

# MEDICAID CUTS AND CAPS HURT COLORADO COMMUNITIES

**Medicaid provides essential health coverage for more than a million Coloradans who need access to care, including individuals with disabilities and chronic illnesses, residents of rural communities, small business owners, and families.** Without reliable access to care, Coloradans will be unable to afford essential care and will get sicker.

- One in five (more than 1.3 million) Coloradans are enrolled in Health First Colorado (Colorado's Medicaid program) or Children's Health Insurance Program (CHIP).
- Medicaid covers more than 40% of children and births in the state.
- Three in 10 Coloradans with disabilities are covered by Medicaid.
- The majority of adult Medicaid members in Colorado are employed (65%).

**Medicaid makes people healthier and helps children thrive.** A vast amount of research demonstrates its positive impact on a wide range of health and economic outcomes.

- Eligibility expansions for pregnant women led to earlier initiation of prenatal care and reductions in low birthweight and infant mortality.
- Eligibility expansions for children were associated with significant increases in the probability that children have an annual "well child" physician visit and important preventive care, such as vaccinations.
- Medicaid eligibility for children has also been found to improve educational outcomes, which contributes to better health and higher employment and earnings as adults. This generates increased tax revenues and lowers future public assistance costs.
- The benefits of children growing up into healthier and more economically secure adults may extend to the next generation. Mothers enrolled in Medicaid during early childhood themselves were found to give birth to healthier children.

**Medicaid expansion has also improved outcomes.**

- Medicaid expansion is associated with improvements in overall self-reported health among adults with low incomes. Among people with chronic disease, it is associated with improved access to care, better health outcomes and disease management, and decreased mortality.
- Coverage through Medicaid expansion also led to reductions in unpaid bills and medical debt, which translated to improved credit scores and reduced rates of bankruptcy.
- States that expanded Medicaid saw reductions in uncompensated care costs for hospitals and clinics, and a growing number of studies show an association between expansion and gains in employment as well as growth in the labor market.

**Cuts and caps to Medicaid funding would hurt individuals, employers, and the state budget.**

**Maintaining the current federal funding and match rate for Medicaid and CHIP is critical to its success in Colorado.** Cutting Medicaid funds through reductions in the Federal Medical Assistance Percentage (FMAP), block grants, per capita funding, or work requirements would lead to people losing eligibility, benefit cuts, and/or providers would have to reduce services or shut down.

- Cutting federal Medicaid funds would create a funding gap that Colorado would have to fill to maintain current health care services. To compensate, the state would likely face difficult choices: reducing Medicaid program benefits or provider rates, seeking approval from voters for a tax increase, or cutting funding for essential services like schools, roads, and public safety. Less funds for provider payments would exacerbate provider shortages, especially in rural communities, and make it even more difficult for Coloradans to access timely and quality care across the state.
- In 2023, Colorado spent \$13.6 billion on Medicaid, with \$8.6 billion (more than 60%) funded by the federal government. The state budget alone cannot sustain the current scope of Medicaid coverage without substantial federal support.
  - More than 91% of federal Medicaid spending goes to paying for enrollees' health care, not administrative overhead.
- The Congressional Budget Office estimates that long-term fiscal effects (higher income and tax revenues) of Medicaid spending on children can offset half or more of the initial Medicaid spending.

**Providers could face dire financial situations if Medicaid is cut.** Health care is a critical sector of Colorado's economy and one of the state's largest employers, but there is already financial strain on health care jobs.

- Currently, 65% of Colorado community health centers (CHCs) operate with negative margins. Several CHCs have begun consolidating clinic sites, closing school-based health center locations, and making layoffs. Almost 50% of CHC patients in Colorado have Medicaid. Cutting Medicaid funding will result in CHC closures and make it even more difficult for low-income Coloradans to access health care.
- Safety net behavioral health providers in Colorado also operate in a tenuous financial situation. Medicaid accounts for an average of 50% of community mental health center (CMHC) funding – more in some places, including many rural areas. Cuts to Medicaid could have dire consequences, as CMHCs are often the only mental health care provider in rural communities.
- Medicaid reduces the uncompensated care burdens of hospitals and improves their operating margins. Since expanding Medicaid, hospitals and other providers have seen improvements in their payer mix (a decline in uninsured patients and/or an increase in patients covered by Medicaid) and an increase in their overall revenue. Since its expansion, Medicaid is especially important to rural hospitals, whose operating margins are often so low that uncompensated care costs (higher when more people in the area lack insurance) can prove catastrophic.

**Protecting Medicaid means prioritizing the well-being of Colorado families, children, individuals, and communities.**

## Resources

- Department of Health Care Policy and Financing (HCPF) SMART Act Hearing Joint Health and Human Services Committees: [hcpf.colorado.gov/sites/hcpf/files/2025 HCPF SMART Act Hearing.pdf](https://hcpf.colorado.gov/sites/hcpf/files/2025%20HCPF%20SMART%20Act%20Hearing.pdf)
- Kaiser Family Foundation Medicaid in Colorado Fact Sheet: [files.kff.org/attachment/fact-sheet-medicaid-state-CO](https://files.kff.org/attachment/fact-sheet-medicaid-state-CO)
  - The Effects of Medicaid Expansion Under the ACA: Studies from January 2014 to January 2020: [kff.org/medicaid/report/the-effects-of-medicaid-expansion-under-the-aca-updated-findings-from-a-literature-review](https://kff.org/medicaid/report/the-effects-of-medicaid-expansion-under-the-aca-updated-findings-from-a-literature-review)
- Office of the Assistant Secretary of Planning and Evaluation (ASPE) Medicaid: The Health and Economic Benefits of Expanding Eligibility: [aspe.hhs.gov/reports/benefits-expanding-medicaid-eligibility](https://aspe.hhs.gov/reports/benefits-expanding-medicaid-eligibility)
- Center on Budget and Policy Priorities (CBPP) Medicaid Frequently Asked Questions: [cbpp.org/research/health/medicaid-expansion-frequently-asked-questions-0](https://cbpp.org/research/health/medicaid-expansion-frequently-asked-questions-0)

