

# Prospective Payment System Guardrails

January 23, 2026

# What We Do

The Department of Health Care Policy & Financing administers Health First Colorado (Colorado's Medicaid program), Child Health Plan *Plus* (CHP+) and other health care programs for Coloradans who qualify.



# Our Mission:

Improving health care equity, access and outcomes for the people we serve while saving Coloradans money on health care and driving value for Colorado.



**COLORADO**

Department of Health Care  
Policy & Financing

# Meeting Expectations

## Goals:

In today's meeting, HCPF Rates and Behavioral Health Policy team members will discuss Prospective Payment Systems in Colorado, what we would like to do to foster accountability and sustainability, and ask for feedback and questions on the information and ideas presented from our stakeholder partners to shape Colorado's PPS Accountability Guidelines for the future.

## Meeting Ground Rules:

- Slide decks will be shared after the meeting
- Hold questions until the appropriate space
- Utilize Hand Raise and Q&A functions
- We appreciate your undivided attention

# Agenda

- Introductions
- Current CSNP PPS Guardrails
- Proposed CCBHC PPS Accountability Guidelines
- Feedback opportunity and timeframe
- Resources

# Introductions

Welcome!

Today's Presenter:

- Dr. Steven Ihde

Please place your name and the organization you represent in the chat!

# Poll

- Do you have **lived experience** defined as “having a firsthand, personal experience of a behavioral health condition (mental health and/or substance use disorder) and experience navigating the behavioral health service delivery system”?
- How familiar are you with Prospective Payment System?
- How familiar are you with the difference between Comprehensive Safety Net Providers (CSNPs) and Certified Community Behavioral Health Clinics (CCBHCs)?



# PPS Overview

**A Prospective Payment System (PPS) is a pre-set payment amount to cover a particular "encounter" period (daily/monthly) and a defined set of services.**

- It is prospective in that it uses historical costs and utilization to project and set future payment rates.
- CO will (likely) have 2 types of BH PPS beginning in SFY 2026-27.



# PPS in Colorado

On July 1, 2024 Colorado launched a PPS rate for the new Comprehensive Safety Net Provider (CSNP) type.

Features of the CSNP PPS include:

- A daily rate
- Procedure Code based
- BH cost report used for cost data
- Trended forward to reflect future cost need

# CCBHC PPS-1

In 2025, CO participated in a Certified Community Behavioral Health Clinic(CCBHC) Planning Grant. This work will continue through 2026 with a No-Cost Extension.

- One of the requirements of the grant participation included choosing between 4 possible CCBHC-specific PPS methodologies
- CO chose PPS-1 CCBHC Methodology:
  - Also a daily rate, procedure code based
  - Best aligns with the current CO CSNP PPS already in place
  - Will properly account for service costs while minimizing undue administrative burden (similar cost reporting requirements)

# Accountability Guidelines

- Colorado faces unique challenges in managing state and federal funding
  - TABOR
  - H.R. 1
- Guidelines support the goal of improving patient outcomes and service availability while efficiently using Colorado's resources and building sustainable healthcare systems

# Current CSNP PPS

## Oversight Framework

- Standardized encounter definitions
- Cost report auditing requirements
- Annual PPS rebasing
- Licensure & certification requirements
- Managed care oversight (RAEs)

# Known Risks

- Encounter Growth
- Shifts to lower-intensity, higher-frequency services
- Underservice relative to clinical need
- Visit spreading/fragmented care
- Impact to providers serving high acuity members

# Key Findings

**PPS Subcommittee + HCPF/BHA Workgroup + National Experts + Consultation with other CCBHC States =**

- Most PPS risks are structural, not behavioral
- Existing oversight tools are strong, but incomplete
  - The biggest gaps are:
    - Data interpretation
    - Cross-agency coordination
    - Routine, shared review of trends

# Recommendations

1. Standard Data & Dashboards
2. Cross-Agency Review Forum
3. Transparency in Cost Reporting & Rebasing
4. Equity & Case-Mix Monitoring
5. Payment Model Adjustments
6. Targeted Technical Assistance
7. Overall Oversight Approach
  - Collaboration, transparency, continuous communication

# Standard Data & Dashboards

Regular reports to track:

- Encounter growth over time
- Types and intensity of services
- Follow-up after hospital or crisis care
- Emergency department and inpatient use
- Access differences by region and population

Helps spot trends early and transparently



# Cross-Agency Review Forum

- Regularly meeting of HCPF/BHA, RAEs/BHASOs and providers
- Review PPS data and trends as a group
- Identify solutions early and collaboratively

# Transparency Cost Reporting/Rebasing

- Explain how PPS rates are updated over time
- Publish costs included in rate setting
- Show how workforce shortages and geographic differences are considered
- Help providers plan and help the public understand how rates are set

# Equity & Case-Mix Monitoring

- Track how PPS affects providers serving people with higher needs
- Look at differences by population, community, and geography
- Identify early signs of unequal impacts
- Use data to support equity, not to penalize providers

# Future Payment Model Adjustments

- As model matures
  - Explore payment tiers to mitigate access risks for more resource intensive services
  - Reduce the incentives and consequences of maximizing revenue by billing more low-cost services
  - Make gradual changes with stakeholder input

# Overall Approach

- Targeted technical assistance
  - Existing licensure, certification, and managed care levers to provide technical assistance when analytics indicate emerging gaps (e.g., service adequacy, coordination shortfalls, or regional access pressures)
- Collaboration
- Transparency
- Continuous communication

# Action Needed

Please share your feedback on the  
CCBHC PPS Accountability Guidelines  
by February 28, 2026.

[Feedback Survey](#)

# Resources

**HCPF Behavioral Health Benefits Inbox:**  
[hcpf\\_bhbenefits@state.co.us](mailto:hcpf_bhbenefits@state.co.us)

**HCPF Websites:**  
[Behavioral Health CCBHC](#)  
[Behavioral Health Rate Reform](#)



# Questions & Comments?