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State Medicaid monster devours the budget

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What goes up, must come down — except when it comes to Colorado's mushrooming Medicaid spending, it seems. Even as the number of people enrolled in the government health insurance program for the poor and disabled has declined, its cost continues to spiral upward. Note

A Common Sense Institute analysis released last week found the number of Medicaid enrollees in Colorado dropped over a half million from 2023 to 2025. Yet, total annual spending on the joint state-federal program jumped 15% — over $2 billion — in that time. Note

It's the latest confirmation of Colorado's rapidly growing Medicaid problem — specifically, the legislature's addiction to spending on Medicaid. It has become the tail that wags the dog of the state budget.

Common Sense's latest findings include that the state Medicaid department's share of Colorado's total operating budget soared from 27% in 2013 to 41% in 2027. Note

Gov. Jared Polis and his fellow Democrats who control the legislature have been compounding the problem for years. They have been shoveling money into the program as a means of expanding health care willy-nilly, not only running up deficits that have had to be pared through radical cuts, but also incentivizing mismanagement by the state government and even potential fraud by Medicaid providers.

An investigation by The Denver Gazette's news staff earlier this year uncovered alleged, rampant overbilling of Medicaid by a network of service providers for the homeless in Aurora. The Denver Gazette found the network had lured dozens of homeless people with promises of free housing and cash, and reaped tens of millions of dollars in Medicaid reimbursements. The Denver Gazette's investigation prompted the state to launch an investigation of its own, and it suspended an Aurora homehealth agency over its involvement "due to credible allegations of fraud."

More recently, a federal audit by the U.S. Department of Health and Human Services inspector general found Colorado had failed to follow federal and state requirements for some Medicaid personal care service payments. It's more evidence of fast and loose spending with poor oversight. The federal agency is now seeking an $8 million repayment from the state.

As Common Sense's latest analysis reminds us, a key driver of surging Medicaid spending has been our state's lawmakers and governor, who have enacted a passel of new Medicaid-related laws that have expanded the program over the years. Colorado has enacted 182 health-care bills since 2019, the analysis notes, adding $858 million annually to the state's Medicaid tab.

Some of those measures had fueled the earlier jump in enrollment, now dipping. Among the most gratuitous examples was a health care coverage program for illegal immigrants that began in 2024 with an estimated cost of $27 million for 3,600 enrollees — and now covers 30,000 at an estimated cost of $112 million.

But other measures expanded services Note covered by Medicaid, helping explain how the program continues to grow even as it is covering fewer people.

A bill signed into law by Polis in 2023, for example, allowed the state to provide in-home and community-based services to Medicaid recipients — at a cost of $39 million. There were bills advancing $3 million for "reproductive health" care coverage for people who wouldn't otherwise be eligible for Medicaid due to citizenship or immigration status. Another $7 million was authorized to cover copays for pharmacy and outpatient services.

To be sure, as the analysis points out, rising health care costs overall also account for some of Medicaid's climbing costs.

But the biggest cost driver underlying it all is ruling Democrats' evident aim of using Medicaid as a means of imposing broad health care reform — through a program that only was supposed to be a stopgap for the poor. No wonder Medicaid has turned into a monster.

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