

**COLORADO**Department of Health Care  
Policy & Financing303 E. 17th Ave. Suite 1100  
Denver, CO 80203

# FY 2026-27 HCPF Budget Agenda Summary

*October 31, 2025*

Below is a summary of the Colorado Department of Health Care Policy & Financing's (HCPF) discretionary budget requests submitted to the Colorado General Assembly for consideration as part of the Governor's Fiscal Year (FY) 2026-27 budget, which runs from July 1, 2026 - June 30, 2027. R-01 through R-05 are HCPF's budget requests based on projected caseload and are not captured below. Those projections are updated through the supplemental and other budget processes.

HCPF's proposed annual budget for FY 2026-27 is \$20.6 billion in total funds, including \$5.99 billion General Fund. This represents an increase of \$2.3 billion in total funds including a \$413 million increase in General Fund. About 96% of total funds allocated to HCPF goes to providers, who are caring for our members, in the form of payments. The funding allocated to HCPF in the Governor's FY 2026-27 budget request represents 32% of available General Fund for the entire state budget.

In order to blunt HCPF's growth trends, the budget also includes a reduction of \$537 million in total funds, including \$217 million General Fund; to clarify, FY2026-27 budget of \$20.6 billion total fund, including \$5.99 billion General Fund, is net of the \$537 million total fund and \$217 million General Fund reductions. The year over year net budget increase in total funds with the reductions is 12.6%, and would have been 15.6% without them. The year over year net budget increase in General Fund with the reductions is 7.4%, and would have been 11.3% without them. Our cost trends are clearly a continuing challenge.

Stakeholders should expect additional reductions to be released in January 2026 through the supplemental and budget amendment processes, impacting both FY2025-26 and FY2026-27. The January reductions will further blunt unsustainable Medicaid trends and help achieve a longer term goal of bringing Medicaid cost trends more in line with TABOR.

HCPF's budget recognizes the need for Colorado to balance its budget in light of the state's structural budget deficit fueled by Medicaid's unsustainable trend levels, TABOR revenue limits, revenue reductions due to H.R.1 that resulted in the August Special Session, and future H.R.1 federal funding reductions like the Provider Tax, which increases payments to hospitals and finances coverage for Medicaid Expansion members, CHP+ Expansion members and the Disability Buy In Population. We will continue to work with stakeholders to leverage the [Medicaid Sustainability Framework](#) as we navigate this difficult chapter.

Additional [detail on each request](#) is also available. The budget requests begin the process, but the budget becomes final after the Colorado General Assembly passes the "Long Bill" and the Governor signs it into law.



## Budget Requests

### R-06 Executive Order and Other Spending Reductions

H.R. 1 reduces the total State revenue by over \$1.2 billion in the current Fiscal Year 2025-26 (FY 2025-26). It puts Colorado's budget roughly \$800 million out of balance and reduces State revenue by approximately \$700 million in FY 2026-27 and FY 2027-28. On Aug. 28, 2025, Governor Polis signed [Executive Order D25 014](#) to reduce General Fund expenditures and bring Colorado's budget back into balance for the current fiscal year, FY 2025-26. In alignment with [HCPF's Medicaid Sustainability Framework](#), the Governor directed HCPF to enact additional budget reduction measures that target Medicaid trend drivers, reduce Medicaid spending, and help balance the state budget. On Oct. 31, 2025, the Governor issued [Executive Order D2025 020](#) which extended and amended [Executive Order D25 014](#) to make additional FY2025-26 reductions, which include \$13.2 million in new General Fund reductions (\$41.1 million in total funds) to HCPF. All reductions included in the original version of the Executive Order, signed Aug. 28, 2025, are extended and remain in effect. HCPF is requesting that all reductions be extended into State Fiscal Year 2026-27 (FY2026-27). The extended reductions and the new, additional reductions are all detailed in the [FY2026-27 R-06 Budget Request](#) or can be reviewed in the [FY25-26 HCPF Budget Reduction Items Fact Sheet](#).

**FY 2026-27 Budget Impact:** Reduction of \$530,764,041 million total funds, including a reduction of \$196,124,715 million General Fund and 7 FTE.

### R-07 Driving Efficiencies in Benefit Services Delivery (“Shared Services”)

Forthcoming changes to federal programs supervised by HCPF and the Colorado Department of Human Services (CDHS) increase concerns about the ability of Colorado's current county-administered model to meet the needs of the state's most vulnerable citizens.

Greatly increased/new work requirements, twice-yearly renewals, and decreased funding are among the concerns for Colorado's important safety net programs, such as Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and Temporary Assistance for Needy Families (TANF). Additionally, a greater emphasis on accuracy as well as Fraud, Waste, and Abuse (FWA) by the federal government creates new challenges for the current system structure to address, and demands states (and counties) contribute more financial resources, which puts increased pressure on the General Fund. Regardless of any new federal changes that lie ahead, the county-administered system already struggles with a structure that is sometimes inadequate to meet current demands.

Referred to as shared services, the Department proposes to consolidate, through a contract with one county per shared service, certain eligibility and administrative functions across all 64 counties and Medical Assistance (MA)/Eligibility Application Partner (EAP) sites, and to provide county support for compliance and call centers. It incorporates State-level investments to support certain shared administrative services to help all counties increase efficiency, improve performance, combat fraud, waste, and abuse (FWA), and address member and provider service inconsistencies and complaints.



Each service will be managed by the Department through separate contracts, and there will be a procurement process to determine which counties will be selected as a shared service county contractor. HCPF and CDHS propose moving the following four services into a Shared Services model:

- Tier 1 Call Center - Answer eligibility calls for CBMS programs, including the ability to accept applications, renewals, and case changes over the phone. (HCPF and CDHS)
- Central Scanning Unit - Scan all case documents into the State's central document repository, which improves automation, accuracy and efficiency. (HCPF and CDHS)
- Medical Assistance Quality Assurance Unit - Conduct Medical Assistance case reviews to assist in meeting federal Payment Error Rate Measurement (PERM) requirements. (HCPF only)
- Member Case Integrity Unit - Monitor and recoup reimbursements if appropriate member fraud is found. (HCPF only)

**FY 2026-27 Budget Impact:** \$16,626,704 million total funds, including \$1,503,264 million General Fund and 3.0 FTE.

## R-08 Colorado Single Assessment Implementation

Senate Bill 16-192 (SB16-192), "Assessment Tool Intellectual And Developmental Disabilities," required the state to develop and launch a single assessment tool, the Colorado Single Assessment (CSA), and a corresponding Person Centered Support Plan (PCSP) for all individuals seeking or receiving long-term services and supports (LTSS). However, SB 16-192 only provided funding for the first year of the CSA, and the Department needs ongoing funding for this new, more expansive assessment and person-centered support planning process.

The Department is requesting ongoing funding for the assessment to true up SB 16-192, which provided the Department with funding for only the first year of the CSA. Because the current rollout plan for the CSA and PCSP is gradual over the first year, this request includes a reduction in funds for year one and a request for funds in subsequent years. The Department is requesting funding to support the implementation of the new CSA and Person-Centered Support Plan (PCSP), and to address and oversee any potential system issues that may arise after launch. This request will not only bring the Department into compliance with SB 16-192, but will also ensure greater standardization, objectivity, transparency, and equity in how service needs are identified and service planning is completed across Colorado's Home and Community Based Services (HCBS) waivers.

**FY 2026-27 Budget Impact:** Reduction of \$11,668,682 million total funds, including \$6,192,265 million General Fund and adding 2.7 FTE.

## R-09 Provider Directory Compliance

Colorado Medicaid is currently not in compliance with the federal provider directory requirements set forth in the Consolidated Appropriations Act of 2023. The Centers for Medicare & Medicaid Services (CMS) now requires states to publish provider directories that are accurate, mobile-accessible, culturally competent, and updated at least quarterly. The Department's existing system lacks the required application programming interfaces to drive the directory and some additional directory data points needed to comply with federal standards.



The Department requests funding to implement a comprehensive, real-time provider directory platform that complies with federal law. This request advances equitable access to care by improving provider search capabilities for rural members, people with disabilities, and those needing culturally competent care. This request also includes a budget-neutral shift of funding from the Office of Information and Technology (OIT) Common Policy line to the General Professional Services (GPS) line to hire a vendor to enhance member experience.

**FY 2026-27 Budget Impact:** \$5,955,875 million total funds, including \$451,455 General Fund.

## R-10 Administrative True Up

The Department is addressing two operational needs through this request. First, the Department's Third-Party Liability (TPL) program currently relies on post-payment recovery and vendor contracts to identify other insurance coverage. This approach is less efficient than prepayment cost avoidance methods. To modernize operations, the Department must enhance its Medicaid Management Information System (MMIS) functionality and add internal staff support. Second, Disability Determination Services has seen annual increases in application volume without a corresponding increase in funding. This has inhibited the vendor's ability to meet timeliness requirements.

The Department requests reallocating funds from the Third-Party Liability contract line to the MMIS contract line to support the expansion of direct carrier data, pre-claim editing, and post-payment recovery functionality. The Department requests additional funds for Disability Determination Services to increase capacity and ensure timely disability determinations for members.

**FY 2026-27 Budget Impact:** \$1,381,021 million total funds, including \$55,402 General Fund and 1.8 FTE.

## R-11 Resources to Support Client Services and Trust Determinations

The Department is experiencing increasing demand for Salesforce and System Operations Support in Client Services. In addition, the Eligibility Trust Determinations Access tracking was converted and modernized to the Salesforce environment without an increase in user Salesforce support licenses, data storage, and staff to maintain and support the modernized Salesforce systems.

The Department proposes adding more Salesforce licenses, data storage, and staff to manage system changes, contracts, and operational demands for the Salesforce and Five9 systems, and for the Salesforce Trust system modernization management. This request will directly support system administration, improve system reliability, improve member communication, provide access to member files, and expedite eligibility trust review with an automated system.

**FY 2026-27 Budget Impact:** \$700,171 total funds, including \$223,725 General Fund and 1.8 FTE.

## R-12 Long-Term Home Health Staffing



Long-Term Home Health (LTHH) services for Health First Colorado members will now require a medical necessity review before authorization. Prior authorization requests (PARs) for LTHH have been turned off for several years due to a variety of operational and policy challenges. During this PARs pause, data show a significant increase in both the number of members accessing LTHH services and the hours utilized. Reinstating medical necessity reviews is expected to result in more service denials and increased member appeals. The Department anticipates ongoing implications for LTHH policy.

The Department proposes to hire one permanent FTE to support LTHH policy oversight and innovation and one term-limited FTE to process member appeals. This request meets supplemental criteria because timelines for implementing medical necessity reviews were finalized in late 2024.

**FY 2026-27 Budget Impact:** \$95,738 total funds, including \$31,237 General Fund and 1.0 FTE.

### **R-13 Denver Health Physician State Directed Payments**

The Department lacks spending authority to make state directed payments (SDP) to Denver Health's Elevate Medicaid Choice Managed Care Organization (MCO) for physician services provided by physicians employed by Denver Health to Medicaid members enrolled in Elevate Medicaid Choice. Without this spending authority, available federal funds would not be accessed and an opportunity to financially support Denver Health would be missed.

By providing the Department with additional spending authority, contingent on federal approval, an annual supplemental payment to Denver Health's Elevate Medicaid Choice can secure access to services for some of Colorado's most marginalized and underserved communities who use Colorado's largest safety-net hospital.

**FY 2026-27 Budget Impact:** Increase of \$11,331,455 million total funds, including \$0 General Fund.

### **R-14 Pharmacy Changes**

Currently, there is only one pharmacy that provides Total Parenteral Nutritional (TPN) services to pediatric Medicaid patients, creating a tenuous access-to-care environment and geographic barriers for members in need of these services. Additionally, Colorado Medicaid is experiencing a decline in the number of providers able to treat members for chronic pain, which results in declining member health and other detrimental impacts for members.

The Department proposes increasing the dispensing fee of \$235.86 per claim, which is intended to incentivize other pharmacies to begin providing TPN services for pediatric Medicaid patients. For chronic pain, the proposed solution is to continue funding for one Department FTE managing the Department's pain management centers of excellence program largely serving people with disabilities as well as for vendor services that serve to educate providers on chronic pain management.

**FY 2026-27 Budget Impact:** \$906,058 total funds, including \$298,495 General Fund and 1.0 FTE.

## R-15 Office of Community Living Payment Methodology

In response to ongoing federal budget reductions to Medicaid and the state's structural budget deficit, the Department has reviewed benefit and payment policies to ensure strong fiscal stewardship and long-term sustainability. This analysis has prioritized access to critical community-based services while identifying areas for responsible utilization management and system efficiencies. The Department remains committed to delivering high-quality care while aligning expenditures with available resources and preserving the integrity of the Medicaid program for future generations.

HCPF proposes to update and innovate the Private Duty Nursing (PDN) payment methodology by establishing a per-diem blended rate and implementing an acute care period. For Long Term Home Health (LTHH), the Department proposes to convert LTHH rates to better align payments with the actual duration of services provided, and add group rates for certain services. Specifically, CNA services would be billed at 15-minute increments, and all therapy services (physical, occupational, speech) would be billed in 30-minute increments. When select services are provided to multiple members by one person at the same time in the same setting, a new group rate would apply. The Department also requests resources to develop and implement a new strategy for services that have negotiated rates for the Developmental Disabilities (DD) residential waiver and the Children's Habilitation Residential Program (CHRP) waiver.

**FY 2026-27 Budget Impact:** Reduction of \$26,583,318 million total funds, including a reduction of \$13,670,428 million General Fund and 1.0 FTE.

## R-16 HB22-1302 Funding True Up

The Department has \$800,000 in unspent administrative funds from [HB 22-1302 Health-Care Practice Transformation](#). These funds were originally appropriated to support internal operations for administering the Integrated Behavioral Health Grant Program, which was established to expand access to integrated behavioral health care. As administrative activities wind down, the funds are not needed in FY 2026-27.

**FY 2026-27 Budget Impact:** \$0 total funds, including a reduction of \$800,000 General Fund.

## R-17 Office of Community Living Benefit Adjustments - Community Connector

The Community Connector Services are intended to support children with significant disabilities to meaningfully participate in their communities. The utilization of these services has increased by 620% from FY 2018-19 to FY 2023-24, representing an average year-over-year increase of 124%. To ensure the sustainability of this service, the Department is proposing several changes. In reviewing the authorizations for this service, it is clear that, in many circumstances, the service has been used to support typical community access. This was most evident among non school age children, for whom community engagement is a typical parental responsibility. To ensure appropriate authorization and the program's overall sustainability, the Department requests to indicate that this benefit is intended for school age children who have an assessed need for additional support to access and engage in the community.

**FY 2026-27 Budget Impact:** Reduction of \$5,229,320 total funds, including a reduction of \$2,632,702 million General Fund.



## R-18 Acute Care Benefit Adjustments

Within the Acute Care Benefit, the Department has the opportunity to improve care, implement appropriate utilization controls, and improve support for Rural Health Clinics.

The Department requests to implement four initiatives within the acute care benefit structure: provide coverage for 3D mammograms to improve early breast cancer detection and health equity; rebalancing reimbursement rates by lowering the Federally Qualified Health Centers (FQHC) encounter rates and increasing support to freestanding Rural Health Clinics (RHC).

**FY 2026-27 Budget Impact:** \$635,758 total funds, including \$128,456 General Fund.

## R-19 Office of Community Living Long Bill Reorganization

The Department administers nine Home and Community-Based Services (HCBS) waivers. Part of the waiver programs are funded under the Department's Medical Services Premiums (MSP) appropriation, while others are funded under the Department's Office of Community Living (OCL) line item. This separation of funding sources places an administrative burden on the Department when moving funds between appropriations to pay contractors and reconcile accounting transactions at the end of the fiscal year. Additionally, the implementation of Community First Choice (CFC) will add another level of difficulty in tracking and reporting expenditure for members accessing both Community First Choice (CFC) services and waivers that serve members with an Intellectual or Developmental Disability simultaneously.

The Department is requesting to reorganize the Long Bill and move funding and staff for the OCL program line items and the OCL administrative line items into the Medical Services Premiums (MSP) and the Executive Director's Office (EDO) long bill groups, respectively, to help streamline and coordinate administrative and fiscal processes. The Department is also requesting that the state-only line items currently in OCL be consolidated into a single line item.

**FY 2026-27 Budget Impact:** No fiscal impact or cost to this proposed reorganization.

## R-20 CHP+ Trust Fund Technical Adjustments

CHP+ Trust Fund dollars—sourced from 18% of Colorado's Tobacco Master Settlement Agreement—are currently spread across multiple Department line items, making reconciliation complex and error-prone. Starting in FY 2026-27, the Department proposes to move all CHP+ Trust Fund appropriations to the Children's Basic Health Plan Medical and Dental Costs line. To preserve administrative funding, an equal amount of General Fund will shift from that line back into the impacted administrative lines.

**FY 2026-27 Budget Impact:** This is a zero-dollar technical change. CHP+ Trust Fund authority will move into a single programmatic line, with matching General Fund reallocated to maintain funding for administrative lines. The request does not affect FTE, requires no statutory changes, and maintains current funding levels.

**For More Information Contact:**

[Jo Donlin](#), Legislative Liaison, 720-582-9845, [jo.donlin@state.co.us](mailto:jo.donlin@state.co.us)

