



Fact Sheet: Medicaid Forecasting

February 2026

Medicaid Forecasting and the Budget Process

The Department of Health Care Policy & Financing (HCPF) publishes its Medicaid caseload and expenditure forecasts twice a year to inform the Joint Budget Committee and policy makers of expected expenditures in order for the General Assembly to enact a balanced budget.

Each Nov. 1st, the Governor's Budget includes HCPF's forecasted Medicaid caseload and expenditures trended from historical data through the previous June. Then, on Feb. 15th, HCPF publishes its revised forecast updated with historical data through December. The forecast includes revised estimated expenditures for the current fiscal year and the upcoming fiscal year. The two crucial components of the Medicaid forecast are the number of members that are covered by Medicaid and the cost per person.

While the Medicaid program has overexpenditure authority, the most up-to-date information reduces the risk of an overexpenditure, which would lower the state's reserves causing a shortfall in a subsequent fiscal year.

February 2026 Forecast

On Feb. 17, 2026, HCPF published its most recent Medicaid forecast for the current FY 2025-26 and for FY 2026-27.

HCPF's revised forecast projects General Fund (GF) expenditures will be \$70 million greater in FY 2025-26, and \$138 million greater in FY 2026-27, compared to the previous forecast published on October 31, 2025, as shown in the tables below. The FY 2026-27 General Fund estimate represents an 14.8 percent year-over-year increase compared to the FY 2025-26 spending authority, not including the application of Medicaid reductions under consideration. Several key factors contribute to the increase in caseload spending:

- **Community Based Long-Term Care**
Per capita costs and service utilization for long-term supports and services (LTSS), Long-Term Home Health (LTHH), Private Duty Nursing (PDN), and Home and Community-Based Services Waiver for Persons With Developmental Disabilities (DD) have increased dramatically, with HCPF expected to spend an additional \$276.9



million Total Funds (TF) and \$136.2 million GF in FY 2026-27 than previously anticipated.

- **Cover All Coloradans (CAC)**

In FY 2025-26, HCPF estimates the per capita cost of CAC children to be \$26.2M TF/GF higher than previously forecasted, while in FY 2026-27 HCPF is expecting an additional \$35.9M TF/GF in growth primarily from increased per capita spending expectations.

- **Pharmacy Costs**

Due to an increased utilization of GLP-1 weight loss drugs and federal policy changes to how much Medicaid can collect in drug cost rebates, per capita costs for Medicaid pharmacy services has increased dramatically compared to the HCPF’s previous forecast.

Table 1: FY 2025-26 Revised Forecast (\$ millions)

	Total Funds	General Fund
Total FY 2025-26 Spending Authority	\$16,902	\$5,315
Oct 31, 2025 incremental request	\$1,086	\$229
Feb 17, 2026 incremental request	\$197	\$70
Total FY 2025-26 Estimated Expenditure	\$18,186	\$5,615

Table 2: FY 2026-27 Revised Forecast (\$ millions)

	Total Funds	General Fund
Total FY 2026-27 Spending Authority	\$16,964	\$5,333
Oct 31, 2025 incremental request	\$2,842	\$631
Feb 17, 2026 incremental request	\$305	\$138
Total FY 2025-26 Estimated Expenditure	\$20,111	\$6,102
Year-over-Year Increase compared to the FY 2025-26 spending authority	\$3,210 (19.0%)	\$786 (14.8%)

These forecasting adjustments reflect broad trends across the country. Common trend drivers across Medicaid programs include acuity among Medicaid members, higher demand for long-term care, pediatric behavioral health, and high cost drugs and treatments. Kaiser Family Foundations (KFF's) recent survey of state Medicaid Directors reveals that most states, including Colorado, are confronting higher than expected costs and searching for ways to curb spending. In fact, more than two-thirds of state Medicaid directors believe that "the odds of a Medicaid budget shortfall in FY 2026 was '50-50,' 'likely,' or 'almost certain.'"¹

The revised forecast creates additional challenges to an already challenging budget situation for Colorado. The State is facing a budget crisis due to the federal passage of H.R. 1, which reduces state revenue in FY 2025-26 by more than \$1.0 billion. This is why the Governor and General Assembly worked collaboratively in the August 2025 Special Legislative Session to address immediate concerns in the current fiscal year. The Governor used his executive authority, clarified in SB 25B-001, to respond quickly to the budget crisis, including important actions to slow the growth of Medicaid spending in FY 2025-26.

As well, Colorado is facing unsustainable spending trends in Medicaid, as are many other states. We must focus on discipline around the [Medicaid Sustainability Framework](#) while also partnering expansively and creatively to find additional opportunities to reduce cost growth to a manageable level.²

HCPF is committed to working closely with the Joint Budget Committee and the General Assembly to achieve this goal. We welcome your ideas and ask stakeholders—including Medicaid members, providers, and others—to work constructively with us to responsibly address this challenge.

For more information, contact:

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¹ See Health Management Associates, "State Medicaid Programs Face New Challenges: Findings from the 2025 Medicaid Budget Survey," Nov. 20, 2025 ([link](#)); and KFF, "A View of Medicaid Today and a Look Ahead: Balancing Access, Budgets, and Upcoming Changes," Nov. 2025 ([link](#)).

² States are pursuing many ways to reduce the growth of Medicaid spending. For example, North Carolina announced a 10 percent cut to provider rates; these cuts were reversed but North Carolina is still without a balanced budget. Idaho announced a 4 percent cut to provider rates. At least eight states discontinued or limited coverage of weight loss drugs. One-third of states are planning to adopt strategies to reduce spending on Medicaid-funded home care. See, for example, recent articles by KFF ("Medicaid and Upcoming State Budget Debates," [link](#)) and the National Council of State Legislatures ("The Medicaid Puzzle: Piecing Together Policies for a Balanced Budget," [link](#)).