



OPERATIONAL MEMO

Title: FY 2025-26 HCPF County Administration Allocations	Topic: County Relations
Audience: County Departments of Human/Social Services	Sub-Topic: N/A
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Purpose and Audience:

The purpose of this Operational Memo is to inform county departments of human/social services departments (counties) of the Colorado Department of Health Care Policy and Financing's (Department) FY 2025-26 County Administration Allocation based on enhanced and non-enhanced Medicaid administration funding split.

In May 2025, the Department received approval on its R-07 budget request from the Joint Budget Committee (JBC) to fund county administration with an additional \$21 million; additionally, the JBC approved a small community provider rate increase to the appropriation.

Information:

For State Fiscal Year (SFY) 2025-26, the Colorado General Assembly has appropriated approximately \$136 million dollars in HCPF administrative funding for county departments of human/social services. Of the total appropriation:

- \$107,675,087 million is allocated to counties for eligible administrative expenses, which is known as the county administration allocation. This is split between:
 - \$73,682,593 million for federal enhanced match expenditures and
 - \$33,992,494 for federal non-enhanced match expenditures.
 - This represents approximately a 12.8% increase in the annual allocation from FY 2024-25 to FY 2025-26 and does include the standard local share requirement.

\$8,224,384 million is for performance incentives through the County Incentives Program, which is state funds-only and reimburses the county for local share expended during the fiscal year;

\$1 million is for the County Grant Program, split between competitive and targeted grants and is federal and state funds-only with no local share;

The remaining \$19,412,018 million is in excess federal and local funds spending authority that is available to help cover county costs when state funds have been exhausted.

Each county should refer to the attached document, FY 2025-26 County Administration Allocations for further information on funding amounts and the changes in allocations from FY 2024-25 to FY 2025-26.

The approved funding splits between federal, state and local shares for county administration funding are:

Table 3.1 FY 2025-26 Enhanced vs. Non-Enhanced Percentages				
Label	Total Funds	State Funds	Local Funds	Federal Funds
Enhanced	100.00%	15.00%	10.00%	75.00%
Non-Enhanced	100.00%	30.00%	20.00%	50.00%

Eligible Expenditures and Enhanced vs. Non-Enhanced Activities

Eligible expenditures are limited to those that are necessary for the county to fulfill its role in the Medicaid State Plan, which is the state's agreement with the federal

government. The county's role in the Medicaid State Plan is limited to functions relating to eligibility, enrollment and supporting functions, including customer service, program integrity, and other required functions that support eligibility and enrollment. Expenditures that are not related to the county's role in the Medicaid State Plan, that are duplicative of federal and state spending or that HCPF has determined are not eligible expenditures may not draw down federal and state funds. If the county is unsure whether an expenditure is eligible for federal and state reimbursement, please contact the HCPF contact listed below.

Further information regarding activities that are eligible for enhanced or non-enhanced funding, as well as allowable and unallowable costs, can be found in [10 C.C.R. 2505-5 Executive Director of Health Care Policy and Financing Rules](#), effective July 1, 2025. For questions regarding FY 2025-26 allocations, or whether an expense is eligible for federal and state reimbursement, please contact HCPF at the below e-mail address.

Action To Be Taken:

Carefully review this allocation breakdown and take the appropriate action.

Attachment(s):

FY 2025-26 HCPF County Administration County Allocations

Department Contact:

[County Relations webform](#), ticket type "TT" or hcpf_countyrelations@state.co.us
(Ticket Type: County Finance)