



Oppose Devastating Provider Rate Cuts

At a Glance:

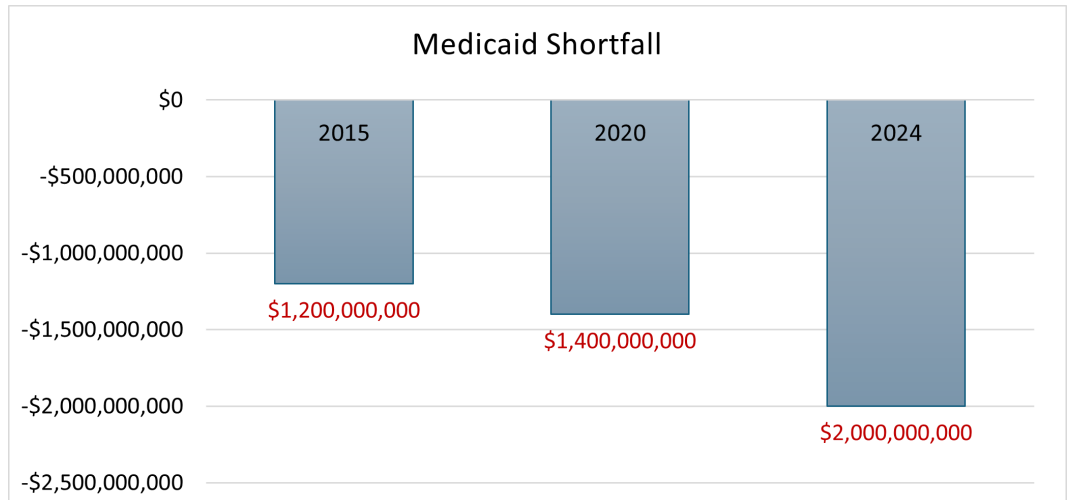
- Provider rates are what the state pays doctors and hospitals for providing care to Medicaid patients. The state reimburses **just \$0.66 for every dollar it costs** hospitals to provide that care.
- Payments aren't keeping pace – provider rates have **increased an average of 1.9%** in the last five years, nowhere near average **hospital cost increases of 9%**.
- The state is **recommending nearly \$100m in provider rate cuts** at a time when nearly **70% of hospitals are financially unsustainable**.

Medicaid is a vital part of Colorado's health care ecosystem. More than 1.2 million Coloradans – roughly one in five – rely on Medicaid for access to care. The hospitals and doctors that treat those patients, along with many other non-hospital providers, also rely on Medicaid to help pay for the care they provide. But Medicaid doesn't cover the full cost, reimbursing just \$0.66 on the dollar of what it costs to provide care.¹

This shortfall of Medicaid reimbursement is escalating. In 2024, the underpayments totaled more than \$4.1 billion, a \$385 million increase over the prior year.²

"Sounds of rural hospital doors closing will be deafening if the provider rate cuts go through."

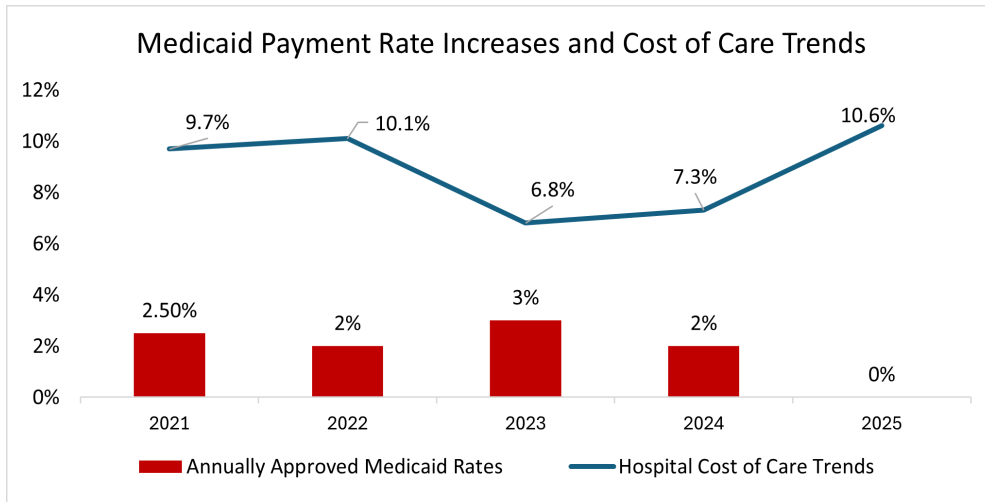
- Jason Amrich, CEO
Gunnison Valley Health



What are provider rates? These rates are the payment for Medicaid patients to Colorado hospitals and doctors, based on the care given and where it is provided. Adequate provider rates are critical to providers' and hospitals' ability to continue offering care to low-income Coloradans – but they're not keeping pace.

Provider rates need to be changed each year to keep up with inflation. Since 2021, provider rates have increased an average of just 1.9% per year – nowhere near enough to contend with hospitals' rapidly increasing expenses that averaged 9% in that timeframe.³ While the state legislature approved a 1.6% increase last year, hospitals lost that funding as a result of the special legislative session to address the state budget shortfall due to H.R. 1.

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This year, in an effort to balance the state budget when Colorado is facing a nearly \$800 million deficit, the governor’s office proposed a 4% provider rate reduction. That would **cut nearly \$75 million from hospital Medicaid providers** across the state, a devastating blow at a challenging time.

Compounding cuts: The state is also proposing to reduce how much Medicaid pays many providers, including hospitals, by limiting some payments to 85% of Medicare rates – **resulting in roughly \$13 million in cuts to hospitals**. Since Medicare is a standard benchmark for some health care payments, this change would also reduce payments to physicians, both those who are employed by a hospital and those in private practice, at a time when many are struggling. This reduction in reimbursement may also discourage some physicians from accepting new Medicare patients.

The big picture: Colorado hospitals are financially vulnerable – nearly 70% do not make a sustainable margin. While there are many reasons for this, skyrocketing uncompensated care is one of the top drivers. Since 2019, hospitals have funded **more than \$5 billion in unreimbursed care** to Coloradans on Medicaid.¹

Colorado hospitals are committed to serving their communities, but they are facing significant financial burdens. Without sustainable margins, hospitals may not be able to replace facilities and equipment, and they may be forced to consider closures or service reductions.

¹ CHA Letter to the CHASE Board (Feb. 18, 2026): https://hcpf.colorado.gov/sites/hcpf/files/CHASE%20Board%20Letter%20Reporting_%20February%202026.pdf

² Colorado Hospital Industry Update - Year-End 2024: <https://cha.com/wp-content/uploads/2025/04/Q4-2024-Trends-Colorado-Hospital-Industry-EXTERNAL.pdf>

³ CHA Databank and HCPF rate announcements: <https://hcpf.colorado.gov/provider-rates-fee-schedule>