

THE COST OF AGING IN COLORADO

Budget Trends and Gaps in Colorado's Public Investments

While the number of young Coloradans 18 or younger is expected to grow by 4.6% from 2024 to 2035, the older adult population (those 65 or older) is projected to increase by nearly 30% over the same period. This aging of our population presents numerous challenges for state and local governments. Annual growth rates in key public revenue sources, such as income and sales taxes, will slow as the aging population transitions out of paid employment. Importantly, this will occur while the need for public resources is increasing, particularly for healthcare and affordable housing. Many services and supports for our older adult population will similarly face greater need while competing for already squeezed public resources, thanks in part to the Taxpayer's Bill of Rights (TABOR). With cuts to major federal programs on the horizon, Colorado's older adult population will face growing hardship unless lawmakers act immediately.

Key Areas of Impact: Healthcare & Housing

Healthcare: A Growing Share of the State and Household Budget

Healthcare is the largest and fastest-growing category in Colorado's state budget, accounting for 32%, or approximately \$16 billion, of General Fund spending in fiscal year 2024–25, up from 26% a decade ago. The majority of these dollars fund Medicaid (Health First Colorado), which provides health insurance to low-income residents, including many older adults. For older adults, healthcare makes up 13.4% of private spending, compared to 8% across all age groups. Even so, many of the services they need, especially long-term care, are far more expensive and are heavily subsidized by Medicaid.

Long-Term Care

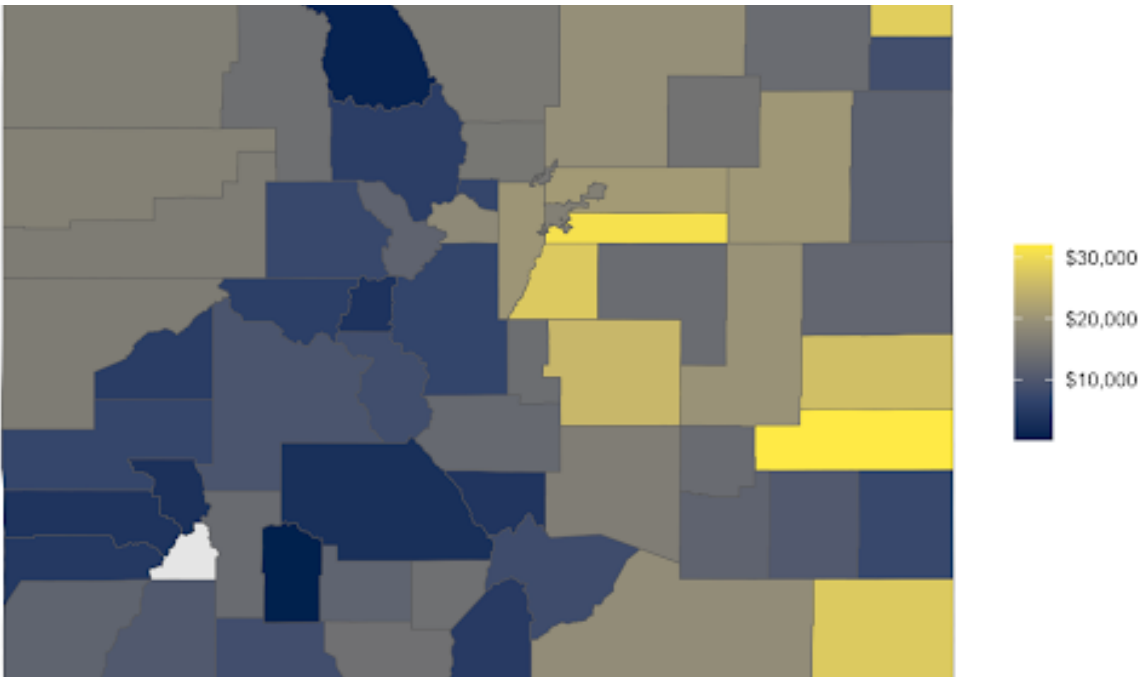
Older adults who need help with daily activities like bathing, dressing, or managing medications often rely on Long-Term Services and Supports (LTSS), which are primarily funded by Medicaid. Although just 4 to 5% of Medicaid recipients use LTSS, they account for over 40% of Medicaid spending due to the intensive and costly nature of their care. Nationally, Medicaid covers about 61% of all LTSS expenditures. The Department of Health and Human Services estimates that, on average, an American turning 65 in 2022 would incur \$120,900 in future LTSS costs.

In Colorado, over 80,000 people receive LTSS through Medicaid, and nearly half are 65 or older. These services include both institutional care and more community-based options like in-home care. In 2024, nearly \$4 billion in state and federal resources were spent on long-term care. When looking at costs per older adult enrolled in Medicaid, some counties stand out as much more expensive than others. In Kiowa County, for example, Medicaid spent more than \$32,000 per enrolled senior—more than twice the statewide average. This isn't surprising given the high cost of care across the state. Colorado currently ranks as the seventh most expensive state for home health aides, with a median annual cost of \$96,096. Assisted living isn't far behind, averaging \$70,521 per year. These services are essential for many older adults but come with steep price tags that contribute to rising Medicaid costs.¹



1. See <https://pro.genworth.com/riiproweb/productinfo/pdf/298701.pdf> for median values and state rankings.

Figure 7. Total Long Term Care Spending, Per Older Adult Medicaid Enrollee, by County 2024*

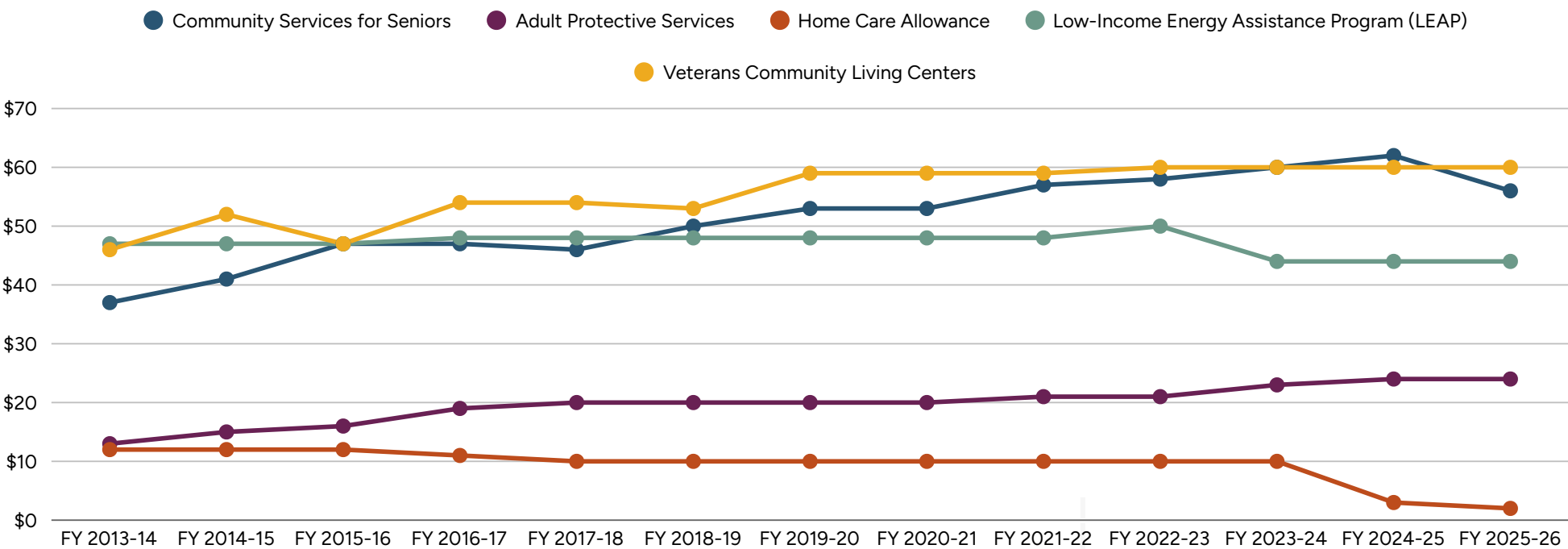


Source: CFI analysis of State Demographer Office population data, Health First Colorado claims data, and U.S. Census Bureau, American Community Survey (ACS) 5-Year Estimates, Public Health Insurance Coverage by Sex and Age, Table C27007
*Note: San Juan had no reported older adults enrolled in Medicaid.

Budget Trends of Colorado's Public Programs Serving Older Adults

There are several public programs serving older adults, including some jointly funded by the federal government. For five of these programs, shown below, total spending has increased by an average of just 1.58% annually since fiscal year 2013-14. On a per older adult basis, however, funding has declined by roughly 24% over that same time period. If current spending trends continue unabated, despite increased need, per older adult spending will decline an additional 5% by 2035.

Total Expenditures on Five Major Programs Serving Older Coloradans (dollars in millions)*



*Importantly, there are additional programs—including the state's Old Age Pension program – with annual funding at levels below \$10 million annually. Such programs were not included in this analysis.

Major Reforms Needed: A Rallying Cry

Colorado stands at a demographic and fiscal crossroads. The state's older adult population is growing rapidly, and in just 20 years, another wave is coming: the millennial generation—now aged 29-44—totals roughly 1.3 million and will begin aging into retirement in the 2040s and beyond. Without proactive policy reform, the mismatch between rising need and stagnant or shrinking public investment will grow sharper each year. Lawmakers must act now to shore up long-term care infrastructure, protect and expand Medicaid, and prioritize housing solutions that allow older Coloradans to age in place. This will require rethinking outdated constitutional limits, including reforms to the Taxpayer's Bill of Rights (TABOR). A major priority now and well into the future will be twofold: securing sustainable revenue and ensuring that older adults are not left behind in Colorado's budget decisions. The choices made today will shape whether Colorado can age with equity, stability, and care—or fall short of meeting the needs of its growing older population.