



MEDICAID WORKS:

Protect Elderly and Disabled Coloradans

Health First Colorado, Colorado's Medicaid program, is a public health insurance program that pays for necessary health care services for low-income Coloradans and those living with disabilities. By investing in health care services and supports, Health First Colorado improves health outcomes, reduces unnecessary costs to the health system, and supports a strong Colorado economy. Health First Colorado is also an efficient program; spending far less than what private insurers pay for enrollees of similar health status.ⁱ

Despite Health First Colorado's successes and efficient use of funds, opponents of Medicaid have proposed drastic cuts to federal funding for the program. Federal Medicaid funding currently comprises 60 percent of Health First Colorado's budget.ⁱⁱ Funding reductions will force Colorado lawmakers to make hard decisions about where to cut eligibility, services, provider rates, or a combination of the three.

To build the case for Medicaid, Colorado Center on Law and Policy has compiled **Medicaid Works**, a series of fact sheets that outline some of the reasons Health First Colorado is so important in our state.

This fact sheet explains why Health First Colorado is critical to Coloradans, including seniors living with disabilities, and examines how they would be harmed if federal lawmakers drastically cut Medicaid by converting the program's funding into a block grant or per-capita cap.

Why Health First Colorado is important for the health of older Coloradans and Coloradans living with disabilities:

- **Health First Colorado covers health care services for seniors and Coloradans living with disabilities.** In fiscal year 2015-16, Health First Colorado covered over 90,000 Coloradans living with disabilities and over 38,000 Coloradans age 65 or older.ⁱⁱⁱ In addition, because Colorado took advantage of the Medicaid expansion, Health First Colorado covers many low-income Coloradans living with disabling conditions, for example people who qualified for the Aid to Needy Disabled program but did not have access to health care.
- **Health First Colorado helps older Coloradans and Coloradans living with disabilities receive vital long-term services and supports.** Health First Colorado is tailored to meet the needs of low-income populations and thus covers many vital services *not* covered by Medicare or most other insurance. Most notably, Health First Colorado is the primary provider of long-term care services in the state and the *only* place where most disabled Coloradans, including seniors

covered by Medicare, can go to get the long term services and supports they need to survive and live meaningful lives. Health First Colorado pays for nursing home care and is also a pioneer in creating home care options that allow disabled Coloradans to stay out of nursing homes and remain in their communities. In this role, Health First Colorado is improving outcomes for elderly and disabled Coloradans while reducing the costs of caring for the members of our communities that live with disabilities.

- **Health First Colorado makes coverage affordable for Coloradans enrolled in the program.** Health First Colorado limits cost sharing such as, copays, premiums and deductibles for all enrollees, which ensures that elderly and disabled Coloradans do not go without needed health care services due to cost. Health First Colorado also makes Medicare coverage more affordable for lower-income seniors through the “Medicare Savings Program,” under which Health First Colorado pays for some or most of an individual’s Medicare out-of-pocket costs.
- **Federal funds cover at least half the cost of providing care to disabled Coloradans enrolled in Health First Colorado.** Although disabled Coloradans and Coloradans age 65 or older make up only 10 percent of the population enrolled in Health First Colorado,^{iv} services for those populations make up approximately 42 percent of the Health First Colorado budget.^v Health First Colorado plays a vital role in meeting the high health needs of this population while ensuring the highest value care is provided to reduce costs by improving outcomes. The current federal funding formula which requires the federal government to match state spending regardless of how health care costs change is critical to sustaining health care services for disabled Coloradans.

How funding caps would harm older Coloradans and Coloradans living with disabilities:

Currently, federal law requires the federal government to cover at least half of the cost of providing services for those enrolled in Health First Colorado. For individuals covered as a result of the Affordable Care Act’s Medicaid expansion, over 90 percent of costs are covered by the federal government. Capping federal funding for Health First Colorado by converting the funding into a block grant or a per capita cap would eliminate those guarantees and would drastically reduce federal support for the program over the next several years. Existing proposals to cap Medicaid funding are expected to reduce the federal government’s contribution to state Medicaid programs by over \$1 trillion nationwide over the next 10 years, and that is without taking into consideration proposals to cut or eliminate the ACA’s Medicaid expansion which brought nearly \$1.1 billion federal dollars into the state during the first full fiscal year of the expansion.^{vi}

Federal funds currently make up 60 percent of Health First Colorado’s budget. Drastic cuts in that funding will shift the cost of providing care to Colorado and require Colorado lawmakers to substantially increase the General Fund contribution to Health First Colorado or cut eligibility, services, provider rates or a combination of the three.

If faced with these cuts, Colorado lawmakers will need to make hard choices regarding a program that pays for critical health care services for children living in poverty, low-wage workers, older Coloradans and Coloradans living with disabilities. Health First Colorado also provides a critical funding stream for hospitals and other providers that serve low-income Coloradans and other underserved communities.

Reduced access to needed services and supports is a matter of life and death for many Coloradans living with disabilities. Without the long-term services and support of Health First Colorado, many more disabled Coloradans will end up in nursing homes, which cost the system more. The result will be poorer health outcomes and even increased mortality rates.

ⁱ Lisa Clemans-Cope, John Holahan and Rachel Garfield, *Medicaid Spending Growth Compared to Other Payers: A Look at the Evidence*, (Washington, DC: The Kaiser Family Foundation, April 2016) <http://kff.org/report-section/medicaid-spending-growth-compared-to-other-payers-issue-brief/>.

ⁱⁱ Colorado Department of Health Care Policy and Financing, *Joint Budget Committee Hearing: Executive Director's Office*, Slide Presentation (December 14, 2016), <https://www.colorado.gov/pacific/sites/default/files/HCPF%20EDO%20JBC%20Hearing%20Presentation%2012.14.16.pdf>.

ⁱⁱⁱ Medicaid Caseload reports from FY 2015-16 show that the total Medicaid caseload was 1,293,896. HCPF's presentation to the Joint Budget Committee showed that 7 percent of the caseload was people with disabilities and 3 percent of the caseload was adults age 65 or older. The figures were determined by multiplying the total caseload by the appropriate percentages. Caseload reports are available at: <https://www.colorado.gov/hcpf/premiums-expenditures-and-caseload-reports>; HCPF's presentation to the JBC is available at:

<https://www.colorado.gov/pacific/sites/default/files/HCPF%20EDO%20JBC%20Hearing%20Presentation%2012.14.16.pdf>.

^{iv} Colorado Department of Health Care Policy and Financing, *Joint Budget Committee Hearing: Executive Director's Office*, Slide Presentation (December 14, 2016), <https://www.colorado.gov/pacific/sites/default/files/HCPF%20EDO%20JBC%20Hearing%20Presentation%2012.14.16.pdf>.

^v Id.

^{vi} Edwin Park, *Medicaid Block Grant Would Slash Federal Funding, Shift Costs to States, and Leave Millions More Uninsured*, (Washington, DC: Center on Budget and Policy Priorities, November, 2016), http://www.cbpp.org/research/health/medicaid-block-grant-would-slash-federal-funding-shift-costs-to-states-and-leave#_ftn5.