



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1365: REPEAL MEDICAID REIMBURSEMENT FOR EQUINE THERAPY

Prime Sponsors:

Rep. Brown; Sirota
Sen. Amabile; Kirkmeyer

Fiscal Analyst:

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Fiscal note status: The fiscal note reflects the introduced bill, which was recommended by the Joint Budget Committee as part of the FY 2026-27 Long Bill budget package.

Summary Information

Overview. Budget package bill. The bill eliminates coverage for equine therapy under Medicaid.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures

Appropriations. For FY 2026-27, the bill requires and includes an appropriation reduction of \$362,028 to the Department of Health Care Policy and Financing.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	-\$363,028	-\$363,028
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Fund sources for these impacts are shown in the tables below.

Table 1A
State Expenditures

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	-\$181,514	-\$181,514
Cash Funds	\$0	\$0
Federal Funds	-\$181,514	-\$181,514
Centrally Appropriated	\$0	\$0
Total Expenditures	-\$363,028	-\$363,028
Total FTE	0.0 FTE	0.0 FTE

Summary of Legislation

The bill eliminates coverage for two forms of equine therapy currently offered under Medicaid, which is operated by the Department of Health Care Policy and Financing (HCPF). The bill:

- repeals Medicaid coverage for hippotherapy and reduces HCPF's appropriation accordingly; and
- reduces HCPF's appropriation for equine therapy coverage under the Adult Supported Living Services and the Children's Extensive Support Services waivers. This coverage is not statutorily required and thus requires no repeal.

State Expenditures

On net, the bill decreases state expenditures in HCPF by an estimated \$362,028 starting in FY 2026-27, split evenly between the General Fund and federal funds. This estimate assumes that once equine therapy coverage is eliminated, Medicaid members will switch to less costly forms of physical therapy. For FY 2026-27, equine therapy service costs in HCPF are expected to decrease by \$525,840, and increase by \$163,812 for lower cost physical therapy services provided to the same population. Actual expenditures may vary, as they depend on a wide range of decisions made by Medicaid members, providers, and the General Assembly.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2026-27, the bill requires and includes an appropriation reduction of \$362,028 to the Department of Health Care Policy and Financing, split evenly from the General Fund and federal funds.

Departmental Difference

HCPF estimates that the bill will reduce costs by \$525,840 in FY 2026-27 and greater amounts in future years. This estimate assumes that once coverage for equine therapy is eliminated there will be no corresponding increase in utilization other forms of therapy (since other forms of therapy are typically used alongside equine therapy currently) and that, absent the bill, utilization of equine therapy will grow. The fiscal note assumes that there will be a substitution effect and that any impact from annual growth will be adjusted for through the normal budget process.

State and Local Government Contacts

Joint Budget Committee Staff