



COLORADO
Department of Human Services



COLORADO
Department of Health Care
Policy & Financing

Joint Budget Priorities for County Commissioners

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Joint CDHS & HCPF County Facing Priorities

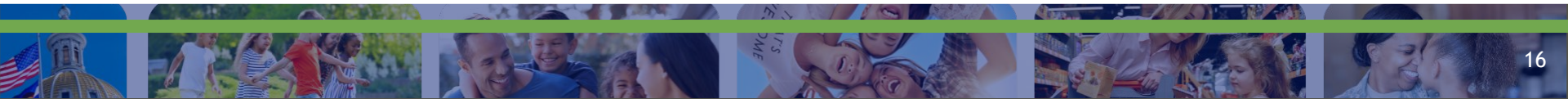
There are two main areas
where CDHS and HCPF
Priorities are integrated
with County Services.

Serving Coloradans via Districts

Shared Services



Serving Coloradans via Districts



Why Districting?

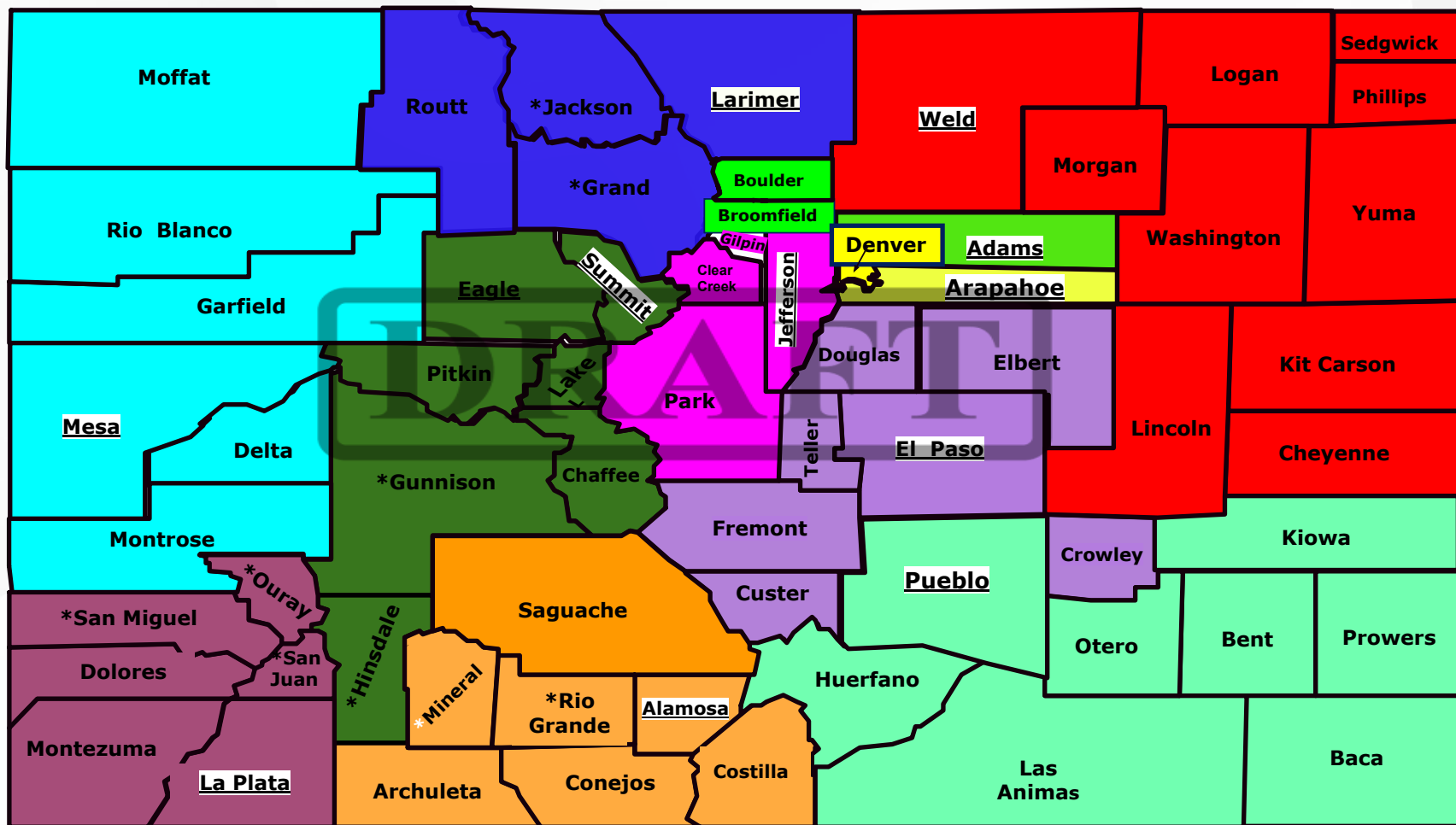
- H.R. 1 increases administrative **workload without additional funding**
- Growing county **staffing challenges**
- State **budget deficit**
- Potential error rate costs and **federal clawbacks**
 - \$120-140 million to pay a portion of SNAP benefits if error rates remain above 6%
 - Up to \$186 million at a 5% error rate, associated with Medical Assistance eligibility accuracy requirements.
- More nimble in implementing policy and procedural changes, while preserving a local presence.



What is Districting?

- Each District would be anchored by a county hub and governed by performance-based contracts.
- The hub county will serve as the fiscal and administrative agent for the District.
- Counties within each district would organize themselves to operate through the hub county.





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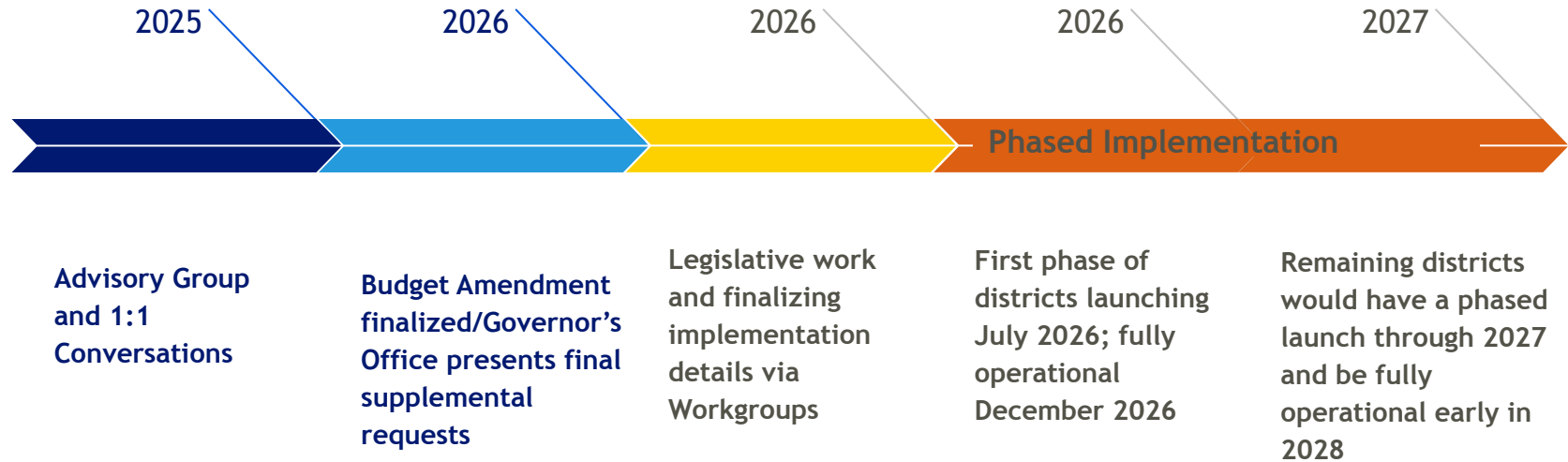
Joint CDHS & HCPF County Facing Budget Priorities
Dec. 12, 2025



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Proposed Timeline

A phased implementation will allow time for change management, training, technology, and standing up the shared services.



Potential Cost of Districting

- The State is proposing a modest budget increase (pending final recommendations and approval) beginning in SFY 2026-27
- Budget proposal to include state funding for FTE and some technology supports.
- Counties within each District will enter into agreements with the hub county to pool resources to administer programs.
- Administrative allocations for SNAP, Medical Assistance, Adult Financial, and TANF will continue to be distributed based on each county's share of the funding per the various allocation formulas/processes.





HCPF Budget & Shared Services



HCPF's FY 2026-27 Budget

Governor's Budget released on October 31, 2025

- HCPF's proposed annual budget for FY 2026-27 is **\$20.6 billion** in total funds (TF), including **\$5.99 billion** General Fund (GF).
 - Representing an increase of **\$2.3 billion** TF including a \$413 million increase GF
 - About 96% of total funds allocated to HCPF go to providers to care for members
 - Funding allocated to HCPF in the Governor's FY 2026-27 budget request represents 32% of available General Fund for the entire state budget.
- The HCPF budget also includes a **reduction of \$537 million TF**, including **\$217 million GF** (the \$20.6 billion TF is net of the \$537 million TF reductions)
- Additional reductions of \$124 million GF expected to be announced on Jan. 2

Resources: [HCPF FY 2026-27 Budget Agenda Summary](#) and [FY 2025-26 HCPF Budget Reductions Fact Sheet](#); [FY 2026-27 Budget Requests](#)

Medicaid Sustainability Framework helps us better manage Medicaid trends and avoid draconian cuts

1. **Address Drivers of Trend:** Better address all the controllable factors that drive Medicaid cost trends
2. **Maximize Federal Funding:** Leverage and maximize HCPF's ability to draw down additional federal dollars
3. **Invest in Coloradans:** Continue investing in initiatives to drive a Colorado economy and educational system to reduce the demand for Medicaid over the long term as Coloradans rise and thrive
4. **Make Reasonable Medicaid Cuts or Adjustments:** Identify where programs, benefits, and reimbursements are comparative outliers or designed in such a way that we are seeing - or will experience - higher than intended trends or unintended consequences
5. **Reassess New Policies:** Consider pausing or adjusting recently passed policies not yet implemented
6. **Exercise Caution in Crafting Increases** to the Medicaid program going forward

R-07: Driving Efficiencies in Benefit Services Delivery - Shared Services



WHY?

- Shared Services is a way to drive efficiencies in benefit service delivery for public and medical assistance programs.
- Shared Services centralize, in one county, various administrative functions that support eligibility determination and optimize requirements and best practices across all counties
- Shared Services will allow counties to focus on the core duty of determining eligibility.
- Shared Services will provide financial and workload relief to counties statewide while modernizing current administration processes with an emphasis on increasing efficiency, reducing costs and creating sustainability.
- All counties will be required to participate in Shared Services

[Link to Shared Services Overview Document \(PDF\)](#)



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Shared Services

WHAT?

There are two Shared Services **HCPF** and **CDHS** are partnering on:

1. **Tier 1 Call Center** - creates a statewide call center to take all eligibility-related calls for CBMS programs, under a contract with one county.
2. **Central Document Scanning** - repurposes the Overflow Processing Center and converts the contract to a central scanning center, where all documents not physically dropped off at the county would be scanned, indexed and work assigned to the appropriate county.



Shared Services

WHAT?

There are two **HCPF-only** shared services:

3. **Quality Assurance (QA):** this shared services would conduct Medical Assistance case reviews on behalf of all counties to identify, correct and address the drivers of eligibility determination error rates, thereby improving Medicaid and CHP+ federal Payment Error Measurement Rate (PERM) performance.

4. **Member Case Integrity (MCI):** this shared service would conduct fraud investigations; counties would no longer be individually responsible for this function. Also implements a centralized fraud referral process in CBMS for counties to report fraud issues.



Shared Services

WHEN?

- By January 1, 2026 minimum requirements for counties to “bid” on each of the shared services contracts become available.
- County bids for each of the shared service contracts will be due by February 28, 2026.
- Shared Services will be implemented over a two year period, starting July 1, 2026 through June 30, 2028.
- By July 1, 2028, Shared Services will be fully operational and duties will be transitioned from the individual counties.



Shared Services

HOW MUCH?

- No reduction in the county administration appropriation.
- HCPF is requesting \$1.5mil (SFY26-27) and \$2.7mil (SFY27-28 and ongoing) in new funding
- HCPF reduced the County Incentives appropriation from \$8.3mil to \$2mil; the difference of \$6.3mil GF will draw down federal funds to pay for Shared Services
- CDHS is requesting \$1.15mil (SFY26-27) and \$5mil (SFY27-28 and ongoing) in new funding
- Taken together, this budget request represents \$48.8mil in new total funding (\$7.8mil GF) in new investments for Shared Services County Contractors





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THANK YOU
Questions?