COLORADO
Department of Health Care Policy & Financing

Executive Summary

Community-Based LTSS Expenditure Trends and Actions to Address Sustainability

November 2026

Recent investments into Colorado's Medicaid Long-Term Services and Supports (LTSS) system, combined with increased enrollment and service utilization, have contributed to expenditure growth that is outpacing available resources.

HCPF is taking action across LTSS programs to address the primary drivers of growth, strengthen program oversight, and restore expenditures to a sustainable trajectory while protecting member health and safety.

1. LTSS expenditure growth is a long-standing challenge that predates Community First Choice (CFC).

Spending has increased substantially since FY 2022–23, well before CFC implementation in July 2025. Growth is occurring across multiple services and programs, including HCBS waivers, Long-Term Home Health, and CFC.

2. CFC has accelerated growth in Homemaker and Personal Care, primarily through increased member participation in the services.

CFC was implemented to maximize federal funding through an enhanced six-percentage-point federal match, standardize benefits across populations, and expand opportunities for consumer direction. Most CFC members were already receiving HCBS waiver services, and reductions in waiver expenditures partially offset CFC spending.

However, utilization has grown substantially faster than anticipated among existing waiver members, specifically adults newly accessing Homemaker and children accessing Personal Care that was previously only available through State Plan Pediatric Personal Care. Expanded paid family caregiving opportunities, changes in provider behavior, and increased participation have contributed to this growth.

3. HCPF recognizes that initial CFC expenditure projections underestimated the impact of policy and provider changes.

The original forecast did not fully anticipate how many members would begin using previously available services with new flexibilities or how provider recruitment practices would influence utilization. HCPF also anticipated greater reductions in higher-cost services than

have occurred. These factors have resulted in spending increases that exceed the financial benefit of CFC's enhanced federal match.

4. HCPF has already implemented changes to strengthen utilization controls and program accountability.

Actions include, but are not limited to, service-specific soft caps, age-appropriate task standards, limits on paid Homemaker services provided by legally responsible persons, and a phased weekly caregiver limit. HCPF has also strengthened provider marketing requirements and established a temporary CFC provider enrollment moratorium.

5. Additional targeted changes are being pursued across CFC and other LTSS programs.

Following stakeholder engagement, HCPF is moving forward with additional changes to Homemaker and Personal Care utilization limits, paid family caregiver policies, service definitions, and independent utilization review. HCPF is also pursuing removal or modification of select HCBS waiver services, and stronger Electronic Visit Verification requirements.

These actions are intended to address growth across the broader LTSS system, rather than relying solely on CFC adjustments. Additional proposals will be announced following further stakeholder engagement later in November.

As a State Plan program, CFC cannot simply be paused, and ending the program would cause significant disruption to members, providers, and the broader LTSS system, requiring substantial time and resources. HCPF estimates that ending CFC and moving all services back to the waiver would not save money and would take two and three years to implement. Instead, HCPF is pursuing targeted changes to address key drivers of expenditure growth while preserving the program and its core services.

6. HCPF will monitor fiscal results and member impacts as changes are implemented.

HCPF is strengthening forecasting and monitoring expenditures, enrollment, utilization, and provider behavior to identify emerging trends earlier and evaluate whether policy changes are achieving projected savings. HCPF will also monitor impacts on members, including access to services, exceptions, appeals, and potential shifts to other benefits.

Accompanying Materials:

Community-Based LTSS Expenditure Trends and Actions to Address Sustainability Fact Sheet
Appendix 1. CFC Member Scenario Examples
Appendix 2. Key Trend Driver Data Charts

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Fact Sheet

Community-Based LTSS Expenditure Trends and Actions to Address Sustainability

November 2026

Understanding LTSS Expenditure Growth

Colorado's Medicaid Long-Term Services and Supports (LTSS) programs provide essential care to approximately 100,000 Coloradans, including children and adults with disabilities and older adults. These programs support individuals in their homes and communities, as well as in institutional settings when necessary.

LTSS expenditures have been growing for many years, beginning well before the implementation of Community First Choice (CFC) in July 2025. Spending has increased substantially since FY 2022–23, and HCPF is seeing growth across multiple programs and services[1].

Community-Based Long-Term Care (CBLTC), which includes HCBS waivers, CFC, Long-Term Home Health, and other community-based services, is among the largest contributors to HCPF's expenditure growth. HCPF's preliminary FY 2026–27 forecast identified an additional $342.9 million total funds and $172.3 million General Fund in projected CBLTC expenditures.

The current rate of growth is not sustainable. HCPF must make changes across LTSS programs to better align benefits, utilization, and expenditures with available resources while protecting member health and safety and preserving access to essential services.

[1] Colorado has made significant investments in its LTSS system, including expanding access to services, increasing provider rates and direct care worker wages, and creating additional opportunities for paid family caregiving. These investments have strengthened the system and expanded access to community-based care.

Primary Drivers of Community-Based Long-Term Care Growth

Growth is occurring across several services, with the most significant trends concentrated in:

- **Homemaker and Personal Care:** Increased participation and utilization, with growth accelerating following CFC implementation, driven primarily by expanded paid family caregiving opportunities.
- **Other Benefit Growth:** Continued growth in utilization and expenditures for Long-Term Home Health and Community Connector.
- **Enrollment growth:** More individuals are accessing HCBS waivers and other community-based LTSS programs, contributing to higher total expenditures.
- **Provider rates and workforce investments:** Increases in reimbursement rates, including investments in direct care worker wages and adjustments associated with minimum wage requirements, have contributed to higher costs.

While CFC is a significant driver of recent expenditure growth, addressing LTSS sustainability requires changes across the broader system.

Community First Choice: Overview and Expenditure Growth

What is Community First Choice?

Community First Choice (CFC) converted some existing HCBS waiver services to Medicaid State Plan services. Similar to HCBS waiver services, CFC services are available to Medicaid members who meet nursing facility or hospital level of care requirements, have a demonstrated need for a CFC service, and meet Medicaid financial eligibility requirements. CFC services may be used in conjunction with other remaining HCBS waiver services.

CFC services include: Health Maintenance Activities, Personal Care, Homemaker, Home Delivered Meals, Medication Reminder, Personal Emergency Response Systems, Remote Supports, and Transition Setup.

CFC was implemented in Colorado on July 1, 2025, with members transitioning into the program over FY 2025–26. Colorado implemented CFC for three primary reasons:

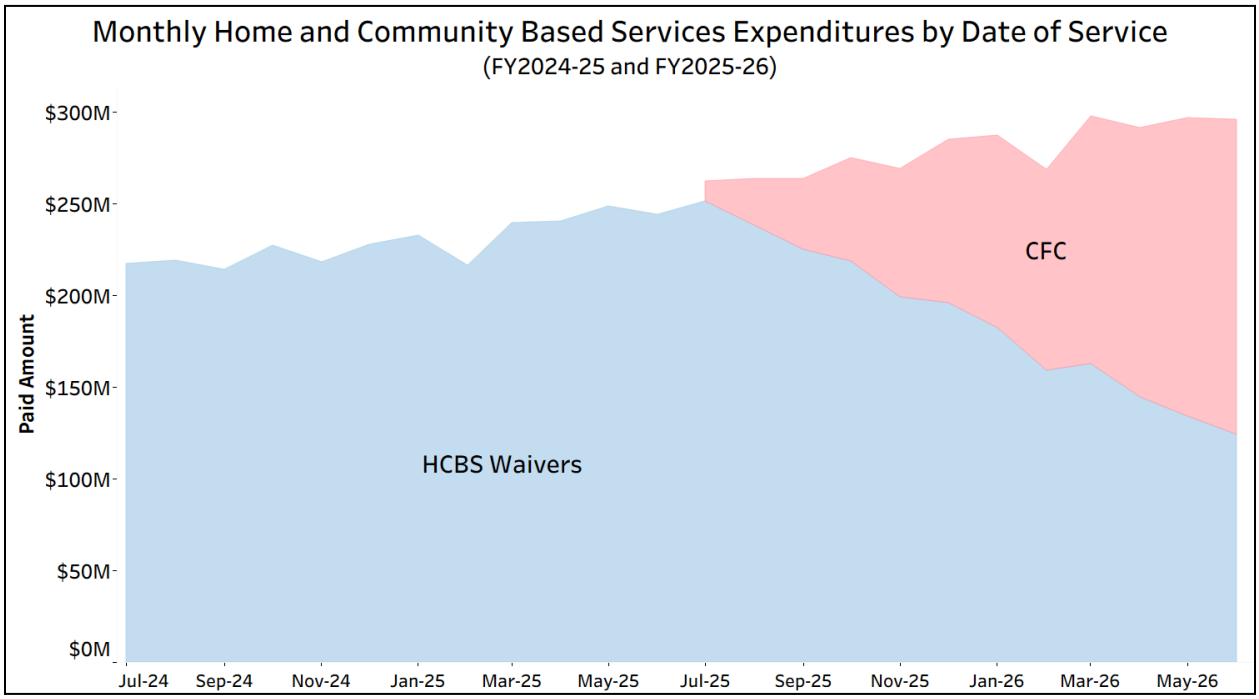
1. **Maximize federal funding.** Moving qualifying services previously provided through HCBS waivers into CFC allowed Colorado to receive an additional six percentage points in federal Medicaid matching funds.
2. **Standardize benefits and improve equitable access.** CFC established more consistent service definitions and equal access across populations.
3. **Expand opportunities for consumer direction.** CFC expanded access to consumer-directed service delivery models, allowing more individuals and families greater choice and control over who provides their care.

Understanding CFC Expenditures

Most CFC members were already receiving HCBS services. CFC largely represents a change in how existing services are authorized, delivered, and financed, not the creation of an entirely new population receiving long-term services and supports.

- **96%** of HCBS members are also enrolled in an HCBS waiver.
- **4%** receive HCBS via CFC without enrollment in an HCBS waiver.
  Data reported for FY 2025-26

Additionally, CFC expenditures should not be interpreted as entirely new Medicaid spending. Services previously funded through HCBS waivers are now financed through CFC, and reductions in waiver expenditures partially offset CFC growth.



However, utilization of certain CFC services has grown substantially faster than projected, and the additional spending has exceeded the savings generated through the enhanced federal match.

Where is CFC growth occurring?

Homemaker: Expanded flexibility in who can provide the service

Since CFC was implemented, the number of members utilizing Homemaker has grown by approximately 16,600[2], primarily adults, although it spans multiple populations. Most of these individuals were previously eligible to receive Homemaker through their HCBS waiver but were not utilizing the service, or were utilizing fewer hours.

HCPF believes expanded flexibility in who may provide the service, including family caregivers, has been an important factor in this growth. In addition, the number of individuals who would begin using previously available services was greater than anticipated.

Personal Care: Expanded access for children

The number of members accessing Personal Care has also grown, by approximately 8,200[2], though the growth for this service is primarily among children. Before CFC, eligible children could only access Personal Care through the State Plan Pediatric Personal Care benefit, which had a different service structure and limited utilization.

CFC expanded access to Personal Care for eligible children. HCPF underestimated both the number of children who would access the service and the speed at which utilization would grow.

Other drivers within CFC

Health Maintenance Activities (HMA) and Home Delivered Meals are services that are also available within CFC. Though they are not primary drivers of the expenditure trend, both are seeing growth in the number of individuals accessing the services and increasing expenditures.

Why did CFC expenditures exceed projections?

Several factors have contributed to expenditures exceeding initial projections:

[2] Data from June 2025 to June 2026. Does not include CDASS members.

- **Previously unused services:** More members than anticipated began using Homemaker services that had already been available to them, likely driven by increased flexibility in who is allowed to provide the service and/or the number of hours specific caregivers were allowed to be paid to provide the service.
- **Greater Personal Care utilization among children:** Expanded access resulted in rapid growth, notwithstanding CFC's eligibility requirements.
- **Changes in the provider market:** New provider business models emerged that actively recruit family caregivers to provide paid services. Some models raise concerns about the adequacy of provider oversight, training, and backup support.
- **Less substitution of higher-cost services:** HCPF anticipated that greater access to CFC would reduce reliance on higher-cost services, such as Long-Term Home Health. This transition has occurred, but not to the extent initially projected.

Actions to Address LTSS Expenditure Growth

HCPF recognizes that current spending trends are not sustainable and is pursuing a comprehensive approach to strengthen utilization controls, improve authorization consistency, increase provider accountability, and better align services with assessed needs.

HCPF has already implemented several changes across LTSS programs and is pursuing additional targeted actions to address the primary drivers of expenditure growth.

Recent Changes to Address Program Integrity

HCPF recently took the following steps to address provider concerns related to CFC expansion and access.

- **Provider marketing regulations:** Established clearer standards governing direct-to-consumer marketing, outreach, and coaching practices by LTSS provider agencies.
- **CFC provider enrollment moratorium:** Established a temporary moratorium on enrollment of new providers for specified CFC services, to address rapid provider growth and strengthen oversight.
- **HB26-1235 – Direct Care Service Cost-to-Administrative Cost Ratio**: Beginning in 2027, HCPF will collect provider financial, service, and workforce data to assess how Medicaid funding is allocated between direct care and administrative costs, with findings reported to the General Assembly.

New Changes HCPF Intends to Pursue

HCPF has engaged members, families, providers, advocates, and other stakeholders on additional LTSS sustainability proposals. Following review of stakeholder feedback, utilization trends, fiscal estimates, and implementation considerations, HCPF intends to pursue further targeted changes.

Community First Choice changes

Service or policy	Planned change	Anticipated General Fund Savings[3]
Homemaker	Reduce the weekly soft cap from approximately 21.5 hours to 10 hours, retaining an exceptions process.	$14.4 million
Paid family caregivers	Extend the existing seven-hour weekly Homemaker limit for legally responsible persons to all family caregivers.	$53.5 million
Personal Care	Reduce the weekly soft cap from approximately 48 hours to 40 hours, retaining an exceptions process.	$9.3 million
Personal Care — Accompaniment	Remove Accompaniment as an independently authorized task.	$11.7 million
Personal Care — Protective Oversight	Narrow the definition and require independent third-party review and approval of authorized hours.	$15.6 million
Home Delivered Meals	Move the benefit back to HCBS waivers and establish more targeted service limitations.	$2 million
Electronic Visit Verification (EVV)	Implement additional prepayment claims edits and remove the live-in caregiver exemption to strengthen payment integrity.	$12 million

[3] Savings represent General Fund savings once the policy is fully realized. For all listed policies this will be in FY 2028-2029 except for EVV, which will realize full savings in FY 2029-2030.

Additional LTSS changes beyond CFC

HCPF is also pursuing changes across other LTSS programs to address growth, improve utilization management, simplify administration, and better align services with program requirements and available resources.

Service or policy	Planned change	Anticipated General Fund Savings[4]
Removal of HCBS Waiver Services	Remove select services from HCBS waivers including: Community Connector, Mentorship, Primary Caregiver Education, Mental Health Counseling, Substance Abuse Counseling, Extraordinary Cleaning, Adaptive Therapeutic Recreation Equipment, and Recreational Fees and Passes.	$29.2 million
Life Skills Training and Independent Living Skills Training	Establish new service utilization limits.	$274,000

These changes are intended to address growth and simplify administration across the LTSS system rather than relying solely on reductions to CFC services. Additional changes are planned to be announced after further stakeholder engagement focused on facility base rates concludes later in November.

Actions Already Implemented or Underway

HCPF has been working to address the growing trend across Community-Based Long Term Care and has implemented, or is actively working to implement, the following approved actions:

Service utilization and authorization controls

- **Age-appropriate task standards:** Established clearer expectations for authorizing services based on a member's age and the activities ordinarily expected of an unpaid caregiver.

[4] Savings represent General Fund savings once the policy is fully realized. For all listed policies this will be in FY 2028-2029.

- **Service-specific soft caps:** Established utilization thresholds for Homemaker, Personal Care, and Health Maintenance Activities, with exceptions available when justified by individual circumstances.
- **Legally Responsible Person Homemaker limit:** Reduced the weekly limit on Homemaker services provided by legally responsible persons from 10 hours to seven hours.
- **Weekly caregiver limit:** Implementing a phased limit on the number of hours one caregiver may provide to one member across specified LTSS services, including Homemaker, Personal Care, Health Maintenance Activities, and Long-Term Home Health. The limit began at 84 hours per week in July 2026 and will decrease to 70 hours in January 2027 and 56 hours in July 2027, with exceptions available.
- **Community Connector:** Reduced the annual service limit from 2,080 to 1,040 units, with an exception process.

Other LTSS sustainability actions

- **Provider reimbursement adjustments:** Implemented targeted rate and payment changes, including previously approved rate reductions and adjustments.
- **Developmental Disabilities Waiver Post-Eligibility Treatment of Income (PETI):** Implemented a requirement for certain members receiving DD residential services to contribute a portion of their available income toward the cost of care, after applicable protections and deductions.
- **Enrollment Changes:** Slowing the growth of the DD waiver by limiting churn enrollments and moving from an automatic enrollment of children aging out of children's waivers.

More details about all LTSS sustainability actions can be found at hcpf.colorado.gov/medicaid-sustainability-and-ltss.

Moving Forward

HCPF's goal is to **restore LTSS expenditures to a sustainable growth trajectory while maintaining a system that supports members' health, safety, independence, and access to community-based care.**

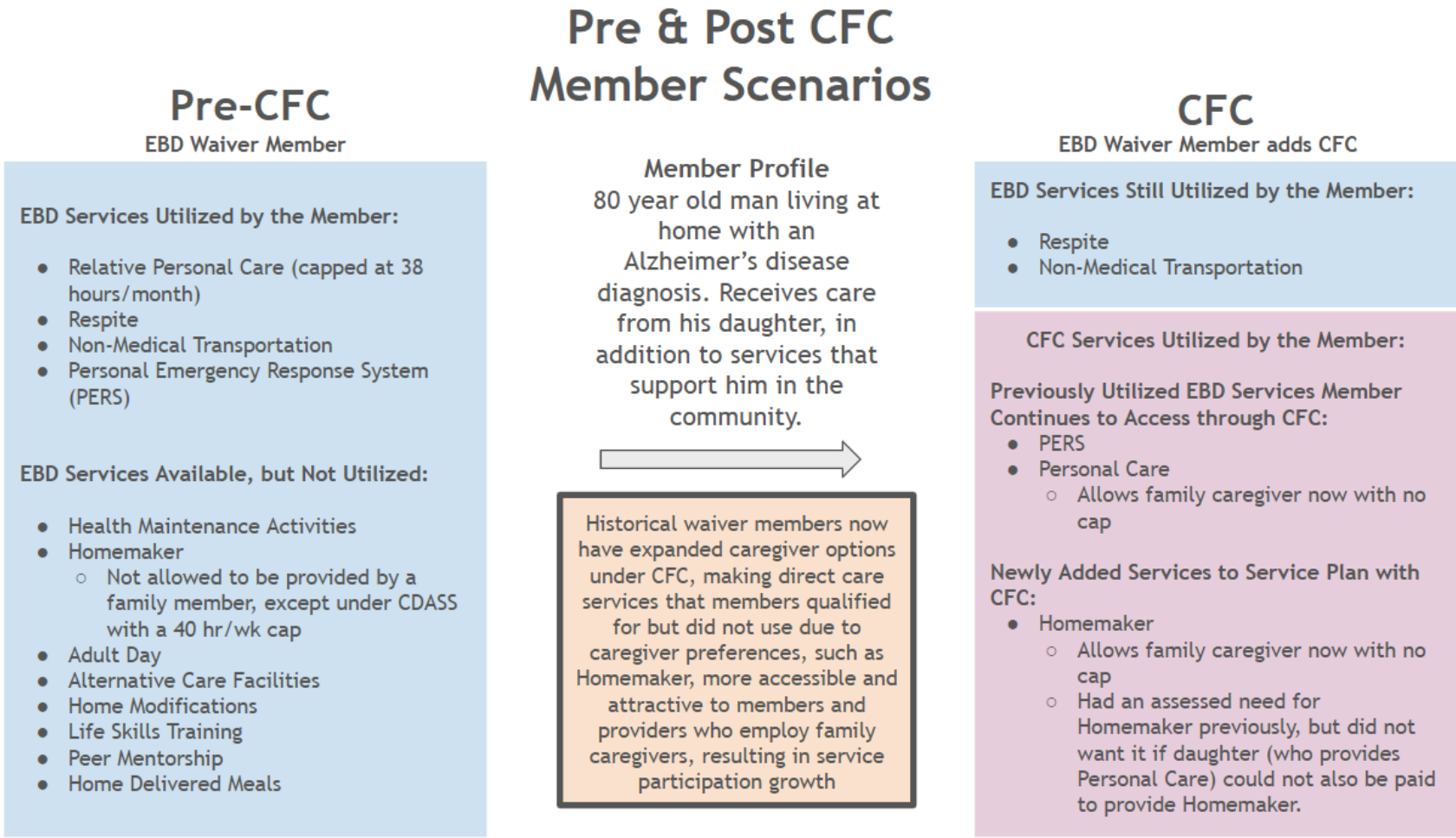
HCPF is pursuing targeted changes across CFC, HCBS waivers, and other LTSS programs to address the primary drivers of growth, strengthen authorization and payment controls, and ensure services are appropriately aligned with member needs. As a State Plan program, CFC cannot simply be paused, and ending the program would

cause significant disruption to members, providers, and the broader LTSS system, requiring substantial time and resources. Instead, HCPF is pursuing targeted changes to address key drivers of expenditure growth while preserving the program and its core services.

HCPF is committed to monthly monitoring of spending, participation, utilization, and provider behavior, along with improved forecasting and earlier identification of material variances. As changes are implemented, HCPF will also monitor member impacts, including access to services, exception requests, appeals, and potential shifts to other benefits. Exceptions and other applicable protections will remain important components of implementation.

HCPF will continue sharing information with the Commission about expenditure trends, policy implementation, projected and actual savings, and the effectiveness of these actions in improving long-term sustainability.

Appendix 1. CFC Member Scenario Examples



Pre & Post CFC Member Scenarios

Pre-CFC

Children's Extensive Supports (CES) Waiver Member

CES Services Utilized by the Member:

- Assistive Technology
- Community Connector
  - Provided by parent, capped
- Basic Homemaker
  - Provided by parent, capped
- Enhanced Homemaker
  - Provided by parent, capped
- Respite

CES Services Available, but Not Utilized:

- Adaptive Rec Equipment and Fees
- Hippotherapy
- Home Modifications
- Movement Therapy
- Caregiver Education
- Specialized Medical Equipment and Supplies
- Vehicle Modifications
- Youth Day Services

Member Profile

12 year old living at home with a developmental disability. Receives care from her dad, in addition to services that support her in the community.

Historical waiver members now have expanded caregiver options under CFC, making direct care services that members qualified for but did not use due to caregiver preferences, such as Personal Care, more accessible and attractive to members and providers who employ family caregivers, resulting in service participation growth

CFC

CES Waiver Member adds CFC

CES Services Still Utilized by the Member:

- Assistive Technology
- Community Connector
  - Provided by parent, capped
- Enhanced Homemaker (now Extraordinary Cleaning)
- Respite

CFC Services Utilized by the Member:

Previously Utilized CES Services Member Continues to Access through CFC:

- Homemaker
  - Provided by parent, 10 hr/week cap

Newly Added Services to Service Plan with CFC:

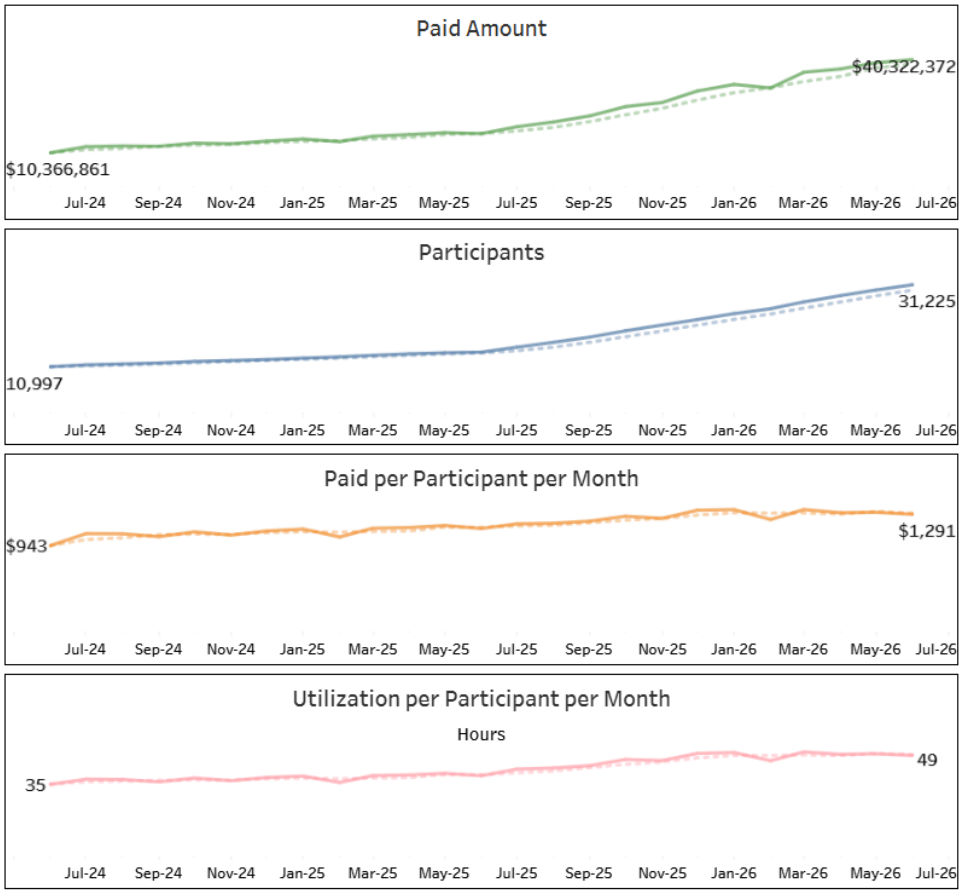
- Personal Care
  - Allows family caregiver now with no cap
  - Care was previously performed by Dad uncompensated by Medicaid

Appendix 2. Key Trend Driver Data Charts

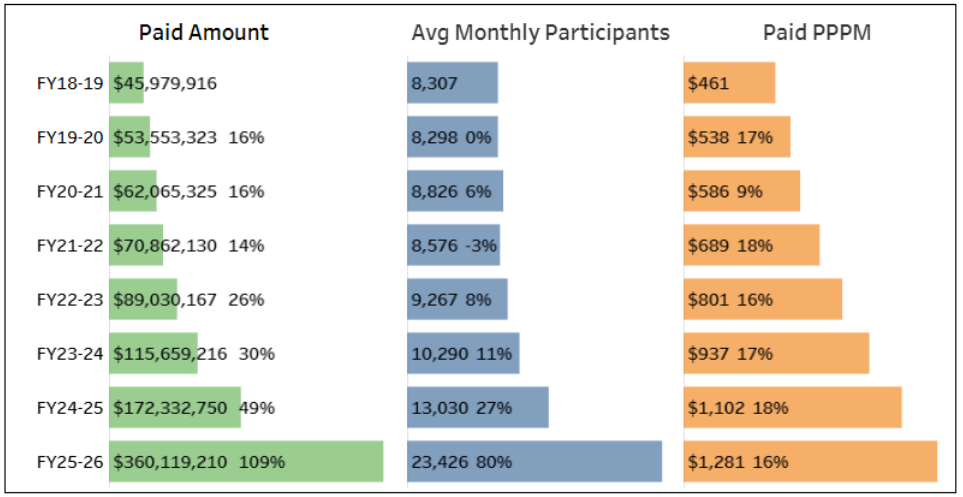
CFC Services Primary Trend Drivers: Homemaker and Personal Care

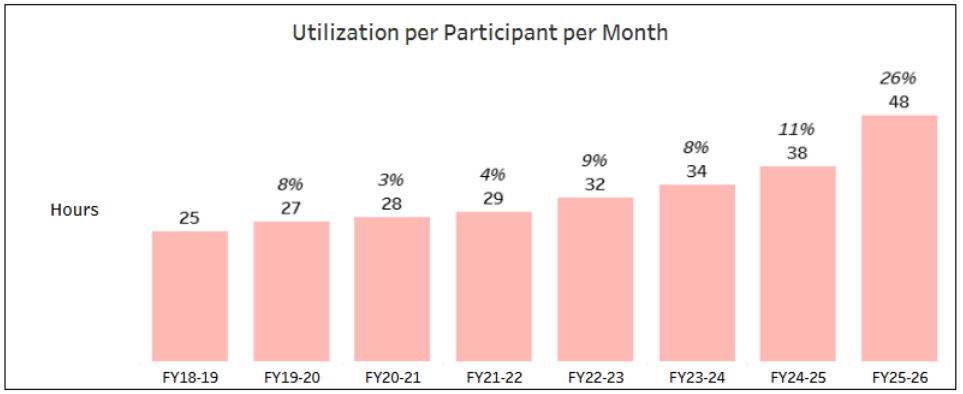
Previous HCBS waiver benefits moved to CFC as of July 1, 2025 with members rolled on over the course of FY 2025-2026.

HCBS - Homemaker Short-Term Trend

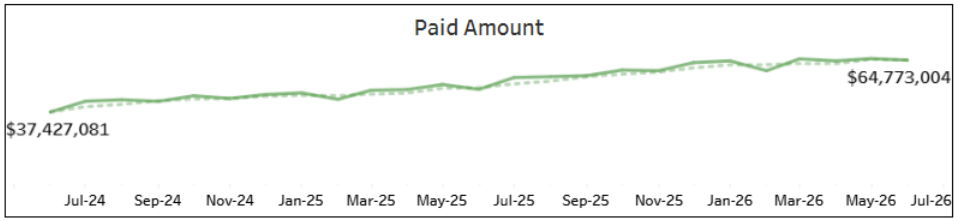


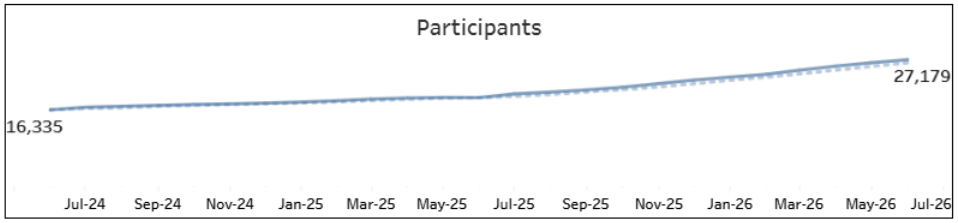
HCBS - Homemaker Long-Term Trend

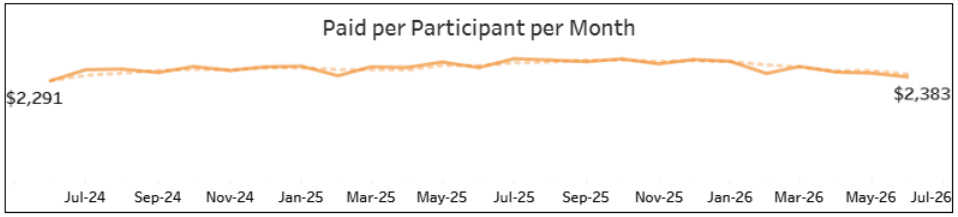


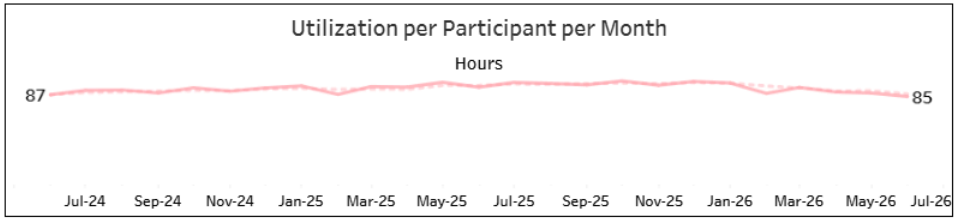


HCBS - Personal Care Short-Term Trend









HCBS - Personal Care Long-Term Trend

