

Report Highlights



Health Facility Licensing Program and Cash Funds

Department of Public Health and Environment
Health Facilities and Emergency Medical Services Division
Performance Audit • July 2025 • 2460P

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C O L O R A D O

Key Concern

The Health Facilities and Emergency Medical Services Division (Division) lacks comprehensive written plans and reliable workload and other data to support budget requests that it has made over the last several years with the stated intent of maintaining the solvency of the health facility licensing cash funds. Further, the Division’s controls do not ensure appropriate licensing fees are collected, timely licensure surveys are conducted, and licensing system user access is compliant.

Key Findings

- While the Division may need the funding it requested to conduct licensing activities, it did not spend most of the \$3.1 million in one-time funding it received in Fiscal Years 2023 and 2024. Increases to fees and the Division’s annual General Fund appropriation will result in roughly a \$4.3 million increase in the Division’s annual funding between Fiscal Year 2024 and Fiscal Year 2029. Although it is actively pursuing initiatives to improve staffing, the Division has yet to develop a written plan that clearly delineates scope, cost, and timeline for implementing these initiatives. Further, the Division could not reliably identify the total licensing inspections (“surveys”) completed, complaints received, or staffing needed for federal activities paid for by federal funds.
- Our sample testing found that 7 of 20 (35 percent) license fee payments made in Fiscal Year 2024 were calculated incorrectly by Division staff, the facility, or both; 10 of 10 (100 percent) assisted living residences did not receive statutorily-required annual licensing surveys; and 10 of 50 (20 percent) other facility types did not receive a licensing survey during the 5-year period we reviewed.

Background

The Division licenses Colorado health facilities to ensure that the care and services they provide meet state requirements. In Fiscal Year 2024, there were 2,515 licensed facilities and the Division collected nearly \$7 million in licensing fees. The Division uses these fees to fund the direct and indirect costs of the Division’s licensing program and accounts for the related activities in the State’s accounting system in three cash funds; the three cash funds had a total balance of approximately \$4.5 million at the end of Fiscal Year 2024.

Audit Recommendations Made	Agency Responses		
	Agree	Partially Agree	Disagree
12	11	1	0