



The OBBBA and Potential Colorado Impacts

On July 4, President Trump signed the budget reconciliation bill, the One Big Beautiful Bill Act (OBBBA), a package that enacts many of the administration's priorities on tax cuts, immigration, energy, and health care.

What you need to know:

For Colorado hospitals and health systems, here are the key provisions that may affect your organization as the bill's components take effect over the next several years. Additional details on these provisions and others can be found in the linked resources.

Policy	Potential Impact	Effective Date
<i>"Reducing Fraud and Improving Enrollment Processes"</i>		
Redetermination: Requires states to redetermine Medicaid eligibility every six months for Medicaid expansion population adults	HCPF estimates about 377,000 Coloradans would be subject to these redetermination requirements ¹	<i>Jan. 1, 2027</i>
No federal funds without verified citizenship: Prohibits federal participation for any Medicaid or CHP+ expenditures for individuals whose citizenship, nationality, or a qualifying immigration status has not yet been verified	HCPF said this provision would result in shifting the financing for costs incurred from Medicaid funding (state and federal) to state-only funds, if the state continues to provide medical assistance ¹	<i>Oct. 1, 2026</i>
<i>"Stopping Abusive Financing Practices"</i>		
Provider fees/taxes: Freezes existing provider taxes (e.g., Colorado's CHASE Fee) at the date of enactment; will decrease the upper payment limit threshold by 0.5% each year starting in fiscal year (FY) 2028 until it reaches 3.5% in 2032 <ul style="list-style-type: none">On July 3, Colorado's Medical Services Board approved language to move the fee portion of the CHASE Fee to the upper payment limit of 6% in order to lock in the maximum federal match rate	CHA estimates this will result in \$10.4 billion in lost federal matching funds for the CHASE Fee over the five years (2028-32)	<i>Reductions start FY 2028</i>
State Directed Payments (SDP) programs: Limits the total payment rate for SDPs from the average commercial rate to Medicare payment rates; grandfathers SDPs if a preprint was submitted to CMS prior to bill enactment <ul style="list-style-type: none">On June 27, HCPF submitted Colorado's preprint for an SDP program in order to be overed by the grandfather clause, if approvedThe CMS decision could take several months match rate	The changes to the payment rate for SDP programs could impact the amount of benefit available if Colorado's program is approved; CHA is still evaluating	<i>Changes to approved SDP programs begin Jan. 1, 2028</i>
<i>continued</i>		

Policy	Potential Impact	Effective Date
<i>“Increasing Personal Accountability”</i>		
Work requirements: Adds work requirements of 80 hours per month for certain nonpregnant, nondisabled adult Medicaid beneficiaries	HCPF estimates 377,000 Coloradans could be at risk of losing coverage, and administration costs would exceed \$57 million per year ²	<i>Dec. 31, 2026</i>
Cost sharing requirements: Requires Medicaid expansion enrollees with incomes above 100% of the federal poverty level to pay up to \$35 in cost sharing per service	HCPF estimates 60,000 Coloradans would be subject to this requirement	<i>Oct. 1, 2028</i>
<i>“Preventing Waste, Fraud, and Abuse”</i>		
Verification of eligibility for premium tax credit: Prohibits individuals from claiming the premium tax credit if eligibility related to income, enrollment, or other requirements are not verified annually	Connect for Health Colorado projects this could cost Coloradans \$68 million and reduce coverage for 23,000 customers ³	<i>Jan. 1, 2028</i>
<i>“Protecting Rural Hospitals and Providers”</i>		
Rural stabilization fund: Creates a \$50 billion fund, to be paid out at \$10 billion annually from 2026-30 to eligible providers of rural health care; states must apply for an allotment of these funds	Half of the funds will be divided amongst the 50 states; the remaining funds will be distributed at the discretion of CMS; funding available to hospitals will be dependent on eligibility, payment criteria, and state-specific requirements	<i>Begins FY 2026</i>

Resources:

- [Alston & Bird Bill Summary](#)
- [Alston & Bird – Health Care Provisions by Implementation Date](#)
- [AHA Legislative Advisory](#)
- [HCPF Overview and Projected Impacts](#)
- [KFF: Allocating CBO’s Estimates of Federal Medicaid Spending Reductions and Enrollment Loss Across the States](#)

CHA statement:

On behalf of Colorado’s hospitals and health systems, we are deeply disappointed by the passage of the One Big Beautiful Bill Act. The bill’s devastating cuts to our health care system will affect all Coloradans.

In Colorado alone, we anticipate that more than **150,000 Coloradans will lose health insurance coverage**, and hospitals and health care providers will face more than **\$10 billion in cuts over the next five years.**

These aren’t abstract numbers – they mean fewer nurses at the bedside, longer ER wait times, closed maternity units, and entire hospitals at risk of shutting their doors. This bill did not use a scalpel to trim inefficiencies. It swung a sword – slashing through vital programs that serve vulnerable patients, sustain rural communities, and protect access to care.

Today, most Colorado hospitals have thin or negative operating margins. The OBBBA will only accelerate the problem. When hospitals treat more uninsured patients while getting paid less, the result is predictable:

- **More closures** of essential services and facilities
- **Longer wait times** and delayed care (for everyone)
- **Lost jobs** and weakened local economies
- **Worsening health outcomes** across our state

As we navigate this uncertainty, CHA and our hospitals will not lose sight of our goal to advance the health of Colorado’s communities. We will work with policymakers, community leaders, and all stakeholders to chart a path forward to protect our patients, preserve access to care, and fight for the future of health care in Colorado.

¹ https://hcpf.colorado.gov/sites/hcpf/files/HCPF_CO_Medicaid_Insights_and_Potential_Federal_Reduction_Impacts_7-2.pdf

² https://hcpf.colorado.gov/sites/hcpf/files/Work_Requirements_Fact_Sheet.pdf

³ <https://c4-media.s3.amazonaws.com/wp-content/uploads/2025/06/13094609/Budget-Reconciliation-One-Pager-3.pdf>