

CBHC Statement on the Budget Reconciliation Bill, H.R. 1

The Colorado Behavioral Healthcare Council (CBHC), representing community-based nonprofit safety net providers of mental health and substance use disorder treatment across Colorado, is deeply concerned about the proposed changes to Medicaid in the Budget Reconciliation bill, H.R. 1.

Our members are the cornerstone of the state's behavioral health safety net, ensuring access to vital direct services in hundreds of locations statewide. These community-based providers offer tailored, evidence-based, and culturally responsive care that extends far beyond basic therapy and psychiatry. With Medicaid accounting for approximately 60% of our members' funding, any cuts will inevitably impact the very individuals who rely on these essential services – Coloradans facing serious mental illness, co-occurring substance use disorders, homelessness, or crisis – while also shifting significant costs to the state.

These proposed changes aren't just abstract budget figures; they represent real and devastating consequences for Coloradans with behavioral health conditions. These cuts could create significant barriers to essential care and even force the closure of vital programs that empower these vulnerable individuals to meaningfully engage in our society. Given Colorado's uniquely constrained budget, the state will be unable to offset these federal losses with increased state revenue, severely limiting lawmakers' ability to respond.

While we recognize that H.R. 1 includes some exemptions to work requirements—for individuals with a substance use disorder, a disabling mental disorder, or those participating in a drug or alcohol rehabilitation program—these carve-outs are narrow and administratively burdensome to verify.

CBHC has significant concerns regarding the following aspects of this legislation:

- **Implementation of work requirements, monthly eligibility checks, and new cost-sharing requirements:** This policy shift will generate substantial administrative costs and will likely cause eligible individuals to lose coverage. This will mean increased uncompensated care, exacerbating what providers have already experienced when the end of the COVID public health emergency left 575,000 Coloradans without Medicaid coverage—an impact that resulted in decreased access to care as providers had to scale back services, freeze hiring and even lay off staff. Given that over 92% of current beneficiaries are already working, caregiving, ill or disabled, in nursing facilities, or in school, these measures are inefficient and harmful. Given Colorado's decentralized county-administered model, these proposals are likely to disproportionately increase workload, errors, delays, and ultimately the loss of vital health coverage which will harm communities and providers. In addition, proposed monthly cost-sharing – such as a \$30/month fee – would pose an insurmountable financial barrier for many Coloradans with complex behavioral health needs.
- **Restrictions on provider fees for Medicaid:** The proposal to eliminate or restrict states' ability to utilize provider taxes to fund their Medicaid programs severely curtails their financial flexibility. Colorado's longstanding provider fee brings \$5.6 billion in federal funds to the state to enable Medicaid coverage for over 427,000 children, families, adults without dependent children and disabled individuals. Restricting this tool will directly undermine the state's ability to care for these vulnerable populations, because Colorado is not able to backfill these funds.
- **Reduced federal Medicaid allocations for certain states:** The proposed reduction in the Federal Medical Assistance Percentage (FMAP) for states like Colorado will significantly diminish the state's ability to determine appropriate coverage for its residents, likely forcing harmful reductions in essential Medicaid services, including those critical for addressing mental health and substance use challenges.

- **Elimination of Medicaid coverage for undocumented children and postpartum individuals:** This proposal would directly impact Colorado's ability to serve vulnerable families. Under state law—and in alignment with the mission of CBHC members—providers are required to care for all who walk through their doors regardless of documentation status. Denying Medicaid coverage to these individuals will compromise public health, increase long-term costs, and conflict with Colorado's efforts to ensure a just and equitable behavioral health system.

The potential ramifications extend far beyond behavioral health providers. Reduced access to care will strain the state budget through increased emergency room visits, involvement in the criminal justice system, and decreased productivity. The overall health and well-being of our communities will suffer.

CBHC strongly urges Colorado's federal delegation to oppose this legislation and to advocate for continued and robust federal investment in Medicaid and behavioral health services. We call on our elected officials to recognize the critical importance of these programs for the health and well-being of Coloradans and to reject any measures that would undermine access to life-saving care.

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