



Federal Medicaid funding changes will have devastating impacts

The House budget resolution instructs the Energy and Commerce Committee to cut \$880 billion over 10 years. According to the March 2025 analysis of the Congressional Budget Office, 93 percent of those cuts will have to come from the Medicaid program.

These cuts would decimate Colorado's state budget and state economy, cause significant harm to the health and economic security of the 1.1 million Coloradans enrolled in Medicaid, and could lead to closures of hospitals and clinics that are part of an already-frayed safety net.

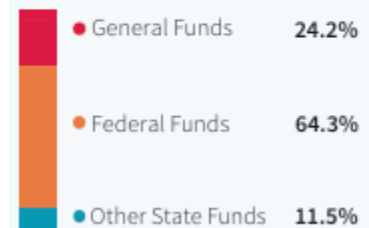
Background: The important role of federal Medicaid funding in Colorado's state budget

Colorado's budget for Fiscal Year 2024-2025 is \$43.6 billion

- **28.8%** of the overall budget comes from federal funding.
- **\$8.2B of the \$13.8B** spent on Medicaid in Colorado in 2024-25 is federal funding.

Almost 19 cents of every dollar in the state budget comes from federal Medicaid funds.

Medicaid by Fund Source,
FY 2024



Source: 2024 State Expenditure Report, National Association of State Budget Officers

The effects of federal funding cuts on Colorado's budget

If the planned cuts occur, Colorado's losses will amount to billions of dollars annually:

- Federal match < 50%: \$900M to 1.5B annually
- Per capita caps: \$1.34-1.51B annually
- Changes to provider fees: \$1.75B annually
- Reduced match for expansion population: \$1B annually.
- Work requirements: higher administrative costs to state, fewer federal dollars.

Projected plans would put a **\$4B+** hole in Colorado's already constricted budget. If cuts are distributed unevenly among states, losses could be deeper than projected.

Colorado will be unable to backfill budget shortfalls due to constitutional budget limitations (TABOR)

- **Colorado's Medicaid budget is already lean**, with per capita spending on Medicaid enrollees below national averages. In 2021, Colorado spent just \$5,961 per capita, compared to \$7,085 nationally.
- **Colorado is facing a \$1.1B deficit** for the 2025-26 fiscal year and anticipates shortfalls in FY 2026-27, adding to the impact of any federal losses.

Colorado families rely on Medicaid for essential services that no other coverage system can provide.

Over 420,000 Colorado children and 40% of all births are covered by Colorado Medicaid. Most children with special needs rely on Medicaid for coverage.

Medicare alone can't meet the needs of older Coloradans. Colorado Medicaid pays for 62% of the **older Coloradans who need nursing home care** because the average annual cost (\$108,000 a year in 2023) is too high for most. In 2022, Medicare households spent an average of \$7,000 out of pocket, but less-wealthy seniors can qualify for special Medicaid programs that help cover premiums and cost-sharing.

High uninsurance rates **for self-employed people** dropped steeply when Medicaid expanded.

Medicaid covers the home health services and supports that people with disabilities need to remain at home, work, and contribute to their communities. **Medicare and commercial plans don't.**

Working adults in low-wage jobs, adults pursuing training, or those who care for children or family members with disabilities can stay healthy with Medicaid, **without incurring medical debt.**



Medicaid cuts will limit access to services for all Coloradans.

Colorado's Safety Net is already in crisis and cannot function with less funding.

- Ten of the state's 43 rural hospitals are at risk of closing.
- Eighteen hospitals are operating with losses on services.
- Clinics that provide primary care and behavioral health services are cutting services and staff; more than half of community health centers have negative operating margins.

Our health system relies on Medicaid payments to keep its doors open. Without it, even Coloradans with coverage may have nowhere to go for care.

Budget documents: <https://leg.colorado.gov/sites/default/files/fy25-26brfsum-12-30-24-a.pdf>

Enrollment data: https://hcpf.colorado.gov/sites/hcpf/files/2025%20March%2C%20Joint%20Budget%20Committee%20Monthly%20Premiums%20Report_0.pdf; <https://smallbusinessmajority.org/our-research/healthcare/small-businesses-see-significant-gains-aca>

Federal analysis: <https://www.kff.org/quick-take/the-math-is-conclusive-major-medicaid-cuts-are-the-only-way-to-meet-house-budget-resolution-requirements/>

Medical debt: <https://www.kff.org/medicare/issue-brief/what-are-the-consequences-of-health-care-debt-among-older-adults/>
<https://www.healthsystemtracker.org/brief/the-burden-of-medical-debt-in-the-united-states/#Share%20of%20adults%20who%20have%20medical%20debt,%20by%20demographics,%202021>

Nursing home care: <https://ltsschoices.aarp.org/scorecard-report/2023/dimensions-and-indicators/nursing-home-cost>

Safety net resources: <https://www.saveoursafetynet.org/in-the-news/colorado-health-care-orgs-the-stage-is-set-for-disaster-in-2025>