COMMON SENSE INSTITUTE

APRIL 2025

ADDRESSING MENTAL HEALTH CHALLENGES IN COLORADO:

ECONOMIC IMPACTS AND ANALYSIS OF STATE EFFORTS

AUTHORS: DEB MAHAN & COLE ANDERSON

ABOUT THE AUTHORS

Deb Mahan, Mental Health Fellow

Deb Mahan brings more than 30 years of leadership experience in the nonprofit, philanthropy, and business sectors and a focus on fostering collaboration and driving systemic change. With a background in psychology, Mahan has dedicated her career to advancing mental health and well-being. She previously served as executive director of Gazette Charities Foundation where she led strategic initiatives and funding to address community needs. Mahan is convener of the Colorado Mental Health Consortium, bringing together experts, providers, and policymakers to advocate for transformative mental and behavioral health legislation.

Cole Anderson, CSI Research Analyst

Before joining the Common Sense Institute (CSI), Anderson attended the University of Denver where he double majored in economics and public policy, fostering his passion for pressing policy issues. His work at CSI has covered a variety of topics including crime, healthcare, foster care, and workforce issues.

ABOUT COMMON SENSE INSTITUTE

Common Sense Institute is a non-partisan research organization dedicated to the protection and promotion of Colorado's economy. CSI is at the forefront of important discussions concerning the future of free enterprise and aims to have an impact on the issues that matter most to Coloradans. CSI's mission is to examine the fiscal impacts of policies, initiatives, and proposed laws so that Coloradans are educated and informed about issues impacting their lives. CSI employs rigorous research techniques and dynamic modeling to evaluate the potential impact of these measures on the economy and individual opportunity.

TEAMS & FELLOWS STATEMENT

CSI is committed to independent, in-depth research that examines the impacts of policies, initiatives, and proposed laws so that Coloradans are educated and informed on issues impacting their lives. CSI's commitment to institutional independence is rooted in the individual independence of our researchers, economists, and fellows. At the core of CSI's mission is a belief in the power of the free enterprise system. Our work explores ideas that protect and promote jobs and the economy, and the CSI team and fellows take part in this pursuit with academic freedom. Our team's work is informed by data-driven research and evidence. The views and opinions of fellows do not reflect the institutional views of CSI. CSI operates independently of any political party and does not take advocacy positions.

TABLE OF CONTENTS

About the Authors 1
About Common Sense Institute 2
Teams and Fellows Statement 2
Introduction 4
Key Findings 5
Colorado's Mental Health Outcomes and Their Economic Impacts 6
A New Behavioral Health Administration 9
The BHA's Impact 12
Recommendations 15
The Bottom Line 16

INTRODUCTION

Mental health is a critical component of overall health and well-being, affecting healthcare outcomes, workplace performance and productivity, academic success, social relationships, economic mobility, and overall quality of life. This report examines Colorado's Behavioral Health Administration (BHA) and explores best practice recommendations for addressing needs in the state, focusing on community-based approaches, integration of services, and policy recommendations to enhance mental health support systems.

BHA, established in 2022 at the behest of the Behavioral Health Task Force, was to streamline a fragmented and often inefficient mental healthcare system in Colorado that spread services across multiple agencies and made it difficult for individuals to access the care they needed.

Despite growing attention and increased funding directed toward improving mental health outcomes, Colorado continues to rank among the worst states in the nation for both adult and youth mental health indicators. As of 2024, the state had the second-highest prevalence of mental illness in the country, for example, a metric that highlights the need for a new approach to mental healthcare.[i]

These outcomes not only affect the health and well-being of Coloradans, but have a substantial economic impact on the state economy. Effective behavioral health programs can be an economic force multiplier if appropriately administered.

This report aims to shed light both on the current state of mental health in Colorado and the economic burden to the state from poor outcomes, as well as the BHA, its funding ecosystem, and its impact on mental health outcomes here in Colorado. Taxpayers and legislators need a clear picture of Colorado's recent investments and administrative efforts to determine if reforms have produced positive results.

KEY FINDINGS

- As of 2024, Colorado had the second-highest prevalence of mental illness in the United States, behind only Oregon.
- Between fiscal year (FY) 2022 and FY 2025, Colorado will spend $8.5 billion on behavioral health.
  - The state and federal government share this funding burden. Of the $8.5 billion, $4.35 billion, or 51%, is from federal sources. The state government will provide just over $4.1 billion.
- In FY 2025, the latest fiscal year available, per household behavioral health spending in Colorado was $1,029.
- While the total number of annual suicides in Colorado declined from a peak of 1,370 in 2021 to 1,290 in 2023, suicide rates among Colorado counties vary widely.
  - Larimer County reduced its age-adjusted suicide rate per 100,000 by more than 27% between 2018 and 2023. It now has the lowest suicide rate among Colorado's nine largest counties.
  - In contrast, El Paso County's suicide rate increased by more than 15% and is now **59% higher** than Larimer's. (The two counties' rates were nearly identical in 2018.)
- Construction workers in Colorado die by suicide at a higher rate than workers from any other industry. Their suicide rate is nearly double the average rate.
- More than 530,000 Coloradan adults are struggling with depression, costing the state between **$1.16 billion and $2.52 billion annually in lost productivity.**
- In FY 2025, the Behavioral Health Administration accounted for only 7% of Colorado's statewide behavioral health full-time employees (FTEs) and received just 19% of the state's total behavioral health funding.
- In FY 2025, both funding and FTE totals for behavioral health in Colorado declined from their peak. Total funding declined slightly by $7 million from FY 2024 to FY 2025 while total FTEs working in behavioral health programs was 2,282 in FY 2025, down from its peak of 2,330 in FY 2022.
- Despite the BHA's mandate to streamline Colorado's behavioral health efforts, the number of state departments and agencies receiving funding and employing behavioral health workers has remained the same since the BHA's inception.

COLORADO'S MENTAL HEALTH OUTCOMES AND THEIR ECONOMIC IMPACTS

Efforts to address Colorado's behavioral health challenges are driven by both humanitarian concerns and a concern for broader societal impacts. Poor mental health outcomes carry a sizable negative economic impact in the form of lost productivity and increased healthcare usage, for example.

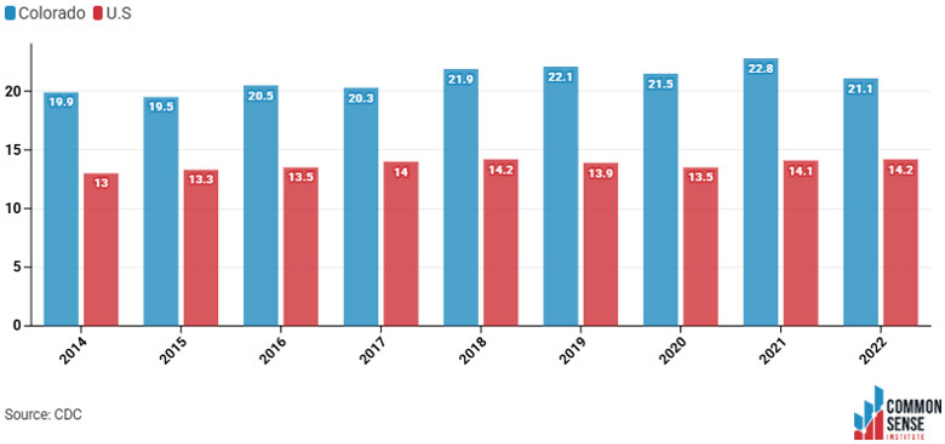
Improved efforts to address Coloradans' mental health could jumpstart the state's economy. As of 2024, Colorado has the second-highest prevalence of mental illness in the United States, behind only Oregon.[ii] The Colorado Health Institute (CHI) conducts a bi-annual survey of Coloradan households that in 2023 found more than one in four Coloradans (26.2%) suffered from poor mental health. That number was equal to 1.5 million Coloradans.[iii] With poor outcomes far outpacing the national average, an outsized burden is placed on the state economy that could be reduced if proper mental healthcare was available and utilized by residents.

The human cost of substandard mental health care is even greater. Indeed, as seen in Figure 1, the prevalence of mental illness in Colorado contributes to an abnormally high rate of suicide. Compared to the national average, Colorado's suicide rate is consistently higher than the rates in other states.

FIGURE 1

Colorado & U.S Age-Adjusted Suicide Rate Per 100,000 (2014-2022)

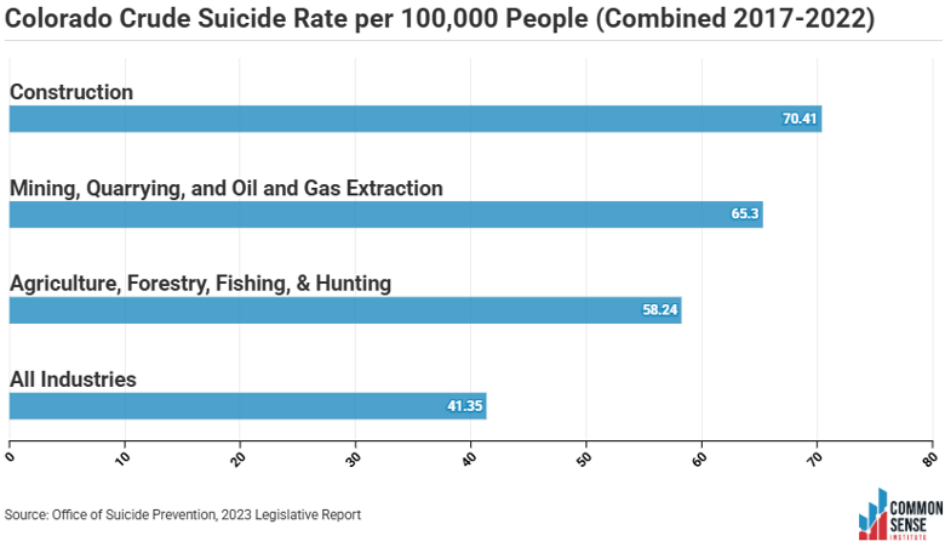
Colorado's suicide rate has consistently remained elevated above the national average. The state had the 10th highest suicide rate in the nation in 2022.



Source: CDC

The state established the Office of Suicide Prevention (OSP) in 2015 with a stated goal to reduce "the state's suicide fatality rate by 20% by 2024." To reach that goal, the rate would have needed to drop from 19.5 per 100,000 in 2015 to 15.6 per 100,000 by 2024. As Figure 1 shows, that goal was not achieved. Officials within OSP have argued it will take time for behaviors and attitudes to take root. It is unclear whether that means they believe suicide rates will decline in the near future as a result of their actions.

FIGURE 2



A closer look at state suicide demographics reveals wide disparities about which residents are most at risk for suicide. Colorado's suicides are largely clustered in blue-collar industries, particularly construction. Combining suicide numbers from 2017 to 2022, we found Colorado construction workers are dying by suicide at the highest rate of any industry in the state, and at a rate nearly double that of the average worker. This outcome is illustrated in Figure 2.

Demographically, Colorado's suicide victims are overwhelmingly white and male. Ninety percent of the 5,241 suicide victims in Colorado between 2020 and 2023 were white, so it follows that industries disproportionately occupied by white men would naturally see higher suicide rates.[iv] Industries with drastically elevated rates of suicide will need a more focused approach from mental healthcare providers. Thankfully, the OSP has articulated the need for more dedicated resources to address these trends.

Economic Impact of Depression to Colorado

Mental illness leads to incalculable cost because it touches every facet of personal and professional life. It affects overall health and well-being, healthcare outcomes, workplace performance and productivity, academic success, social relationships, economic mobility, and overall quality of life.

Depression is one of the most common mental health conditions, affecting nearly one in five Coloradans over the age of 18.[v] One of the main economic costs associated with depression is a reduction in work productivity. One study found monthly productivity losses totaled $182-$395 per month for workers struggling with depression, or $2,184-$4,470 annually.[vi]

Among adult Coloradans, the self-reported depression rate was 18.5% in 2020, placing Colorado 23rd in the nation.[vii] Applying this rate to Colorado's adult workforce means an estimated 531,000 Coloradans are currently struggling with depression.

Figure 3 depicts an annual productivity loss in Colorado stemming from worker depression. Colorado's earnings are higher than the national average, so the state's depression rate causes commensurately heavy earnings losses equal to between $1.16 and $2.52 billion each year. While staggering, it is likely this cost is underestimated since it only accounts for productivity losses and not for a myriad of other negative economic impacts.

FIGURE 3

Annual Productivity Loss in Colorado as a Result of Depression		
Coloradans 18+ Working with Depression	531,054	
Range	**Low**	**High**
Annual Individual Loss in Work Productivity	$2,184	$4,470
Annual Statewide Productivity Loss	$1,159,821,985	$2,517,196,066

Colorado spends billions of taxpayer dollars on behavioral health and has an obligation to provide effective and accessible mental healthcare not only for residents' personal benefit and well-being, but to ensure the state's economic prosperity. The historic landscape of mental health outcomes in Colorado has been largely bleak, characterized by abnormally high rates of mental illness and suicide, but those trends do not have to define the future of mental healthcare in Colorado.

A NEW BEHAVIORAL HEALTH ADMINISTRATION

The BHA was created in 2022 at the recommendation of the Behavioral Health Task Force. (This task force was formed in 2019 to lower costs, streamline and improve mental healthcare in the state, and help reverse trends that placed Colorado near the bottom of the nation in mental health outcomes.) The BHA's mission is to create "a coordinated, cohesive, and effective behavioral health system in Colorado." **Its founding legislation stipulates any state agency that administers a behavioral health program is required to collaborate with the BHA.**[viii] The extent to which this collaboration is happening is unknown, but no notable developments have been publicized.

The formation of the BHA has not coincided with a reduction in the number of state departments involved in distributing behavioral health funding. Thirteen state departments and agencies allocated funds for behavioral health purposes in the most recent FY 2025 funding report, the same number that allocated funding before BHA's introduction.

Federal funding continues to play a large role in Colorado's efforts to advance behavioral health. Over the four most recent fiscal years, in each year about 52% of funds appropriated to behavioral health came from the federal government. In FY 2025, the latest fiscal year available, total behavioral health spending in Colorado was equal to $1,029 for every household in Colorado.[ix]

FIGURE 4

Statewide Funding Total for Behavioral Health Programs				
State Funds	Federal Funds	State Funds	Total Funds	Federal Funding as a Share of Total
FY2021-22	$964,368,343	$806,909,865	$1,771,278,208	54%
FY2022-23	$940,790,855	$986,131,177	$1,926,922,032	51%
FY2023-24	$1,321,596,903	$1,078,850,762	$2,400,447,665	55%
FY2024-25	$1,124,406,286	$1,268,638,978	$2,393,045,264	47%

While total funding has increased over this time, from $1.8 billion to $2.4 billion, the BHA still lacks direct control over how these funds are allocated. Instead, the state budget dictates what amounts go to each department or agency and these entities then appropriate the dollars as they see fit. While the BHA can consult on how the money is spent, or how much is appropriated, it ultimately does not control the funding flow.

In FY 2025, the BHA was directly appropriated $466 million, less than 20% of the $2.4 billion total allocated for behavioral health that year. Between FY 2021 and FY 2024, the BHA received an average of 24% of behavioral health appropriations. The BHA also is about to lose some of its federal grants. On March 24, the U.S. Department of Health and Human Services' Substance Abuse and Mental Health Services Administration notified the BHA that it was rescinding four grants totaling $31.5 million.[x]

The BHA uses its funding primarily for patient support and to cover basic expenses such as staffing costs. Before the BHA was established, this funding went directly to community mental health centers (CMHC) to provide care for low-income individuals, families, and those not covered by health insurance.

The state's CMHCs were funded through various sources, including the Department of Human Services (HHS) and the Department of Health Care Policy and Financing (HCPF). Upon its introduction, the BHA assumed the responsibility of funding CMHCs and these funds were diverted away from the HHS and HCPF. They now constitute the majority of the administration's total funding and expenditures.

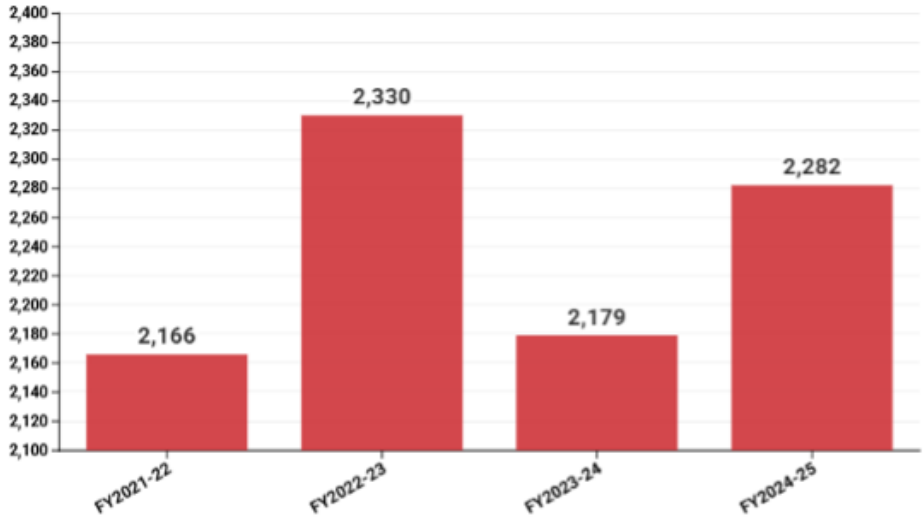
Today, the BHA contracts with 18 CMHCs throughout Colorado that provide mental healthcare services to their communities. These contracts leave the BHA with minimal discretionary funding that could be used to make more structural reforms throughout the behavioral health system.[xi] Given the relatively ambitious goals outlined in its founding legislation, including creating a "comprehensive behavioral health safety net system," the lack of discretionary funding leaves little room for the BHA to effectively implement these requests at scale.[xii]

As Figure 5 reveals, evidence of the BHA's smaller footprint also is apparent when examining FTE data. There were 116 more FTEs working in behavioral health programs in FY 2025 than in FY 2022. (It is unclear what staffing totals looked like prior to this time period.) In FY 2025, the BHA itself directly employed only 154 of the 2,282 total FTEs in behavioral health programs, or 7% of the total. Most FTEs work within the Department of Human Services, which employed 1,670 behavioral health employees in FY 2025.

FIGURE 5

Statewide Full-Time Employee Total for Behavioral Health Programs

The number of state FTE assigned to behavioral health programs in Colorado peaked in FY2022-23 and currently sits at 2,282.



The list below outlines what the legislature wanted the BHA to accomplish before July 2024. Lawmakers extended the deadline to launch regional BHA service organizations until July 2025, but otherwise all of the requirements set forth have been fulfilled — although it remains to be seen if they are functioning efficiently and at scale.

- A statewide behavioral health grievance system;
- A behavioral health performance monitoring system;
- A comprehensive behavioral health safety net system;
- Regionally based behavioral health administrative service organizations;
- The BHA as the licensing authority for all behavioral health entities; and
- A BHA advisory council to provide feedback to the BHA on the behavioral health system in the state.

Colorado's state constitution caps the number of executive departments at 20, preventing the creation of additional departments without a constitutional amendment. In 2022, the state established the Department of Early Childhood, which oversees universal preschool, making it the 20th and last department allowed under this limit. If the BHA were classified as a department, it would carry greater political influence and exist independently rather than within the Department of Human Services.

THE BHA'S IMPACT

Evaluating the BHA's impact on mental health outcomes in Colorado is challenging. That problem starts with the fact that poor mental health cannot be legislated away. It stems from chronic pressures that include unemployment and loneliness. It is also influenced by each person's DNA. Creating a strong behavioral healthcare system is a crucial step toward helping people, but mental health trends are not directly tied to the strength of a state's support system. Outcomes can worsen due to any number of outside factors.

The other significant issue is lack of up-to-date statewide data. The funding and FTE totals discussed above are from a request for information submitted by the Department of Human Services. A similar request was not filed for the latest fiscal year, which means a statewide accounting of total FTEs or funding will not be available.

Still, the BHA has made some improvements. Transparency around total behavioral health funding and staffing at the state level was not readily available before the advent of the BHA since behavioral health departments and agencies were not required to coordinate. With the BHA's introduction, this information can be provided — if the data is requested. BHA also has aggregated the licensing process for behavioral health providers from a more fractured licensure process to a "one-stop shop" for behavioral health providers.

Changes in Behavioral Health Outcomes

SUICIDE

Suicide is a top concern for the BHA and state lawmakers given the fact that Colorado's suicide rate is routinely well above the national rate. Figure 6 below shows the age-adjusted suicide rate per 100,000 residents among Colorado's largest counties in 2018 and 2023.[xiii]

While the total number of annual suicides in Colorado declined from its peak of 1,370 in 2021 to 1,290 in 2023, suicide rates among Colorado counties vary widely with some counties producing noticeably worse outcomes.

FIGURE 6

Age-Adjusted Suicide Rates per 100,000			
County	2018	2023	Change
Adams	21.1	17.95	-3.15
Arapahoe	17.61	18.99	1.38
Boulder	17.64	18.26	0.62
Denver	21.74	21.07	-0.67
Douglas	17.38	17.21	-0.17
El Paso	22.27	25.68	3.41
Jefferson	19.87	17.13	-2.74
Larimer	22.22	16.17	-6.05
Weld	20.16	18.64	-1.52

Among Colorado's largest counties, El Paso had the highest suicide rate in both 2018 and 2023, although Larimer County came in a close second in 2018. Since that time, the two counties have dramatically diverged. Larimer County reduced its age-adjusted suicide rate per 100,000 by more than 27% between 2018 and 2023. It now has the lowest rate among Colorado's nine largest counties. In contrast, El Paso's suicide rate increased by more than 15% and is now **59% higher** than Larimer's.

While it is impossible to ascribe any single factor as the cause of Larimer's large decline in its suicide rate, it is notable that in 2018 Larimer residents approved a 20-year, 0.25% countywide sales tax increase ballot measure that funded behavioral health services.[xiv] The measure generated an estimated $19 million in its first year. The revenues were used to "expand and enrich local behavioral health services" and create an acute care facility.

The dramatic turnaround in Larimer County could provide a blueprint for other counties. It also highlights a need for local and individualized responses to mental health rather than a uniform approach dictated by the state.

UTILIZATION

Improving access to, and the affordability of, behavioral healthcare was a founding priority for the BHA. Unfortunately, utilization data at the state or county level was not tracked prior to the BHA's inception in 2022. Access to this data will be useful in future analysis of Colorado's mental healthcare system even though utilization rates come with a few caveats. First, higher utilization does not consistently correspond to better outcomes.[xv] Utilization can decrease while outcomes improve, or vice versa. Secondly, greater access to care does not mean more people receive services. Barriers such as insufficient insurance coverage, stigma, or a lack of knowledge about available services all play a role in reducing the utilization of mental health services despite greater availability.

Figure 7 shows the change in the number of individuals who received publicly funded mental healthcare per 1,000 in Colorado's largest counties.[xvi] Residents of Weld County accessed mental healthcare at by far the highest rate of any county while Douglas and El Paso ranked at the bottom. Interestingly, not one of the nine counties saw their utilization increase from 2022 to 2023, a potential warning sign that care may still be out of reach for the state's most vulnerable citizens. Statewide, publicly funded mental health utilization dropped from 20.3 in 2022 to 19.2 in 2023.

Total utilization (not just publicly funded) of mental health services in Colorado declined 6.5% from 2.01 million to 1.88 million between FY 2021 and FY 2022, the most recent years for which data are available.[xvii]

FIGURE 7

Number of People Who Received Publicly Funded Community Mental Health Services per 1,000 People			
County	2022	2023	Change
Adams	18.2	16.9	-1.3
Arapahoe	19.6	19.6	0
Boulder	19.5	17.5	-2
Denver	21.1	20.9	-0.2
Douglas	10.3	9.5	-0.8
El Paso	10	9.7	-0.3
Jefferson	23.1	21.6	-1.5
Larimer	20.1	19.4	-0.7
Weld	35.8	33.8	-2

RECOMMENDATIONS

If the BHA is to reverse years of negative behavioral health trends in Colorado, it needs the ability to institute the structural change it was created to achieve. Without enforcement of the legislative mandate to allow the BHA to direct funding and efforts, the state will be stuck with the disjointed, fragmented agendas and funding priorities that spurred the need for the BHA in the first place. Colorado's legislature should prioritize efforts to give the BHA the authority it needs to implement structural change. The BHA should have significant input into how funds and FTEs are allocated by various departments and greater oversight authority to make structural changes to streamline the state's mental health network.

If state lawmakers think the BHA can improve Colorado's mental healthcare system, they have an obligation to provide the necessary tools for success.

THE BOTTOM LINE

Reversing Colorado's long history of negative mental health outcomes is a difficult task. Years of attempts have created a fragmented and often inefficient network of behavioral health services that have failed to provide affordable and accessible care to residents.

The creation of the BHA signaled a new chapter in Colorado's efforts to enact change, but, three years later, the landscape remains largely the same. Behavioral health funding and manpower continues to be split among a variety of state agencies and departments, each allocating their respective dollars as they see fit. The BHA, brought about to streamline and align the state's efforts, largely has little to no say in this allocation process, a problem that damages the state's ability to effectively distribute behavioral health resources.

SOURCES

i. The State of Mental Health in America | Mental Health America

ii. The State of Mental Health in America | Mental Health America

iii. Colorado Health Access Survey Captures a Moment of Truth | Colorado Health Institute

iv. Colorado Suicide Statistics | Colorado Department of Public Health and Environment

v. National, State-Level, and County-Level Prevalence Estimates of Adults Aged ≥18 Years Self-Reporting a Lifetime Diagnosis of Depression — United States, 2020 | MMWR

vi. Depression in the Workplace: Costs and Barriers to Treatment | Psychiatric Services

vii. National, State-Level, and County-Level Prevalence Estimates of Adults Aged ≥18 Years Self-Reporting a Lifetime Diagnosis of Depression — United States, 2020 | MMWR

viii. 2022a_hb1278_f1.pdf

ix. U.S. Census Bureau QuickFacts: Colorado

x. Colorado to lose more than $230M in mental health, addiction grants

xi. Community mental health centers | Behavioral Health Administration

xii. Behavioral Health Administration | Colorado General Assembly

xiii. Colorado Suicide Statistics | Colorado Department of Public Health and Environment

xiv. larimer_county_cmp_for_behavioral_health.pdf

xv. Too often, mental health treatment simply isn't very good | STAT

xvi. Mental health data | Behavioral Health Administration

xvii. Community mental health centers | Behavioral Health Administration