

# CHANGES TO PUBLIC BENEFITS CHALLENGES FOR COLORADANS

In January 2020, the US Department of Health and Human Services declared a public health emergency (PHE) in response to the developing COVID-19 pandemic, allowing the government to take extra steps in responding to the crisis. This guaranteed healthcare coverage under Medicaid, Medicare, and CHP+, provided all eligible households with the maximum benefit for SNAP (food stamps), expanded tax credits that support families with children, and streamlined access to COVID testing and care. In addition, the federal government issued a temporary national moratorium on most evictions for nonpayment of rent to help mitigate the impact of COVID-19, and launched two iterations of the Emergency Rental Assistance (ERA) Program to protect tenants from eviction.

By keeping people stably housed, guaranteeing medical coverage, and increasing food security, these benefits have become a critical support to millions of low-income households. However, as the PHE draws to a close, these measures and other pieces of legislation tied to the PHE are set to expire. The loss of these key provisions will create a precarious environment for people with low incomes and place the most vulnerable groups at greater risk of health issues, food insecurity, and homelessness.

## EMERGENCY RENTAL ASSISTANCE (ERA)

As federal funds for ERA dwindled, Colorado stopped accepting new applications in mid-November.<sup>1</sup> For residents in Denver, the cutoff on *all* applications was December 9th, 2022.<sup>2</sup> ERA funds, in addition to the federal moratorium on evictions, were extremely effective in assisting renters at risk of losing their housing. Thanks to these protections, evictions stayed at 26% below historic national averages, rather than spiking as predicted. In 2021 alone, at least 1.36 million formal evictions were prevented.<sup>3</sup>

According to Matthew Desmond, founder of the Eviction Lab at Princeton University, “the Emergency Rental Assistance Program, along with the federal eviction moratorium, formed the most important federal housing policy in the last decade. These combined initiatives were the deepest investments in low-income renters the federal government has made since the nation launched its public housing system. This was a real win, the most important eviction prevention policy in American history.”<sup>4</sup>

Despite the program’s success, funds are set to expire soon, placing low-income Coloradans at an increased risk of eviction and homelessness. This January, Denver saw the highest number of monthly evictions since 2019. The 1,101 evictions were nearly double the 564 filings recorded in January 2022.<sup>5</sup>

Rental assistance is a targeted measure that serves those with the greatest need—between April 2021–September 2022, 56% of ERA2 allocations were made available to Coloradans under 30% area median income.<sup>6</sup> Without these protections, households experiencing financial insecurity will have substantially less protection from eviction and homelessness.

1. <https://cdola.colorado.gov/rental-assistance-program>

2. <https://denverite.com/2022/12/02/denver-emergency-rental-assistance-application-deadline/>

3. <https://bit.ly/3ylH3yc>

4. *ibid*

5. <https://bit.ly/3SUcVU7>

6. <https://bit.ly/3SRFvp8>



## SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)

Since March 2020, households receiving Supplemental Nutrition Assistance Program (SNAP) benefits have been receiving extra support called “emergency allotments,” which were authorized by Congress to better protect people throughout the pandemic.<sup>7</sup> Recently, Congress discontinued federal funding for emergency allotments, meaning that February 2023 will be the last month that families receive the increased benefit. Starting in March, SNAP assistance will return to regular pre-pandemic levels and most households will see a reduction in benefits.

Colorado is estimated to lose \$53 million per month, which, in conjunction with inflation, will push low-income families towards a hunger cliff. On average, the monthly reduction is about \$90/person, or \$360 for a family of four at a time when Colorado families are already strapped for cash.<sup>8</sup> Approximately 554,000 people in 290,000 Colorado households receive SNAP benefits.<sup>9</sup> By allowing them to purchase food at local grocery stores, SNAP both provides key nutritional assistance and boosts the state economy.

In the last quarter of 2021, the benefits kept 4.2 million people above the poverty line. This reduced poverty by 10% overall and 14% for children— plus the reductions were greatest for Black and Latino people.<sup>10</sup> As emergency allotments expire, households with children will lose \$223 per month on average. Households with adults aged 60 and older will see an average decrease of \$168 and for those with people living with disabilities, the average decrease will be \$190.<sup>11</sup>

To prepare for the end of emergency allotments, the Colorado Department of Human Services recommends rolling over unused SNAP benefits to the next month, stocking up on non-perishable food items, stretching food ingredients for multiple meals, and freezing produce. They have released a [toolkit](#) with messaging to alert households of the changes.

## HEALTH INSURANCE / MEDICAID CONTINUOUS ELIGIBILITY

During the pandemic, Congress passed legislation that guaranteed anyone enrolled in Colorado’s Medicaid program would keep health coverage throughout the PHE, even if their eligibility changed. This “continuous coverage requirement” also applied to children and pregnant people covered by the Child Health Plan Plus (CHP+) program. However, Congress recently passed legislation that decouples continuous coverage from the PHE, meaning that Colorado will return to normal eligibility renewal processes beginning in April. According to the U.S. Department of Human Health Services (HHS), an estimated 15 million people nationwide, including 5.3 million children, could lose coverage due to these changes. Almost half of these cases will be due to administrative barriers and inefficiencies, rather than changes in eligibility.<sup>12</sup>

To stay enrolled in Medicaid, people may be required to submit current information about their household since states have not been going through annual renewal processes and updating information throughout the pandemic. The Colorado Department of Health Care Policy and Financing is estimating that, “more than 325,000 Coloradans (about 20% of current members) may no longer qualify for our safety net coverage programs, and will therefore be disenrolled beginning in May and over the 12 months that follow.”<sup>13</sup>

7. <https://cdola.colorado.gov/rental-assistance-program>

8. <https://hungerfreecolorado.org/>

9. <https://cdhs.colorado.gov/press-release/emergency-additional-snap-benefits-are-ending-in-february>

10. <https://bit.ly/3ZN3atp>

11. *Ibid*

12. <https://bit.ly/3F34NLE>

13. <https://hcpf.colorado.gov/executive-director>

## HEALTH INSURANCE / MEDICAID, CONTINUED

Furthermore, Colorado uses a county-based eligibility system, which tends to be more inefficient and costly than other systems. This has significant implications for the state's ability to accurately assess an individual's eligibility. Many Medicaid recipients may lose coverage due to outdated systems and errors in paperwork rather than actual changes in income.<sup>14</sup>

To help people stay covered, service providers and community based organizations should work proactively to alert enrollees about the upcoming changes. Providing outreach and sharing key messages regarding next steps will be crucial in helping people keep Medicaid or switch over to another coverage option. Helping people update their information and respond to renewal paperwork is critical, especially considering how complicated some of these forms and processes can be.

## CHILD TAX CREDIT

The Federal Child Tax Credit (CTC) helps families with qualifying dependent children get a tax break and make ends meet. Coloradans who qualify for the Federal CTC may also qualify for a state credit. This credit is refundable, meaning that if the credit exceeds one's tax liability, it will still be received as a refund.<sup>15</sup>

**In 2021, the American Rescue Plan Act enhanced the Child Tax Credit by:**<sup>16</sup>

- Increasing the credit amount from \$2,000 to \$3,600 for qualifying children under age 6, and \$3,000 for other qualifying children.
- Making the credit fully refundable so households can receive the whole benefit.
- Increasing the age limit for qualifying children from 16 to 17 years old.
- Allowing for automatic monthly payments to families who filed tax returns for 2019 or 2020 or who signed up to receive a stimulus check from the Internal Revenue Service.
- Expanding the credit to low-income families residing in Puerto Rico and the U.S. Territories to better support their children's development and health and educational attainment.

Although the credit was one of the single most successful tools against poverty, lawmakers did not extend the enhanced credit and families will now see a reduction in refunds this tax cycle. For 2022 tax returns, the Child Tax Credit will return to 2020 levels, leaving low-income families to bear this additional burden. For 2022, the child tax credit reverts to \$2,000 per kid under the age of 16 claimed as a dependent. In addition, it is now only partially refundable up to \$1,500 of the child credit. To qualify for the partial refund, you must have at least \$2,500 of earned income.<sup>17</sup>

Temporarily expanding the credit in 2021 helped to lift 3.7 million children out of poverty (as of December 2021) and led to improved nutrition, decreased reliance on credit cards, and greater educational investments for both parents and children.<sup>18</sup> The changes made to the program were especially beneficial for lower and middle income families along with communities of color.

Similarly, the Earned Income Tax Credit will see a reduction from \$1,500 in 2021 to \$500 in 2022, along with a return to more stringent eligibility requirements. The refundable EITC incentivizes low and middle income people to work, and has also been extremely effective in raising children out of poverty. According to the Center on Budget and Policy Priorities, the EITC lifted about 5.6 million people out of poverty, including about 3 million children, in 2018.<sup>19</sup> Lastly, the Child and Dependent Care Credit, which helps families pay for child care expenses as they work or look for work, will see significant reductions from the previous year.<sup>20</sup>

14. <https://colponline.org/news/unwinding-continuous-coverage/>

15. <https://tax.colorado.gov/CTC-FAQ>

16. <https://www.whitehouse.gov/child-tax-credit/>

17. <https://www.kiplinger.com/taxes/child-tax-credit-faqs>

18. <https://bit.ly/3YkIR6w>

19. <https://bit.ly/3mxjwYM>

20. <https://bit.ly/3yjHMOz>

## COVID TESTING / TREATMENT<sup>21</sup>

As the Public Health Emergency ends, Americans will likely see higher costs for both at home and clinician-ordered tests. Those with traditional Medicare insurance will no longer receive free tests after May 11th, and private insurance and Medicare advantage also will not guarantee free tests, though some insurers may continue to cover them voluntarily. COVID tests ordered or administered by a health professional may no longer be free for all, though they will still be covered for most people with insurance.

- As long as federally purchased vaccines are available, COVID-19 vaccines will remain free to all people, regardless of insurance coverage or network status.
- Those with public coverage may see new cost-sharing for COVID treatments, except those purchased by the federal government (e.g. Paxlovid and Legevrio).
- Health care through telehealth may see changes in flexibility when the public health emergency ends.

## CONCLUSION

Expanding these proven programs throughout the Public Health Emergency was extremely effective in keeping households stably housed, well-fed, and healthy. Unless we recognize the profound impact of these supports and take immediate steps to extend their duration and scope, low-income households will soon start to feel additional pressure. This burden can be avoided if we implement certain policies targeted to those with the greatest need. We should:

1. Create a sustainable and ongoing funding source using local, state, and federal dollars for rental assistance and eviction defense.
2. Implement tenant protection measures, which could limit fees, expand pathways for mediation, improve transparency, establish just cause, limit source of income discrimination, and more to keep people stably housed.
3. Increase access to food programs like SNAP benefits to ensure low-income households can afford to eat healthful meals.
4. Congress and the Colorado General Assembly should expand tax credit programs, like the CTC and EITC, that are shown to be some of the most effective tools in lifting people (especially children) out of poverty.
5. Extend continuous Medicaid coverage using state- or federal-level strategies. This is especially important for households with younger children, who have unique medical care needs, and lower income populations including people experiencing homelessness.

These expanded provisions tied to the Public Health Emergency demonstrated that making investments in a robust safety net can have enormous implications for people's basic stability. Though the emergency is ending, additional long-term investments are needed to ensure that those with the least resources have access to secure health, employment, food, and housing.

When confronted with difficult policy decisions, we must recognize that low-income individuals and families face emergencies daily in trying to make ends meet, and we should dedicate resources to proven, evidence-based programs to make sure they do not fall further behind.

21. <https://www.hhs.gov/about/news/2023/02/09/fact-sheet-covid-19-public-health-emergency-transition-roadmap.html>