



## October 2024 Update to Policymakers: Colorado's Safety Net Crisis & Medicaid Disenrollment

An urgent issue that crosses all sectors of the safety net is Medicaid disenrollment. Accordingly, this piece does a deep dive into that issue and some recommendations for addressing it. Additional pressures not addressed in this document are also impacting safety net providers in various other ways.

### 5 KEY TAKE-AWAYS



1

Colorado is among **the worst states in the country for disenrolling Medicaid members** following the COVID crisis. Further, a significant portion of Coloradans who lost their Medicaid coverage did so for procedural reasons, not eligibility reasons - meaning they are being denied health care benefits to which they are entitled under federal law.



2

The **loss of Medicaid coverage is driving increases in number of uninsured** Coloradans seeking health care services. Losing coverage is devastating for vulnerable Coloradans and the increasing number of uninsured is financially unsustainable for the health care safety net that serves them.



3

This crisis impacts not only Medicaid clients and health care providers who serve them, but the broader Colorado economy, as **Medicaid is a critical piece of the health care sector** and health care is a major industry in our state and a critical employer, particularly in rural communities.



4

This is an urgent situation: If policymakers don't act soon to stabilize the health care safety net and address Medicaid enrollment challenges, **our state will lose critical health care infrastructure** that will be costly, if not impossible, to rebuild.



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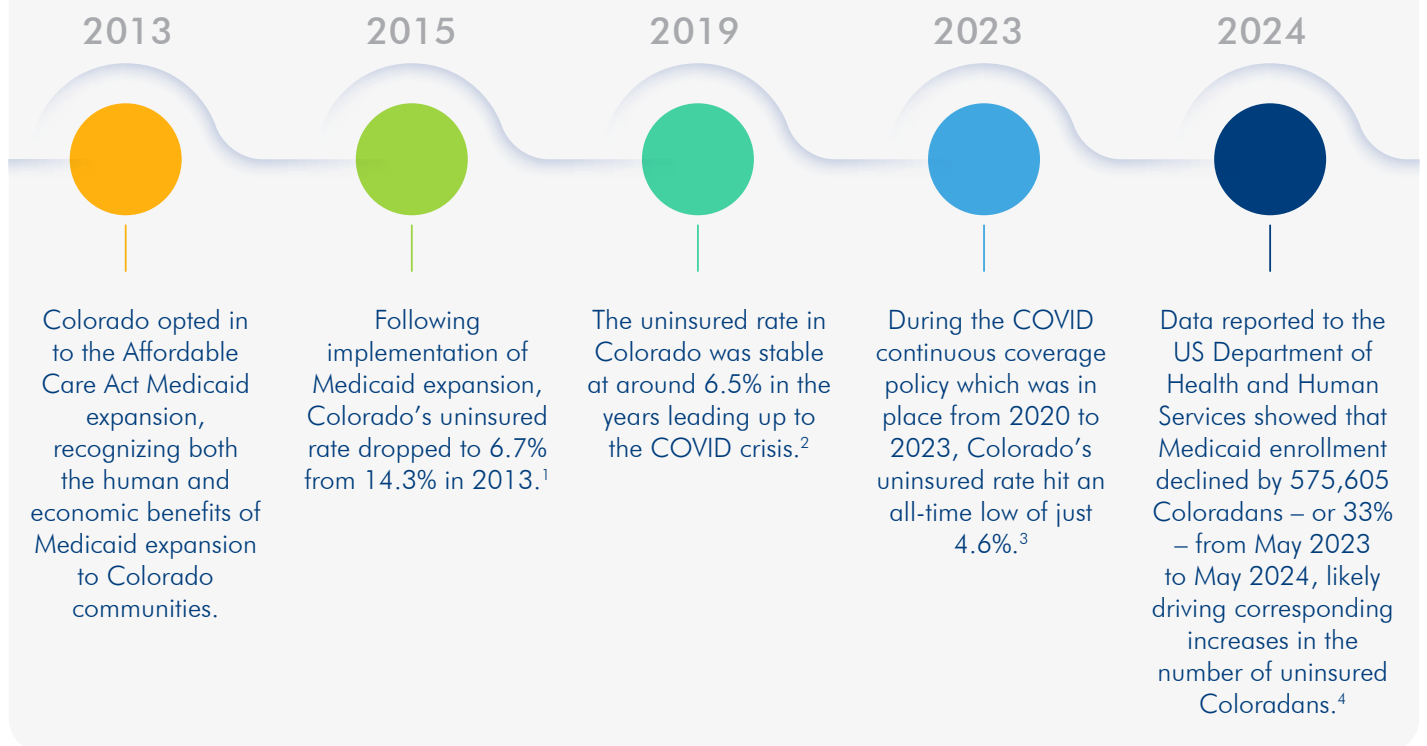
A broad and diverse group of health care providers, consumer advocacy groups, business interests and local governments – stakeholders that are not typically aligned on health care policy issues – is eager to partner with the state to stabilize our safety net and ensure Coloradans who are Medicaid eligible get the benefits to which they are entitled. To that end, **we have identified six priorities for initial focus.**



## HOW DID WE GET HERE?

Over the last 15 years, Colorado has made strategic investments – of public, private and philanthropic dollars – to strengthen our health care safety net. But the state’s challenges in predicting the course of the unwind, and acting quickly to mitigate them, have jeopardized patients and providers and threatened that progress.

### MEDICAID TIMELINE



In 2020, the U.S. Department of Health and Human Services declared a public health emergency (PHE) in response to the outbreak of COVID-19. Congress passed legislation under which anyone enrolled in Medicaid (Health First Colorado, locally) was guaranteed to keep their health coverage during the PHE. This is known as the “continuous coverage” requirement, and it also applied to kids and pregnant people covered by the Children’s Health Insurance Plan (CHIP - Child Health Plan Plus or CHP+, locally). At the end of 2022, Congress passed a bill ending the continuous coverage requirement, effective on May 11, 2023. This meant that all 1.7 million members of Health First Colorado and CHP+ had to go through a redetermination process to assess if they still qualified for coverage. That 14-month process started in March 2023.

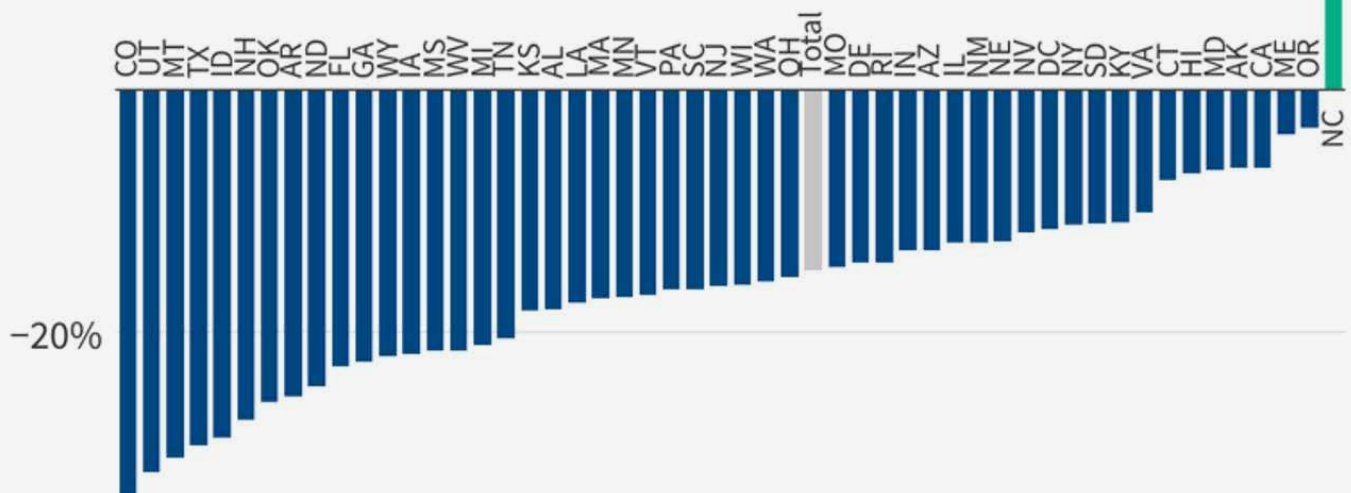


It would be logical to assume that coming off the continuous coverage policy, a portion of Coloradans enrolled in Medicaid would no longer be eligible for the program and lose coverage. HCPF estimated that more than 325,000 Medicaid members would no longer be eligible following their eligibility review. **In fact, Medicaid enrollment in Colorado declined by 575,605 people from May 2023 to May 2024 - more than 33%.** That is enough people to fill Mile High Stadium more than 7.5 times.<sup>5</sup> And, according to analysis from by the Kaiser Family Foundation, **it is the largest net Medicaid enrollment decline in the country.**<sup>6</sup>

## Colorado has the largest net Medicaid enrollment decline in the country at 33.4%

Enrollment 2023 - 2024

Source: KFF, Medicaid enrollment and unwinding tracker, Sept. 12, 2024



*"I've tried to do things in the Medicaid app like I'm told I should, but I get so flustered. They make those apps as confusing as their letters. If you put one wrong thing, they are going to deny you. And honestly, it starts to feel like that's what they want. It's just wrong."*

~ Lola Milo, mother, wife and former Medicaid member



Children are one of the key populations that Medicaid serves and they have also lost Medicaid coverage at alarming rates. In fact, **Colorado was one of ten states that had lower child Medicaid/CHIP enrollment in December 2023 than before the pandemic.**<sup>7</sup>

Perhaps most concerning, experts estimate that 65% of Coloradans who were disenrolled from Medicaid lost coverage due to administrative barriers such as:



Application processing delays



Never receiving enrollment packet



Onerous enrollment requirements

*These are all issues that could be readily rectified but instead, they resulted in Medicaid members being denied benefits for which they are eligible.*<sup>8</sup>

## FACTS WE CAN AGREE ON

In the months since providers and advocates first began sounding the alarm about steeper and deeper rates of disenrollment, HCPF has put forward contrasting numbers. Regardless of which data points you reference, these general trends hold true:



**Hundreds of thousands** of Coloradans lost Medicaid coverage in 2024



Colorado's net Medicaid enrollment loss and Colorado's disenrollment rates are **among the highest in the country**



A significant portion of Coloradans who lost Medicaid coverage did so **due to procedural reasons** and, as a result, have lost health care benefits for which they are eligible

We chose the data referenced in this report because (a) it has been reported to the US Department of Health and Human Services and (b) it enables state-by-state comparative analysis so we can understand how Colorado is faring relative to other states.



## COMMUNITY IMPACTS OF THIS CRISIS

While there is work to do to sort out the data so we can most accurately assess the challenges and develop an effective plan to address them, the practical and real-life impacts of this drastic drop in Medicaid coverage are being felt in communities across the state.

### INCREASE IN UNINSURED

- Colorado hospitals have seen over a **50 percent increase in patients without insurance seeking care in the emergency department**. Over 10% of patients seeking care in the emergency department are now uninsured, up from 6.6% to 7% before and throughout the pandemic. This means 18,000 more uninsured people are seeking ED care every quarter, as compared to pre- or during pandemic.
- In 2023, **23% of patients** at Community Health Centers (also known as Federally Qualified Health Centers or FQHCs) were uninsured. A mid year survey through August 2024 indicates a 21.7 % growth in uninsured patients.
- Primary care safety net clinics that are not federally qualified are reporting **uninsured patient increases between 10 and 25 percent**.
- One Community Mental Health Center reports that, on any given day, the number of uninsured clients coming through their doors can be as much as **400% higher** than on the same day last year. Another CMHC reports a **year-over-year increase of 50%**.

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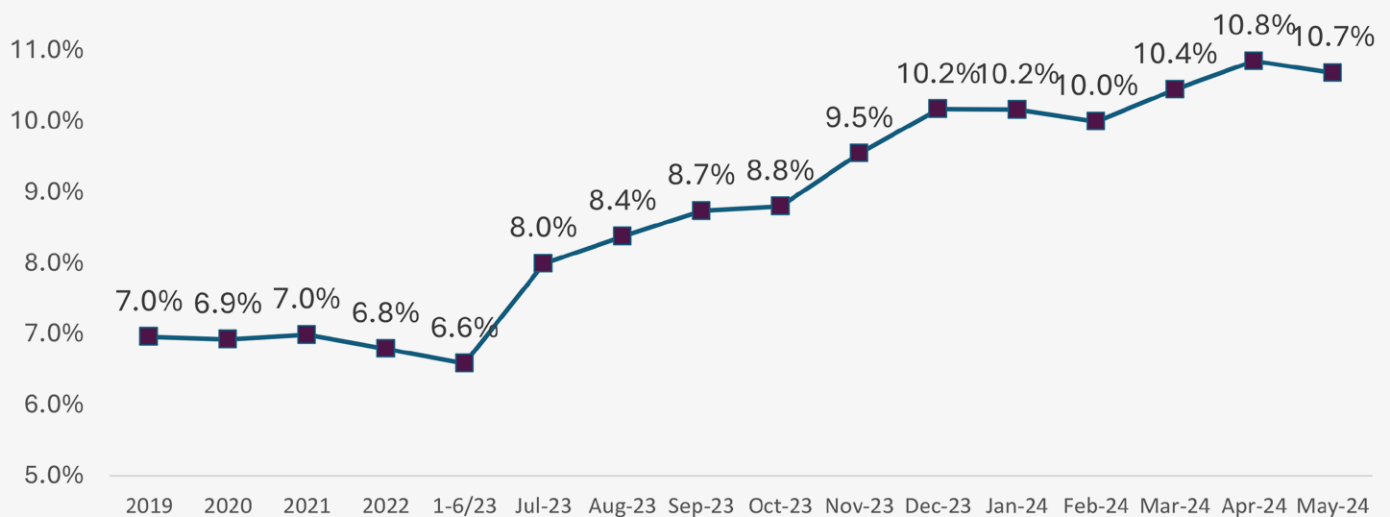
*“We don’t know where they are now, or what has happened to them.”*

~ Kristin Bronoski, practice manager at Mid Valley Family Practice in Basalt, speaking about the patients who lost Medicaid and left the practice’s outpatient detox center, one of the few outpatient treatment options in the Roaring Fork Valley



## Uninsured Patients in the Emergency Department

Uninsured patients in the emergency department has exceeded 10% of total patients since December 2023  
Source: Colorado Hospital Association



*“The growing number of individuals losing Medicaid benefits stretches our resources thin, making it increasingly difficult to provide care without compromising the sustainability of our services. Our priority remains ensuring that vulnerable patients like this man receive essential care, even as we face the broader challenges of the Medicaid unwind.”*

~ Lisa Westhoff, a Regional Oral Health Specialist with Community Health Services in Aspen, speaking about the challenges her clinic faces and the issues she has helping one older adult she sees who needs dental care, but can't get the Medicaid he is eligible for



## CLOSED SERVICE LINES AND CLINICS

- Clinica Colorado, a safety net clinic established in Westminster in 2011, narrowly avoided closure in October 2024 by laying off half its staff, downsizing office space and renegotiating its lease. It will also curtail the number of uninsured patients seen by doctors there creating additional pressure on other safety net clinics and hospital emergency rooms.
- While cutting services and consolidating clinics are on the horizon for many Community Health Centers, one has already eliminated critical programs including mom/baby home visits, a walk-in clinic, homeless outreach, refugee screening, a dental clinic location, and components of hospital care.
- One community mental health center serving 10 rural counties with a service area of nearly 18,000 square miles was forced to consolidate four clinics into two and reduce service hours from 5 days/week for all four to a combined five days a week per pair. Other CMHCs have consolidated or eliminated programs for seniors, homeless and other vulnerable populations.

*“Losing Medicaid hasn’t just affected our health; it has created a cloud of uncertainty over our lives. We’re living in a state of constant worry, and it’s not just about surviving day to day - it’s about ensuring my children have access to the care they need to thrive.”*

~ Julianna Mascarenas,  
Single mother of six children, four of whom still live at home, San Luis Valley

## VACANCIES AND LAY-OFFS

- Five community mental health centers have either laid off or restructured staff – in one case, 13% of employees were laid off.
- CCHN is aware of at least four Community Health Centers that have made layoffs.
- One Community Mental Health Center is intentionally leaving 50 of its 90 currently open positions unfilled because of financial uncertainty related to declines in Medicaid membership.

## SIGNIFICANT REVENUE LOSSES FOR HEALTH CARE PROVIDERS

- One Community Health Center located in the north Metro area estimates that the decline in Medicaid attribution has resulted in a \$6M loss, or 8% of its budget. Another large Community Health Center anticipates a \$1M loss per month which will force hard decisions in less than a year.
- Half of Community Health Centers report they will need to take steps in 1-6 months to address their financial situation. Steps planned include lay-offs, not hiring for open positions, consolidating/closing rural clinics or school-based health clinics, and reducing services.
- The deficit across Colorado Community Mental Health Centers was estimated at a minimum \$24M in February. One CMHC alone is facing an \$8M shortfall.
- Hospital charity care costs are up 159% compared to 2019.



- Community Mental Health Centers across Colorado have struggled to fill multi-million dollar deficits. One center’s budget has shrunk by more than 25%. Another faced a \$10M deficit. All have deployed every possible strategy to fill these holes: draining reserves, reducing administrative expenses, seeking grants, leaving vacant positions unfilled and – in the worst cases – laying off staff. But with other revenue squeezes on safety net behavioral health providers, some CMHCs are still not out of the woods.

### BROADER ECONOMIC IMPACT

- Colorado’s health care sector generates \$148 billion of economic output and supports 744,000 jobs – nearly 1 in 5 jobs – statewide<sup>10</sup>
- A 2016 analysis from The Colorado Futures Center found that Medicaid expansion under the ACA resulted in 1.14% more economic activity (GDP), 31,074 more jobs in the state’s economy and over \$100M in additional General Fund tax revenue. The current disenrollments resulting from the termination of continuous eligibility during the COVID public health emergency offsets more than half of the positive impact of expansion. The procedural disenrollments are estimated to result in a Colorado economy that is between 0.8 and 0.9 percent smaller, with just under 27,000 fewer jobs and a statewide earnings loss of just under \$1.7 billion.

*“In all my years of work, I have never experienced a period as challenging as the one we now face. ... We are a canary in the coal mine, but not the only one. We are hollowing out primary care and prevention services that keep people healthy and save our system money. The safety net, like the health of the people we serve, is fragile. Insurance status may change, but the needs of the human being do not.”*

~ Simon Smith, CEO, Clinica Family Health, Part of remarks at JBC Listening Session on Oct. 10, 2024

### THE RESULTS OF MEDICAID LOSS FOR INDIVIDUALS AND COLORADO



**Disruptions in care** for Medicaid and uninsured clients who rely on safety net providers



**Increased demand** on emergency departments and urgent care clinics that are not best suited to provide routine medical services



**Worse physical and mental health for Coloradans**



**Reduced access to care** for Coloradans – regardless of their insurance status



**Economic losses** for Colorado communities





## OPPORTUNITIES FOR COLLABORATIVE PROBLEM SOLVING

We appreciate that the Governor's Office convened stakeholder meetings this summer to learn more about challenges resulting from Medicaid disenrollments that have happened in Colorado over the last year. Following those meetings and the Joint Budget Committee's October 10 listening session, we are encouraged that we are now able to move from determining if there is an issue to deciding what to do about that issue. Our priorities for action are:

- **Stabilizing the health care safety net and**
- **Restoring Medicaid coverage for eligible but not enrolled Coloradans.**

We look forward to working in partnership with Governor Polis, the Colorado Department of Health Care Policy and Financing and state legislators to explore and advance solutions toward these goals. While we don't have all the answers, we believe the following are priorities that we should pursue collaboratively:

- 1 Multi-Stakeholder Steering Committee** – Building off the stakeholder listening sessions held this summer, we encourage Governor Polis to convene and support a standing Steering Committee including representatives of health care provider organizations, consumer advocacy groups, Medicaid RAE contractors and the Colorado Department of Health Care Policy and Financing. This Steering Committee should meet regularly over the next 18 months and be charged with serving as a collaborating resource and accountability partner to ensure progress is made toward the shared objectives of stabilizing the health care safety net and restoring Medicaid coverage for eligible but not enrolled Coloradans. As noted below, we believe this Steering Committee could be constructive in advancing a number of these potential solutions.
- 2 Data Alignment** –There are discrepancies and time delays in the data that we're working with. As a result, it is difficult to ascertain an accurate and timely picture of what is happening or determine priorities for how to move ahead. It is essential to align state policymakers and community-based stakeholders around a shared set of data indicators and mutually agreed upon data sources for evaluating this crisis and informing strategy development moving forward. We recommend that the newly formed Steering Committee establish a data dashboard with mutually agreed upon indicators from consensus sources that is both easily accessible and regularly updated.



- 3 Federal Resources & Flexibility** – The federal government has recognized that in the wake of the COVID-19 Public Health Emergency ending, states will need to process an unprecedented number of Medicaid eligibility redeterminations and renewals. As a result, the Centers for Medicare and Medicaid Services (CMS) has offered technical assistance to states and is providing states with additional flexibility and support to develop and implement strategies designed to protect eligible beneficiaries from inappropriate coverage losses through the approval of program waivers. To date, Colorado has implemented five such federally approved strategies. Meanwhile, Medicaid leaders in states including Indiana, Tennessee, New Mexico and Minnesota have each implemented more than 13 strategies. (See [COVID-19 PHE Unwinding Section 1902\(e\)\(14\)\(A\) Waiver Approvals](#)) We strongly encourage HCPF to enlist the support of our federal partners at CMS and HHS Region VIII and Colorado’s federal delegation, particularly Senator Michael Bennet’s Office, to meaningfully explore what additional federal flexibilities and resources can be brought to bear. Furthermore, the Steering Committee will support HCPF in coming into compliance with federal requirements related to Medicaid enrollment and renewal. Medicaid and Child Health Plan Plus members should never be disenrolled from coverage due to a backlog in processing applications. The Steering Committee will monitor HCPF’s compliance with long-standing Medicaid and CHP+ [renewal requirements](#), leveraging [CMS’ new reporting tool](#), specifically designed to help states like Colorado come into compliance with federal Medicaid and Children’s Health Insurance Program (CHIP) renewal requirements.
- 4 New Enrollment Opportunities to Reduce Eligible But Not Enrolled Population** – Given the realities of disenrollment over the last year, it is critical that Colorado actively seek out Coloradans who are eligible but not enrolled (EBNE) in Medicaid. Colorado has done this work in the past with great success and can establish the public-private partnerships necessary to implement an effective strategy, if approved and appropriately resourced to do so. For example, we have health care providers who are eager to serve as Medical Assistance (MA) sites and Eligibility Application Partners (EAPs) to support Coloradans with their applications – they just need approvals and funding to do so. We encourage HCPF to develop an EBNE strategy with associated resource requests that can be considered as part of the supplemental budget request process in December and January.
- 5 Fix Faulty Infrastructure & Support Innovative Solutions** – Challenges and limitations of the Colorado Benefits Management System have been well documented through multiple state audits and 3<sup>rd</sup> party reports. While we acknowledge that it is not realistic to replace or substantially address the litany of challenges with CBMS, we encourage the Governor’s Office of Information Technology and HCPF to consider:
- Re-evaluating and re-prioritizing the long list of needed CBMS fixes based on what is going to result in the greatest gains for enrollment, with input from and reporting to the Steering Committee
  - Collaborating with the Steering Committee to fully leverage available federal resources like Code For America
  - Promoting best practices and innovative workflow management approaches being implemented by some but not all counties
  - Exploring all potential workarounds with county workers tasked with implementation



**6 Direct Provider Support: Short-term Stabilization Funding & Reduced Administrative Burden –** As noted above, many safety net health care providers are on the brink of closure. HCPF needs to prioritize a short-term stabilization funding strategy that can help see these providers through the next 18 months, as the state works to address the Medicaid enrollment crisis. We encourage you to evaluate options such as:

- Expanding the Primary Care Fund
- Triggering the fiscal emergency clause of Amendment 35
- Identifying and quickly securing new sources of revenue, for example, available federal Medicaid matching funds
- Identifying and eliminating administrative requirements that amount to unfunded administrative mandates and take limited resources away from patient care

We encourage HCPF to work collaboratively with the Governor’s Steering Committee to identify options and present them to the Joint Budget Committee and members of the House and Senate Health Committees before the end of the year.

## ABOUT THIS GROUP

We are a group of Colorado organizations that participate in or care about Colorado’s health care safety net.

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|---|--|
| Colorado Safety Net Collaborative               | HCA HealthONE                          |
| Colorado Children’s Campaign                    | Colorado Medical Society               |
| Children’s Hospital Colorado                    | UCHealth                               |
| CommonSpirit Health                             | Colorado Hospital Association          |
| Colorado Academy of Family Physicians           | Chronic Care Collaborative             |
| American Academy of Pediatrics—Colorado Chapter | Denver Health                          |
| Intermountain Health                            | ALS Association                        |
| Healthier Colorado                              | Latinas Community Connection Services  |
| Colorado Coalition for the Homeless             | Colorado Rural Health Center           |
| The Western Healthcare Alliance                 | Colorado Behavioral Healthcare Council |
| AdventHealth                                    | Colorado Community Health Network      |
|   | Eastern Plains Healthcare Consortium   |



## SOURCES

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4. Kaiser Family Foundation, Medicaid Enrollment and Unwinding Tracker, September 12, 2024, retrieved from: <https://www.kff.org/medicaid/issue-brief/medicaid-enrollment-and-unwinding-tracker/>
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7. Child Medicaid Disenrollment Data Shows Wide Variation in State Performance as Continuous Coverage Pandemic Protections Lifted, May 2024, Georgetown Center for Children and Families, retrieved from: <https://ccf.georgetown.edu/2024/05/02/child-medicaid-disenrollment-data-shows-wide-variation-in-state-performance-as-continuous-coverage-pandemic-protections-lifted/>
8. Kaiser Family Foundation, Medicaid Enrollment and Unwinding Tracker, September 12, 2024, <https://www.kff.org/report-section/medicaid-enrollment-and-unwinding-tracker-overview/>
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