



April 14, 2025

The Colorado Congressional Delegation
The U.S. Capitol
E Capitol St. & 1 NE
Washington, DC 20004

Dear Colorado Congressional Delegation:

On behalf of organizations in Colorado representing hospitals, safety net primary care and behavioral health providers, doctors, health insurance plans, liability insurers, and consumers, we write to express deep concern about potential cuts under consideration in ongoing reconciliation discussions. As key stakeholders in Colorado's health care system and representatives for major employers across the state, we urge you to recognize the far-reaching consequences of these reductions, not only on patient access to quality care but also on the stability of our health care workforce and the economic health of our communities. Protecting Medicaid funding is critical to supporting the health and wellbeing of Coloradans and the jobs that support our state's economy.

The proposed budget changes under review could have devastating effects on Medicaid in Colorado, with even the smallest cuts proving catastrophic. In a worst-case scenario, the state could lose \$27.2 billion over five years—a 69% reduction in the federal share—if all proposed cuts are enacted. A more likely mid-range scenario projects a \$9 billion loss, or a 23% cut, far exceeding the commonly cited 11% reduction due to Colorado's unique financing structure. Even at the low end, a \$2.7 billion reduction (6.9%) would create a \$550 million annual shortfall, jeopardizing essential services. Among the most damaging proposals is a potential change to Colorado's provider fee arrangement, a critical Medicaid funding mechanism that helps offset Medicaid payment shortfalls and sustain care for 444,000 Coloradans.

As we continue to monitor the federal budget process, we want to ensure that these figures and concerns are shared with you. The potential ramifications of such cuts extend beyond budgetary impacts, they directly affect Coloradans' access to care and employment within the health care sector. Colorado's Taxpayer's Bill of Rights (TABOR) presents unique constitutional budgetary constraints that limit the amount of revenue that Colorado can retain and spend. This limitation exacerbates the impacts of any potential federal cuts, especially in light of Colorado's \$1.2 billion state budget shortfall.

Colorado's health care system is facing growing instability, with two behavioral health hospitals, in Larimer County and Mesa County, announcing closures and another hospital planning to scale back obstetrics services. For the Colorado Behavioral Health Council (CBHC), this situation has led to four community mental health centers being forced to lay off staff. Others have frozen hiring and consolidated programs as they adjust to the increased number of uninsured patients resulting from the end of the COVID public health emergency. The cost of uncompensated behavioral health services provided to uninsured Coloradans by CMHCs was approximately \$97 million last year. Community Health Centers are facing significant challenges, with 65% operating at a loss. Over the past two years, some larger centers have reduced services, closed sites, or implemented layoffs. Colorado Community Health Network (CCHN) estimates that more than 44,000 patients lost Medicaid coverage due to the unwind, with 39,000 becoming uninsured.

Significant changes to Medicaid at the federal level will further undermine this already shaky framework. These disruptions strain doctors, insurers, and hospitals alike, limiting patient access to essential care, increasing financial pressures on providers, and driving up costs for insurers. The ripple effects of Medicaid funding cuts are becoming increasingly evident, and we request opposition to cuts that would further destabilize Colorado's health care infrastructure.

We appreciate your attention to this pressing issue and look forward to working together to ensure that Colorado's health care system remains strong and capable of serving those who depend on it. Please do not hesitate to reach out if you would like to discuss this matter further.

Sincerely,

Kevin McFatridge, Executive Director
Colorado Association of Health Plans

Dr. Kim Warner, President Colorado
Medical Society

Kara Johnson-Hufford, CEO
Colorado Behavioral Healthcare Council

Dr. Gerald Zarlengo, Chairman & CEO
Copic Companies

Ross Brooks, President & CEO
Colorado Community Health Network

Jake Williams, CEO
Healthier Colorado

Jeff Tieman, President & CEO
Colorado Hospital Association