



May 12, 2025

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

Dear Colorado Congressional Delegation:

On behalf of Colorado Hospital Association (CHA) and its more than 100 member hospitals and health systems statewide, I write to share my perspective on proposed changes to Medicaid financing mechanisms currently under consideration by the House Committee on Energy and Commerce.

As Congress considers these proposals, I respectfully urge policymakers to take a thoughtful and measured approach, recognizing the far-reaching implications for states like Colorado. While many specifics are still taking shape, the changes under discussion have the potential to significantly impact how states finance Medicaid and deliver care to low-income and underserved populations.

Colorado's hospitals already face significant headwinds, including rising uncompensated care, workforce shortages, and ongoing shifts in coverage following the end of the COVID-19 public health emergency. More than 70% of Colorado hospitals currently operate without a sustainable margin. In the past year alone, two behavioral health hospitals have closed and at least two other facilities have discontinued labor and delivery services, eroding local access to essential care.

Medicaid remains a critical pillar of Colorado's health care infrastructure, especially in rural areas where hospitals depend heavily on the program to stay afloat. Yet hospitals are reimbursed, on average, just 79 cents for every dollar of Medicaid care provided. **Proposals that reduce funding or restrict state flexibility, such as lowering FMAP, capping state-directed payments, or limiting provider taxes, could deepen existing financial distress and limit the ability of hospitals to meet community needs.**

As these discussions continue, I urge Congress to prioritize policies that preserve access to care, support hospital sustainability, and maintain the financing tools states rely on to serve their communities effectively. CHA strongly supports proposed delays to Medicaid Disproportionate Share Hospital (DSH) payment cuts and appreciates the ongoing bipartisan support from Congress to preserve this critical safety net funding.

The following pages detail how select provisions from the “Subtitle D – Health” section of the Committee’s May 11 [notice](#) could impact Colorado:

Sec. 44134: Waiver Requirements for Medicaid Provider Tax Structures – address technical considerations and potential unintended consequences

Section 44134 would restrict states from using provider tax structures that reflect Medicaid service volume, even when designed to be equitable and consistent with federal guidance. Flexibility exists to ensure that provider assessments are carefully aligned with federal standards and tailored to support Medicaid funding, pursue fairness, and maintain access to care.

Requiring states to retroactively revise existing waivers under narrower criteria would introduce unnecessary disruption and cause financial harm to hospitals and the communities they serve. Hospital provider taxes are a foundational financing tool in Colorado, helping fund hospital payments, expand coverage, and support rural infrastructure, all without placing added pressure on the state budget. Preserving state flexibility is essential to maintaining this balance and ensuring care for the more than 1.7 million Coloradans who rely on Medicaid.

It is also unclear how this provision would interact with Section 44132, which proposes a moratorium on new or increased provider taxes, even as enrollment and system costs continue to rise. Other provisions related to enrollment and retroactive coverage would also likely increase hospital uncompensated care, further stressing our safety net providers, as hospital charity care costs are up 130% from 2019 levels.

Sec. 44133: Revising the Payment Limit for Certain State Directed Payments – provide an ongoing option for Colorado to utilize a State Directed Payment program

Since November 2024, Colorado has been working to address coverage losses stemming from the post-COVID Medicaid unwind through a state-directed payment (SDP) model tied to the Average Commercial Rate (ACR). This approach, in use in more than 30 other states, is essential for maintaining hospital stability and access to care, especially in rural areas. Colorado is working to file a pre-print that would open up critically needed resources to support access to care and provider sustainability.

Capping SDPs at Medicare rates, which are well below the actual cost of care, would undermine Colorado’s progress. States must retain flexibility to implement payment models that reflect local cost structures and evolving health care needs, subject to federal approval.

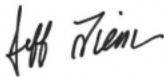
Sec. 44111: Reducing Expansion FMAP for Certain States Providing Coverage to Specific Populations – understand the impact of eligibility coverage changes

Colorado hospitals care for every patient who walks through their doors, regardless of insurance coverage, ability to pay, or immigration status. CHA and its members are committed to preserving and expanding access to care because when individuals go without coverage, the cost of their care doesn't disappear; it is absorbed elsewhere in the system.

The proposed 10-percentage point FMAP reduction for states like Colorado that have expanded Medicaid and use state-only funds provide coverage to undocumented immigrants could either increase uncompensated care costs for providers or reduce federal funding to Colorado by up to \$200 million annually. In turn, due to state financial limitations, this shift could threaten coverage for nearly 500,000 Coloradans.

I appreciate your thoughtful consideration of these complex issues and your continued leadership in supporting Medicaid and the health care safety net. Colorado's hospitals remain committed to partnering with you to ensure that Medicaid continues to serve as a reliable foundation for health coverage, care access, and community well-being. CHA stands ready to provide additional information or insights as Congress continues its deliberations.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Tieman".

Jeff Tieman
President & CEO