

H.R. 1 Provisions Impacting Colorado Medicaid

Rachel Reiter, Policy, Communications and Administration Office Director
Adela Flores-Brennan, Medicaid Director and Health Policy Office Director
Bettina Schneider, Chief Financial Officer
Ralph Choate, Medicaid Operations Office Director

H.R. 1 Overview

Key Medicaid Takeaways

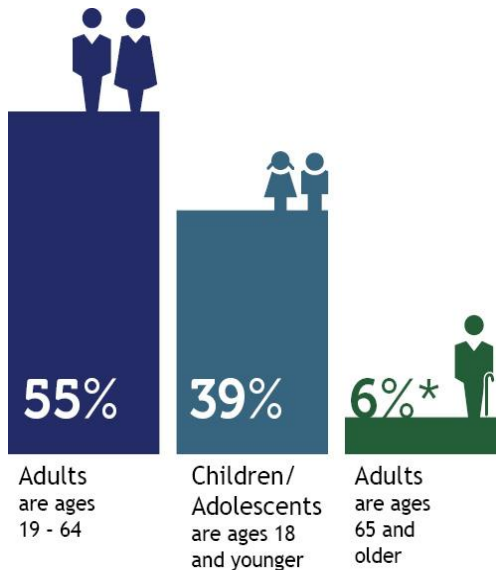
- **Rewrites major eligibility, financing, and compliance rules over the next 2-8 years that will negatively impact nearly 400,000 people**
- **Forces states to make difficult decisions that influence how costly or disruptive these shifts become for enrollees, providers, General Fund**
- **Provides very limited funding for states to implement changes and will drive higher administrative and IT costs**
- **Drives administrative & bureaucratic barriers, coverage loss (estimated >150K by Mannat) & cost shifts**

Our Commitment: We are required to implement and abide by federal directives. Within our authority, in partnership with the General Assembly, we're prioritizing our North Stars: **to mitigate inappropriate coverage losses and avoid draconian cuts wherever possible**



Health First COLORADO™

Colorado's Medicaid Program



*Adults age 65 and older includes people partially eligible for Health First Colorado



87%

live in urban counties



18%

live in Denver county



11%

live in rural counties



3%

live in frontier counties

2025 FEDERAL POVERTY LEVELS by Family Size*

FAMILY OF 1	FAMILY OF 4
\$20,820	\$42,768

*Some earning more may still qualify



4.7%

of Health First Colorado members use long-term services and supports programs



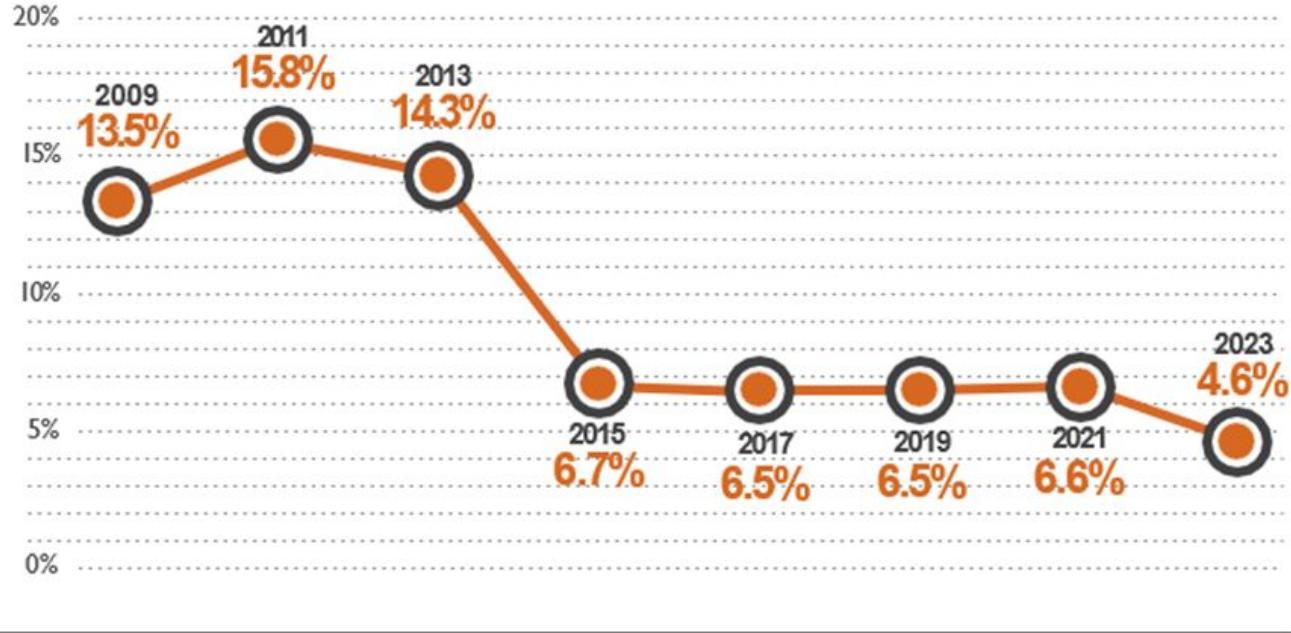
44%

of Colorado births in calendar year 2023 were covered through Health First Colorado and Child Health Plan Plus



COLORADO
Department of Health Care
Policy & Financing

Uninsured Rate in Colorado



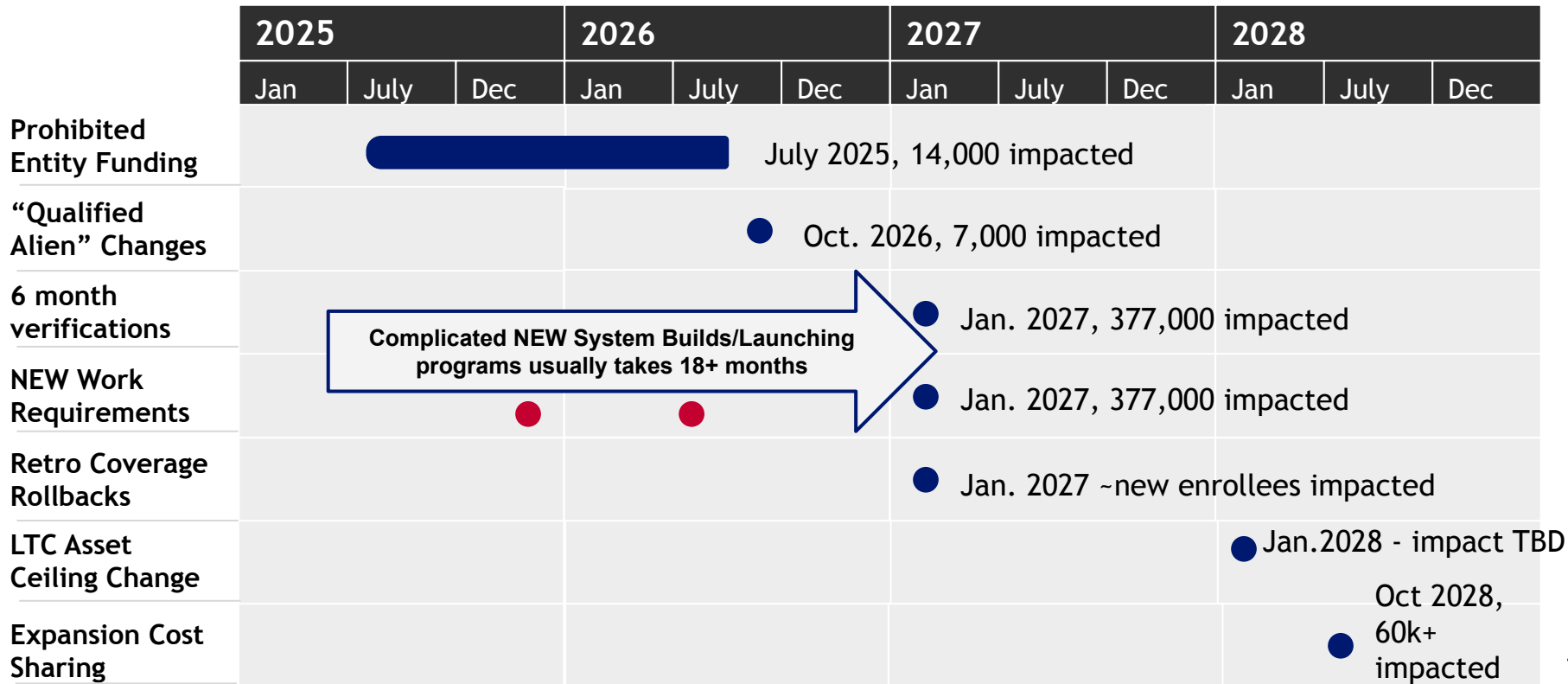
Source: 2023 Colorado Health Access Survey, Colorado Health Institute

Coverage & Eligibility Provisions

Rachel Reiter, Policy, Communications and Administration Office Director
Adela Flores-Brennan, Medicaid Director and Health Policy Office Director

H.R. 1 Medicaid Eligibility High Level Implementation Timeline

● CMS Guidance Expected - Initial no later than 180 days after enactment, final rules in June 2026




H.R. 1 Benefit & Eligibility Provision Impacts

Provision	Date	Member Impact	Other Considerations
Prohibited Entity Funding	July 2025	14,000+ members	Reduces access to services
“Qualified Alien” Changes	October 2026	~7,000 lawful immigrants will lose Medicaid coverage	Increases uninsured & uncompensated care
6 month renewals	January 2027	377,000 members	\$\$ admin costs & burden likely will result in coverage loss
Retroactive coverage restrictions	January 2027	Anyone applying for new coverage	Increases uncompensated care
Work Requirements	January 2027	377,000 members (before exemptions)	Paperwork burden for members, coverage loss, \$\$ high costs to administer

Expansion Population Impacts, Continued

Increased Paperwork Effective Jan. 2027

- Eligibility renewals every 6 months instead of 12 - affects 377k low income adults
- Retroactive coverage changes for all new applicants
- **Work requirements** 

- **Adults aged 19-64** must document 80 hours/month of work, job training, education or community service.
- **Exempt populations:** pregnant women; AI/AN; parents of a disabled child or a child 13 years of age or younger; veterans; medically frail; already meet TANF or SNAP work requirements or are entitled to Medicare.
- **Implementation Date:** January 1, 2027, waiver option if approved
- **Impact:**
 - Administrative burden and costs
 - Technology costs
 - 377K members at risk of disenrollment due to procedural and not meeting the requirements

Downstream Impacts of Losing Medicaid Coverage

Affordability Challenges

- **\$1,735 = Maximum Monthly Income** for an individual for Medicaid/\$3,564 family of 4 (ACA expansion population)
 - **~\$1,600** - Average rent for one bedroom in Colorado ([Apartments.com](https://www.apartments.com) July 2025 estimate statewide)
 - + Food, utilities, childcare

H.R. 1 reduces food assistance, health insurance marketplace supports

For individuals - delaying care, not accessing needed prescriptions to manage health conditions, missing preventive screenings to catch conditions early, increased medical debt

For providers - higher use of ER, uncompensated care for doctors and hospitals and other providers - especially rural providers where enrollments in Medicaid are higher

Financing Changes, Hospital Provider Fee

Bettina Schneider, Chief Financial Officer

Colorado's Hospital Provider Fees Are Instrumental In...

Financing health coverage for more than 427,000 Coloradans*

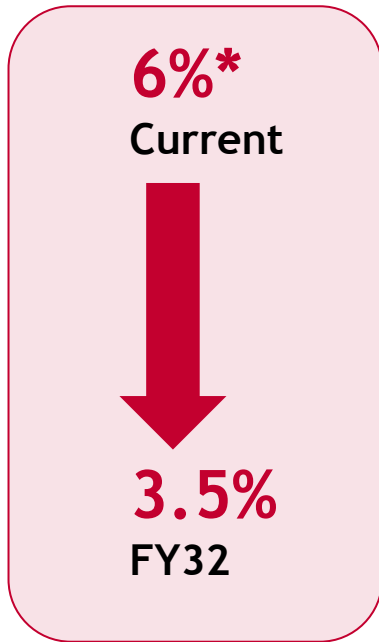
- 367,000 low income adults
- 34,000 kids in Children's Health Insurance Program (CHIP)
- 25,000 adults and children with disabilities via Medicaid Buy-In program
- 1,000 pregnant women in CHIP

*HCPF provider fee funded enrollment information is from September 2024

Contributing to state and local economies

- \$3.1B in claims paid to providers for care to Medicaid and CHIP members
 - \$968 million of that paid to hospitals in supplemental payments
- Through the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE), hospitals pay \$1.26B in fees and receive \$1.755B in supplemental payments, generating a net positive \$495 million in increased Medicaid hospital payments (FY23-24) in addition to reducing uncompensated care.

Changes Begin in October 2027: Reductions in Provider Fees & Federal Funds



- Rates decrease for expansion states
- Implementation Date: Oct. 1, 2027
- Impact: Hospital provider-fee will be dialed back and will lead to lost federal match annually through 2028-2032.
- -\$2.5B federal funds impact when fully implemented
- 425K covered by this funding includes ACA expansion population, kids and pregnant women on CHP+ and Working Adults and Children with Disabilities on the Medicaid Buy-In Program

*Percentage of net patient revenue

Rural Provider Relief Funding

Bettina Schneider, Chief Financial Officer

H.R. 1 Rural Health Transformation Program High Level Implementation Timeline

● Initial CMS Guidance Expected

2025			2026			2027			2028+		
Jan	July	Dec	Jan	July	Dec	Jan	July	Dec	Jan	July	Dec
		● ●	Applications due in Fall 2025, funds to be announced by Dec. 31, 2025								
			Funding to Rural Providers, \$50B total over 5 years/\$10B per year								

Rural Health
Transformation
Program

Rural Health Transformation Program

**\$50B in
Federal
Funding
available**

**\$10B/yr x 5yrs
FFY 2026-2030**

- **Application:** One-time state submission due Fall 2025, with a Rural-Health Transformation Plan (8 required topics) + certification no dollars will fund the state match.
- **Implementation Date:** Disbursements to approved states expected by early 2026
- **Estimated Impact:** Increased federal funding for targeted projects. 50% "base" pot - divided equally among all approved states, while the other 50% is targeted toward "not less than 1/4 of approved states"

Administrative Change Provisions

Ralph Choate, Medicaid Operations Office Director

H.R. 1 Administrative Change Provisions High Level Implementation Timeline

For more information on HCPF’s programs to reduce fraud, waste or abuse see our detailed [fact sheet](#).

	2026			2027			2028			2029				
	Jan	July	Dec	Jan	July	Dec	Jan	July	Dec	Jan	July	Dec		
Death Master File (members)	HCPF already has processes in place for some elements of these HR 1 provisions.			●										
Death Master File (providers)								●						
Verified Addresses				●										
Connect to CMS eligibility hub							CMS develops eligibility hub, new technology					●		
PERM Audit Changes							New PERM audit changes go into effect looking back to 2026						●	

Federal Changes Impact & Implementation Transparency: Resources

Understand how federal cuts may impact Medicaid

- [Colorado Medicaid Insights and Potential Federal Medicaid Reduction Impact Estimates](#) - July 2, 2025
- [Hospital Provider Fees Fact Sheet](#) - May 22, 2025 - **update in process**
- [Medicaid Work Requirements Fact Sheet](#) - April 16, 2025 - **update in process**
- [Long Term Services and Supports Fact Sheet](#) - May 20, 2025
- [Protecting Against Fraud, Waste and Abuse Fact Sheet](#) - April 29, 2025
- [Medicaid Coverage and Funding by Congressional District](#)

Learn about Medicaid in Colorado

- [Medical Assistance Coverage Fact Sheet](#) - March 2025
- [County Medicaid Fact Sheets](#) - updated annually with new fiscal year information, One-page fact sheets that provide a snapshot of key data for Medicaid in every county
- [Medicaid Coverage and Funding by Congressional District](#)
- [2024 Report to the Community](#)
- [Medicaid Sustainability Framework](#) - Jan 2025



Questions



Appendix

Effective Now:

Defunding Planned Parenthood

- Prohibits the use of federal funds for services rendered by certain providers of family planning services, primarily impacts Planned Parenthood
 - **Implementation Date:** Upon enactment, for one year
 - **Impact:**
 - Gaps in network adequacy
 - 1,000s of appointments canceled
 - 5,000+ Medicaid members have to change primary care providers
 - 10,000 members use Planned Parenthood for birth control, primary care, STI services

Effective Oct. 2026: Immigrant Eligibility Changes

- **New ‘Qualified Alien’ Medicaid/CHIP Restrictions**
 - Many refugees, asylees, victims of trafficking no longer eligible
 - **Implementation Date:** Oct. 1, 2026
 - **Impact:** ~7,000 lawful immigrants will lose full Medicaid coverage
 - Pregnant people and children exempt from change
 - Increase in Emergency Medicaid utilization

Effective Jan 2027: Expansion Population Impacts

- Six-month eligibility redeterminations for adults in the ACA expansion group
 - **Implementation Date:** effective Jan. 2027
 - **Impact:**
 - Increased bureaucracy and paperwork
 - 377K CO adults could face mid-year coverage loss
- Retroactive Coverage period shortened
 - Expansion adults: reduced from 3 months to 1 month preceding application
 - All other groups: reduced from 3 months to 2 months preceding application
 - **Implementation Date:** Jan. 2027
 - **Impact:** Approx. 30% of current new enrollees leverage some form of retroactive coverage. Results in uncompensated care for providers or medical debt for members

Effective in 2028: Coverage and Eligibility Provisions

- Home-equity limit updates for long-term-care eligibility
 - Non-ag homes: states may elect cap lower than \$1 million; national index cannot exceed \$1 million
 - **Implementation Date:** Jan. 1, 2028
 - **Impact:** Fewer people eligible for long term care services. Hospitals & SNFs absorb more uncompensated care
- Mandatory cost-sharing for expansion adults with income >100% FPL
 - Total cost sharing cannot exceed \$35 or more than 5% of the members income
 - **Implementation Date:** Oct. 2028
 - **Impact:** Around 60k members will be subject to cost sharing. Represents a rate cut to providers who are unable to collect the member copay

Other Eligibility Provisions

- Halts Certain Eligibility and Enrollment Final Rules through Sept. 30, 2034
 - **Impact:** Colorado worked on implementation over the last two years. Work must be undone or redirected.
 - **Implementation:** Upon Enactment
- Halts the Staffing Standards for Long-Term Care Facilities Final Rule through Sept. 30, 2034
 - **Impact:** We had not started implementation.
 - **Implementation:** Upon Enactment

Other Provisions, Continued

- Budget Neutrality: Requires Actuary certification of budget neutrality for every 1115 demonstration approved/renewed/amended on or after Jan. 1, 2027
 - **Implementation Date:** Jan. 1, 2027
 - **Impact:** 1115 waivers will be subject to increased scrutiny.
- Creates standalone §1915(c) waiver allowing needs-based HCBS without nursing-facility risk.
 - **Implementation Date:** July 1, 2028
 - **Impact:** We are awaiting further guidance to access the impact.

Administrative Change Provisions

- Death Master File
 - Members: Quarterly match to SSA Death Master File starting Jan. 1, 2027; automatic disenrollment
 - Providers: Quarterly match to SSA Death Master File starting Jan. 1, 2028; automatic disenrollment
- Duplicate-enrollment safeguards
 - By Jan. 1, 2027: each state must adopt a USPS/NCOA & managed-care address-matching process
 - By Oct. 1, 2029: states must transmit monthly SSN & identifier feeds to a new CMS database
- **Impact:** Colorado has implemented some processes within these provisions and will need to make adjustments to align with evolving federal guidance.

Administrative Changes, Continued

- Strengthens claw-backs
 - CMS will automatically recoup federal Medicaid funding when audits show that more than 3% of eligibility determinations have errors
 - **Implementation Date:** Oct. 1, 2029
 - **Impact:** If the federal audit finds >3 % of payments lack full eligibility proof, CMS will automatically recoup the overage. The waiver CMS often grants for “insufficient documentation” is capped, so Colorado could face repayments beginning after October 2029.

Effective Now: State Directed Payments & Uniform Tax

- Cap on State Directed Payments (SDP)
 - For **NEW SDPs**, sets ceiling on total payment (base rate + add-ons) to 100% of the Medicare rate. Legacy SDPs (submitted prior to enactment) can pull down the higher rate, with reductions beginning in Jan. 2028 at 10%/year until reaching the Medicare rate
 - **Implementation Date:** Rating periods after enactment
 - **Estimated Impact:** HCPF submitted two State-Directed Payment (SDP) proposals to CMS for review prior this bill's enactment. These proposals submitted in time to move forward as legacy SDPs.
 - Uniform Tax Waiver Tightening
 - Disallows rate differentials or exclusions tied to Medicaid utilization within any tax class
 - **Implementation Date:** Upon enactment and not to exceed 3 fiscal years
 - **Impact:** May require redesign of Hospital Provider Fee system

Other Financing Provisions

- Cap Federal Share for “Emergency-Only” Medicaid
 - Beginning Oct. 1, 2026, FMAP for services provided under emergency Medicaid may not exceed the state’s regular FMAP
 - **Impact:** Colorado recently implemented this provision and will cease receiving the enhanced FMAP 10/1/2026
- Sunsetting Increased FMAP Incentive
 - ACA expansion 5-pt FMAP incentive for newly expanded states sunsets 12-31-2025
 - **Impact:** No impact to Colorado