



EXECUTIVE SUMMARY:

The Economic Impact of Medicaid Disenrollments in Colorado

COLORADO'S MEDICAID EXPANSION UNDER THE AFFORDABLE CARE ACT HAD A POSITIVE ECONOMIC IMPACT

In 2013, the Colorado General Assembly passed, and Gov. John Hickenlooper signed, Senate Bill (SB) 13-200 authorizing the expansion of Medicaid under the 2010 Affordable Care Act (ACA). Colorado was one of 32 initial states (including Washington, D.C.) to implement Medicaid expansion after the U.S. Supreme Court ruled the ACA-expansion provision was optional in its 2012 decision for *National Federation of Independent Business v. Sebelius*. This expansion allowed low-income Coloradans at or below 138% of the federal poverty level (FPL) to enroll in Medicaid regardless of their age or parental status.

In preparation for this decision, the Colorado Health Foundation (CHF) engaged the Colorado Futures Center at Colorado State University to conduct an independent analysis of the projected economic and state budgetary impacts of the Medicaid eligibility expansion in 2013. [This initial analysis](#) predicted that Medicaid expansion, largely funded by the federal government, would have a significant positive impact on the state's economy.

In 2016, the Colorado Futures Center updated its initial predictions. With two full years of data in Colorado, the [updated analysis](#) considered the actual results of the expansion and forecasted the economic and budgetary impacts out to FY 2034-35. Key findings included:



Two years into implementation, **Colorado's Medicaid expansion added 31,074 jobs, increased economic activity by \$3.8 billion and raised annual household earnings by \$643.**



By fiscal year (FY) 2034-2035, Colorado is projected to **add a total of 43,018 new jobs, increase economic activity by \$8.5 billion and raise average annual household earnings by \$1,033.**



The combination of federal funding for expansion, Colorado's previous decision to use the Hospital Provider Fee as the source of revenue for the state's share of expansion costs, increased tax revenue due to the larger post-expansion economy and modest savings in other state programs has and will **continue to allow Colorado to support this expansion population at no cost to the state's General Fund.**

Post-COVID Disenrollments Are Harming Those Eligible for Medicaid and Colorado's Economy

COLORADO, ALONG WITH OTHER STATES, IS NOW FACING A DIFFERENT DYNAMIC.

In January 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 ensuring that anyone enrolled in Medicaid was guaranteed to keep their health coverage during the PHE. This is known as the “continuous coverage requirement.” It also applied to kids and pregnant people covered by the Child Health Plan Plus (CHP+). During this time, Colorado's Medicaid enrollment grew to a new height, according to the Department of Health Care Policy and Financing.

At the end of 2022, Congress passed a bill ending the continuous coverage requirement, effective on May 11, 2023. This meant that all 1.8 million members of Health First Colorado (Colorado's Medicaid program) and CHP+ had to go through a renewal process to determine if they still qualified for coverage. This process is referred to as the “Medicaid Unwind.” Colorado took 14 months to redetermine eligibility for all members with the first notices going out in March 2023.

It was anticipated that many Coloradans would lose Medicaid coverage during the Medicaid Unwind; however, it was difficult to predict the full scope and impact of this unprecedented process. There are many reasons that someone might lose coverage, and the numbers vary. Some people became ineligible due to changes in income or other qualifying factors. However, others who remained eligible for Medicaid experienced gaps in coverage due to paperwork delays or other similar processing issues, and some didn't realize the need to renew their coverage. Last year, The Colorado Health Foundation once again partnered with the Colorado Futures Center to understand the impact of this Medicaid enrollment contraction on Colorado's economy, highlighting the personal impacts on those being disenrolled.

Recognizing that health coverage enrollment rates are fluid and there is some debate on the newly uninsured rate in Colorado, the new analysis, *The Economic Impact of Medicaid Disenrollments in Colorado*, considered three different scenarios: A high-end estimate of the number of Coloradans newly unenrolled, but still eligible, as well as mid and low-range estimates.

First and foremost, the report concludes that regardless of the circumstances of the disenrolled, any otherwise eligible Medicaid enrollee who is disenrolled experiences a private impact from losing insurance coverage. In addition, all Coloradans experience an impact from Medicaid disenrollments as the reduction of federal investments in the state results in an economic loss to the state. The report specifically addresses the negative economic impact Colorado is experiencing as Medicaid disenrollments continue. It employs a standard multiplier model, using RIMS II multipliers from the U.S. Bureau of Economic Analysis, to assess the negative impact on economic output, household earnings and employment as public spending on health care for Medicaid beneficiaries is reduced.

As shown below, the contractionary effect on Colorado's economy declines with the number of presumed disenrolled. At the high end, the economy is just under 1% smaller with the impact ultimately declining to approximately 0.2% smaller in the low-range scenario. ***Regardless of the scenario, Medicaid disenrollments of those otherwise eligible for coverage results in a smaller Colorado economy, reduced household earnings and fewer jobs than had the coverage continued uninterrupted.***

HIGH-, MEDIUM- AND LOW-RANGE SCENARIOS: ESTIMATED NEGATIVE ECONOMIC IMPACT RESULTING FROM MEDICAID DISENROLLMENTS OF COLORADANS ELIGIBLE FOR COVERAGE:

	OUTPUT LOSS	SHARE OF 2023 STATE GDP	EARNINGS LOSS	SHARE OF 2023 HOUSEHOLD EARNINGS	EMPLOYMENT LOSS	SHARE OF JULY, 2024 EMPLOYMENT
HIGH SCENARIO: 504,530 OTHERWISE ELIGIBLE DISENROLLED	\$4.7 BILLION	0.9%	\$1.7 BILLION	0.7%	28,046	0.9%
MEDIUM SCENARIO: 300,000 OTHERWISE ELIGIBLE DISENROLLED	\$2.8 BILLION	0.5%	\$1.0 BILLION	0.4%	16,667	0.6%
LOW SCENARIO: 100,000 OTHERWISE ELIGIBLE DISENROLLED	\$0.9 BILLION	0.2%	\$0.3 BILLION	0.1%	5,559	0.2%



Regardless of the scenario, Medicaid disenrollments of those otherwise eligible for coverage results in a smaller Colorado economy, reduced household earnings and fewer jobs than had the coverage continued uninterrupted.

About the Colorado Health Foundation:

As Colorado's largest private foundation, CHF works statewide to bring good health and well-being in reach for everyone who calls Colorado home. We are a non-profit, nonpartisan organization that advances our mission to improve the health of Coloradans through community engagement, grantmaking, public policy initiatives, research, and private sector investments. For more information, please visit www.ColoradoHealth.org.

About the Colorado Futures Center:

The Colorado Futures Center at Colorado State University is an independent, nonpartisan and academically grounded 501(c)(3) organization dedicated to informing about economic, fiscal and public policy issues impacting community economic health and quality of life in Colorado and beyond.

For more information, please visit <https://coloradofuturescsu.org>



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