



Together for Medicaid: Sustaining Colorado's Medicaid Program

Bottom Line Up Front: To avoid further harming Colorado's Medicaid program and to protect coverage during the public health and economic crises, ***Congress must substantially increase the share of Medicaid costs paid by the federal government*** (the Federal Medical Assistance Percentage, of FMAP). Provisions should include:

- An increase of ***at least*** 14 percentage points;
- Extending the FMAP increase until the labor market and state budgets recover, but ***at least*** through June 30, 2021;
- Applying part of the FMAP increase to the "Medicaid expansion" population; and
- Continuing maintenance-of-effort (MOE) protections that prevent cuts to coverage.

Summary

COVID-19 has created an interlocking health and economic crisis that is affecting millions of people in every corner of our state. Colorado's Medicaid program is critical to ensuring that Coloradans can weather the storm of financial fallout and continue to get the health care they need—especially for those that are most susceptible to COVID-19. State revenue has seen a steep decline at the same time demand for this coverage has increased—and this will continue as people move in and out of unemployment during a volatile economic recovery. Unless Congress acts to further short up state Medicaid programs, including Colorado's, more people will be unable to access or afford health care, providers' financial position will deteriorate, other social services will be curtailed, and unemployment will continue to rise.

Congress needs to enhance the Federal Medical Assistance Percentage (FMAP) by a net 14 percentage points and sustain that match for the duration of the economic downturn; these enhanced funds also need to be available to the "Medicaid expansion" population. This should be coupled with a maintenance of effort (MOE) provision to ensure that people do not lose coverage. Finally, Congress needs to repeal the proposed Medicaid Fiscal Accountability rule (MFAR). These provisions are essential to support the growing number of uninsured people during this pandemic.

The Problem

The COVID-19 pandemic has spurred a health and economic crisis that affects everyone, but not equally. Without the opportunity to sustain our state Medicaid program and mitigate the cuts that have already been made to critical services, the most harm will be done to our front line workers, low-income communities, rural communities, and communities of color that are already disproportionately impacted by COVID-19.

Colorado's Medicaid program is expected to see an enrollment increase of approximately 500,000 Coloradans. This increase is bigger than any single previous expansion, [including when Colorado expanded Medicaid under the ACA and increases during any other economic crisis](#) (including the Great Recession in 2008). The Joint Budget Committee has already taken steps to mitigate the impact by cutting community provider reimbursement rates by 1% across the board, as well as deeper cuts targeted at specific provider

types. Medicaid member copays have also been increased, and dental benefits and behavioral health benefits have been cut.

Our community members that have lost jobs, particularly in the hospitality, restaurant, agricultural, and tourism sectors, are not likely to see a quick rebound, yet, their health care needs will not stop just because their jobs have stopped. We cannot afford more cuts to our Medicaid program at the same time that more people than ever before are in need of this coverage.

Medicaid is a lifeline for those affected by COVID-19.

Medicaid is vital for so many—especially during the pandemic as unemployment rises and people are left with fewer choices to access care. If Colorado cannot secure additional federal support, our Medicaid program will be forced to continue to cut coverage and services for thousands of Coloradans.

The Solution

Colorado's Medicaid program is best positioned to respond to COVID-19. Additional federal support for Medicaid is critical and serves multiple purposes:

- Sustaining health and economic security for children, people with disabilities, low-income families and seniors;
- Freeing up declining state revenue to maintain other vital services and jobs which will help our economy recover faster; and
- Keeping funding flowing into health care providers, including hospitals, physicians, and pharmacies.

Although Congress has taken steps to shore up the program in the Families First Coronavirus Response Act (FFCRA), *it is not enough*. Congress still needs to:

- 1. Increase the Medicaid match.** [FMAP increases during the Great Recession prevented or mitigated cuts to state Medicaid programs](#), but the increase allocated by Congress so far is inadequate. While the 6.2% FMAP increase enacted by the FFCRA is a good first step, it is *much smaller than the one granted during the Great Recession*, even though the current recession is expected to be much worse. FMAP increases are especially important to protect provider payments: in 2009, [38 states said the additional federal funding through FMAP increase helped them avoid or limit cuts to provider payments](#). Congress needs to increase the FMAP—[as both Colorado Senators have called on leadership to do](#)—by **at least 14 percentage points** and part of it should be applied to the “Medicaid expansion” population.
- 2. Sustain the match during the economic downturn.** The enhanced FMAP and the MOE (included in previous relief packages) should last for the duration of the economic contraction and phase back down gradually as state revenues recover and people are back to work; **at least** until June 30, 2021. Currently, it will end whenever HHS declares the public health emergency over; both the FMAP and MOE are critical in preventing cuts to coverage.
- 3. Repeal the Medicaid Fiscal Accountability proposed rule (MFAR).** Currently, this proposed rule is suspended, but when enacted the rule will take billions of funding away from states at a time when our public health system needs resources most. The MFAR rule would further burden Colorado's Medicaid program by limiting provider fees and intergovernmental transfers, meaning that there would be even fewer resources available to draw down federal matching funds and could further exacerbate the state fiscal crisis.