



COLORADO

Department of Health Care
Policy & Financing

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Forecasting Medicaid Enrollment Post Pandemic: National & Colorado Impacts

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Colorado's enrollment & cost per enrollee changes

During the Public Health Emergency (PHE), members did not lose coverage if they were no longer eligible because of the federal continuous coverage requirement. When the federal government called an end to the public health emergency 3+ years later, Colorado had to review everyone enrolled in Medicaid to determine if they still qualified (PHE Unwind). We took the time the Centers for Medicare and Medicaid Services (CMS) provided to do so - 12 months, or 14 months including noticing. Notices began in March 2023 for members with renewals due in May 2023, while the last group of renewals in the PHE Unwind were due in April 2024.

The forecast of Medicaid expenditure is driven by the dynamics of the PHE unwind. The two crucial components of the Medicaid forecast are the number of members that are covered by Medicaid and the cost per person. Both of these were in flux over FY 2023-24 due to the significant change in demographics as members were redetermined.

In Colorado, the number of members covered by Medicaid remained on track with the Department's previous forecast, **but the cost per member** was significantly higher than projected. This occurred because the acuity of the members who remained eligible after the PHE unwind was higher, leading to an increase in average utilization of services. This ultimately led to an over expenditure in the Medicaid and CHP+ service lines of over \$100 million General Fund in FY 2023-24.

Because Medicaid is an entitlement program, there is always the risk that expenditures will be higher than appropriations. The Department is currently forecasting expenditure for FY 2024-25 and FY 2025-26 and will take into account the higher per capita costs as part of that forecast.

What we are seeing in other states and payers

Other states and payers have seen similar increases in trends and expect increases in the coming years. On a recent call with other states' Medicaid offices, many states reported that the acuity of the members remaining on Medicaid was much higher than they expected and budgeted. This was leading to higher per capita costs and was listed as one of the leading drivers reported by states of upward budget pressures.

Several states have reported that they are running over budget due to Medicaid expenditures, including the following:

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saving Coloradans money on health care and driving value for Colorado.

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- New York’s Medicaid spending is running billions of dollars over budget¹
- Indiana had a \$1 billion shortfall in its Medicaid budget²
- Maryland approved \$148 million in budget reductions to address larger-than-expected demand for Medicaid and a state child care program³

According to a recent Mercer article,⁴ US employers expect a nearly 6% spike in health insurance costs in 2025 due to increased cost and higher utilization of medical services. Other major payers are also seeing high medical costs in 2024, including United Health and Aetna. The Centene Corporation, which is an intermediary for other states’ Medicaid managed care with more than 50% of their business in Medicaid, had higher-than-anticipated claims due to the acuity of membership that remains as redeterminations wrap up.

For more information, contact:

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¹ <https://www.empirecenter.org/publications/medicaid-spending-is-running-billions-over-budget/>

² <https://indianacapitalchronicle.com/2023/12/19/covering-1b-shortfall-in-medicaid-forecasting-means-dipping-into-reserves/>

³ <https://apnews.com/article/maryland-budget-cuts-governor-a75312265e0a02c9537c9da6609546d9>

⁴ <https://www.reuters.com/markets/us/us-employers-expect-nearly-6-spike-health-insurance-costs-2025-merc-r-says-2024-09-12/>

