

## Colorado Medicaid Cuts & Proposed Service Changes:

### What You Need to Know

#### Why Changes Are Happening

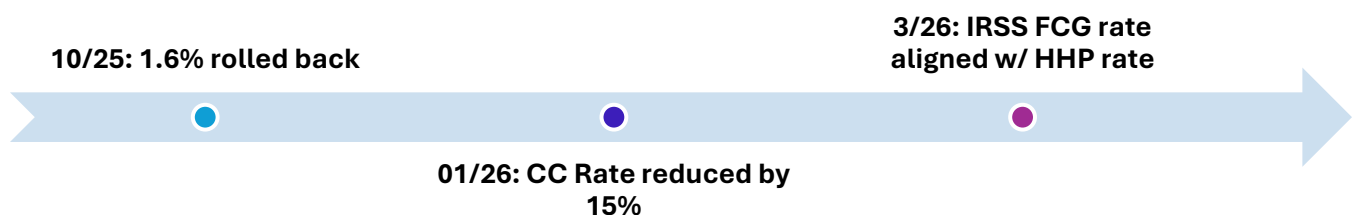
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- Colorado is facing a serious budget gap this year (about \$1.2 billion) after recent changes in federal tax law.
- The outlook for the next few years is also challenging, with state leaders expecting continued shortfalls.
- Because Medicaid makes up more than one-third of the state budget, the Department of Health Care Policy & Financing (HCPF) has been asked to identify savings there, along with K-12 and higher education.
- HCPF is making some immediate reductions and planning longer-term adjustments to keep Medicaid services sustainable.

#### Timeline of Key Changes

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- **Summer 2025** – Governor issues Executive Order directing budget-balancing measures.
- **October 1, 2025** – The 1.6% rate increase for all Medicaid providers is rolled back. (Imagine! had already passed this increase through to contractors and staff salaries.)
- **Fall 2025 (October)** – HCPF begins stakeholder engagement and rulemaking on rate changes, including Family Caregiver/IRSS alignment.
- **Late 2025 / Early 2026** – Additional cuts begin as part of budget-balancing.
- **January 1, 2026** – Community Connector rates decrease by 15%.
- **March 1, 2026** – IRSS Family Caregiver rates are aligned with Host Home Provider rates.
- **Ongoing into 2026** – The CO Legislature reviews ongoing budget concerns; further changes could take effect with the new state fiscal year on July 1, 2026.



## Family Caregiver (FCG) Rate Alignment with IRSS

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This is the most talked-about change in the budget adjustments in the I/DD community:

### Current State

- When Family Caregiver (FCG) programs first began, caregivers had to be employees. Agencies billed at the higher “staffed IRSS rate,” which included employer costs like taxes and benefits.
- Over time, agencies began treating Family Caregivers (FCGs) as contractors instead of employees, but reimbursement for the setting often continued at the higher staffed rate.
- Host Home Providers (HHPs), who support very similar work, have always been billed at the lower contractor-based rate.

### The Issue

- FCGs and HHPs often do the same work for the same people but are billed at different rates.
- This created a funding disparity meaning that IRSS-FCGs were paid at the higher “staffed” rate while HHPs—doing the same work—were funded at the lower contractor rate. The state views this as unsustainable growth in costs and uneven treatment of provider types.

### The Proposed Change

- Align Family Caregiver rates with Host Home/IRSS rates to eliminate the billing disparity.
- **Goal:** fairness across provider types, prevent over-reliance on one model, and help sustain Medicaid long-term.

## What Families & Providers Can Expect

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- No immediate impact to how services are delivered or which settings are available.
- **October 1, 2025:** A 1.6% rate reduction begins. Imagine! has not yet determined how (or if) this reduction will be passed through to providers. Updates will follow.
- **Fall 2025:** HCPF will begin stakeholder engagement. Families and providers will have opportunities to share feedback.
- **2026:** Potential payment changes as new rules are finalized.
- **Ongoing:** HCPF, along with advocacy partners (including Alliance) and other stakeholders, are working to ensure changes promote fairness & sustainability while protecting service options

## Addressing Common Misunderstandings

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Host Homes & Family Caregiver services are sometimes misunderstood. Here are some myths we've heard, and the facts you should know:

Myth	Fact
Host Homes are less intensive than Family Caregiver (FCG) settings.	Host Homes provide 24/7 support, including overnight care.
Only Family Caregivers provide around-the-clock care.	Host Homes also provide up to 24/7 care.
Host Homes can't support people with higher needs (tiers 5–7).	Host Homes serve individuals at all support levels.
Host Homes don't use respite.	Most Host Homes regularly use respite supports.
Family Caregivers should be paid more because they care more.	Both models include deeply committed providers. Payment is based on service design and not household relationships.
Quality will decrease if rates change	Both models are closely monitored; both remain critical options.

Other common questions have included:

**Q: Does this affect my job? Or by Benefits?**

A: There are no job cuts or changes to benefits. Imagine! continues to provide services and we are committed to keeping staff informed as we learn more.

**Q: Why are we talking about this now?**

A: The legislature just finished a special session; the Governor issued an Executive Order with cost-saving measures. We want to be transparent and make sure staff understand the context.

**Q: How will Imagine! respond if rates go down?**

A: Leadership is modeling different scenarios and will work to minimize impact on staff and the people we serve. We'll share updates in newsletters, all-staff meetings, and team briefings.

## The Bottom Line

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- ✓ These changes are about keeping Medicaid sustainable, not eliminating FCG services.
- ✓ Both Host Homes and Family Caregivers are essential parts of Colorado's system of care.
- ✓ The State's goal is to ensure rates are fair and consistent across similar services while managing rising Medicaid costs.

