



Department Priority: BA-03 Driving Efficiencies in Benefits Service Delivery via Districts

Summary of Funding Change for FY 2026-27

Fund Type	FY 2026-27 Base Request	FY 2026-27 Incremental Request	FY 2027-28 Incremental Request
Total Funds	\$104,504,574	\$1,454,903	\$1,454,903
General Fund	\$34,091,086	\$201,505	\$201,505
Cash Funds (OAP)	\$20,900,916	\$11,639	\$11,639
Reappropriated (HCPF)	\$0	\$1,163,922	\$1,163,922
Federal Funds	\$49,512,572	\$77,837	\$77,837
FTE	0.0	2.0	4.0

Summary of Request

Problem or Opportunity

Ensuring Colorado can continue to improve government efficiencies in the years to come is at odds with a continuous pattern of funding instability at the federal and state level. Decisive action is required to ensure the combined effects of federal changes to safety net programs with Colorado's fiscal constraints are minimized in order to serve Coloradans as effectively as possible. H.R. 1 significantly changes delivery and funding of public and medical assistance programs, state and local revenue, and risk of federal non-performance clawbacks and cost shares. These changes combined with Colorado's structural limitations to raise revenue makes maintaining the status quo a significant risk.

Proposed Solution

Colorado will modernize its public and medical assistance eligibility benefit services delivery model, similar to the actions already taken by other states, to preserve access to vital public benefits and services within a framework that emphasizes high quality services, recognizes current and emerging budget limitations, and aligns with Colorado's values. To this end, the Departments of Human Services (CDHS) and Health Care Policy and Financing (HCPF) will lead an inclusive effort to re-design eligibility benefit service delivery, maintain a localized approach, contain costs, ensure federal performance criteria are met to preserve a continuous safety net, and avoid future federal penalties.

This joint effort between CDHS and HCPF has been conceived as a companion to leverage efficiencies from HCPF's FY 2026-27 R-07 Shared Services request.

Fiscal Impact of Solution

The Department requests \$1,454,903, including \$201,505 General Fund, \$11,639 OAP/cash funds, \$1,163,922 reappropriated funds (HCPF), and \$77,837 federal funds and 2.0 FTE to modernize and implement Colorado's eligibility service delivery structure to improve safety net program access and service for Colorado's most vulnerable households, while improving government efficiencies in the years to come.

Requires Legislation	Colorado for All Impacts	Revenue Impacts	Impacts Another Department?	Statutory Authority
Yes	Positive	No	Yes Department of Health Care Policy and Financing	Section 26-1-111, C.R.S.

Background and Opportunity

Colorado is one of ten states that deliver public and medical assistance programs within a state-supervised, county-administered model. Colorado's 64 counties receive discrete administrative allocations consisting of combinations of federal, State, and local funds to provide staffing and infrastructure to administer programs, including determining eligibility, responding to client questions, and day-to-day program administration for food, medical, and cash assistance programs. The Departments of Human Services (CDHS) and Health Care Policy and Financing (HCPF) provide oversight, program guidance, policy interpretation, necessary staff training, and more to ensure program fidelity and adherence to State and federal rules. This approach is designed to enable counties to structure their staffing, tools, and procedures to respond to the unique needs of their community.

The State has also stood up limited support structures, such as HCPF's Overflow Processing Center to assist individual counties to meet performance expectations. More urgently, the current structure creates barriers for Colorado to implement statewide solutions to address issues that could threaten access to critical public and medical assistance benefits.

Passage of H.R. 1 will drive additional workload pressure for county eligibility staff in administering Medical Assistance and the Supplemental Nutrition Assistance Program (SNAP). The bill makes the following monumental structural changes to program

delivery and funding, all of which have significant implications in Colorado, including increases to administrative workload: implementing new Medicaid work requirements, conducting semi-annual Medicaid eligibility renewals, avoiding federal funding clawbacks associated with Medical Assistance eligibility accuracy requirements, and achieving significant SNAP performance improvements. Colorado could be required to contribute up to \$120-140 million of State resources to pay a portion of SNAP grocery benefits if its Payment Error Rate (PER) remains above the federal benchmark as of October 2027.

At the service delivery level, these federal policy and funding changes amplify county workload, making it challenging to serve clients amid growing staffing challenges and strained state and local budgets. These issues could be particularly magnified for SNAP program administration, which will be required to absorb a 25 percent reduction in federal administrative funds per a reduced federal match (from 50 percent) as of October 2026, currently estimated at \$50 million annually, based on FY 2024-25 spending. Concurrently, H.R. 1 creates a federal fiscal clawback risk for Medical Assistance Payment Error Rate Measure (PERM) audit results above 3 percent, with every 0.1 percent generating an estimated \$9.3 million General Fund federal penalty, or an estimated \$186 million General Fund payback for a Colorado 5 percent error rate, as an example.

Ultimately, Colorado is faced with immense pressure to meet increased performance standards stemming from a set of fiscal and administrative requirements that, if not accomplished, could threaten benefits to many Coloradans. In addition to these growing performance pressures, Colorado's current state-supervised and county-administered model, with technology limitations, has persistently higher administrative costs compared to more centralized or regionalized models nationally. Our current system challenges the State and counties to operate efficiently in this new environment for cost containment and future cost avoidance. Bold solutions are required to ensure our most vulnerable households continue to have a viable safety net delivery system to ensure their most basic needs are met.

Proposed Solution and Anticipated Outcomes

The Department, in collaboration with HCPF, proposes a bold approach to address issues that threaten access to the public and medical assistance safety net by administering public and medical assistance programs via districts, as allowed by Section 26-2-115(2), C.R.S. In this model, each district would be anchored by a county hub, and governed by performance-based contracts. The State anticipates that this approach would promote greater consistency of equitable service delivery across Colorado's 64 counties. It would

enable the State to be more nimble in implementing policy and procedural changes with counties, while preserving a local presence and some county autonomy. This structure would also enable small and medium counties to leverage economies of scale currently only available to them through individual intergovernmental agreements with other counties. Improving on Colorado's current performance management practices with counties, performance-based contracting will increase innovation, efficiency, and alignment of outcomes (e.g. timely and accurate eligibility determination) across counties as increased performance measures are implemented. This approach could also help counties continue to prioritize customer service despite significant federal funding constraints.

Ultimately, this collaborative operational framework benefits clients, counties, and the State, maximizing limited resources by containing administrative costs, reducing duplication of effort, and ensuring Coloradans receive timely and accurate access to benefits. It also reduces the risk of significant State cost increases, such as potentially paying a share of SNAP benefits or paying federal medical assistance penalties if payment error rates are above federal benchmarks.

The Departments held three, four-hour conversations in December 2025 with the Colorado State/County Districting Advisory Group, which included nine county representatives, selected by the Colorado Human Services Directors Association (CHSDA), and nine CDHS and HCPF representatives. The purpose of this group was for the State to explain the high-level district concept and understand the biggest areas of concern from county partners including timeline, technology, legal, and financial risk considerations. We appreciate the openness by CHSDA and Colorado Counties Incorporated (CCI) to work through these conversations and acknowledge changes and improvements are needed, and we are committed to partnering with those organizations.

The Departments and counties fully recognize that technology enhancements will ultimately enable the successful transition to new service delivery models. This request aligns operational phases of the transition to Districts with technology implementation phases described in IT-CC-S/BA-01 Reimagining Colorado's Benefits Eligibility Systems, which would provide county workers with a single, streamlined system to manage documents, tasks, and eligibility workflows. This request further recognizes the need for additional tools (e.g. common scheduling systems) to be included in the phased technology roll out to complement the operational approach.

Colorado's preliminary fiscal analysis indicates that shifting public and medical assistance administration via Districts, as detailed in the Assumptions section below, could lead to cost containment and efficiencies over time. However, the exact fiscal

impact will not be fully elicited until necessary policy decisions are finalized via counties, legislators, and key stakeholders. Moreover, the observed costs in other states with regionalized systems align with the expected efficiencies gained in Colorado via shared staffing, standardized workflows, and consolidation of eligibility tasks across counties. The following sections outline this new service delivery approach in Colorado.

New Service Delivery Approach

County District/Hub Model

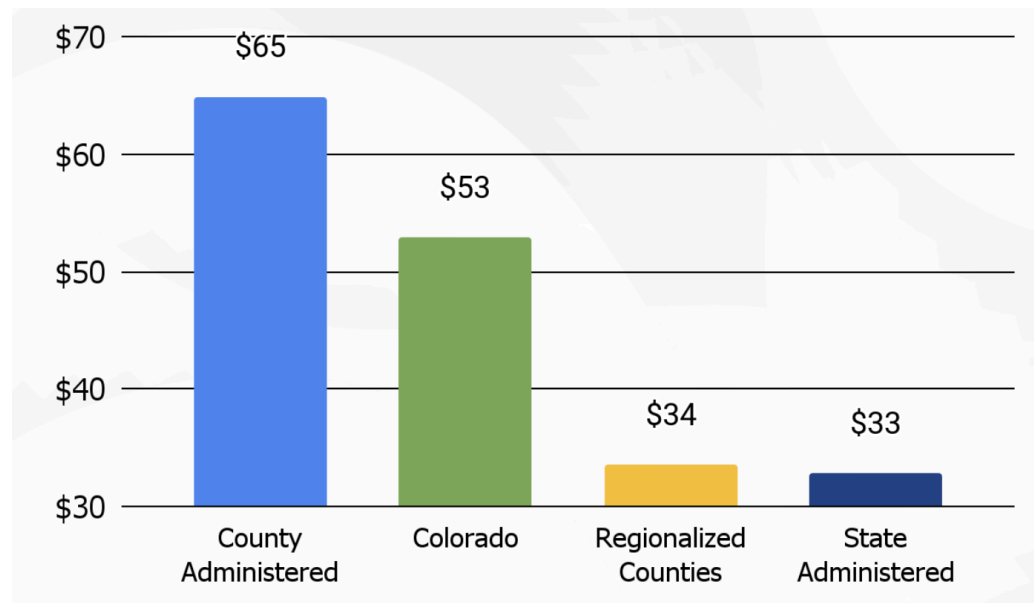
In partnership with HCPF, the Department proposes organizing Colorado's 64 counties into 11 administrative districts specifically for the operation of public and medical assistance programs. Each district will be anchored by a county department of human/social services, serving as the District Hub. This hub county will serve as the fiscal and managerial agent for the District. Each district will pool its administrative allocations to manage eligibility determination, case processing, appeals, and general case oversight for SNAP, Medical Assistance (including Health First Colorado, CHP+, Adult Financial-Medical, Cover All Coloradans), Adult Financial, Old Age Pension, Temporary Assistance for Needy Families (TANF) eligibility and case management functions, and Employment First case management. Each district will essentially operate as a franchise operation, guided by State performance contracts (discussed below), to maximize administrative efficiency and performance both within each district and across Colorado.

This approach is modeled after Wisconsin's successful transition to a regional service delivery model managed via performance based contracting. In 2011, Wisconsin passed legislation requiring its 72 counties to organize themselves into ten consortia, with performance based contracts between the state and the consortia. This change was architected to address pervasive challenges managing performance metrics for SNAP and Medicaid. Since implementing this change with improved technology, Wisconsin has seen performance improvements in both SNAP (e.g. Wisconsin's SNAP PER is 4.47, significantly below both the national average and benchmark to avoid paying any share of SNAP benefits per H.R. 1) and Medicaid (e.g. unwavering service and accuracy during the Public Health Emergency unwind). Furthermore, the state maintains strong relationships with both the consortia and individual counties.

Evidence from Wisconsin and other states operating with regionalized service delivery frameworks indicates that the economies of scale from a regionalized approach results in lower costs per case. For instance, as Figure 1 demonstrates, weighted average administrative spending for SNAP in state-supervised, county-administered states is nearly double the spending in states with either regionalized or centralized

administration per the most recent federal data. On average, Colorado’s administrative spending is 60 percent higher than among the four states (Ohio, North Carolina, North Dakota, and Wisconsin) with regionalized service delivery models. Using the Bureau of Economic Analysis’s Regional Price Parities (RPPs), which measures geographic differences in the prices of goods, housing, utilities and services, as a proxy for cost of living, cost of living is generally higher in Colorado than in these four states (averaging 10.3 percent higher¹). This accounts for only a sixth of the cost difference.

Figure 1: SNAP Administrative Cost per Case, weighted average



Source: SNAP State Activity Report FFY 2023

Additionally, available data indicates that the economies of scale from operating within a regionalized service delivery model can improve performance. On average, state-administered and regionalized states have lower SNAP payment error rates (PER) rates than county-administered states. In FFY 2024, the 43 state-administered states and territories had an average PER of 9.8 percent; the six fully state-supervised, county-administered states (i.e. with no regionalization), including Colorado, had an average PER of 11.6 percent in FFY 2024. Colorado’s PER was lower than the county-administered average, at 9.97 percent. However, it is significantly higher than the four county-administered states with regionalization approaches with an average PER of 7.9 in FFY 2024. Among those four county-administered states with regionalized services, the two states with the highest degree of regionalization (North Dakota and Wisconsin),

¹ Bureau of Economic Analysis (BEA). *Regional Price Parities by State and Metropolitan Area*. U.S. Department of Commerce, 2023. (Linked [Here](#))

including pooled resources and eligibility determination services, had an average PER of 6.2 percent in FFY 2024.

Modeling a regionalized framework into a Colorado approach will enable Colorado counties to capitalize on economies of scale via shared staffing, aligned workflows, and streamlined administrative operations. Furthermore, this administrative framework will ease implementation of HCPF's R-07 Shared Services request to consolidate certain administrative and eligibility functions into centralized services via contracts with one county for each service, such as a statewide call center and central document scanning services. Together, standardized business processes across districts, in combination with shared services, are intended to support customer service to Coloradans within the federal changes to the safety net, reduce federal fiscal risks, improve overall government efficiency, and reduce burden on any single county.

Funding

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 processes/formulas. Counties within each district will enter into agreements with the hub county to pool resources to administer programs. Meanwhile, each county in the district will be required to retain a physical presence to accept walk-in applications, preserve local access, even as eligibility work is shared across the district. Costs and parameters of this physical presence will be negotiated in each District agreement.

Agreements among each county in the district and the hub will outline how costs will be shared. The State will engage with counties on the following elements, including, but not limited to: all costs for salaries/benefits of eligibility technicians, lead workers, and supervisors will be shared district-wide; salary/benefits for other direct program-facing staff (e.g. EBT staff); pro-rata shares of costs for other shared staff (e.g. attorneys, data specialists, managers); funding for the infrastructure (e.g. office presence); program indirect costs.

Each district may determine the scope of employment among the district. For instance, each district can choose whether eligibility staff maintain employment with individual counties or are employed by the hub county. Additionally, each district will determine supervisory chains of command, with approval by the State through the performance-based contracts.

Governance and Conflict Resolution

The District agreements approved and signed by the State and member counties within the District will define the District's operations through the hub county, including pooling of resources and allocating those local shares.

The hub county will have a formal relationship with the State and will cascade directives to the counties within their district. Conflicts will be resolved by the hub. If an issue cannot be resolved by the district hub, it can be escalated to the State.

Operational Organization/Serving Customers

Within each district, eligibility processing will be coordinated among member counties using shared credentials and systems, allowing flexibility to customize their operating models while still driving significant efficiencies. For example, eligibility staff can be employed by each home county or by the district hub; one county can agree to handle discrete operational elements (e.g. all claims); one county can agree to handle all complex case types (e.g. Medical Assistance long-term care or adult financial); or multiple variations of pooled service delivery among public and medical assistance program administration at the option of the district. This flexibility enables each district to organize their work and processes to leverage best practices and performance and best meet the needs of their communities while providing resilience to the staffing challenges that impede consistent performance in the current environment.

Training

The State Staff Development Division (SDD) will continue to provide training to all county eligibility workers on program rules and procedures for determining eligibility. Additionally, the SDD will provide over-the-shoulder support to newly trained workers. The State will work with each District Hub, to ensure appropriate initial and ongoing training is completed by every worker. To improve performance and client service experience, while also mitigating federal fiscal risks under the new structure, no employees will be granted State systems access until those requirements are fulfilled.

Staffing

Each district would determine its staffing requirements and processes. For instance, eligibility technicians, lead workers, and supervisors can continue to be employed by each "home" county or by the hub county. Front desk staff and employees who serve multiple programs beyond those addressed by this request (e.g. county attorneys, data specialists, managers and directors) will continue to be employed by the home county with the agreed share of costs paid through its District agreement with the hub county.

Each district agreement, signed by all counties in the district and the State, would be required to include the following provisions, not limited to: remote work allowance for staff not residing within a prescribed distance from the hub county office; fair and equitable pay scales/salaries among all affected employees of the district; union agreements negotiated by each affected county. Districts will have flexibility to add other provisions to address unique needs of that district.

Performance-Based Contracting

Performance-based contracting (PBC) will guide how services are delivered and funded within each district. PBC ties payments to measurable outcomes (e.g. timeliness, payment accuracy, client engagement). Each district hub will enter into performance contracts with the State that clearly define performance expectations, metrics, and remedies on behalf of all counties in the District. PBC incentivizes quality and efficiency, encourages data-informed decisions-making, and gives counties flexibility to innovate as long as outcomes are achieved. National evidence indicates PBC improves results while controlling costs.²³ Furthermore, PBC is currently used by Colorado's early childhood, workforce, and medical assistance programs.

Internal Controls

Internal controls are sets of policies and procedures that govern the daily operations of an entity and are required as part of federal Uniform Guidance. In districts, internal controls for the administration of public and medical assistance programs would be promulgated by the hub, on behalf of the district. All counties in the district would be bound by the policies and procedures defined by the district agreement to address unique needs and circumstances of the counties within that district to meet clear business processes, standards, and performance metrics. Additionally, client appeals and fair hearings would be conducted by the hub, on behalf of all counties in the district.

Performance Monitoring

Federally-required State Management Evaluations and other performance monitoring would be completed per district (i.e. 11 reviews versus 64). Specific performance expectations and requirements would be detailed in each district agreement between the district/hub and the State.

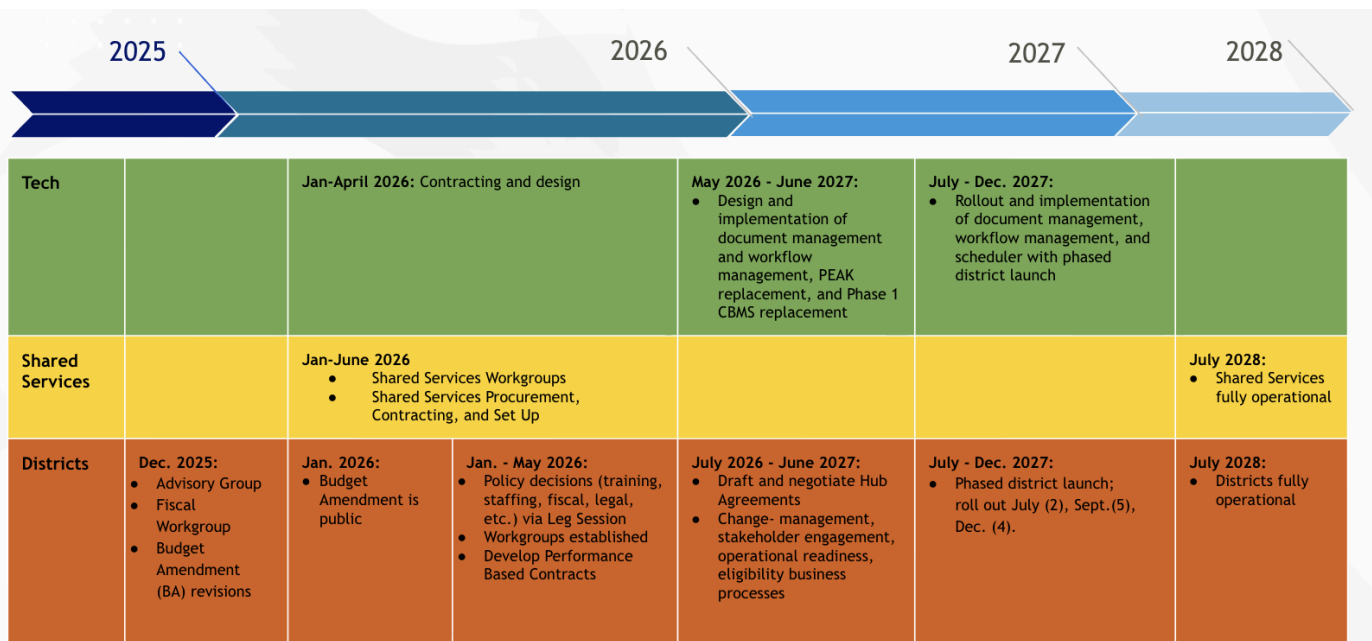
²[City of New York Nonprofit Resiliency Committee \(NRC\) Guide to Performance Based Contracting.](#)

³[Urban Institute - Incentivizing Results: Contracting for Outcomes in Social Service Delivery \(2019\)](#)

Phased Rollout

To allow time for change management, training, improved technology and standing up the shared services to support implementation of H.R. 1 changes, a phased implementation is being proposed. As detailed in Figure 2, this multi-phased process will begin with development of the framework for performance-based contracts, beginning in July 2026. These PBC frameworks will be developed among the State and counties prior to any Districts rolling out and can be adapted by individual Districts to customize their unique needs as Districts begin to roll-out in July 2027. Phased implementation of Districts will begin in July 2027 with the first two districts negotiating their PBCs and preparing to implement the shift to Districts. The State anticipates that Districts will be fully operational in about four months. Five more districts will roll-out in September 2027 and would be fully operational by the end of calendar year 2027, following performance-based contracting and implementation phases. The remaining districts would roll-out in December 2027 and be fully operational in March 2028, following contracting and implementation phases.

Figure 2: Proposed District Implementation Timeline



Based on the State's review of statewide performance, spending, and community/geographic alignment, the State has initially identified the following 11 districts. However, the configuration of these districts could shift as engagement with counties continues and implementation details progress.

Phase 1 Districts (July 2027 proposed roll-out):

- Southern Front Range: El Paso (Potential District Hub); Custer; Douglas; Elbert; Fremont; Lincoln; Teller
- Northeast: Weld (Potential District Hub); Cheyenne; Kit Carson; Logan; Morgan; Phillips; Sedgwick; Washington; Yuma

Once this phase is live, 25 percent of the statewide public and medical assistance caseload will be represented by a district. The two hub counties (19 percent of the statewide caseload) are currently above average performers, which will facilitate good processing habits among counties serving an additional six percent of the caseload. A key outcome from this phase will be a blueprint for the requisite protocols and processes, including performance contracts, to establish districts.

Phase 2 Districts (September 2027 proposed roll-out):

- South Metro: Arapahoe (Potential District Hub); Denver
- Foothills: Jefferson (Potential District Hub); Clear Creek; Gilpin; Park
- Central Mountains: Summit (Potential District Hub); Chaffee; Garfield; Gunnison; Hinsdale; Lake; Pitkin
- Southwest: La Plata (Potential District Hub); Archuleta; Dolores; Montezuma; Ouray; San Juan; San Miguel
- San Luis Valley: Alamosa (Potential District Hub); Conejos; Costilla; Mineral; Rio Grande; Saguache

When Phase 2 is fully implemented, more than 65 percent of the statewide caseload will be represented by a district. A key outcome from this phase will be to refine the processes to launch districts and provide tools to support the majority of counties' performance.

Phase 3 Districts (December 2027 proposed roll-out):

Roll-out to the remaining districts will ensure time to work out through any challenges and lessons learned among the existing districts, while focusing on H.R. 1 implementation and compliance.

- Northern: Larimer (Potential District Hub); Eagle; Grand; Jackson; Routt
- Southeast: Pueblo (Potential District Hub); Baca; Bent; Crowley; Huerfano; Kiowa; Las Animas; Otero; Prowers
- Northwest: Mesa (Potential District Hub); Delta; Moffat; Montrose; Rio Blanco
- North Metro: Adams (Potential District Hub); Boulder; Broomfield

Following implementation of this phase, 100 percent of the counties and statewide caseload will be served via districts.

Roles and Responsibilities

County/District responsibilities include:

- The District Hub provides fiscal and administrative oversight for counties in the district and guides program administration via internal controls, policies and procedures, and other mechanisms.
- The District Hub enters into the performance contract with the State and is responsible for representing all the counties in the hub in performance management and other conversations with State partners.
- Counties in each district are jointly responsible for case administration and eligibility processing for participants in the region per the district agreement among all the counties in the district. At a minimum, all counties will have shared credentials to enable all workers in all counties in the district to determine eligibility, as established by the district. Additionally, each county will retain a physical presence with front desk staff available to take applications and answer basic questions from clients.
- Counties within each district will enter into contracts with their District Hub to administer programs, as defined in the Hub county's performance contract with the State. Counties are jointly responsible for meeting performance expectations, including for SNAP, Medicaid, Adult Financial, and TANF.

State responsibilities include:

The State agencies will assume new responsibilities to facilitate and support the districts and hubs in addition to ongoing responsibilities for overseeing programs, including program guidance, policy interpretation, training, eligibility system maintenance. The expanded menu of State responsibilities will include the following new responsibilities:

- Approving district hub/county agreements and governance structures.
- Facilitating and assisting formation and functioning of the district.
- Developing minimum expectations for county staffing requirements in addition to the requirement for front desk staff.
- Negotiating and overseeing the performance management contracts with each District Hub.

- Setting, communicating, and monitoring performance expectations for districts, including taking corrective action for performance below federal and State expectations.
- Supporting hub counties to navigate performance contract compliance, including change management, training, and engagement/implementation support.
- Reviewing and refining business processes among State agencies to improve streamlined policy guidance, business process support, and District oversight.
- Updating cost allocation methodology to reflect the districts/hub approach for the CBMS programs, while child care assistance, child welfare, adult protective service, and more will continue to be operated by individual counties. Additionally, the State will revise its Random Moment Time Sample (RMTS) processes to apply eligibility determination costs appropriately by district.

Supporting Evidence and Evidence Designation

Evidence Summary

Program Objective	Provide food, cash, and medical assistance benefits to vulnerable Coloradans
Outputs being measured	Households receiving benefits
Outcomes being measured	Percentage of cases with errors; percentage of cases processed timely; percentage of caseload complying with work requirements
Evidence Designation with Brief Justification	Based on the department's review of the evidence per H.B. 24-1428, this request meets the criteria for Evidence-Informed.

Based on the Department's review of the evidence, this request is evidence informed. If benefit determinations are inaccurate for SNAP recipients facing food insecurity, (or benefits are unavailable to households because the State cannot afford the cost to provide benefits if error rates remain above the threshold), those issues can impact children's health and school performance⁴, affect workplace productivity⁵, and mental health⁶. Food insecurity impacts Coloradan's overall health and well-being and is directly linked to poor health outcomes and increased health expenditures estimated at

⁴ [Center on Budget and Policy Priorities: SNAP Helps Millions of Children](#)

⁵ [WorkLife Partnership: Food insecurity: How is it impacting your employees' health and well-being?](#)

⁶ [The Journal of Nutrition: Household Food Insecurity Is Positively Associated with Depression among Low-Income Supplemental Nutrition Assistance Program Participants and Income-Eligible Nonparticipants](#)

\$1,863 per person per year.⁷ Investing in SNAP performance improves conditions on the front end, rather than addressing preventable issues in the future.

Furthermore, there is evidence of the efficacy of delivering public and medical assistance in a consolidated fashion. For example, Wisconsin's regional model demonstrates the measurable benefits of consolidating public and medical assistance administration. After reorganizing its 72 counties into 10 consortia in 2012, Wisconsin's timelines and accuracy metrics are among the strongest in the nation. (U.S. Department of Agriculture, 2019; Wisconsin Legislative Fiscal Bureau, 2019; U.S. Department of Agriculture, Food and Nutrition Service, 2025). Meanwhile, Colorado's Assessing Best Practices in Public and Medical Assistance study (Public Consulting Group, 2023, p. 82) notes the difficulties that arise in Colorado's existing system.

Promoting Colorado for All

This request will have positive impacts on Coloradans over time. These resources will have a direct impact on ensuring Coloradans seeking public assistance will receive timely and accurate eligibility determinations and avoid/minimize negative impacts of benefits loss. Timely and accurate receipt of benefits will help Coloradans to better meet their basic needs, promoting health and well-being. Furthermore, under-resourced counties often lack the means to cover the full cost of administering public assistance programs amid turnover or unexpected spikes in demand, which could affect households. Additionally, this approach will ensure fidelity to State requirements for accessibility and language access.

Assumptions and Calculations

The following assumptions guided the Department's development of this request:

- Counties exceeded the FY 2024-25 the CDHS County Administration appropriation by \$35,767,219.56 (which includes the 50 percent federal match on the SNAP portion) and the HCPF County Administration appropriation by \$10,743,589.27. By pooling resources, this request is anticipated to enable counties to gain flexibility in addressing district needs and improve efficiencies.
- The complementary Shared Services decision item (HCPF R-07) requests additional resources to provide those shared services. Thereby, counties will retain available administrative funds in county administration appropriations that can support case processing while no longer needing to provide these shared services. Fiscal modeling indicates that pooling available administrative resources among the 11 proposed

⁷ [The Journal of Nutrition: Household Food Insecurity Is Positively Associated with Depression among Low-Income Supplemental Nutrition Assistance Program Participants and Income-Eligible Nonparticipants](#)

districts would reduce administrative costs for serving the projected caseloads. Projections assume that caseload will stay relatively flat between H.R. 1 changes and any effects from a potential economic downturn.

- The Department's administrative fund increase (CDHS R-03) addresses the administrative cost shifts as a result of H.R.1.
- Colorado's average cost per SNAP case, using the most recently published federal SNAP State Activity Report FFY 2023 is estimated at \$52.90, while regionalized systems in Wisconsin, North Carolina, North Dakota, and Ohio average approximately \$48.62. Applying a weighted average for this data set, regionalized states' average cost per case was \$34 compared to Colorado's average of \$52.90, as presented in Figure 1 above. The data set is not inclusive of factors (such as cost of living) important to the State's fiscal analysis model; however, it is the only publicly available data set to analyze national case data. Using this isolated data, comparisons can be made between states. This data indicates that moving to a districts model could reduce a proportionate share of costs by about eight percent. Using the weighted average, Colorado's average costs could reduce by 37 percent by moving to a districts model. This reduction would be compounded by the reduced county requirements to support the Shared Services (HCPF R-07) they currently use their administrative allocations to do.
- Utilization of a district/hub model will aim to support counties' increased administrative burden (under HR.1) and enable counties to better align staffing with workload beyond individual county borders.
- Clients will receive more consistent services, regardless of where they live. Agreements between each District and the State will define the standard business hours that will be available to all clients seeking public and medical assistance via in-person and virtual services (e.g. applications, verifications, interviews, customer support). Additionally, clients will continue to have round-the-clock access to PEAK.
- Counties will continue to use their County Administration appropriation for CDHS and HCPF program administration via similar appropriations as FY 2025-26. The primary difference in terms of the County Administration appropriation is how counties choose to pool those funds throughout their district. Similarly, counties will choose how to pool their county block grant allocations per Colorado Works administration.
- It is unlikely that Colorado will be able to move and sustain its SNAP PER rate below six percent within its current structure; the 50 percent reduction in federal match funds to support program administration beginning in October 2026 could exacerbate this risk.
- All applicable merit-based staffing practices will be followed.

- Implementing a scheduling tool and associated technology to support district workflows will cost \$1,227,451. These one-time funds will ensure that counties within each District are using the same scheduling tool to enable case sharing throughout the District. This tool will be implemented in coordination with the reimagined benefits eligibility system work that will also include document and workflow management so that counties have a single system to access all necessary functionality.
- Successfully operationalizing this change to districts is contingent upon high functioning, Joint Agency Interoperability (JAI) workflow and image repository technology. If these required technology changes are delayed and not in place or are not functioning, district implementation must adjust accordingly until the technology is available and stable.
- \$227,452 for 2.0 [FTE](#) in FY 2026-27 to work with county and State partners to develop a statewide performance-based contract framework (that will serve as a baseline for Districts to use in their roll-out) and support regional planning meetings. In FY 2027-28, this will increase to 4.0 FTE to support counties to transition to Districts, including governance design, technical assistance, and continuous quality improvement.
- Costs are shared between CDHS and HCPF via the approved cost allocation plan.
- HCPF will engage Districts through trainings, administrative and technical support to drive accuracy in processing improvements to mitigate risk of poor Medical Assistance PERM results and associated federal funding clawbacks at an estimated rate of \$9.3 million for each 0.1 percent above the 3 percent performance threshold.
- HCPF will reappropriate funds to the Department for its share of the implementation costs. HCPF assumes a 50 percent federal financial participation (FFP) rate for county engagements costs and a 75 percent FFP for systems standardization costs.

Ultimately, this medley of support will help Colorado create a responsive, scalable, high-performing and outcomes-focused human services system. Collectively, this approach positions both State and counties to succeed under tightened federal administrative requirements and funding, while improving client outcomes, ultimately benefiting Coloradans engaging in a modernized eligibility delivery system for decades to come.

Table 1: Driving Efficiencies in Benefits Service Delivery via Districts Costs

<u>District/Hub Model</u> <u>Costs</u>	<u>Total Cost</u>	<u>CDHS GE</u>	<u>CDHS Cash</u>	<u>CDHS Fed</u>	<u>HCPE</u>
Scheduling Tool	\$1,226,718	\$169,901	\$9,814	\$65,629	\$981,374
County Support	\$228,185	\$31,604	\$1,825	\$12,208	\$182,548
TOTAL	\$1,454,903	\$201,505	\$11,639	\$77,837	\$1,163,922