



# CO Medicaid Insights & Potential Federal Medicaid Reduction Impact Estimates

Updated: February 26, 2025

Congress is preparing bill language to facilitate budget reconciliation- **the current savings target is \$880 billion in savings (10 year target)**. The most frequently mentioned potential Medicaid reductions, as well as their high level impacts nationally and to Colorado, are estimated below.

## Why Colorado Is Unique

In addition to a balanced budget requirement, Colorado’s constitutional Taxpayer Bill of Rights (known as TABOR) constrains growth in state spending and also limits our ability to increase revenues from taxes. If significant federal Medicaid cuts were realized, options available to other states such as raising taxes in response are likely not feasible in our state.

Provision	Colorado Impact (financial and enrollment)
Adding Work Requirements for Medicaid Expansion Population	<p>Current Colorado Affordable Care Act (ACA) Medicaid Expansion population (adults without kids and parents): 377,019 members</p> <p>States who have launched work requirements have experienced significant administrative costs, burden and increased churn. Given Colorado’s state supervised, county administered model, implementation of this new requirement could have additional administrative costs to consider for Colorado.</p> <p>11 states were approved for work requirements from 2017-21 but only 2 states implemented them: Arkansas and Georgia. The Congressional Budget Office (CBO) has found that work requirements in TANF and SNAP <a href="#">have had mixed results</a> - slight gains in employment, but not increased average income in the target populations largely because income gains from people working more have been offset by income losses from people removed from the programs for not complying with the requirements.</p>
Elimination of the FMAP Floor	<p><b>The Federal Medical Assistance Percentages (FMAP) is used to determine the federal matching rate paid to states. With the elimination of the FMAP floor, Colorado’s share of Medicaid FMAP would be reduced from 50% (the current floor) to an estimated 36.63% in state FY 26-27.</b> Specifically, given the current formula in federal law, if the FMAP floor were removed, our federal match is projected to be 41.85% in State Fiscal Year (SFY) 2025-26 and 36.63% in SFY 2026-27. <b>The Colorado estimated impact would range from ~\$900M GF (FY 2025-26 estimate) to ~\$1.5B GF (FY 2026-27 estimate).</b></p> <p><a href="#">10 states</a> are exactly at floor: CA,CO,CT, MD, MA,NH,NJ,NY,WA,WY</p>



Provision	Colorado Impact (financial and enrollment)
Per Member Caps on Federal Funding	<p>We estimate that the implementation of per-capita caps would reduce federal Medicaid funding in Colorado by <b>\$1.34 - 1.51 billion annually</b>.</p> <p>Estimate notes: Dividing the \$907B (estimated 10 year budget reduction <a href="#">by CBO</a>) by 10, for an annual average = \$90.7B. As of January 2025, Colorado Medicaid covered 1,214,424 people while CHP+ covered 92,922 people. Colorado Medicaid's 1.2M covered (Oct 2024) represents 1.67% of the national 72M covered lives. <b>Estimated annual federal funding reduction based on covered lives share = \$1.51B annually. Colorado Medicaid spend as a share of national Medicaid spend = 1.47%. Estimated annual federal fund reduction based on funding share = \$1.34B annually.</b></p>
Changes to Provider Fees	<p>Hospitals contributed \$1.3B in fees in accordance with CO's federally approved hospital provider fee known as the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) fee. Hospitals received \$1.75B in additional Medicaid payments under the CHASE program, for a net gain of \$495M to Colorado hospitals.</p> <p>Before the implementation of provider/CHASE fee in Colorado in 2010, CO Medicaid paid hospitals on average \$0.54 cents on the dollar of hospital costs. In 2023, CO Medicaid paid hospitals \$0.79 cents on their dollar of cost due to the CHASE program.</p> <p>The CHASE hospital provider fee with federal match provides funds for Colorado's Medicaid and CHP+ programs including the ACA Medicaid expansion for lower income adults and Medicaid buy-in coverage for children and working adults with disabilities. 427,000 Coloradans' health coverage was funded by CHASE as of Sept. 2024. In Federal FY 2024, CO Medicaid paid a total of \$3.1B in health coverage claims for these Medicaid and CHP+ members, with approximately 31% or \$968M paid for hospital care.</p>
Reduce Expansion Population Enhanced Federal Match, 90% to 50%	<p><b>Reducing the current 90% match to Colorado's 50% matching rate would translate to over \$1B reduction in federal matching funding annually.</b> 377,019 Coloradans are covered through the expansion population.</p>

Source notes: State FMAP levels are based on 2026 estimates by KFF [available here](#). States with provider fees are from [Medicaid Provider Taxes, Congressional Research Service, updated December 2024](#).

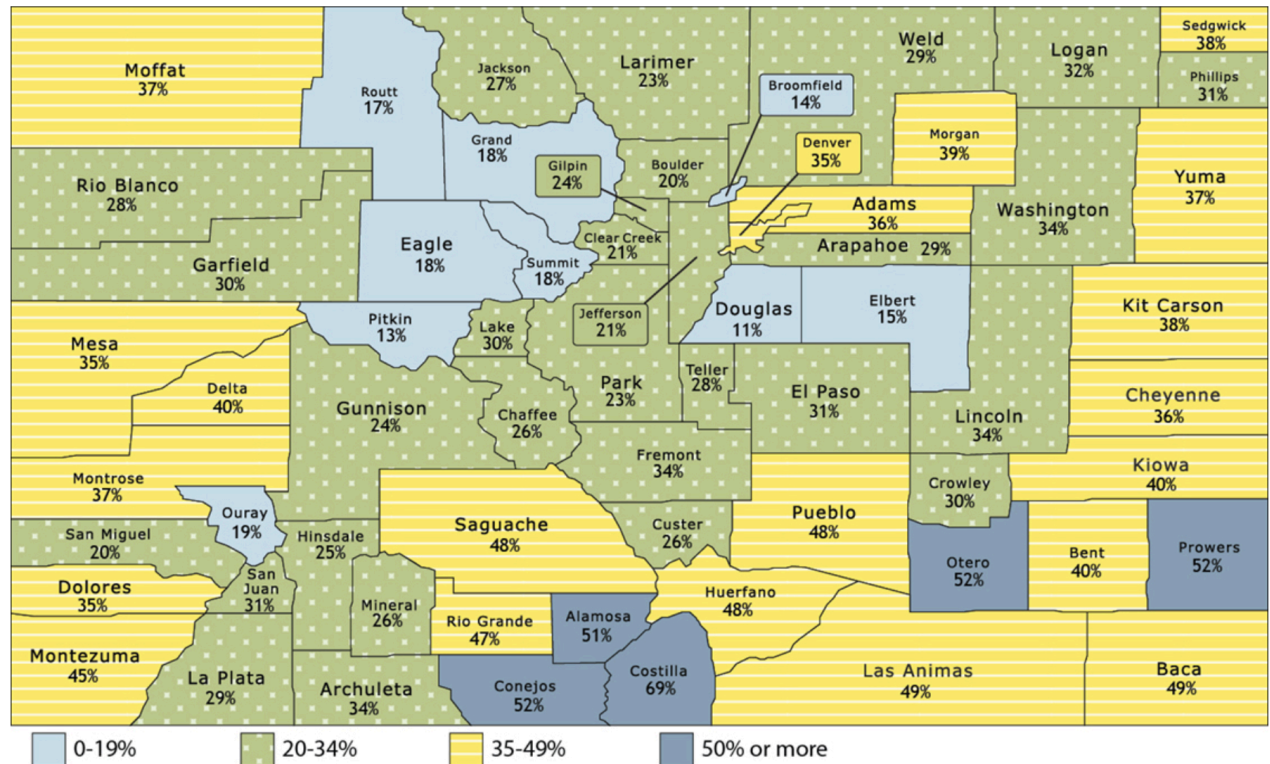


## Who the Colorado Medicaid & Children’s Health Insurance Program Covers

Colorado’s Medicaid program, Child Health Plan Plus (CHP+) and other health care programs covered 1.31 million Coloradans as of January 2025, representing 22% of the state. Detailed demographics are provided below for the calendar year 2023:

- 55%: adults ages 19-64
- 39%: children, ages 18 and younger
- 6%: adults age 65 and older
- 44% of the states births were covered by CO Medicaid and the Children’s Health Insurance Program (CHP)
- 5% of covered Medicaid members were people with disabilities, but more than 40% of Medicaid expenditures financed their care.
- 87% lives in urban areas while 14% live in rural or frontier counties, but many rural counties have a far higher percent of Medicaid & CHP+ membership (does not total 100% due to rounding)

### Percentage of total population enrolled in Health First Colorado and Child Health Plan Plus, by county



Source of enrollment data is Medicaid Management Information System (MMIS). Percentages represent people enrolled for one day or more during calendar year 2023. 2023 population data as forecasted by the state demographer.



## Medicaid Membership & Funding by Congressional District

To help localize information, HCPF produces county fact sheets including: enrollment information, population covered by Health First Colorado or CHP+, total Medicaid funding for members covered and top provider types receiving Medicaid funding. Data note: the chart duplicates information for counties in more than one district as more refined breakouts were not available.

Congressional District	Counties in Congressional District (fact sheets linked)	Average Medicaid Enrollment	Average CHP+ Enrollment	Average Medicaid Expansion Enrollment	*Total Medical Services Expenditure
1	<a href="#">Denver</a>	204,935	7,947	82,216	\$1,820,953,376
2	<a href="#">Clear Creek</a> , <a href="#">Routt</a> , <a href="#">Jackson</a> , <a href="#">Larimer</a> , <a href="#">Grand</a> , <a href="#">Boulder</a> , <a href="#">Gilpin</a> , <a href="#">Eagle</a> , <a href="#">Summit</a> , <a href="#">Weld</a> , <a href="#">Jefferson</a> , <a href="#">Broomfield</a>	323,760	17,933	124,928	\$2,784,221,837
3	<a href="#">Moffat</a> , <a href="#">Rio Blanco</a> , <a href="#">Garfield</a> , <a href="#">Mesa</a> , <a href="#">Pitkin</a> , <a href="#">Eagle</a> , <a href="#">Gunnison</a> , <a href="#">Delta</a> , <a href="#">Montrose</a> , <a href="#">Ouray</a> , <a href="#">San Miguel</a> , <a href="#">Dolores</a> , <a href="#">Montezuma</a> , <a href="#">La Plata</a> , <a href="#">Archuleta</a> , <a href="#">San Juan</a> , <a href="#">Hinsdale</a> , <a href="#">Mineral</a> , <a href="#">Rio Grande</a> , <a href="#">Conejos</a> , <a href="#">Alamosa</a> , <a href="#">Costilla</a> , <a href="#">Huerfano</a> , <a href="#">Pueblo</a> , <a href="#">Otero</a> , <a href="#">Las Animas</a> , <a href="#">Saguache</a>	227,583	12,416	81,233	\$2,036,487,592
4	<a href="#">Baca</a> , <a href="#">Prowers</a> , <a href="#">Bent</a> , <a href="#">Kiowa</a> , <a href="#">Crowley</a> , <a href="#">Cheyenne</a> , <a href="#">Lincoln</a> , <a href="#">El Paso</a> , <a href="#">Douglas</a> , <a href="#">Elbert</a> , <a href="#">Kit Carson</a> , <a href="#">Yuma</a> , <a href="#">Washington</a> , <a href="#">Arapahoe</a> , <a href="#">Adams</a> , <a href="#">Morgan</a> , <a href="#">Logan</a> , <a href="#">Sedgwick</a> , <a href="#">Phillips</a> , <a href="#">Weld</a> , <a href="#">Larimer</a>	710,264	38,714	243,201	\$6,309,213,806
5	<a href="#">El Paso</a> , <a href="#">Teller</a>	182,562	8,182	65,716	\$1,720,668,747
6	<a href="#">Adams</a> , <a href="#">Arapahoe</a> , <a href="#">Jefferson</a>	404,760	21,218	141,211	\$3,737,053,257
7	<a href="#">Jefferson</a> , <a href="#">Teller</a> , <a href="#">Park</a> , <a href="#">Lake</a> , <a href="#">Chaffee</a> , <a href="#">Fremont</a> , <a href="#">Custer</a> , <a href="#">Broomfield</a>	131,342	5,967	52,606	\$1,260,184,497
8	<a href="#">Weld</a> , <a href="#">Adams</a> , <a href="#">Larimer</a>	305,771	17,975	102,525	\$2,430,460,201

NOTE: Some counties are in more than one Congressional district (Weld, Jefferson, Adams, Larimer, Arapahoe, Teller, Eagle, El Paso)- the chart is not broken out exactly along district lines. Members and medical services expenditures for counties that are in more than one district are duplicated. Information is annualized based on fiscal year 2024-25 enrollment and spending levels. \*The top five claim types include Long Term Care, Pharmacy Claims, Professional Claims, Ancillary Services and Inpatient Claims.



## Medicaid’s Economic Impact Nationally and In Colorado, Including Federal Matching

According to the [Centers for Medicare & Medicaid Services](#), the importance of the health care sector in a state’s economy is evidenced by health spending as a share of a state’s GDP. In 2023, Medicaid was 18 percent of total national health expenditures.

96% of CO Medicaid’s budget goes to pay care providers, with only 4% going to administration. CO Medicaid is the most efficiently run health plan in CO. The chart illustrates the major provider types receiving 96% of the Medicaid budget dollars. Further details [here](#).

For every dollar the state spends on Medicaid, the federal government matches at a specified percentage rate. Current federal law requires a minimum 50% federal matching rate for Medicaid in any state. The federal matching rate is based on a formula that considers each state's per capita income relative to the national average. Colorado receives the lowest federal matching rate at 50% - the current federal floor - in most cases. However, certain populations and certain services are matched at a higher federal rate, such as Medicaid expansion provisions, which are matched at a 90% federal rate. On average, about 58% of all funding for HCPF’s budget, including Medicaid, CHP+, other programs and administration, comes in the form of federal matching funds, while 42% comes from state funding sources. Reducing the current 90% match to Colorado's 50% matching rate would translate to over \$1 billion reduction in federal matching funding annually.

### Additional Resources:

[FY 2023-24 HCPF Report to the Community](#) - December 2024, Annual overview of programs, expenditures

[Colorado Hospital Affordability and Sustainability Enterprise Annual Report](#) - January 15, 2025 overviews how Colorado uses provider fees

