: Colorado Department of Health Care Policy and Financing, 1570 Grant Street, Denver, CO 80203. Certified copies of incorporated materials are provided at cost upon request.

Incorporated materials are found in the following sections: 1.020.3.2.b and 1.020.6.7.

The definitions set forth at section 1.010.1 of these rules are also applicable to this section 1.020.

1.020.1. Purpose and Scope

1. Administrative Rules

These rules are the administrative rules for County Departments concerning the operations and the administration of Medical Assistance by County Departments, including but not limited to administrative internal controls, County Department Director responsibilities and oversight of compliance by the County Department with State Department and federal requirements. The State Department's authority for County Administrative rules is as allowed by C.R.S. §§ 25.5-1-114 and 117-122.

2. County Responsibilities

The County Department is charged with the responsibility for administering all Medical Assistance Program activities in accordance with rules established by the State Department. The County Department will only be reimbursed for payments under the Colorado Medical Assistance Act and the administration of these programs if said programs are administered in accordance with the State Department rules as well as all other applicable federal, State, and local laws, rules and regulations.

3. Knowledge of Laws and Regulations

There are many federal, State, and local laws, rules and regulations that govern the administration of grants, the employment of personnel, and the health and safety of our lands and the general population. When in doubt as to the existence, applicability, or intent of any law, rule or regulation, County Department personnel shall make inquiries with the State Department and/or the applicable federal department or agency.

1.020.2. County Board of Human/Social Services Administrative Responsibilities

1. Membership Consists of County Board of Commissioners

The County Board of Social/Human Services shall consist of the board of the county commissioners in each county.

2. The County Board of Social/Human Services Is Separate from the Board of County Commissioners

The County Board shall perform its Medical Assistance duties, responsibilities, and activities separate and apart from the duties and responsibilities of the board of county commissioners and in accordance with rules and regulations adopted by the State Department for the administration of Medical Assistance activities in the counties.

3. Cooperation and Reporting

The County Board shall cooperate with the State and federal government in any reasonable manner, in conformity with the laws of the State, which may be necessary to qualify for federal aid, including the preparation of plans, making reports in such form and containing such information as any federal agency may require from time to time, and compliance with such provisions as the federal government may from time to time find necessary to assure correctness and verification of the reports.

4. County Board Responsibilities

a. Appoint a County Department Director

The County Board shall appoint a County Department Director or shall appoint someone acting in the capacity of a director. At no time will the County Department be without the services of a director or an acting director.

b. Sign All Warrants

One member of the County Board shall sign all warrants or one member of the County Board shall have their facsimile signature on all social/human services warrants. In the case of a facsimile signature there shall be detailed written procedures that set forth internal administrative controls and internal accounting controls surrounding the application of the facsimile signature.

c. Approve All Expenditures

One member of the County Board, who shall be designated by resolution for that purpose, shall review and approve in writing the expenditure of salaries and expenses prior to the disbursement of funds. Such written approvals shall indicate the approval of the board of county commissioners and the County Board.

d. Financial Statements

The County Board is ultimately responsible for the preparation, content, completion and/or distribution of materially correct financial statements of the social/human services fund prepared by the County Department staff, or outside entities.

1.020.3. County Department Director Administrative Responsibilities

1. Secretary to the County Board

The County Department Director shall serve as secretary to the County Board unless the County Board otherwise appoints a secretary.

2. General Duties of the Director

a. Director Responsibilities

The County Department Director shall be charged with the executive and administrative duties and responsibilities of the County Department, subject to the policies, rules, and regulations of the State Department.

b. Responsibility for Staffing

The County Department Director, with the approval of the County Board, shall appoint such staff as may be necessary to administer Medical Assistance within the County Department. Such staff shall be appointed and shall serve in accordance with a merit system for the selection, retention, and promotion of the County Department employees as described in the county merit system. The salaries of the members of such staff shall be fixed in accordance with the rules and salary schedules prescribed by the county merit system. The county merit system shall conform to the Code of Colorado Regulations, 9 CCR 2502-1, Volume 2, and 5 CFR 900.601. 9 CCR 2502-1, Volume 2 (2021) and 5 CFR 900.601 (2021) are hereby incorporated by reference into this rule.

3. Responsibility for Staff Completion of Training

a. The County Department Director or designee shall ensure staff appointed to fulfill duties relating to the administration of Medical Assistance complete adequate initial hire training. The director shall also ensure staff appointed to fulfill duties relating to the administration of Medical Assistance complete ongoing training specific to Medical Assistance on an annual basis.

b. Staff appointed to fulfill duties relating to the administration of Medical Assistance and who have direct contact with applicants and enrollees or supervise those staff who have direct contact shall complete, on an annual basis, trainings relating to civil rights/non-discrimination and disability competency.

c. The County Department Director or designee shall ensure that required training is obtained through the Staff Development Center (SDC) or an SDC-certified county trainer and that all County Department-created training has been submitted and approved by the State Department and the SDC.

i) Required Trainings

Required Trainings include those specified in section 1.020.3.3.b. and include trainings related to eligibility determination, the eligibility determination system and other trainings as communicated by the State Department.

4. Administrative Internal Controls and Responsibilities for Medical Assistance Administration

a. Establish Adequate Internal Controls

The County Department Director shall be responsible for organizing operations and staff functions to assure the effectiveness and efficiencies of operations of the County Department and compliance with applicable State and federal requirements, laws, and regulations. The County Department Director shall establish adequate internal controls that include, but are not limited to:

i. Operations of the overall County Department, such as Accounting or Administrative Support

ii. Eligibility determinations

iii. Quality, accuracy and compliance with audits

iv. Performance management

- v. Internal communications
- vi. Knowledge and information sharing, such that the County Department Director can assure knowledge of and compliance with applicable State and federal requirements, laws, and regulations
- vii. Program integrity activities
- viii. Customer service that is provided in a timely, respectful and culturally appropriate manner

1.020.4. Colorado Department of Health Care Policy and Financing Statewide Automated Systems

1. Required Use of Statewide Automated Systems

The County Departments shall use the State of Colorado automated statewide financial, member and/or provider information systems. These systems are designed to collect and store financial records and program data; assist with eligibility and payment determinations; generate forms and reports; create electronic benefit authorizations; and add to, delete, or make changes to the information on file.

2. Granting Access to Statewide Computer or Electronic Systems

The County Departments shall only grant access to the use of State of Colorado statewide member information systems to County Department employees whose duties are directly related to the administration of Medical Assistance or unless approval is otherwise granted by the State Department.

3. Ownership and Usage of Data in Statewide Automated Systems

Medical Assistance data within statewide member and/or provider information automated systems is considered owned by the State of Colorado. All usage of Medical Assistance data from the statewide automated systems is subject to approval by the State Department. If usage of Medical Assistance data is determined to be non-compliant with State Department requirements, the State Department may require corrective actions as specified in section 1.020.11 (Non-Compliance Findings and Action Plan Processes) of these rules.

4. Protection of Data While Using Statewide Automated Systems

Medical Assistance data used by County Departments for the purpose of administering the Medical Assistance program on behalf of the State Department shall be protected at a minimum according to the Colorado Information Security Policies as determined by the Chief Information Security Officer in the Governor's Office of Information Technology or a higher federal standard, if applicable.

5. Sharing of Data originating from Statewide Automated Systems

Medical Assistance data originating from statewide member and/or provider information automated systems shall be used only by those County Department employees whose job duties pertain to the administration of Medical Assistance. Medical Assistance data will not be shared except under those conditions as specified by the State Department. If sharing of Medical Assistance data is determined to be non-compliant with State Department requirements, the State Department may require corrective actions as specified in section 1.020.11 (Non-Compliance Findings and Action Plan Processes) of these rules.

6. County Automated Systems Security

For all automated systems originating from or purchased by the County Departments, the County Department shall:

- a. obtain the approval of the State Department before such systems interface with or download information from statewide automated systems; and
- b. ensure the compliance of such systems with the Colorado Information Security Policies as determined by the Chief Information Security Officer in the Governor's Office of Information Technology or a higher federal standard, if applicable; and
- c. include these requirements in any contractual agreements entered into by the County Department for these automated systems.

1.020.5. Confidentiality

1. Confidentiality of Applicant/Member Financial Data

Pursuant to federal and State law, Medical Assistance program regulations and State of Colorado privacy guidance, information collected and maintained in the Colorado Benefits Management System (CBMS) is private and confidential. Information, which is collected or created by the County Departments, acting as the statutory agent for the State Department for the administration of the Medical Assistance program, is confidential information and shall be protected from disclosure by the County Departments. The County Departments, as agents of the State Department, shall comply with 42 CFR §431.300, et seq, which regulates the use and disclosure of information used to determine eligibility for the Medical Assistance program. Access to financial data shall be role-based and only permitted for the administration of the Medical Assistance program. The County Departments may, to the extent that they are able to de-identify information in compliance with HIPAA, release fiscal data, budgets, financial statements and reports that do not identify a beneficiary. The counties may only disclose de-identified information pursuant to the Colorado Open Records Act (CORA), if the county's legal advisor has declared the records subject to release under CORA

2. Non-Confidential Information

- a. The following information not identified with any individual is not confidential and may be released for any purpose related to the administration of the Medical Assistance program:
 - i. Total expenditures;
 - ii. Number of recipients;
 - iii. Statistical data obtained from studies;
 - iv. Social data obtained from studies, reports, or surveys.

3. Confidential Information

Information secured and stored by the County Department for the purpose of conducting the administration of Medicaid or other Medical Assistance programs, such as for determining eligibility, is deemed confidential.

4. Restricted Use for Purpose of Administration of Medical Assistance

Unless disclosure is specifically permitted by the State Department, the following types of information are the exclusive property of and are restricted to use by the State Department and the County Departments for the purpose of administration of the Medical Assistance program:

- a. Information contained in applications;
- b. reports of medical examinations;
- c. income and wage information;
- d. citizenship information;
- e. correspondence;
- f. other information concerning any person from whom, or about whom, information is obtained by the County Department;
- g. records of the State Department or County Department and/or evaluations of the above information.

5. Disclosure of Confidential Information

a. Access to County Department Records

i) No Access Outside County Department

No one outside the County Department shall have access to records of the County Department, including records collected for or held in CBMS.

ii) County Access When Necessary for Administering Medical Assistance

County Department employees who are acting as the agent of the State Department shall have access to confidential records when they are performing work pursuant to 42 CFR § 431.302. These individuals shall have access only for purposes necessary for the administration of Medical Assistance programs.

iii) Allowable Disclosures

Federal and State auditors and private auditors for the County Department, and the applicant/recipient of public assistance and their legal representative may also have access when they comply with HIPAA, 42 CFR Part 2 and all other federal and state statutes and regulations which regulate the privacy of Medical Assistance information.

6. Responsibility for Record Retention

The County Department Director shall assure that the County Department has available all necessary and complete records for audit purposes and that adequate prior years' expenditure documents are maintained for use in the budgeting process.

a. Record Retention Requirements

Medical Assistance data of any form shall be retained for the current year, plus three previous years unless:

- i) There is a written statutory requirement, rule, or regulation available from a County Department, State, or federal agency requiring a longer retention period; or,
- ii) There has been a claim, audit, negotiation, litigation or other action started before the expiration of the three-year period.

1.020.6 Non-Discrimination

1. Responsibility for Non-Discrimination

County Departments shall administer Medical Assistance programs in such a manner that no person will, on the basis of race, color, ethnic or national origin, ancestry, age, sex, gender, sexual orientation, gender identity and expression, religion, creed, political beliefs, or disability, be excluded from participation, be denied any aid, care, services, or other benefits of, or be otherwise subjected to discrimination in such program. Aid, care, services or other benefits includes all forms of assistance, including direct and vendor payments, work programs, social services, and information and referral services.

a. Protection Against Discrimination

The County Department shall not, directly or through contractual or other arrangements, on the grounds of race, color, ethnic or national origin, ancestry, age, sex, gender, sexual orientation, gender identity and expression, religion, creed, political beliefs, or disability:

- i) Provide to an individual any aid, care, services, or other benefits that are not equally accessible to individuals based on their protected class status;
- ii) subject an individual to segregation barriers or separate treatment in any manner related to access to or receipt of assistance, care services, or other benefits;
- iii) restrict an individual in any way in the enjoyment of any advantage or privilege enjoyed by others receiving aid, care, services, or other benefits provided under assistance programs;
- iv) treat an individual differently from others in determining whether he or she satisfies any eligibility or other requirements or conditions which individuals must meet in order to receive aid, care, services, or other benefits provided under Medical Assistance programs;
- v) deny an individual an opportunity to participate in programs of assistance through the provision of services or otherwise, or afford him or her an opportunity to do so which is different from that afforded others under programs of assistance;
- vi) deny a person the opportunity to participate as a member of a planning or advisory body that is an integral part of the program.

b. Administrative Protection Against Discrimination

No discrimination on the grounds of race, color, ethnic or national origin, ancestry, age, sex, gender, sexual orientation, gender identity and expression, religion, creed, political beliefs, or disability is permitted in relation to:

- i) the use of physical facilities;
- ii) intake and application procedures;
- iii) caseload assignments;
- iv) determination of eligibility;
- v) the amount and type of benefits extended by the County Department to Medical Assistance program recipients.

c. Protection Against Discrimination from Other Entities

The County Department shall assure that other agencies, persons, contractors and other entities with which it does business are in compliance with the above prohibition of discrimination requirements on a continuing basis. The County Department staff are responsible for being alert to any discriminatory activity of other agencies and for notifying the State Department concerning the situation.

d. Notification by the State Department

The State Department, through its various contacts with agencies, persons, and referral sources, will be continuously alert to discriminatory activity and will take appropriate action to assure compliance by the offender. If corrective action is not taken, the State Department will notify the agency of termination of payments and association in regard to recipients or applicants. The County Department, on notification by the State Department, will also terminate payments to or association with any agency, person, or resource being used which has been found to continue discriminatory activity in regard to applicants or recipients.

e. Responsibility to Investigate Individual Complaints of Discrimination

An individual who believes he or she is being discriminated against may file a complaint with the County Department, the State Department, or directly with the federal government. When a complaint is filed with the County Department, the County Department Director is responsible for an immediate investigation of the matter and taking necessary corrective action to eliminate any discriminatory activities found. If such activities are not found, the individual shall be given an explanation. If the person is not satisfied, he or she is requested to direct his or her complaint, in writing, to the State Department, which will be responsible for further investigation and other necessary action consistent with the provisions of Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title II of the Americans with Disabilities Act (ADA), and the Age Discrimination Act of 1975, which are hereby incorporated by reference into this rule.

f. State Receipt of Complaint Alleging Discrimination by County Department

Upon receipt of a complaint alleging discrimination by the County Department due to race, color, ethnic or national origin, ancestry, age, sex, gender, sexual orientation, gender identity and expression, religion, creed, political beliefs, or disability, the State Department shall explain the Medical Assistance programs non-discrimination policy to the individual. If there is insufficient information as to the nature or other detail concerning the complaint, the State Department shall contact the County Department in writing to obtain such information. Copies of the letter shall be sent to the complainant. The County Department shall reply in writing.

i) State Department Determines Action Non-Discriminatory

If the State Department determines the County Department action is not discriminatory and the applicant/recipient disagrees, the applicant/recipient has the right to appeal the case to the State Department. This appeal shall be filed in accordance with the appeal rules as described in the "Protections to the Individual," 9 CCR 2503-6 Section 3.609.94.

ii) State Department Determines Action Discriminatory

If it is found that a County Department practice or action is discriminatory, the State Department shall initiate a corrective action per section 1.020.11 to assure that any and all discriminatory practices are permanently terminated.

1.020.7 Accessibility (ADA)

1. Procedure and/or Information

a. Civil Rights Contact Person

In an effort to comply with 28 C.F.R § 42.410, 45 C.F.R. § 84.7 and state statute, County Departments are required to appoint an Individual as the Civil Rights Contact Person ("Contact Person") to assist in administering Medical Assistance programs and practices in accordance with the above referenced civil rights laws. The Contact Person will perform the following responsibilities: (1) act as the central point of contact for the State Department relative to information sharing regarding member civil rights; (2) maintain up-to-date knowledge of changes in member related civil rights laws, their impact on programs and also disseminate this information to County staff and program areas; (3) act as the first point of contact for member civil rights complaints; and (4) post federally required civil rights notices in conspicuous locations (e.g., reception areas, intake areas or other key entry points). The County Department will provide civil rights training and consulting as necessary.

b. Notices

County Departments are required to post the State Department's Nondiscrimination Statement (or substantially similar notice) in a conspicuous place and in appropriate languages (at minimum both English and Spanish). Recommended locations are reception areas, intake areas or other key entry points. The State Department will provide copies of the Nondiscrimination Statement to the various County Department programs. County Departments may also develop and utilize their own nondiscrimination policy statement, as long it subscribes to federal laws and regulations.

c. Compliance

County Departments are required to adhere to the regulations/guidelines established by the various Federal departments providing Federal financial assistance through the State Department. Questions regarding compliance with such regulations/guidelines may be made directly to the following Federal departments:

U.S. Department of Health and Human Services Office for Civil Rights
1961 Stout Street, Room 08-148
Denver, CO 80294-3538
Voice Phone: (800) 368-1019
FAX: (202) 619-3818
TDD: (800) 537-7697
Email: ocrmail@hhs.gov

U.S. Department of Education Office for Civil Rights
1244 Speer Boulevard, Suite 310
Denver, CO 80204-3582
Voice Phone: 303-844-5695
FAX: 303-844-4303
TDD: 303-877-8339
Email: OCR.Denver@ed.gov

U.S. Department of Agriculture Office of Civil Rights
1400 Independence Avenue, SW, Mail Stop 9410
Washington, DC 20250-9410
Voice Phone: 202-260-1026
Toll-free: 866-632-9992
Local or Federal relay: 800-877-8339
Spanish relay: 800-845-6136
Fax: 202-690-7442
Email: program.intake@usda.gov

Fair Housing
U.S. Department of Housing and Urban Development
1670 Broadway
Denver, Colorado 80202-4801
Voice Phone: (303) 672-5437
Toll-free: 1-800-877-7353
TDD: (303) 672-5248

d. Civil Rights Plan

County Departments should develop a member Civil Rights Plan that outlines how they will ensure members, potential members, employees, and others that their programs and services are provided without regard to race, color, ethnic or national origin, ancestry, age, sex, gender, sexual orientation, gender identity and expression, religion, creed, political beliefs, or disability. This plan should identify how the availability of auxiliary aids and services to individuals with disabilities and languages services to individuals whose first language is not English will be communicated and their complaint filing process.

e. Investigation of Discrimination:

i. Investigation of Complaints

In recognition of the fact that complaints may vary in kind and complexity, the County Department should conduct an investigation appropriate to each complaint. Investigative procedures will depend on the nature and extent of the discrimination alleged and the context in which the alleged incidents occurred. Appropriate investigative procedures may include informal review or a formal investigation. Investigations should be conducted in a timely manner.

ii. County and Member Participation

County Departments and recipients of services are expected to cooperate in all phases of an investigation and ensuing actions. Retaliation against the person filing the complaint or persons participating or cooperating in the Investigation is prohibited by federal law.

iii. Inform Upon Completion

The complainant and the person against whom the allegation was made should be informed of the completion of the investigation and whether the allegations were substantiated.

iv. Action Upon Substantiation

If, after an investigation is concluded, there is reason to believe that the federal laws referenced above have been violated, or that there was inappropriate behavior or action, the State Department will strive to obtain the cooperation necessary to ensure that satisfactory resolutions in accordance with federal and state statutes are utilized.

1.020.8 Communications

1. Responsibility for Timely and Accurate Communications

The State Department has a statutory responsibility to ensure timely and accurate communications to applicants and recipients of the Medical Assistance program. The County Department, as an agent of the state, is also bound by this requirement. Medical Assistance-specific communications issued by the County Department to applicants and enrollees are considered communications issued by the Medical Assistance program, which also must be timely and accurate. Such communications issued by the County Department are subject to review and approval by the State Department to ensure timeliness and accuracy.

2. Communications Subject to Review

Communications subject to review by the State Department include written and electronic notices and forms provided to applicants or recipients of the Medical Assistance program as part of ongoing operations of the County Department.

a. State Review of County Department Communications

The State Department may, at its discretion, review communications issued by County Departments sent through various communication mediums such as websites, online postings, or social media for timeliness and accuracy.

i. Non-Compliant Communications

County Department communications deemed by the State Department to be untimely and/or inaccurate shall be issued a finding of non-compliance and will be subject to the corrective action processes as described in section 1.020.11 (Non-Compliance Findings and Action Plan Processes) by the State Department.

b. County Department Communication Contact

The County Department shall designate a point-of-contact to the State Department for communications and information sharing. This contact is responsible for coordinating with the County Department's public information officer, webmaster, and other communications staff.

1.020.9 State Department Oversight of County Department Compliance with Medical Assistance Program Requirements

1. Purpose and Scope

This section and sections 1.020.10, 1.020.11, and 1.020.12 authorize the Colorado Department of Health Care Policy and Financing to enter into informal and formal corrective action plans for non-financial findings of non-compliance identified by the State Department through audits, quality assurance and compliance checks.

1.020.10. Audits, Quality Assurance, and Reviews by the State Department

1. Federal and State Audits

County Departments shall promptly respond to and comply with State Department requests related to federal and State audit requirements, such as Medicaid Eligibility Quality Control (MEQC), Payment Error Rate Measurement (PERM), Office of the State Auditor (OSA), Office of the Inspector General (OIG) audits and any other required federal or State audit.

2. Quality Assurance Program

All County Department eligibility determinations and actions performed to administer Medical Assistance programs are subject to review by the State Department Quality Assurance Program. The County Departments shall comply with all State Department Quality Assurance Program requirements and any other federal or state audits.

County Departments shall implement appropriate quality assurance measures for activities and expenditures utilizing state and federal funding for the purposes of the administration of Medical Assistance.

3. Desk Reviews and Site Audits

To ensure compliance with State and federal rules, the State Department may conduct desk reviews and site audits of County Departments. Desk reviews and site audits may review any aspect of a County Department's administration of the Medical Assistance program.

4. Self-Report Audits and Post-Audits

At the request of the State Department, the County Department shall submit a self-report audit or self-review data. This County Department self-report audit or self-review data is subject to Post-Audits by the State Department to verify the accuracy of the data.

5. Failure to Comply with Audit Requirements

Failure by the County Department to comply with any aspect of this section 1.020.10. (Audits, Quality Assurance and Reviews) shall result in action plan processes as described in section 1.020.11 (Non-Compliance Findings and Action Plan Processes).

1.020.11. Non-Compliance Findings and Action Plan Processes

1. Non-Compliance Findings

After conducting an audit or review as specified in section 1.020.10. (Audits, Quality Assurance, and Reviews), the State Department shall issue any unresolved findings of non-compliance through Management Decision Letters. Findings of non-compliance will be grouped into the following categories:

a. Administrative

Non-compliance with administrative requirements, including missing or incomplete policies, procedures, or processes; legal non-compliance; or other types of non-compliance not defined below.

b. Quality

Non-compliance with quality assurance, audit, or review requirements set forth in 1.020.10.

c. Performance

Non-compliance with performance measures as determined by the Colorado Department of Health Care Policy and Financing.

2. Notification of Findings to County Department Director

The State Department will provide a copy of any Management Decision Letter regarding findings of non-compliance that may lead to corrective actions or fiscal sanctions as described in this section 1.020.11 (Non-Compliance Findings and Action Plan Processes) to the County Department Director.

3. Improvement Action Plans and Corrective Action Plans

When addressing non-compliance by the County Department that may lead to or has resulted in the issuance of a Management Decision Letter, the State Department shall require the County Department to submit an action plan to address the non-compliance identified. The State Department shall specify to the County Department the type of action plan that is required to be implemented.

a. Tier 1 Improvement Action Plan

An informal plan implemented with technical assistance to address non-compliance and/or performance that may lead to non-compliance. This type of plan is not subject to fiscal sanctions as defined in section 1.020.12 (Sanctions). The State Department may convert a Tier 1 Improvement Action Plan to a Tier 2 Corrective Action Plan for any Tier 1 plans that have failed to be adequately or timely implemented.

b. Tier 2 Corrective Action Plan

A formal plan implemented with technical assistance to address non-compliance and/or performance that may lead to non-compliance. This type of plan is subject to fiscal sanctions as defined in section 1.020.12 (Sanctions). The State Department may communicate with the County Board regarding any Tier 2 Corrective Action Plans.

4. Completion of Tier 1 and Tier 2 Action Plans:

Upon request of the State Department, the County Department shall complete a Tier 1 Improvement Action Plan or Tier 2 Corrective Action Plan. The Tier 1 or Tier 2 Action Plan submitted by the County Department shall include:

a. Non-compliance previously addressed

Description, in writing, of how both the individual and systemic root cause of each non-compliance issue has been previously corrected; the date in which the correction took place; the staff involved in the correction; and documentation supporting the correction that took place.

b. Non-compliance to be addressed

Plan, in writing, explaining how each root cause, both individual and systemic, of the non-compliance issue will be corrected. Such a plan must contain the following information for each non-compliance issue:

- i. Identify the non-compliance issue,
- ii. List the specific action(s) to be taken to correct the non-compliance,
- iii. List the specific time frames for completion of each specific action not to exceed six months without the written consent of the State Department, and
- iv. Provide the name of the contact person responsible for each corrective action. The corrective action plan should proceed as rapidly as possible to correct all non-compliance.
- v. Provide documentation demonstrating that the actions to address non-compliance will be completed.

c. Technical Assistance

The County Department may request technical assistance from the State Department in developing either a Tier 1 or Tier 2 Plan. This request must occur within 15 calendar days of notification to the County Department of the requirement to complete a Tier 1 or Tier 2 Plan.

d. Timeframe to Complete Plan and Extension of Time

i. Timeframe to Complete Plan

If notified of the requirement to complete a Tier 1 or Tier 2 Action Plan, the County Department shall complete such Plan within 30 calendar days of receiving notification from the State Department.

ii. Extension of Time

If the County Department needs additional time to develop a Tier 1 or Tier 2 Action Plan, the County Department Director must submit a request electronically to the State Department at HCPF_CountyRelations@state.co.us specifying the new timeframe requested and providing an explanation for the extension request.

iii. Review of Extension Request

The State Department will review the request for time extension within five business days of receipt and respond to the County Department Director.

5. Acceptance or Rejection of a Tier 1 or Tier 2 Action Plan

Within 30 calendar days of receipt of the proposed Tier 1 or Tier 2 action plan from the County Department, the State Department will review and either accept or reject the proposed Tier 1 or Tier 2 Action Plan.

a. Accepted Tier 1 or Tier 2 Action Plan

If the submitted Tier 1 or Tier 2 action plan is accepted by the State Department, the County Department Director will be notified electronically of the approval within ten calendar days and implementation of the plan may begin immediately.

b. Rejected Tier 1 or Tier 2 Action Plan

If the submitted Tier 1 or Tier 2 action plan is rejected by the State Department, the County Department Director will be notified electronically of the decision and will be required to resubmit a Tier 1 or Tier 2 Plan after participating in technical assistance provided by the State Department to address the individual and systemic root cause of non-compliance.

i. Initial Technical Assistance Meeting

The County Department is required to successfully complete an initial technical assistance meeting within 15 calendar days of receipt of the Tier 1 or Tier 2 Plan rejection.

ii. Request for Time Extension

If the County Department cannot complete the initial technical assistance meeting within 15 calendar days, the State Department will review the request for time extension within five business days of receipt and respond to the County Department Director.

6. Ongoing Monitoring of any Tier 1 or Tier 2 Plan Accepted New Plan

Upon acceptance of the Tier 1 or Tier 2 Plan, the State Department begins monitoring the implementation of the plan. Monitoring may include but is not limited to routine reviews of reports, field observations, periodic check-ins, plan amendments, and technical assistance.

a. Follow-Up

The State Department will verify that the County Department has complied with the approved Tier 1 or Tier 2 Plan. The County Department shall submit any documentation needed to verify compliance with the accepted Plan.

b. Non-Compliance with Accepted Plan

If the State Department has verified that the County Department has not complied with the accepted Tier 1 or Tier 2 Plan, then:

i. The State Department shall convert a Tier 1 Improvement Action Plan to a Tier 2 Corrective Action Plan

ii. The State Department shall implement fiscal sanctions for non-compliance on a Tier 2 Corrective Action Plan as defined in section 1.020.12 (Sanctions).

c. First Notification of Fiscal Sanctions

The first notification of fiscal sanctions due to non-compliance on a Tier 2 Corrective Action Plan shall be sent to the County Department Director sixty calendar days prior to the implementation of fiscal sanctions. The first notification shall include the dollar amount of fiscal sanctions, or any other sanction implemented per section 1.020.12 (Sanctions) and the date the sanction will be implemented. The County Department shall have thirty calendar days after notification of fiscal sanctions to cure non-compliance with the Tier 2 Plan to avoid implementation of fiscal sanctions.

d. Second Notification of Fiscal Sanctions

The second notification of fiscal sanctions due to non-compliance on a Tier 2 Corrective Action Plan shall be sent to the County Department Director thirty calendar days prior to the implementation of fiscal sanctions. The second notification shall include the dollar amount of fiscal sanctions, or any other sanction implemented per section 1.020.12 (Sanctions) and the date the sanction will be implemented. The County Department shall have 15 calendar days to cure non-compliance with the Tier 2 Plan to avoid fiscal sanctions.

e. Third Notification of Fiscal Sanctions

The third notification of fiscal sanctions due to non-compliance on a Tier 2 Corrective Action Plan shall be sent to the County Department Director five (5) calendar days prior to the implementation of fiscal sanctions. The third notification shall include the dollar amount of fiscal sanctions, or any other sanction implemented per section 1.020.12 (Sanctions) and the date the sanction will be implemented. After receiving a third notification, the County Department will no longer be able to cure non-compliance with the Tier 2 Plan and fiscal sanctions will be implemented.

f. Non-Reversal of Fiscal Sanctions after Third Notification

Compliance with the Tier 2 Plan after fiscal sanctions have been implemented shall cure the non-compliance with the Tier 2 Plan but will not reverse fiscal sanctions implemented from non-compliance.

g. Closure of an Accepted Plan

Upon completion of a Tier 2 Corrective Action Plan and verification of completion by the State Department, a closure letter will be sent to the County Department Director.

h. Appeals of Non-Compliance

The County Department shall appeal any first or second notification of non-compliance within the timeframe specified in section 1.20.11.6.b (Non-Compliance with Accepted Plan) by sending an electronic communication to the State Department at HCPF_CountyRelations@State.co.us. The basis for the appeal shall be limited to a factual error in the report or an incorrect interpretation of law, rule, or regulations. The County Department may submit documents or evidence with its appeal. The third notification of non-compliance is not subject to appeal by the County Department. Within 10 calendar days of receiving the appeal, the State Department shall issue a final decision in writing, which will be sent electronically to the County Department Director. The effective date of the final decision is the date it is signed.

1.020.12 Sanctions

If the County Department does not meet the requirements of 10 CCR 2505-10 sections 8.000, 8.100, 8.400, 8.500, 8.940 through 8.943, and 8.1000; 10 CCR 2505-5 section 1.010 and 1.020; or 10 CCR 2505-3 sections 100, 300, 400, and 600; or fails to comply with an approved Tier 2 Corrective Action Plan as described in section 1.020.11.3 (Improvement Action Plans and Corrective Action Plans), the State Department may impose the following sanctions:

1. Disallowance of State and federal funds for reimbursement of the salary of the County Department Director;
2. The State Department's undertaking of the administration of the Medical Assistance program for which the County Department has not met State and federal requirements or the requirements of a Tier 2 Corrective Action Plan; and
3. Any other action which may be necessary or desirable for carrying out the provisions of Title 25.5 of the Colorado Revised Statutes and its implementing regulations.

1.200 ALL-PAYERS CLAIMS DATABASE

1.200.1 Definitions

"administrator" means the administrator of the APCD appointed by the director of the department.

"APCD" means the Colorado All-Payer Claims Database.

"Alternative Payment Model (APM) file" means a detailed file that captures payments made to providers outside of the traditional fee-for-service model. This includes: Foundation Payments for Infrastructure and Operations, Pay for Reporting, Pay for Performance, Shared Savings, Shared Savings and Downside Risk, Risk Based Payments NOT Linked to Quality, Condition-Specific Population-Based Payment, Comprehensive Population-Based Payment, Integrated Finance and Delivery Systems, and Capitated Payments NOT Linked to Quality. APM files are submitted according to the requirements contained in the submission guide.

"APM Contract Supplement file" means a file that captures qualitative information related to alternative arrangements between carriers and providers; submitted according to the requirements contained in the submission guide.

“Anti-trust safety zone” means the exchange of information that antitrust agencies have identified as unlikely to raise substantial concerns if: 1) the exchange is managed by a third-party, like a trade association; 2) the information provided by participants is more than three months old; and 3) at least five participants provide the data underlying each statistic shared, no single provider’s data contributes more than 25% of the “weight” of any statistic shared, and the shared statistics are sufficiently aggregated that no participant can discern the data of any other participant.

“control total file” means a file that captures aggregated data related to payments made to providers outside of the traditional fee-for-service model. This includes: Foundation Payments for Infrastructure and Operations, Pay for Reporting, Pay for Performance, Shared Savings, Shared Savings and Downside Risk, Risk Based Payments NOT Linked to Quality, Condition-Specific Population-Based Payment, Comprehensive Population-Based Payment, Integrated Finance and Delivery Systems, and Capitated Payments NOT Linked to Quality. APM files are submitted according to the requirements contained in the submission guide.

“dental claims data file” means a file that includes data about dental claims and other encounter information, according to the requirements contained in the submission guide.

“department” means the Colorado Department of Health Care Policy and Financing.

“director” means the Executive Director of the department.

“eligibility data file” means a file that includes data about a person who receives health care coverage from a payer, according to the requirements contained in the submission guide.

“ERISA” means the Employee Retirement Income Security Act of 1974, as codified at 29 U.S.C. ch. 18.

“HIPAA” means the Health Insurance Portability and Accountability Act, U.S.C. § 1320d – 1320d-8, and its implementing regulations, 45 C.F.R. Parts 160, 162 and 164, as may be amended.

“historic data” means eligibility data file(s), medical claims data file(s), pharmacy file(s) and provider file(s) for the period commencing January 1, 2009 through December 31, 2014 (except in the case of a self-insured employer-sponsored health plan, in which case, “historic data” shall mean, at minimum, such data file(s) for the period commencing January 1, 2015 through December 31, 2015).

“medical claims data file” means a file that includes data about medical claims and other encounter information, according to the requirements contained in the submission guide.

“payer” means a private health care payer and a public health care payer.

“pharmacy benefit manager contract information file” means a file that includes information related to contracts between carriers and pharmacy benefit managers; and is submitted according to the requirements contained in the submission guide.

“pharmacy file” means a file that includes data about prescription medications and claims filed by pharmacies, according to the requirements contained in the submission guide.

“prescription drug affordability board file” means a file that includes required information about prescription drugs as outlined in SB21-175; and is submitted according to the requirements contained in the submission guide.

“Prescription Drug Rebate” means aggregated information regarding the total amount of any prescription drug rebates and other pharmaceutical manufacturer compensation or price concessions paid by pharmaceutical manufacturers to a payer or their pharmacy benefit manager(s).

“private health care payer” means an insurance carrier as defined in C.R.S. § 10-16-102(8) covering an aggregate of 1,000 or more enrolled lives in health coverage plans as defined in C.R.S. § 10-16-102(34). For purposes of this regulation, “private health care payer” includes carriers, third-party administrators, administrative services only organizations, and pharmacy benefit managers offering health benefits plans under C.R.S. § 10-16-102(32)(a), dental, vision, pharmacy, Medicare Advantage, Medicare supplemental plans, limited benefit health insurance, or short-term limited-duration health insurance. For the purposes of this regulation, a “private health care payer” also means a self-insured employer-sponsored health or pharmacy plan covering an aggregate of 100 or more enrolled lives in Colorado if the employer is not subject to ERISA. It does not include a self-insured employer-sponsored health or pharmacy plan if the employer is subject to ERISA; carriers offering accident only; credit; benefits for long term care, home health care, community-based care, or any combination thereof under Article 19 of Title 10; disability income insurance; liability insurance including general liability insurance and automobile liability insurance; coverage issued as a supplement to liability insurance; worker’s compensation or similar insurance; or automobile medical payment insurance, specified disease, or hospital indemnity and other fixed indemnity insurance.

“protected health information” shall have the same meaning as in the HIPAA Privacy Rule in 45 C.F.R. § 160.103.

“provider file” means a file that includes additional information about the individuals and entities that submitted claims that are included in the medical claims file; and is submitted according to the requirements contained in the submission guide.

“public health care payer” means the Colorado Medicaid program established under articles 4, 5 and 6 of title 25.5, C.R.S., the children’s basic health plan established under article 8 of title 25.5, C.R.S. and Cover Colorado established under part 5 article 8 of title 10, C.R.S.

“self-funded employee health plans” means health plans where the financial risk associated with medical claims is held by the organization sponsoring the health coverage.

“submission guide” means the document entitled “Colorado All-Payer Claims Database Data Submission Guide” developed by the administrator that sets forth the required schedules, data file format, record specifications, data elements, definitions, code tables and edit specifications for payer submission of eligibility data files, medical, dental and pharmacy claims data files and provider data files to the APCD dated Version 13 January 2022, which document is hereby incorporated by reference.

“third party administrator (TPA)” or “administrative services only (APO)” means a business organization that performs administrative services for a health plan such as billing, plan design, claims processing, record keeping, and regulatory compliance activities.

“value-based purchasing contract file” means a file that includes information about pharmacy value based purchasing contracts between carriers/PBMs and drug manufacturers; and is submitted according to the requirements contained in the submission guide.

1.200.2 Reporting Requirements

1.200.2.A Payers shall submit complete and accurate eligibility data files, medical claims data files, pharmacy claims data files, dental claims data files, alternative payment model data files, control total files, APM contract supplement files, prescription drug rebate data files, PBM contract files, prescription drug affordability board information files, pharmacy value based purchasing contract files and provider files to the APCD pursuant to the submission guide. The administrator may amend the submission guide and shall provide notice of the revisions to payers. Any revision to the submission guide will be effective only when incorporated into this rule and issued in compliance with the requirements of C.R.S. § 24-4-103 (12.5). Reports submitted 120 days following the effective date of the revision of this rule and the submission guide shall follow the revised submission guide.

1.200.2.B. A private health care payer subject to the provisions of ERISA is not required under this rule to submit claims data to the APCD but may continue to submit claims data or elect to submit claims data at any time in accordance with the procedures described in Sections 1.200.2.A and 1.200.3.

1.200.3 Schedule for Mandatory Data Reporting

1.200.3.A. Payers shall submit a test file of its eligibility data, medical and pharmacy claims data and provider files for a consecutive twelve-month period to the administrator by no later than March 31, 2012 or no later than 160 calendar days after the effective date of this rule, whichever is later.

1.200.3.B. Payers shall submit complete and accurate historic data to the administrator that conforms to submission guide requirements by no later than June 30, 2012, or no later than 250 calendar days after the effective date of this rule, whichever is later.

1.200.3.C. Payers will transmit complete and accurate eligibility data, medical claims data, pharmacy claims data, dental claims data and provider files covering the period from January 1, 2012 and ending June 30, 2012 to the administrator by no later than August 15, 2012, or for the period as specified by the administrator no later than 305 days after the effective date of this rule, whichever is later.

1.200.3.D. On a monthly basis thereafter, payers will transmit complete and accurate monthly eligibility data, medical claims data, pharmacy claims data, dental claims data and provider files to the administrator. These data files for the period ending July 31, 2012, shall be submitted no later than September 15, 2012, or for the period as specified by the administrator, no later than 305 days after the effective date of this rule, whichever is later. For each month thereafter, files shall be submitted no later than 30 days after the end of the reporting month. Any time extension shall be provided to payers in writing by administrator at least 30 days prior to established deadlines.

1.200.4 APCD Reports

1.200.4.A. The administrator shall, at a minimum, issue reports from the APCD data at an aggregate level to describe patterns of incidence and variation of targeted medical conditions, state and regional cost patterns and utilization of services.

1.200.4.B. The APCD reports shall be available to the public on consumer facing websites and shall provide aggregate and summary reports to achieve the purposes of the APCD. Any such reports shall protect patient identity in accordance with HIPAA's standard for the de-identification of protected health information.

1.200.5 Requests for Data and Reports

- 1.200.5.A. A state agency or private entity engaged in efforts to improve health care quality, value or public health outcomes for Colorado residents may request a specialized report or data set from the APCD by submitting to the administrator a written request detailing the purpose of the project, the methodology, the qualifications of the research entity, and by executing a data use agreement, to comply with the requirements of HIPAA.
- 1.200.5.B. A data release review committee shall review those requests for reports or data sets containing protected health information and shall advise the administrator on whether release of the data is consistent with the statutory purpose of the APCD, will contribute to efforts to improve health care quality, value or public health outcomes for Colorado residents, complies with the requirements of HIPAA, and does not violate antitrust law, using the Anti-trust Safety Zone as guidance. The administrator shall include a representative of a physician organization, hospital organization, non-physician provider organization and a payer organization on the data release review committee.
- 1.200.5.C. The administrator may charge a reasonable fee to provide the requested data.
- 1.200.5.D. The administrator may not release data from the Alternative Payment Model, Control Total, APM Contract Supplement, Drug Rebate, PBM Contract Supplement, or Pharmacy Value Based Purchasing Contract files to external requestors. These data are only to be used for aggregated reporting by the administrator and direct reporting to the State of Colorado.
- 1.200.5.E. The administrator may not release data from the premium payment or deductible fields to any external requestors or use the data for aggregate public reporting. Premium and deductible field data may only be released to the Colorado Division of insurance for 2022 and 2023.

1.200.6 Penalties

- 1.200.6.A. If any payer fails to submit required data to the APCD in a timely basis, or fails to correct submissions rejected because of errors, the administrator shall provide written notice to the payer. The administrator may grant an extension of time for just cause. If the payer fails to provide the required information within thirty days following receipt of said written notice, the administrator shall provide the payer with notice of the failure to report and will notify the director of the payer's failure to report. The director shall assess a penalty of up to \$100 per day per issue for the first thirty days that a payer fails to provide the required data to the APCD and \$1,000 for each day thereafter. In determining whether to impose a penalty, the director may consider mitigating factors such as the size and sophistication of a payer, the reasons for the failure to report and the detrimental impact upon the public purpose served by the APCD.
- 1.200.6.B. The penalties specified in Section 1.200.6.A shall not apply to a private health care payer that is subject to the provisions of ERISA, since those payers are not required under this rule to submit claims data to the APCD.

1.200.7 Interagency Agreement

- 1.200.7.A. The director may enter into an Interagency Agreement on behalf of the APCD and the administrator with the Division of Insurance in the Colorado Department of Regulatory Agencies to assist in the enforcement of these regulations and under the Divisions' authority in Title 10 of the Colorado Revised Statutes.

1.200.8 Privacy and Confidentiality

- 1.200.8.A. Pursuant to C.R.S. § 24-72-204(3)(a)(I) medical and other health care data on individual persons is not an open record and the department shall deny any open records request for such information.
- 1.200.8.B. Certain aggregate and de-identified data reports from the APCD shall be available to the public pursuant to C.R.S. § 25.5-1-204(7) when disclosed in a form and manner that ensures the privacy and security of protected health information in compliance with HIPAA.
- 1.200.8.C. The administrator shall institute appropriate administrative, physical and technical safeguards to ensure that the APCD, its operations, data collection and storage, and reporting disclosures are in compliance with the requirements of HIPAA, and does not violate antitrust law, using the Anti-trust Safety Zone as guidance. All eligibility claims data, medical, dental, and pharmacy claims data shall be transmitted to the APCD and stored by the APCD in a secure manner compliant with HIPAA.

1.200.9 Incorporation by Reference

- 1.200.9A The rules incorporate by reference (as indicated within) material originally published elsewhere. Such incorporation, however, excludes later amendments to or editions of the referenced material. Pursuant to C.R.S. § 24-4-103(12.5), the Department of Health Care Policy and Financing maintains copies of the incorporated texts in their entirety which shall be available for public inspection during regular business hours at:

Colorado Department of Health Care Policy and Financing
Medical Services Board Coordinator
1570 Grant Street
Denver, CO 80203

Copies of material shall be provided by the department, at cost, upon request

Editor's Notes

History

Entire rule eff. 01/30/2011.
Rule 1.200 eff. 10/15/2011.
Rule 1.200.1 eff. 05/15/2013.
Rule 1.200.2.B repealed eff. 06/30/2013.
Rule 1.200.1 eff. 06/30/2014.
Rules 1.200.1, 1.200.2.B, 1.200.3, 1.200.6.B eff. 08/30/2015.
Rules 1.200.1-1.200.3, 1.200.6.B, 1.200.8 eff. 07/30/2016.
Rules 1.200.1, 1.200.3.D, 1.200.5 eff. 07/30/2017.
Rules 1.200.1, 1.200.2.A eff. 12/15/2018.
Rule 1.200.1 eff. 03/02/2020.
Rule 1.200.1 eff. 05/30/2020.
Rule 1.200.1 eff. 03/17/2021.
Rules 1.010-1.020.12 eff. 09/30/2021.
Rules 1.200.1, 1.200.2.A, 1.200.5, 1.200.6.A, 1.200.8.C emer. rules eff. 03/01/2022.