



Colorado State/County Districting Advisory Group

Group: Meeting #3

12/19/25

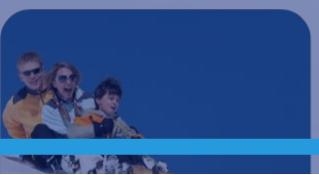


COLORADO
Department of Health Care
Policy & Financing



COLORADO
Department of Human Services





Fiscal Modeling



How Funding Will Work Under Districting

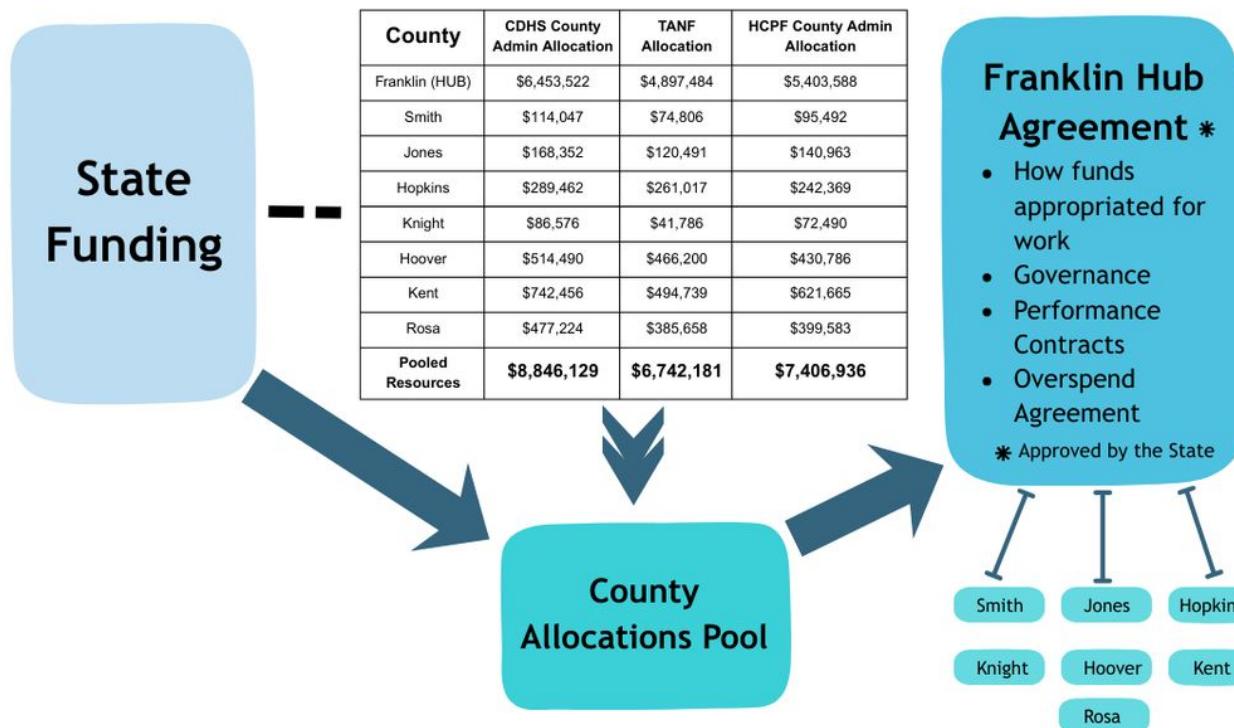
What stays the same

- County allocations will continue to be *calculated* individually based on the current Allocation Committee process.
- There will be no reductions to the county administration appropriation for HCPF or CDHS in State Fiscal Year 2026-2027 for districts.

What changes under districting

- Counties enter into agreements with a hub county – creating districts – to pool funding for eligibility programs. This funding goes directly to the hub.
- Some of the counties within the district (non-hub) could see an impact with indirect cost reimbursements.
- Through these agreements, eligibility funding is managed by the hub counties rather than by 64 counties.

How Funding Will Work Under Districting: “Franklin” Hub Example



How Funding Will Work Under Districting: Costs and Responsibilities

District agreements:

- Establish the hub county for the district. The hub county serves as the fiscal and administrative agent on behalf of the district.
- Define how costs are shared, including direct staff costs, shared staffing and program indirect costs. The agreement will allow counties to determine the scope of services performed locally, including whether counties retain local eligibility staff versus those administered through the hub.
- Define how district allocation overspend will be addressed and paid for, if it occurs.
- Ensure each county retains a front desk presence.

History of Our Fiscal Analysis

Goals of the analysis

- Do what the counties asked us to do ;-)
- Illustrate how costs may shift once a district model is implemented

Considerations and limitations of the analysis

- The analysis is reflecting what FY24-25 would look like with districting. Agreed upon mythology can be applied to future years.
- Due to the stage of policy development for districting, this analysis was **NOT** conducted to inform the Budget Amendment
- The analysis doesn't reflect what year-to-year costs will look like for implementing districting, or up-to-date salary information due to data limitations.

Next steps

- Agree on a methodology
- Develop solutions around indirects.
- To explore how efficiencies may be realized across districts.

What the Initial Analysis Does & Does Not Include

Program Funding	Policy Considerations	Fiscal Analysis
<p>Included:</p> <ul style="list-style-type: none">• Supplemental Nutrition Assistance Program (SNAP)• Medicaid and Medical Assistance programs administered through CBMS	<p>Included:</p> <ul style="list-style-type: none">• Base level understanding of how districts will implement.	<p>Included:</p> <ul style="list-style-type: none">• We have a baseline fiscal analysis that can be adjust to ongoing discussions.
<p>Needs to be incorporated:</p> <ul style="list-style-type: none">• Temporary Assistance for Needy Families (TANF)• Old Age Pension	<p>Needs to be incorporated:</p> <ul style="list-style-type: none">• Where the workload will live in the final model.• Timing for implementation.• How FTE will truly shift within these continuumns.• Discussion around indirect impacts.	<p>Needs to be incorporated:</p> <ul style="list-style-type: none">• Additional input from County finance to agree on impacts. Collaboration.• A year by year breakout and not just a snapshot of FY 2024-25.• Agreed methodology on how changes will impact funding.

Why Cost Structures Differ for Small and Medium Counties

Small Counties

- Very low caseloads relative to required staffing structures
- Leadership and management roles funded through SNAP and Medicaid program indirect are required to meet federal and State program oversight and accountability requirements regardless of caseload. This means efficiencies in case processing alone may not materially reduce cost per case for small counties.
- Some small counties face high wages and cost-of-living pressures due to regional labor market constraints, limited workforce availability, and geographic isolation.

Medium Counties

- Larger caseloads could allow some sharing of supervisory and specialized roles.
- Medium counties may not realize significant cost-per-case reductions on their own, but they can contribute to – and benefit from – shared structures at the district level.
- Wage and cost-of-living pressures vary widely by region and can limit flexibility even where caseloads are higher.

Why Districts Help

- Certain SNAP and Medicaid eligibility-related administrative and supervisory functions could be shared across counties under a district structure, reducing duplication while maintaining county leadership roles.
- Required SNAP and Medicaid oversight and support functions are less likely to be duplicated in every county.
- Differences reflect structural and regional labor market realities, not county performance.

What Our Initial Analysis Examines

TOTAL FUNDING & ASSOCIATED SPENDING AS OF FY24-2025

FUNDING ANALYSIS COMPONENT	DOLLARS
CDHS & HCPF BASE ALLOCATION	\$ 184,309,856
CDHS & HCPF BASE SPENDING	\$ 230,819,362
TOTAL CURRENT SPENDING	\$ (46,509,506)

TOTAL COST REDUCTIONS FROM REDISTRICTING

FUNDING ANALYSIS COMPONENT	DOLLARS
CASE MIGRATION TO HUB COUNTY	\$ 26,384,676
FTE MIGRATION TO HUB COUNTY	\$ 5,785,126
TOTAL REDUCTION	\$ 32,169,802

*TOTAL SHIFTING OF WORKLOAD/DOLLARS

FUNDING ANALYSIS COMPONENT	DOLLARS
COUNTY INDIRECT SHIFTS	\$ 12,146,289
SHARED SERVICES ADJUSTMENT	\$ 24,946,840
TOTAL SHIFTING OF DOLLARS	\$ 37,093,129

*THIS LINE REPRESENTS A SHIFT IN FUNDS AND NOT TRUE COST REDUCTION

The initial analysis uses

- Actual county spending rather than allocations
- Current caseloads (it does not assume future caseload growth or policy-driven workload increases)

The initial analysis projects

- Cost per case impacts
- County indirect impacts
- FTE impacts

How the Analysis Works: Cost Per Case (North East District Example)

The math

CDHS/SNAP County Admin					
County	FY 24-25 Allocation	FY 24-25 Spending	FY 24-25 Avg. Caseload	Cost/Case- Spending	Need
Phase 1					
North East Weld County	\$5,845,387	\$7,635,805	18,415	\$414.65	
North East Cheyenne County	\$86,576	\$88,407	136	\$650.05	
North East Kit Carson County	\$150,623	\$138,157	386	\$357.92	
North East Lincoln County	\$118,375	\$219,212	378	\$579.93	
North East Logan County	\$487,262	\$676,210	1,517	\$445.75	
North East Morgan County	\$666,414	\$588,524	1,736	\$339.01	
North East Phillips County	\$86,576	\$81,480	250	\$325.92	
North East Sedgwick County	\$86,576	\$75,645	226	\$334.71	
North East Washington County	\$93,308	\$160,898	284	\$566.54	
North East Yuma County	\$189,534	\$312,316	577	\$541.28	
North East Totals & Analysis	\$7,810,631	\$9,976,654	23,905	\$24,060.34	\$9,912,241

1. The **hub county's cost per case** (\$414.65*) is used as a proxy for how efficiently work could be processed when resources and work is pooled.

2. To calculate the potential spending “need” of the district, multiply the **total avg. caseload for the district** (23,905) by hub county's cost per case (\$414.65*).

$$23,905 \times \$414.65 = \$9,912,241^*$$

The **potential spending “need” of the district** is \$9,912,241*.

* reflects numbers that have been rounded

How districts are structured

Counties are grouped into districts anchored by a hub county.

County administrative funding is pooled at the hub level.

How the Analysis Works: Cost Per Case (North East District Example), Continued

CDHS/SNAP County Admin						
County	Phase 1	FY 24-25 Allocation	FY 24-25 Spending	FY 24-25 Avg. Caseload	Cost/Case- Spending	Need
North East	Weld County	\$5,845,387	\$7,635,805	18,415	\$414.65	
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North East	Yuma County	\$189,534	\$312,316	577	\$541.28	
	Totals & Analysis	\$7,810,631	\$9,976,654	23,905	\$24,060.34	\$9,912,241

Result: In this example, the **potential spending need of the district** is less than the district's actual **FY 24-25 spending**, indicating efficiency and potentially less spending under a districting model.

\$9,976,654 - \$9,912,241 ≈ \$64k
Spending Need Difference

\$9,912,241 < \$9,976,654

The math, continued

- 3. The potential spending need of the district (\$9,912,241) is compared to the district's actual **FY 24-25** spending (\$9,976,654) to assess whether projected district spending can be fully covered.

How the Analysis Works: Indirects

What are indirects

- Costs that support the overall operations of a county (e.g., executive director, human resources specialist, etc.)

How Indirects are Impacted

- Shifting of workload adjusts the amount of administrative cost or indirects a county can be reimbursed. Any shortfalls in indirect costs will need to be funded in a different way. This is where we need to start discussions regarding impacts on small and medium sized counties.

The Math

- Calculated the indirect costs supported by county admin funding on a per case basis.
- We have the math showing impacts on those counties. This is a discussion point that needs to be discussed in policy conversations.



CDHS County Admin Indirect Analysis

Indirect Rate	Indirect per Case	Shortfall	FY 24-25 Avg. Caseload
32.82%	\$246	\$35,236	1,116
11.81%	\$298	\$66,814	800
43.52%	\$293	\$54,499	694
5.01%	\$920	\$11,284	16
15.92%	\$259	\$11,430	256
15.62%	\$286	\$16,637	231
Totals		\$195,900	3,779

100 cases at \$1,000 per case = \$100,000
(100 X 1,000 = 100,000)

Indirect rate of 30% = \$30,000

How the Analysis Works: FTE Migration

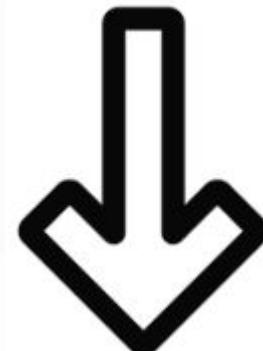
How FTE Migration is Calculated

- Used SB 22-235 Funding Model wage and staff data
- All associated FTE in the SNAP space for large, medium and small counties
- These reductions are currently illustrated using a **50 percent attrition** for non-eligibility workforce proxy
- All staff in this category are assumed in the fiscal modeling to increase to a large county model. This can be refined to the local hub, but the state will need that data.



Impacted Staff Classification

- | | |
|---------------------|-----------------|
| • Supervisors | • Fraud |
| • Managers | • Claims |
| • Cust Service | • Support Staff |
| • QA | • Finance |
| • Program Integrity | • EBT |



Supervisors Example:

Avg. Cost Small & Medium County staff goes up to a large county salary
Small & Med: \$60,000
Large: \$90,000
Difference: \$30,000 increase to employee

Managers reduce from 10 FTE to 5 FTE

$\$600,000 - \$300,000 = \$300,000$

\$30,000 increase to 5 FTE =
\$150,000

$\$300,000 - \$150,000 = \$150,000$
final assumption

What Our Analysis Tells Us & What to Expect

What this analysis shows:

- Districting provides a structure to control costs.

What this analysis does not do:

- Assume immediate savings.
- Prescribe staffing or pay changes.

What we still need to address:

- Agreed upon methodology (in future workgroups).

Implementation timing and expectations:

- In the first year of implementation, pooled resources are expected to be fully committed to operations.
- Any efficiencies and staffing adjustments are expected to emerge over time rather than immediately.