COLORADO MEDICAID

WHY A COMMISSION NOW?

FEWER MEMBERS. HIGHER COSTS. LESS ROOM TO MANEUVER.

OVERVIEW

In May 2026, the Colorado General Assembly created the Commission on Medicaid to address rising program costs, strengthen legislative oversight, and identify ways to make Medicaid more sustainable. The commission was established as enrollment was falling but total Medicaid spending was still rising, while HCPF was accounting for a larger share of Colorado's operating budget.

This brief explains how Colorado reached that point. It highlights the major pressures facing Medicaid, including rapidly rising spending per member, growth concentrated in long-term care, federal limits on what the state can change, and new requirements that will add administrative work while reducing the availability of federal matching funds.

KEY FINDINGS

Spending per Medicaid member grew 64% between FY2023 and FY2025.

Spending per member rose from $7,929 to $12,997. [1]

Long-term care drove 42% of benefit-spending growth from FY2019 to FY2025.

Spending on long-term care and supports rose 91%, reaching $5.3 billion in FY2025. [2]

HCPF's share of Colorado's operating budget reached 41% in FY2027.

Its share rose from 27% in FY2013, counting federal and other funds. [3]

New federal Medicaid requirements begin in 2027.

Twice-yearly renewals and work rules start January 1; the hospital-fee cap starts falling October 1. [4]

THE COMMISSION AT A GLANCE

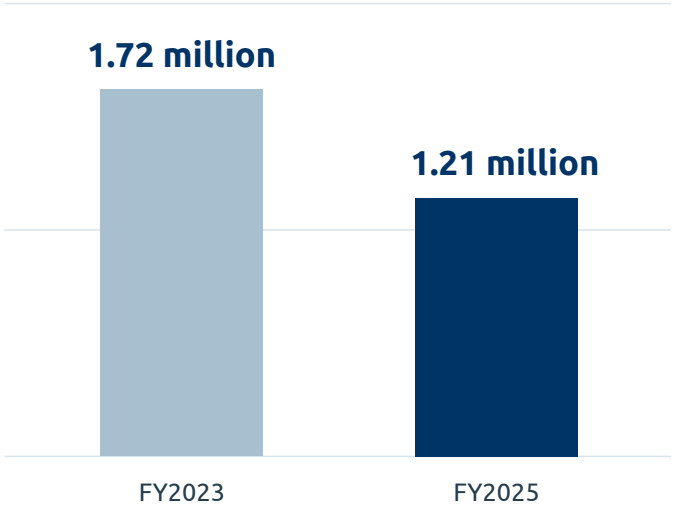
10	$500K	DEC. 11, 2026
Legislators	Commission funding	Report deadline

[1] NASBO 2025 State Expenditure Report, Table 13; enrollment and calculation on page 2.
[2] Colorado Medicaid sustainability report, March 2026, p. 25.[3] JBC appropriations history and reports; calculation on page 4.
[4] Federal changes and sources on page 5. Commission: SB26-187, signed May 29, 2026; report due December 11, 2026.
FY = fiscal year; dollars are not inflation-adjusted.

1 Enrollment fell 30%. Total Medicaid spending rose 15%.

In FY2025, Colorado Medicaid covered about 510,000 fewer people in an average month than it did in FY2023, yet total annual Medicaid spending is estimated to have grown by $2.09 billion.

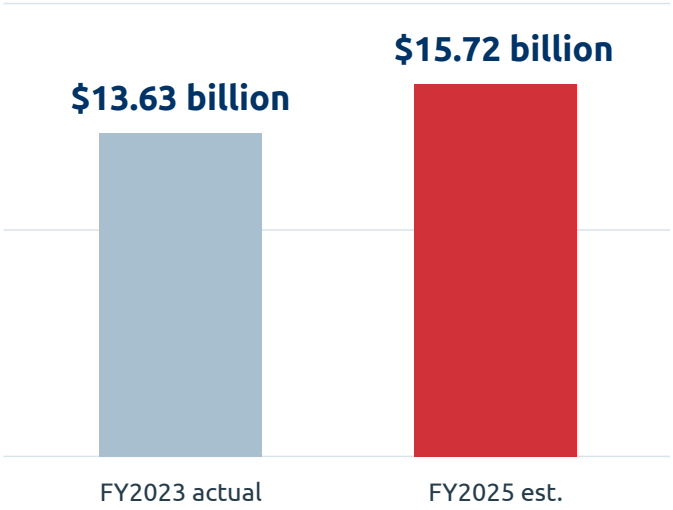
Average monthly Medicaid enrollment



-30%

CHANGE, FY2023 TO FY2025

Annual Medicaid expenditures



+15%

CHANGE, FY2023 TO FY2025

ANNUAL MEDICAID SPENDING PER MEMBER

$7,929 FY2023 → **+64%** IN TWO YEARS → **$12,997** FY2025

WHY FEWER MEMBERS DID NOT MEAN LOWER SPENDING

Recent legislation adds costs

Colorado has enacted 182 health-care bills since 2019. CSI estimated these bills cost the state $858 million annually.

Higher prices for care

Higher payments to doctors, facilities and direct-care workers raise the cost of delivering covered services.

More high-cost care

More service hours and greater use of high-cost benefits can raise spending even without more members.

Sources: NASBO 2025 State Expenditure Report, Table 13; Colorado JBC briefing, p. 10. CSI Report: Colorado Health Policy at a Crossroads: Growth, Costs, and Consequences
NASBO totals include General Fund, federal funds, and other state funds. FY2023 is actual; FY2025 is estimated.
FY = fiscal year. Per member = annual Medicaid expenditures / average monthly enrollment; per-member figures rounded to the nearest dollar.
The average reflects who was enrolled, what the state paid, and how much care was used; it does not track the same people over time.

2 Long-term care drove 42% of benefit-cost growth. The fastest-growing benefits were smaller.

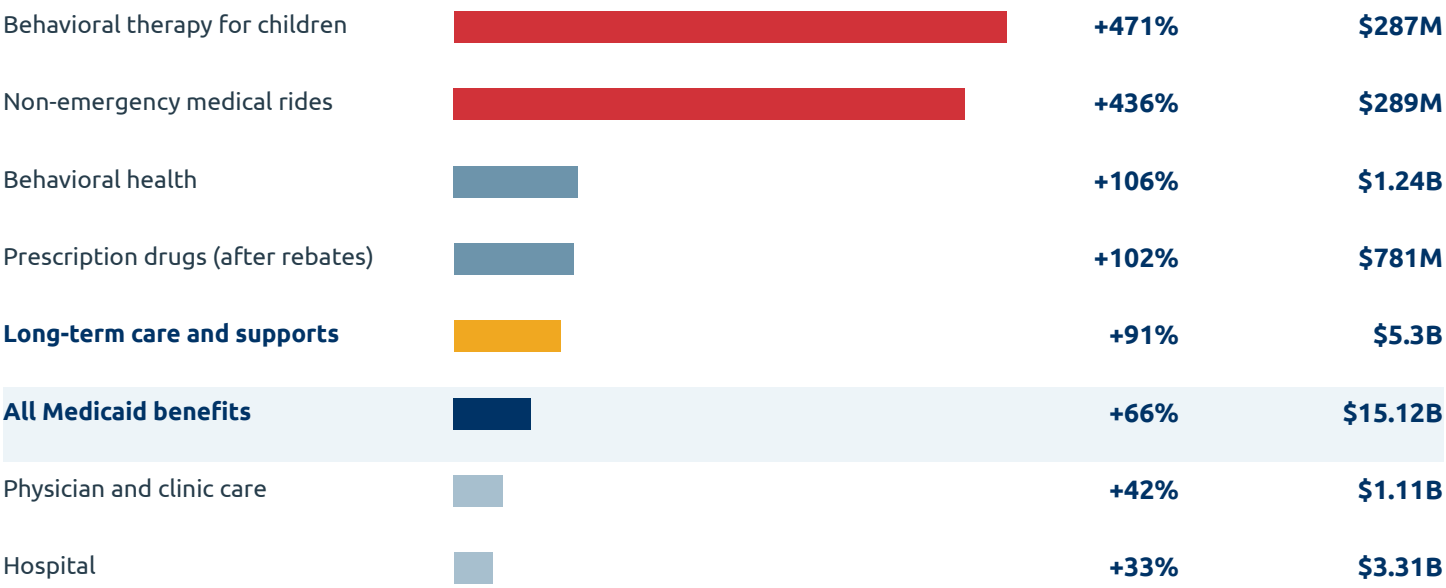
Long-term care was already Medicaid's largest benefit area. Its size, not just its growth rate, made it the largest contributor to higher benefit spending. Long-term care and support covers ongoing care for older adults and people with disabilities at home, in community based care, and in facilities; the table compares its large spending base with smaller benefits that have grown faster in recent years.

$5.3B
Long-term care spending in FY2025

35%
Share of FY2025 benefit spending

42%
Share of cost growth, FY2019-FY2025

PERCENT INCREASE IN SPENDING, FY2019 TO FY2025



Scale matters. A fast-growing program can still add fewer dollars than a large one. Long-term care grew 91% and accounted for 42% of benefit-cost growth. Spending on children's therapy and medical transportation each grew more than 400%, but together were only 3.8% of FY2025 benefit spending. Even so, legislators should understand what is driving such rapid growth and whether members' medical needs have increased at a similar pace.

LONG-TERM–CARE SPENDING SURGED

From FY2019 to FY2025, spending on home- and community-based care for people with intellectual and developmental disabilities rose 132%. Long-term home health spending rose 128%.

MORE INTENSIVE SERVICES

Among Medicaid-enrolled children receiving pediatric behavioral therapy, the share averaging more than 10 hours per week rose from 29% in FY19 to 58% in FY24.

Source: Colorado Medicaid Innovation, Sustainability and Opportunities report, March 2026, pp. 23-25, 27, 100, 107.
Benefit spending excludes Child Health Plan Plus. Drug spending is after rebates; hospital spending includes additional payments.
Long-term-care shares cover only those benefits, not all spending for members who use them. M = million; B = billion.
FY = fiscal year. Wage growth was nearly 19% in the Denver region. Higher costs alone do not establish unnecessary or ineffective care.

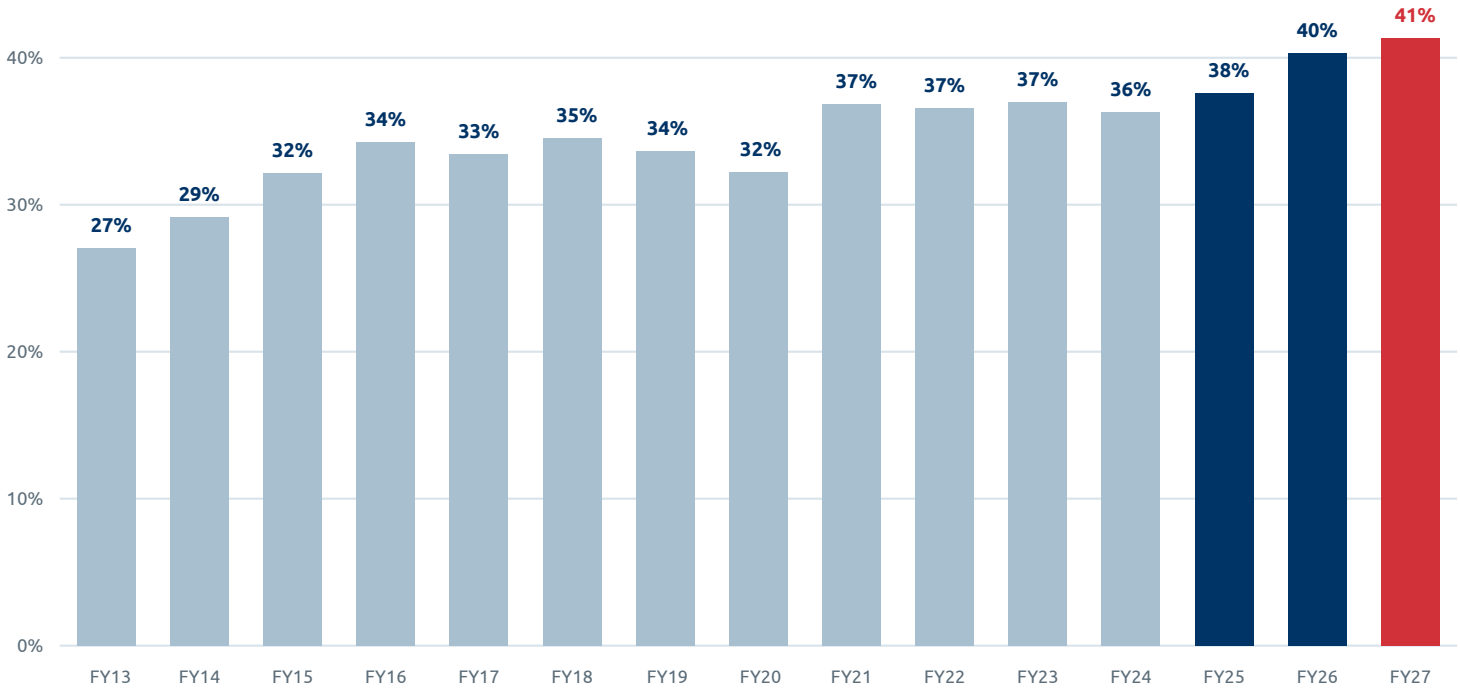
3 HCPF's share rose from 27% to 41% of Colorado's operating budget.

The share did not increase every year, but HCPF's total appropriation grew faster than the overall operating budget over 15 fiscal years. If the trend continues, Colorado's budget will be increasingly dominated by HCPF.

HCPF'S SHARE OF STATEWIDE OPERATING APPROPRIATIONS

FY2013 TO FY2027

+14 PERCENTAGE POINTS

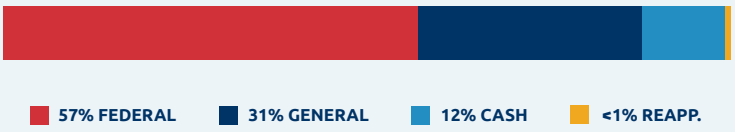


WHAT HCPF'S SHARE INCLUDES

FY2025 HCPF FUNDING MIX

$16.9B

TOTAL APPROPRIATION



41% HCPF's share of all state-appropriated spending in FY2026

33% HCPF's share of Colorado's General Fund operating budget in FY2025

Sources: Colorado Joint Budget Committee Appropriations Reports, FY2013-14 through FY2026-27; JBC 2024 Appropriations History workbook. Share = HCPF total-fund operating appropriations / statewide total-fund operating appropriations. Operating budget excludes capital construction and information-technology capital. Values are appropriations, not audited expenditures. FY2025 and FY2026 are adjusted; FY2027 is enacted and may change.

4 Federal rules narrow Colorado's options. New requirements add pressure.

Colorado cannot simply drop benefits. A 2025 federal budget law also adds eligibility requirements and phases down fees that help draw federal matching dollars.

EXISTING COVERAGE RULES SHAPE WHAT COLORADO CAN CHANGE

WHAT COLORADO MUST COVER

Federal law requires certain benefits, including hospital, physician, and nursing-facility services. For members under 21, it also requires medically necessary screening and treatment, including some services that are optional for adults.

WHERE COLORADO HAS ROOM TO ACT

Colorado can review optional adult benefits, how providers are paid, and rules governing service use, subject to federal requirements. Reform must distinguish unnecessary spending from care the program must provide.

NEW FEDERAL CHANGES ADD ADMINISTRATIVE WORK AND REDUCE FINANCING

JANUARY 1, 2027

Twice-yearly checks and new work rules

Some adults will have to renew every six months and document work or other approved activities; many groups are exempt. Colorado must verify compliance and help eligible members avoid losing coverage because paperwork was missed.

2

renewals each year instead of one

PHASE-DOWN BEGINS OCTOBER 1, 2027

A smaller hospital-fee financing tool

6.0% → 3.5%

Hospitals pay fees based on their net patient revenue. Colorado uses the money to draw federal matching dollars. The maximum rate falls from 6% to 3.5% by 0.5 percentage points each year starting in 2027.

ESTIMATED LOSSES IN FEDERAL FY2032 → $853 million less fee revenue | $3.9 billion less federal funding

WHY THIS LED TO A COMMISSION

Colorado's disenrollment period did not solve the state's cost problem. The commission must decide where Colorado can slow spending within federal rules, prepare for new requirements, and give lawmakers better data. Its report is due December 11, 2026.

THE TASK: SLOW COST GROWTH WITHOUT SACRIFICING NECESSARY CARE.

Coverage rules: federal Medicaid guidance on required / optional benefits and services for members under 21.
Eligibility: Health First Colorado six-month renewals and work requirements. These changes do not apply to all members. Financing: Colorado hospital-fee guidance; estimate from Colorado Medicaid sustainability report, p. 11. Federal FY2032 starts October 1, 2031. Commission mandate: SB26-187, enacted text. The law also cites concerns about timely data and legislative oversight.