

Colorado Seizes the Moment to Rebuild a People-Centered Benefits System

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People-centered benefits systems do not emerge by accident or through contractual agreements alone: they require state capacity to lead and drive change. Eligibility systems that power access to benefits determine whether people receive crucial food, healthcare, and financial assistance on time, and without unnecessary obstacles. When states lack product, technical, and design expertise, families face delays, confusion, and missed benefits. When county workers lack the right tools, families are left to contend with longer wait times and higher error rates. Colorado's experience shows both why this capacity matters and what it takes to build it.

In 2011, Colorado emerged as an early leader in allowing people to apply to multiple programs through a single application.¹ However, long-standing issues with its vendor-managed eligibility system, including persistent usability challenges for case workers and major compliance failures, became headlines in the news multiple times, requiring significant state attention and resources. While the Colorado Benefit Management System (CBMS) continued to serve hundreds of thousands of Coloradans, the operational challenges created delays and barriers that affected families' access to services.

With a federally mandated reprocurement of its eligibility system contract set for 2027, Colorado faced a choice: continue with the status quo, or take a different approach to technology. Locking the state into another ten-year contract where the vendor controlled the roadmap and improvements were increasingly costly would likely perpetuate the same cycle of dependency and incremental fixes. The need for flexibility in the system became even more clear with the 2025 passage of H.R. 1: federal legislation that introduced sweeping changes to SNAP and Medicaid eligibility. Colorado ultimately chose a new path: the state decided to build the internal capacity to lead strategic development itself, ensuring the system would be designed around the needs of families and county workers rather than the constraints of vendor relationships.

This case study explores how Colorado made the shift: the conditions that enabled it, the strategic decisions that drove it, and the early results showing the importance of state capacity in developing people-centered services.

Colorado Needed to Rethink Its Benefits System

The Colorado Benefits Management System (CBMS) is the state's core back-end enrollment and eligibility system for Medicaid, the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), and other public benefits programs. Launched in 2004, CBMS powers the enrollment and eligibility determinations that help thousands of Coloradans access critical services. Colorado's Program Eligibility Application Kit (PEAK)—the public-facing portal—allows residents to apply for benefits, check application status, and submit documentation.² PEAK stands as one of the few systems in the country capable of handling five or more major public benefits programs in a single workflow.³

The efficiency of PEAK is undermined by the weaknesses in CBMS, which PEAK integrates with to enable application processing. In Colorado, county agencies are responsible for processing applications and determining eligibility for public benefits, making county workers the critical interface between families and the support they need. Over the years, county workers have been overwhelmed by a confusing, inefficient system. Processing a single moderately complex application could require navigating 80 screens, with workers forced to manually copy data between multiple interfaces without unified task or document management tools.

While the system continued to process applications, these operational challenges led to processing delays that affected families' ability to access benefits and made headline news.^{4,5} The state's inability to address these issues was costly to taxpayers. In 2008, Colorado repaid \$9.4 million to the Department of Agriculture due to SNAP processing errors.⁶ In 2017, over \$43 million in improper Medicaid payments were flagged due to system defects that made the technology incompatible with federal requirements.⁷

The new federal mandates in H.R.1 require states to make drastic changes to their eligibility and reporting systems by December 2026 or face massive financial penalties.^{8,9} As Colorado assessed the scale and speed of changes needed to implement H.R. 1, a deeper problem beneath the longstanding errors and inefficiencies became clear: the inflexibility of the vendor-driven system. Updating the existing system to meet the new federal requirements would cost approximately \$60 million, and the vendor's standard development timelines put the state at serious risk of missing federal deadlines. This underscored what had become increasingly clear: Colorado couldn't afford to stay on the same path.

Years of documented operational challenges created barriers for families, and the system's inability to adapt quickly to new federal requirements threatened to compound this harm. For families needing food assistance or medical care, delays in benefits can be a matter of survival. These gaps in service and performance underscored the need for a fundamental change.

Colorado Turned A Required Reprocurement Into A Strategic Opportunity

Colorado's vendor contract for CBMS was set to end in June 2027, creating a natural opening: Colorado could either continue to manage their technology in the same way but with the same or another vendor, or use this moment to fundamentally rethink their approach.

Colorado chose the latter.

Their decision required a full redesign to better serve its residents, shifting from a vendor-driven model to one where the state agencies led development. This shift would allow the state to make decisions based on the needs of Coloradans using public benefits, rather than the constraints of a legacy system or vendor contract.

With the multi-year planning process for the reprocurement underway and requests for proposals scheduled to go out in early 2025, Colorado Digital Service (CDS)—a team of digital experts that provides technology guidance and support to state agencies—identified a critical gap: the state lacked product leadership to own strategy, challenge vendor decisions, and manage the transition.

In December 2024, Colorado hired its first Head of Product for CBMS and stakeholders voiced major concerns to her about the procurement plan. She recommended to Executive Directors that leadership pause and address those concerns, and leadership agreed—a critical decision that created space for honest assessment.

This pause created space to rethink the approach; instead of using \$10 million to hire 29 project managers who would write procurement documents, the Head of Product proposed \$4.5 million for 14 technologists—including product managers, engineers, and UX researchers—who could set strategy, assess technical flexibility, and prioritize based on the needs of public benefits recipients rather than vendor preferences. The Head of Product took a people-centric approach focused on understanding the needs of Coloradans and defining the success of the system based on its ability to meet those needs, rather than expecting families to conform to the system. Between April and July 2025, the Head of Product also had independent technical assessments performed to understand the state of the system, the root causes of the issues public benefits recipients experienced, and the effort required to address the issues. These assessments revealed that the system was not actually as modular as the state had been led to believe; the architecture had high interdependency and "spaghetti code" that made even small changes risky and expensive. Improving Coloradans' experiences would require untangling years of quick fixes and workarounds layered on top of one another.

The team put together cost estimates for two paths: fixing the existing system or rebuilding it from scratch. The surprising finding was that a complete rebuild was actually safer than attempting to modernize the deeply flawed legacy architecture, and cost-competitive with the extensive remediation the existing system would require. Colorado developed a replacement strategy with early-stage estimates of \$140-190 million over three to four years and have found ways to work within existing budgets in the early stages.

The independent technical assessment became the foundation for a fundamentally different approach: one where Colorado would build internal capacity to lead, rather than manage vendors. This was a shift toward greater ownership over the product and its design, with a clear focus on human-centered outcomes for workers and residents alike.

Four Conditions Enabled The Shift Toward State Leadership

LEADERSHIP ALIGNMENT & STRATEGIC AUTHORITY MADE CHANGE POSSIBLE

Colorado's shift required political will at the highest levels and smart organizational design. The Governor's Office championed the transformation, while Executive Directors from the Department of Human Services and the Department for Health Care Policy and Financing—who oversee many of the programs that are part of CBMS—were early supporters, aligning across agencies to drive change. Critically, they structured the new Head of Product role with real authority: reporting directly to both executive directors, enabling decisions without navigating multiple approval layers and ensuring cross-agency alignment.

INTERNAL DIGITAL CAPACITY ENABLED DIAGNOSIS & ACTION

CDS gave Colorado a critical advantage: the in-house expertise to recognize that the state lacked product leadership to effectively lead system reform. Initially, CDS had been called in to address SNAP timeliness failures. But CDS diagnosed a deeper structural problem: the absence of state capacity to own strategy and challenge vendor decisions. CDS helped fill the gap, recruiting the state's first Head of Product for CBMS and structuring the role with the authority needed to drive real change.

COLLABORATION WITH STATE & NATIONAL PARTNERS HAS FUELED THE TRANSFORMATION

Colorado has built strategic partnerships with both local and national organizations and prioritized deep engagement with county workers providing services in Colorado to make this shift possible.

A partnership with Code for America has provided critical people-centered research expertise and workflow redesign capabilities, creating and testing mock-ups with county workers to reimagine how the system could better meet their needs. Philanthropies like Gary Community Ventures have partnered with CBMS to develop prototypes and explore open standards that could allow the state to share their innovations with other states. Open Contracting Partnership is helping CBMS adopt more agile, outcomes-focused procurement strategies. Colorado also secured critical buy-in from county leadership and frontline workers, who would ultimately be responsible for operating the new system.

SMART USE OF EXISTING RESOURCES HELPED DRIVE CHANGE

In a constrained fiscal environment made tighter by the looming costs of implementing H.R.1, new appropriations were far from guaranteed. Colorado found a creative way forward by working within existing budgets. CBMS first redirected \$4.5 million from the already proposed \$10 million budget for the procurement process to hire technologists who could provide the strategic and technical leadership. For the first year of the larger \$140-190 million system replacement, Colorado identified and redirected existing funds that had been allocated for system work across different budget lines.

State Capacity Will Improve Service Delivery for Families

Colorado has committed to designing its new enrollment and eligibility system around the real lives of families, not the limitations of program silos. For example, instead of maintaining separate profiles for the same person across different programs, the system will create a single profile that works across all programs. This means families will not have to provide the same information multiple times—eliminating redundant paperwork, reducing confusion and delays, and ensuring families have timely access to food, healthcare, and cash support when they need it most.

County workers will be equipped with tools that match how they do their jobs, rather than an outdated legacy system. A unified view of people and households, combined with fewer screens and clearer workflows, is expected to reduce errors and processing time. Early testing suggests this approach could reduce errors by 25 percent while cutting processing time significantly. This is expected to free workers to focus on helping families directly rather than dealing with complex workarounds.

Benefits will be delivered faster as friction is removed at every step. With fewer errors, fewer duplicate document requests, and clear status updates, more families will be able to rely on a single submission process to access the benefits they need without their cases stalling.

With internal product and technical capacity, Colorado will be able to quickly respond to policy changes and solve issues as they arise—whether it's addressing barriers that families face or fixing problems before they become systemic failures. Through ongoing people-centered research with county workers and families, the system will evolve over time, helping prevent the cycle of massive rebuilds followed by years of stagnation that has plagued previous modernization efforts.

State Capacity Makes People-Centered Systems Possible

By using a required procurement as an opportunity to build internal capacity, Colorado transformed what could have been another decade of vendor dependence into a chance to redesign services around the real needs and experiences of the people who rely on them. The true measure of success will be whether parents can access food for their children without unnecessary delays and whether the county workers have the tools to make that possible.

About

Andrés Argüello is a Visiting Fellow at the Georgetown Center on Poverty & Inequality (GCPI). This is the fourth in a series of case studies within GCPI's **People-Centered Digital Benefits Project**. This case study is grounded in interviews and correspondence between the author and senior officials from Colorado conducted between June 2025 and March 2026.

Endnotes

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