



COLORADO
Department of Health Care
Policy & Financing



COLORADO
Department of Human Services

Overview: HCPF R7 Driving Efficiency in Benefit Service Delivery (Shared Services)

November 2025

What does this budget request do?

This joint proposal between the Colorado Department of Health Care Policy and Financing (HCPF) and the Colorado Department of Human Services (CDHS), [HCPF R-07 Driving Efficiencies in Benefit Service Delivery: Shared Services](#), consolidates and streamlines portions of the county-administered public service eligibility delivery system. It creates a “Shared Services” model in which a single county administrator under contract with the State performs specific administrative functions for all county departments of human/social services, Medical Assistance and Eligibility Application Partner Sites. It will improve access to Medical Assistance (Medicaid), Supplemental Nutrition Assistance Program (SNAP), Adult Financial, and Temporary Assistance for Needy Families (TANF) benefits statewide. To start, the state is proposing that four separate State contracts would be awarded to a county to administer the following shared services: Tier 1 call center (HCPF and CDHS), document scanning (HCPF and CDHS), member fraud monitoring (HCPF only), and quality case reviews for accuracy (HCPF only).

R-07 also consolidates, expands and advances the State’s efforts to tackle Medicaid fraud, waste and abuse, given the federal government’s heightened focus on these activities. It will mitigate noncompliance penalties and federal funding clawbacks specific to this area.

Ultimately, this proposal allows counties to focus on and excel in their core duty: accurately and efficiently determining eligibility and handling complex cases. The proposal is informed by learnings from other county administered states and builds upon recommendations of the SB [22-235 reports](#) (Transformative Recommendation #2 to make work more accessible and portable across counties). It also requires legislation to address needed statute changes for implementation.

Why is this initiative important this year?

The current state supervised-county administered system is not sustainable as currently designed and with limited resources. It duplicates administrative processes and creates inefficiencies and inconsistencies in statewide service delivery, as documented in the CDHS/HCPF S.B. 22-235 reports to the General Assembly: [Assessing Best Practices in Public Assistance Service Delivery](#) and [Recommendations for Improvement](#) (November 2023) and [County Administration Funding Model Final](#)



[Report and Results of the Model](#) (November 2024). Driving systemic efficiencies is critical, especially as H.R. 1 increases administrative workload for counties and ratchets down federal funding, exacerbating our State budget realities. Specifically, H.R. 1 includes increased risks for federal clawbacks if the Payment Error Rate Measurements (PERM) for Medicaid and Payment Error Rate (PER) for SNAP eligibility accuracy targets are not met putting millions of General Fund dollars at risk (more below). Further, the State continues to hear from counties that increased burdens on their local budgets make it difficult to meet growing needs. Without a new approach, these issues could be exacerbated by a 25 percent reduction in SNAP administrative funds, when the federal match drops from 50 percent to 25 percent in October 2026.

The Shared Services initiative **mitigates the risk of federal funding clawbacks (HCPF) and cost shares (CDHS) by improving Colorado's eligibility accuracy performance.** In October 2027, Colorado may be required to pay up to \$120-140 million annually of the cost of SNAP grocery benefits if the SNAP PER remains above the federal benchmark. For Medicaid, the federal funding clawbacks start at PERM rates above 3%, with every 0.1% error rate over the 3% threshold driving a \$9.3 million General Fund clawback: a 4% error rate equates to a \$93 million General Fund clawback, while a 5% error rate generates a \$186 million General Fund clawback, and so on. Colorado faces immense federal pressure to meet new performance standards stemming from a set of fiscal and administrative requirements that could threaten benefits to millions of Coloradans.

How would this new structure work?

In response to the federal funding changes and county concerns that their administrative burden is increasing with H.R. 1, this initiative begins the process of peeling off certain administrative responsibilities to advance efficiencies, consistency and overall eligibility performance across Colorado. Shared Services will remove the respective functional responsibilities and the local cost share requirements from each county, and consolidate the Shared Service functions into four different contracts with one county administrator for each service. This could be four different counties or a mix of counties.

We expect consolidated management, best-practices and support systems by function, changing reporting lines, as well as advanced training specialization for expert staff who currently work for other counties across the State. **Extensive lay-offs are not assumed with the new model and current county administration funding is not reduced.** Existing county staff may be hired by a contracted Shared Service county to remain focused on their current function, or they may also be repurposed and cross trained by their county to refocus on high performance in eligibility determination, fill new opportunities for expert and experienced call center technicians to retain their roles across the State, or report into a new, consolidated Shared Services function in a contracted county. Below is additional information on the initial Shared Service functions. HCPF and CDHS are working with stakeholders and the counties to explore other potential services that could fit in a Shared Services model to drive further delivery efficiencies.



Tier 1 Call Center - HCPF and CDHS

- Create a statewide Knowledge Base to ensure all applicants, clients and members receive consistent information.
- Answer eligibility calls for Colorado Benefits Management System (CBMS) programs, such as common questions, or the ability to accept applications, renewals and case changes over the phone, by leveraging county call center agents already working throughout Colorado.
- Build capacity to address high call volumes and reduce long wait times that created barriers and challenges for clients and members trying to navigate the Public Health Emergency (PHE) Unwind - an uptick in calls is expected as H.R. 1 implementation moves forward.
- Allow the State to leverage new, innovative call technology and tools that replace antiquated legacy infrastructures in many counties.

Central Scanning Unit - HCPF and CDHS

- Scan and index all case documents into the State's central document repository, excluding walk-ins.
- Enable Work Requirement and other image processing automation.
- Improve efficiencies needed to better manage the increased workload created by H.R. 1.

Medical Assistance Quality Assurance Unit - HCPF Only

- Conduct Medical Assistance case reviews to assist in identifying, correcting and addressing the drivers of eligibility determination error rates, thereby improving Medicaid and CHP+ federal Payment Error Measurement Rate (PERM) performance.
- Aggregate case reviews into one Shared Services Unit to ensure a statistically significant statewide sample size of Medical Assistance caseload data.
- Advance and align state efforts to reduce PERM audit findings, federal disallowances and related funding clawbacks.

Member Case Integrity Unit - HCPF Only

- Develop consistent engagement and execution of current duties to identify, monitor and recoup member fraud statewide.
- Incorporate appropriate tools, processes, training and staffing to ensure equitable and timely administration.
- Incorporate best practices and robust oversight to strengthen State response to enhanced federal scrutiny and higher performance expectations in the area of fraud, waste and abuse across Medicaid and CHP+. (HCPF only)



What is the fiscal impact of this proposal?

HCPF FY 2026-27 Budget Impact: \$16.63 million total funds, including \$1.5 million General Fund and 3.0 FTE.

CDHS FY 2026-27 Budget Impact: \$1.15 million General Fund

Because Shared Services are a new investment in the public and medical assistance benefit delivery system, there is some General Fund impact. HCPF's R-07 Decision Item requests \$1.5 million in new State funding for HCPF in FY 2026-27 and \$2.7 million in FY 2027-28 to draw down federal dollars. These costs taper down to \$1.9 million General Fund (GF) by FY 2029-30 after term limited start-up costs end, and Shared Services are fully implemented. HCPF proposes repurposing \$6.2 million of GF from its County Incentives Program to minimize the GF impact. Moreover, these GF dollars are not drawing down federal matching dollars; repurposing them for Shared Services maximizes the impact of those dollars. Additionally, CDHS' share of the request includes \$1.15 million GF in FY 2026-27 and \$5 million GF in FY 2027-28 for its portion of the costs.

HCPF is able to limit its GF request to \$1.5M in FY 2026-27. Where applicable, costs are applied through an approved cost allocation plan whereby HCPF's share of the costs is about 80% of the total cost. This approach leverages HCPF's enhanced federal match rate which results in an additional \$26.4M in federal funds to implement Shared Services.

For more information, contact:

Jo Donlin, HCPF Legislative Liaison, 720.610.7795, jo.donlin@state.co.us
Emily Hanson, CDHS Legislative Liaison, 720.660.8408, emily.hanson@state.co.us

