



MEDICAID WORKS:

Protect Rural Colorado

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 facts 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 so critical to rural Colorado and examines how Colorado's rural communities 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 rural Colorado:

- **Health First Colorado is a major provider of health coverage in many rural counties.** Overall, 28 percent of rural Coloradans that have health insurance are covered by Health First Colorado. That's higher than the statewide average of 21 percentⁱⁱⁱ and several rural counties have significantly higher levels of enrollment. In Montezuma County, over a third of residents are enrolled in Health First Colorado. In Alamosa County, 44 percent of residents are enrolled and, in Costilla County, 56 percent of residents are enrolled.^{iv}
- **Rural Coloradans have high health needs.** Due to a combination of factors, rural Coloradans are more likely to suffer from poor health. There are higher rates of obesity in many rural counties, in particular, in eastern plains communities.^v Rural Coloradans are also more likely to have unmet mental health needs. The northwest and central mountain regions have suicide rates that are significantly higher than the state average.^{vi} Additionally, some rural Colorado counties have among the highest rates of death from drug overdose in the country.^{vii} Health First

Colorado is critical to addressing unmet need. In Colorado, the Medicaid expansion alone extended eligibility to approximately 34,000 Coloradans with mental illness.^{viii}

- **Rural Coloradans struggle to afford basic needs.** Colorado has one of the largest economic gaps between urban and rural areas in the country.^{ix} Poverty and unemployment rates are higher in rural communities and the median household income is 29 percent lower in rural areas of the state compared to urban areas (a difference of about \$14,000).^x In addition, an estimated 41 percent of rural Coloradans are rent burdened, meaning they spend more than 30 percent of their total household income on rent.^{xi} Child care and transportation costs are also higher in many rural communities. Adding to health care costs will significantly increase the strain on many rural household budgets.
- **Health First Colorado supports rural providers.** Compared to urban areas, a higher percentage of rural Coloradans rely on Health First Colorado. As a result, Health First Colorado is an essential revenue source for rural health care providers. Some rural hospitals receive up to 80 percent of their revenue from Medicare and Medicaid. Additionally, Medicaid revenue reduces the demand for charity care from rural hospitals. As a result of the ACA's expansion of Medicaid, rural and critical access hospitals reported a 38 percent and a 52 percent drop in charity care respectively for the first quarter of 2014, as compared with the same quarter in 2013.
- **Health First Colorado creates jobs in rural Colorado.** Health care is one of the top three industries in rural Colorado and is a significant source of jobs in many rural counties. The clinic or hospital is the biggest employer in many of Colorado's small towns. Statewide, the Colorado Health Foundation has estimated that the Medicaid expansion alone grew the state economy by \$3.82 billion and created over 31,000 jobs and many of those jobs were created in rural Colorado. In La Junta, South East Health Group added dozens of new positions as a result of the expansion. Similarly, Spanish Peaks Regional Health Center, one of the largest employers in southern Colorado, added 16 new full-time positions because of the expansion.

How funding caps would harm rural Colorado:

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 ACA'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 Affordable Care Act's Medicaid expansion which brought nearly \$1.1 billion federal dollars into the state during the first full fiscal year of the expansion.^{xii}

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 funding for Health First Colorado in rural communities would mean higher uninsured rates, more unmet health needs and financial trouble for rural providers.

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 *Snapshot of Rural Health in Colorado*, (Aurora, CO: Colorado Rural Health Center, 2017), <http://coruralhealth.wpengine.netdna-cdn.com/wp-content/uploads/2013/10/2017.1.4-Snapshot-FINAL-FINAL.pdf>.

^{iv} Colorado Department of Health Care Policy and Financing. *County Fact Sheets*, available at: <https://www.colorado.gov/pacific/hcpf/county-fact-sheets>.

^v *Snapshot of Rural Health in Colorado*, (Aurora, CO: Colorado Rural Health Center, 2017), <http://coruralhealth.wpengine.netdna-cdn.com/wp-content/uploads/2013/10/2017.1.4-Snapshot-FINAL-FINAL.pdf>.

^{vi} Id.

^{vii} *Colorado Drug Death Rate Tops U.S. Average*, (Denver, CO: The Colorado Health Institute, February 2016), http://coloradohealthinstitute.org/uploads/downloads/Drug_deaths_2_pager.pdf.

^{viii} *Medicaid Expansion & Mental Health Care*, (Arlington, VA: National Alliance on Mental Health, May 2013), <http://www.nami.org/getattachment/About-NAMI/Publications/Reports/2013MedicaidReport.pdf>.

^{ix} Nicholas Riccardi. *Divided America: From Denver to Rural Colorado, town and country offer differing realities*, (The Denver Post, July 8, 2016) (referencing an Associated Press Review of Economic Innovation Group data), <http://www.denverpost.com/2016/07/08/divided-america-colorado-town-country/>.

^x *Vital Signs: The Influence of Race, Place, and Income on Colorado Health*, Online report, (Denver, CO: Colorado Center on Law and Policy, 2017), <http://cclpvitalsigns.org/>.

^{xi} Id.

^{xii} 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.