

Implementation on the Youth System of Care Pursuant to GA v Bimestefer: Legislative Request for Information

Fiscal Year 2025-26 Response to a Request from the Colorado General Assembly Joint Budget Committee

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COLORADO

Department of Health Care
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Executive Summary

The Colorado Department of Health Care Policy and Financing (HCPF), in partnership with the Behavioral Health Administration (BHA), is implementing the Colorado System of Care (CO-SOC)—a coordinated, statewide framework that expands access to intensive, community-based behavioral health services for Medicaid-enrolled children and youth under 21. This initiative fulfills the *GA v. Bimestefer* Settlement Agreement and represents a transformative investment in Colorado’s behavioral health system to ensure youth receive the right services, in the right setting, at the right time. CO-SOC strengthens family stability, reduces reliance on costly institutional placements, and builds a sustainable continuum of care that improves outcomes for children, families, and communities.

CO-SOC addresses longstanding gaps in behavioral health care for children and youth with complex needs, who too often experience unnecessary hospitalizations or residential placements due to limited community-based options. By developing a statewide network of trained providers, consistent assessment tools, and coordinated service pathways, HCPF and BHA aim to ensure equitable access to high-quality behavioral health care across all regions of Colorado — urban, rural, and frontier.

Implementation will occur over seven years (FY 2024-25 through FY 2030-31), beginning in November 2025. CO-SOC will scale from serving fewer than 750 youth in its first year to more than 10,500 youth annually by FY 2030-31. The initiative’s Workforce Capacity Center (WCC) at Colorado State University will provide statewide training, credentialing, and fidelity monitoring to ensure consistent, evidence-based service delivery. The estimated total annual cost at full implementation is roughly \$273.7 million, including \$258.5 million for services and \$15.25 million for operations, supported by a 50/50 state-federal funding match. One-time capacity and technology investments are projected at \$7 million. Funding for early implementation has been secured through Senate Bill (SB) 19-195, House Bill (HB) 24-1038, SB 25-206, and SB 25-292. These investments¹ are expected to reduce reliance on higher-cost inpatient and residential care, saving long-term system costs while improving family-centered outcomes.

Funding for workforce capacity and service delivery became available in FY 2025-26. Accordingly, as of FY 2024-25, no youth had received CO-SOC services and provider training had not yet begun. HCPF has executed contracts with Colorado State University and other partners to begin provider training in January 2026. Service delivery will begin in November 2025. Moving forward, HCPF and BHA will continue developing provider capacity, interagency coordination, and data systems so that eligible youth have timely access to effective, community-based behavioral health care — advancing Colorado’s commitment to equitable, family-centered, and outcomes-driven care.

¹ Stroul, B., Pires, S., Boyce, S., Krivelyova, A., & Walrath, C. (2014). [Return on investment in systems of care for](#) **Error! Bookmark not defined.** Washington, DC: Georgetown University Center for Child and Human Development, National Technical Assistance Center for Children’s Mental Health



Introduction

The Department of Health Care Policy and Financing (HCPF) submits this report in response to the legislative request for information (LRFI) on the implementation of the youth system of care pursuant to *GA v. Bimestefer*. Specifically, the requested information includes:

- A description of the implementation plan as approved by the plaintiffs, including the services, implementation phases, and services included in each phase.
- The number of youth expected to be served in each implementation phase.
- Estimated funding required to fully implement the system of care plan.
- The number of high-fidelity wraparound and intensive care coordination providers, and the number of youth that received these services in Fiscal Year (FY) 2024-25.

The Settlement Agreement requires HCPF to create and implement a statewide system of care to expand access to intensive behavioral health services and reduce reliance on residential placements for children and youth with complex needs. This system of care—Colorado’s System of Care (CO-SOC)—establishes a model emphasizing individualized, least-restrictive care delivered through interagency collaboration and workforce expansion.

The youth system of care, known as the Colorado System of Care (CO-SOC), was established through the February 2024 Settlement Agreement with Disability Law Colorado and Medicaid-eligible youth with complex behavioral health needs. CO-SOC provides intensive in-home and community-based behavioral health services to children and youth under 21 years of age, consistent with Medicaid’s Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) requirements, the Americans with Disabilities Act (ADA), and Section 504 of the Rehabilitation Act.

The report describes each of these services and explains how they will be phased in statewide over seven years, supported by a comprehensive workforce development initiative led by Colorado State University as the Workforce Capacity Center (WCC). The phased rollout ensures that infrastructure, training, and service delivery are scaled thoughtfully and sustainably to meet the needs of families and youth across urban, rural, and frontier regions.

HCPF’s overarching goal through CO-SOC is to ensure that Colorado youth with behavioral health needs receive high-quality, community-based services that foster family stability and promote recovery in the least restrictive environment.

Description of the Implementation Plan

The Settlement Agreement requires HCPF to create an [Implementation Plan \(Plan\)](#) to expand access to intensive behavioral health services and reduce reliance on residential placements. The Plan establishes a system of care model that emphasizes individualized, least-restrictive care, delivered through interagency collaboration and workforce expansion.

Services Included in the Plan

The plan utilizes evidence-based systemic approaches for members under the age of 21. The Colorado System of Care plan includes the following services:

1. **Identification Tool** - Identifying those members that are in need of the CO-SOC services.
2. **Enhanced Standardized Assessment** - A comprehensive assessment that highlights all of a member's strengths and needs.
3. **Intensive Care Coordination** - Care coordination provided by a designated professional who works hand-in-hand with the family in coordinating care across providers and child agencies.
4. **Stabilization Services (Mobile Crisis)** - Services designed to ameliorate a member's needs in the home during a crisis and thereby mitigate the need for care in an emergency department, residential treatment facility, or inpatient hospital setting.
5. **Intensive Home-Based Treatment** - Behavioral health clinical interventions provided to the member and their family in the home.
6. **Support Services** - Services that supplement the clinical intervention in order for the member and family to successfully engage in treatment.
7. **Behavioral Consultation Services** - Consultation provided by a behavioral expert who advises the clinical treatment team on best practice behavior strategies to include in the treatment plan.

The Plan also highlights considerations for auxiliary efforts required to successfully create and implement a system of care; specifically, it focuses on how families access care, interagency collaboration, and the development of a robust workforce training approach to achieve compliance with the Agreement. Through a system of care with intensive in-home services, HCPF aims to significantly reduce dependency on out-of-home placements, support family stability, and ensure that behavioral health needs are adequately addressed in the least restrictive environment.

The full Plan on the [CO-SOC webpage](#) has in-depth details about each service proposed as part of the Colorado System of Care.

Workforce Development

The Workforce Capacity Center (WCC), led by Colorado State University, will serve as the cornerstone of workforce development for the Colorado System of Care (CO-SOC). The WCC is responsible for training, credentialing, and fidelity monitoring to ensure that providers are equipped to deliver evidence-based services in line with the Implementation Plan. Training will focus on evidence-based models including High Fidelity Wraparound, intensive home-based treatment models such as Multisystemic Therapy and Functional Family Therapy, crisis stabilization services, and support services. In addition to providing initial training, the WCC will credential providers and conduct fidelity monitoring to maintain adherence to nationally recognized service standards and ensure high-quality care delivery. Certification is also tied to payment structures, so that reimbursement for CO-SOC services are limited to quality, certified providers. Workforce expansion is critical to scaling the CO-SOC statewide, and the WCC will play a central role in developing a pipeline of qualified professionals. This includes addressing gaps in underserved regions of the state and ensuring equitable access to services across urban, rural, and frontier communities. The WCC will collaborate closely with HCPF, Behavioral Health Administration (BHA), Regional Accountable Entities (RAEs), and provider organizations to align workforce planning with the phased rollout of the CO-SOC and respond to the needs of families and youth.

Phased Implementation of Services

The magnitude of implementing a system the size and scope of the CO-SOC requires a thoughtful and deliberate rollout plan. In addition, to the cost limitations of rolling out CO-SOC all at once, a thoughtful implementation of varying sections of CO-SOC will increase the successful rollout of the array of services in the plan by June 2031. HCPF created a strategic rollout plan spread over seven years (FY 2024-25 to FY 2030-31) starting with the initial planning year (FY 2024-25).

The first year of services are (FY 2025-26) scheduled to begin in November 2025 and will serve members who are discharging from residential treatment settings or have an Extended Stay status per C.R.S. § 27-50-101(13.5). It will include:

- The development of a Workforce Capacity Center (to increase provider capacity).
- Accountable Care Collaborative (ACC 3.0) has enhanced HCPF and RAE oversight responsibilities to ensure families have access to services.
- Services available in the early rollout years of the CO-SOC are specifically outlined in the ACC 3.0 contract language, which includes:
 - Use of an Enhanced Standardized Assessment,
 - Provision of intensive care coordination through High Fidelity Wraparound, and
 - Intensive Home-Based Treatment through Multisystemic Therapy or Functional Family Therapy models.

Subsequent years (FY 2025-26 through FY 2030-31) will focus on rolling out:

- An additional intensive care coordination (ICC) models in addition to High-Fidelity Wraparound,
- The development and implementation new services, such as:
 - Additional Intensive Home-Based Treatment models,
 - Support Services,
 - Family Peer Supports,
 - Therapeutic mentoring,
 - Access to more therapeutic respite,
 - Behavioral Consultation Services, and
 - Improving and expanding crisis services specific to CO-SOC.
- A full description of the implementation steps to successfully rollout CO-SOC along with charts are available in Section 4.2 (page 67) of the [Implementation Plan](#). This includes action items to strengthen continuous quality improvement, consumer feedback, and reporting.

Number of Youth Expected to be Served in Each Implementation Phase

The following table is an educated estimate of the number of children and youth to be served each fiscal year with the anticipation to be at full capacity by June 2031. For FY 2025-26 and FY 2026-27, CO-SOC will be targeted for Medicaid members discharging from psychiatric residential or inpatient settings. By June 2031, CO-SOC services will be available for any Medicaid member under 21 years of age in which the delivery of these intensive in-home services are appropriate.

Table 1. Number of Children Estimated to be Served in CO-SOC by Year.

State Fiscal Year	Estimate of Youth Served
FY 2025-26	< 750
FY 2026-27	1,500
FY 2027-28	2,500
FY 2028-29	5,000
FY 2029-30	8,000
FY 2030-31	10,500+

Estimated Funding to Fully Implement the System of Care

The Implementation Plan is proposed to rollout in phases until June 2031. The current fiscal year (FY 2025-26) and year two (FY 2026-27) of the rollout have already been funded through several funding sources (Senate Bill (SB) 19-195, House Bill (HB) 24-1038, workforce capacity in SB 25-292, and existing allocation for Medicaid services SB 25-206). These funding sources will fund the following services in FY 2025-26 and FY 2026-27: enhanced assessments, High Fidelity Wraparound services, and intensive in-home treatment services. In addition, SB 25-292 (Workforce Capacity Center Bill) provides funding for workforce capacity building to increase the number of providers capable of providing these services.

The total estimated funds listed below are only educated estimates based on the information available today. The estimated number reflects three components: one-time cost to build up the System of Care components, recurring annual cost for training and technical assistance for providers, and recurring annual cost for delivery of services. The estimated cost reflects what the likely total annual and one-time costs will be by FY 2030-31 and ongoing with an understanding that there will need to be a gradual building of the budgets year after year until FY 2030-31.

In FY 2023-24, for Medicaid members under the age of 21, approximately \$110M (total funds) was spent on behavioral health services.² Recent legislative and budget actions in SB 19-195 and HB 24-1038 increased funding for children and youth services by \$21.3M annually. SB 25-

² This total dollar amount was calculated by calculating the total dollars spent on members under the age of 21 with a behavioral health diagnosis code in the first diagnosis code field.

292 (Workforce Capacity Center Bill) provided \$4.0M in FY 2025-26 and \$3.0M in FY 2026-27 for workforce capacity development.

The services within the System of Care will result in children and youth reducing the utilization of more costly services, such as residential treatment, emergency room visits, and inpatient psychiatric care, and prioritize lower cost community-based care that also improves child and family outcomes. Within the existing capitated funds, HCPF is tracking claims and encounter data for reduced frequency. Since most of these services are within the capitation it does not require any budget line adjustments at this time. HCPF would use the regular budget process to account for actual costs as they occur in the future.

With the expansion of System of Care services, some of these dollars can offset intensive in-home services costs from more expensive services such as residential and inpatient care. The precise shift in utilization from high cost to lower cost services has not been projected at this time. However, HCPF anticipates that decreases in utilization of high-cost services will be incorporated into the capitation behavioral health rates over time and may result in downward pressure on these rates. HCPF will track and adjust for these changes through the regular budget process.

To put the estimated costs for System of Care perspective to costly services such as psychiatric residential treatment facility or inpatient psychiatric services, the following is the cost per day per member for each:

Table 2. Per Member Per Day Estimated Rates for Comparison

Service	Per Member Per Day
Inpatient free standing psychiatric hospital	\$736.42
PRTF (Fee-for-Service Schedule)	\$803.71
System of Care Services and Operations (all services bundled)	\$71.43

Under current Centers for Medicaid and Medicare Services (CMS) standards, any funds allocated for covering cost will have a 50/50 federal/state funding split. All numbers in this report reflect total funds needed to cover costs.

On-going Services Costs

Estimated on-going annual costs to fully fund services for 10,500 members in the CO-SOC by FY 2030-31 is as follows:

Table 3. Total Cost Estimates Details for System of Care Services for 10,500 Members Per Year.

Service	Est. Cost Per Unit	Units per member per year	# of members	Utilization uptake	Est. Total Amount
Assessment	\$950	1	12600	100%	\$11,970,000
High Fidelity Wraparound	\$1,172	12	5250	50%	\$73,836,000
FOCUS Wraparound	\$622	12	5250	50%	\$39,186,000
Crisis Resolution Stabilization Service - initial	\$500	1	3465	33%	\$1,732,500
Crisis Resolution Stabilization Service ongoing (up to 4 weeks)	\$139	8	3465	33%	\$3,853,080
Mobile Response Stabilization Services - Initial	\$500	1	1260	12%	\$630,000
Mobile Response Stabilization Services - Ongoing	\$139	8	1260	12%	\$1,401,120
Intensive In-home BH treatment (monthly)	\$2,800	4	8925	85%	\$99,960,000
Behavioral (consultation)	\$150	2	1050	10%	\$236,250
Therapeutic Respite	\$60	120	2625	25%	\$18,900,000
Therapeutic Mentoring	\$75	66	1050	10%	\$5,197,500
Therapeutic supports (material goods)	\$600	1	2625	50%	\$1,575,000
TOTAL					\$258,477,450

See the [CO-SOC Implementation Plan](#) for a complete description of these services.

On-going Operating Costs

Estimated on-going annual costs to fully implement the CO-SOC by FY 2030-31 are as follows:

Table 4. Estimated On-going Operating Costs for System of Care for 10,500 Members Per Year

Category	Cost per Year
Workforce Capacity Development	\$13,000,000

Oversight and Management of CO-SOC	\$1,250,000
Member and Provider Outreach and Education	\$500,000
Health Information Exchange and Data licensing	TBD
Continuous Quality Improvement and Data Collection	\$500,00
TOTAL	\$15,250,000

Workforce capacity development by FY 2030-31 includes credentialing, training and technical assistance for providers in the following areas: assessment, high-fidelity wraparound, stabilization services, intensive in-home treatment, respite, and therapeutic mentoring.

One-time Capacity Building/Operating Costs

The exact costs of these technology enhancements are unknown and may not be required to deliver the services, instead would improve the quality of how services can be delivered. The following are potential one-time costs: Electronic health records (EHR) enhancements and data warehouse (unknown amount); new provider capacity and start-up costs (\$3M); and crisis services enhancements (\$3M). There are other one-time funding requests that would be required for technology enhancements to upgrade provider EHR systems and health information exchange to share client information across the different child serving systems. The exact amount of the funds needed are dependent on an in-depth analysis of the different EHR systems and their current capacity compared to the desired enhancements.

Number of Providers and Youth Served in Fiscal Year 2024-25

The initial reporting of the requested information is limited for the current fiscal year as services were only contracted in July 2025 are set to begin by November 2025.

- There were zero youth who received high fidelity wraparound or intensive care coordination services in FY 2024-25 as this service was not set to begin until FY 2025-26.
- There were no providers trained in the high-fidelity wraparound model as part of the planned Colorado System of Care in FY 2024-25. HCPF received funding for FY 2025-26 to build up workforce capacity. It has successfully contracted with Colorado State University to work with the BHA, HCPF and RAEs to increase our workforce capacity. Training of new providers will begin January 2026.