

Program Improvement Advisory Committee (PIAC)

Department Updates

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August 20, 2025

Thank You!

- For being a part of PIAC
- For your guidance and recommendations to help successfully launch Phase III of the ACC
- For your partnership as we once again find ourselves in another chapter of dynamic change.

Our HCPF/Medicaid Fiscal Challenges - State

State Fiscal Challenges Impacting HCPF

- TABOR generally limits revenue growth to inflation. Balanced budget provision. Need voter approval to raise taxes.
- In the last 40 years, no commercial or Medicaid health plan has consistently controlled its trends at or below general inflation.
- Medical inflation for 2026 is projected to continue in the 8% range
- HCPF represents about one-third of the state's budget, with Medicaid trends that run higher than medical inflation.
- Last year, CO had a \$1.2B budget shortfall to close. This year, because of H.R.1, we are out of balance with a >\$1B shortfall.
 - Special Session beginning Aug. 21

Our HCPF/Medicaid Fiscal Challenges - Federal

Federal Challenges

- COVID related federal stimulus dollars are gone.
- Federal Medicaid funding and general perspectives of its purpose have changed.
- H.R.1 tax reductions are reducing state revenues, pushing the state out of balance for this year's budget and future budgets as well
- H.R.1 ratchets down fed funding to Colorado via its Medicaid Provider Tax provisions by 0.5%/yr from 2028-2032, reducing fed revenues by \$1B-\$2.5B
- Federal funding is going down through H.R.1 while admin burden is going up for federal mandates like Work Requirements and more frequent eligibility determinations
- Threat to coverage, higher due to the short time to implement systems

H.R. 1 Medicaid Coverage Threats

Medicaid Expansion population - 377,000 Medicaid members:

- **Federal CHASE Funding Reductions** impacting this population
- **Eligibility redeterminations** increased from every 12 months to every 6, starting Jan. 1, 2027
- **Work requirements** for most “able-bodied adults”, starting Jan. 1, 2027
 - Working, Going to school, or Volunteering at least 80 hrs/mo to qualify
- **Coloradans may lose coverage** because they don’t meet the new requirements or because of administrative complications



North Star: Mitigate coverage losses and its catastrophic consequences to Coloradans, providers, economy

Medicaid Sustainability Framework helps us better manage Medicaid trends

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

Robust HCPF Plan to help navigate our realities

- Discipline to Medicaid Sustainability Framework
 - Grounded in facts/insights and alignment around shared goals
 - State budget challenges, Medicaid trend drivers, solutions
- Understanding H.R.1 impacts and aligned goals: North Star - prevent inappropriate loss of coverage; No draconian cuts to Medicaid
 - System builds and investments and eligibility processor investments
- Leverage ACC Phase III and Innovations (eConsults, Prescriber Tools, Value Based Payments, etc.) to control trends and improve quality
- Leverage [third party insights](#), state comparisons, learnings
- **Prioritize engagement**, transparency, partnership, leadership

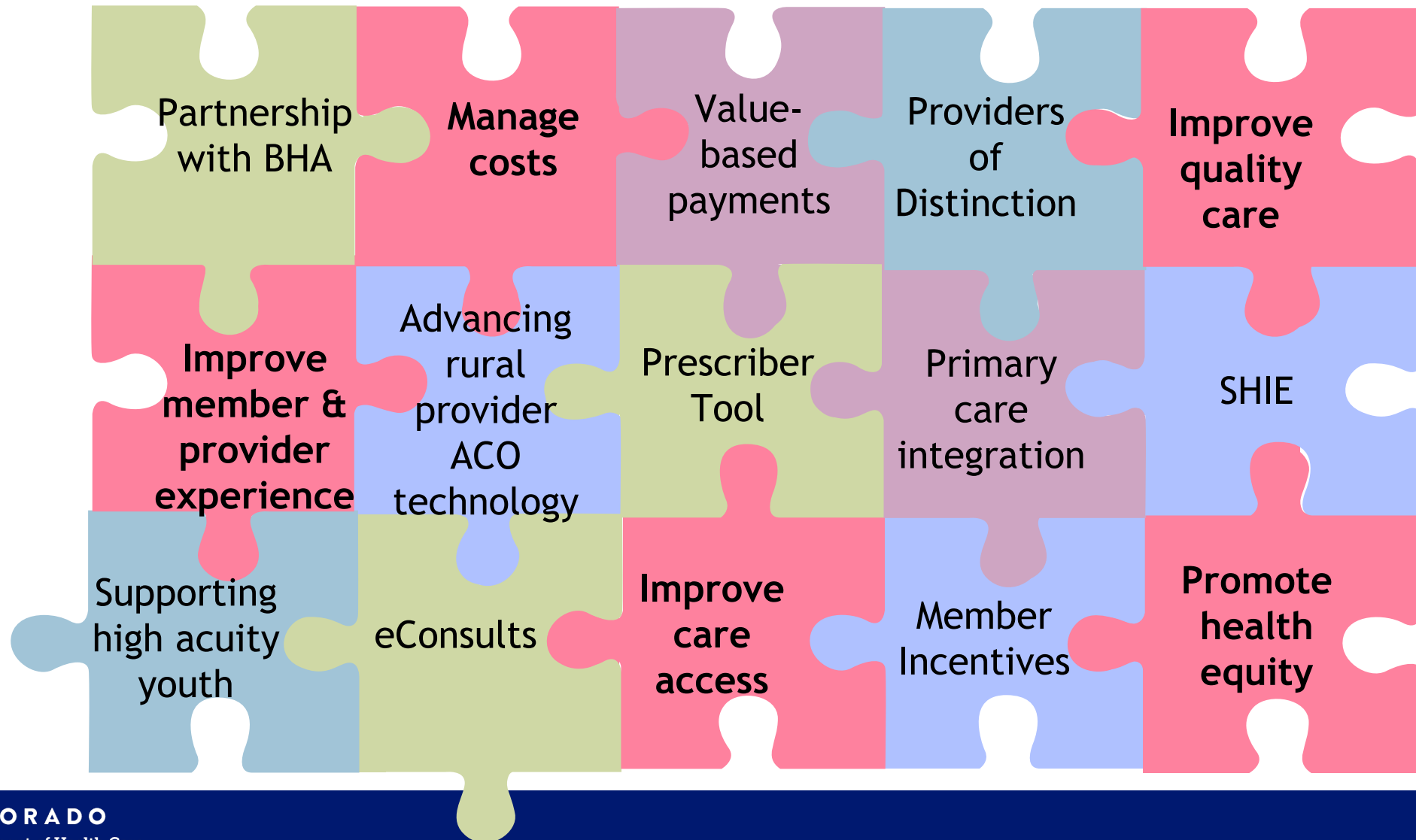
ACC Phase III

Our most prominent tool to battle trend

- Thank you for all of your input and engagement to roll out ACC Phase III.
- Successful July 1 launch of Phase III
- The ACC program remains a valuable mechanism to address:
 - Medicaid cost trend given the fiscal pressures
 - Perfect timing

Addressing Medicaid Cost Drivers

Which of these are you most excited about?



Resources on Implementation of Federal Changes

- [Member Message](#) from Exec. Dir. Bimestefer - a short, high level overview of what is in H.R. 1 and when members may see changes. Critical that we reach members along the way.
- **Bookmark our resource center**
[Colorado.gov/hcpf/impact](https://colorado.gov/hcpf/impact) for most up to date information and fact sheets
- **SOON - Our Annual Stakeholder Webinar resources at**
hcpf.colorado.gov/2025-stakeholder-webinar



Questions?