State of Colorado

Department of Health Care Policy & Financing

Colorado Medicaid Coverage of Services to Address Health Related Social Needs

Substance Use Demonstration Amendment Request

Pursuant to Section 1115 of the Social Security Act

DRAFT for Public Comment — June 10, 2024

Demonstration Project No. 11-W-00336/8
Effective January 1, 2021, through December 31, 2025

Section I. Program Description and Objectives

The State of Colorado (State) Department of Health Care Policy & Financing (HCPF), Colorado's single state agency for Medicaid and the Child Health Plan *Plus* (CHP+) is requesting an 1115 waiver amendment (Amendment) for its Substance Use Disorder (SUD) Demonstration "Expanding the Substance Use Disorder Continuum of Care," Waiver #: 11-W-00336/8 from the Centers for Medicare and Medicaid Services (CMS). The initial SUD demonstration period is from January 1, 2021, through December 31, 2025.

The Amendment request seeks authority to design and implement a "Health Related Social Needs (HRSN) Demonstration" that provides services to address HRSN for multiple populations throughout the State, similar to the authority granted to several other states.

Consistent with CMS guidance on HRSN, all of which is posted to the CMS website at this link: https://www.medicaid.gov/medicaid/section-1115-demonstrations/health-related-social-needs/index.html, the State intends to help address unmet needs related to a lack of adequate housing and nutrition support in three target populations. The lack of adequate housing and nutrition support contributes to poor health for individuals, including Medicaid eligible individuals that are: 1) homeless or at risk of homelessness, 2) transitioning from residing in nursing care facilities (NF), Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IID), or Regional Centers (RC) or 3) transitioning out of foster care. Addressing HRSN through Colorado Medicaid will lead to improved health outcomes and, ultimately, health care savings. No other eligibility, benefits, cost sharing, or delivery systems will be modified in this Amendment.

The State intends to implement the authority statewide on or after July 1, 2025. The State requests to operate the Demonstration through the end of the current SUD Demonstration approval period, which is December 31, 2025.

This Amendment request provides a detailed overview of coverage and service provisions, as well as HRSN Demonstration objectives, financing, implementation, and monitoring and evaluation.

Background

Beginning in September 2022, CMS began approving section 1115 Demonstration projects that specifically address HRSN services. Specifically, CMS approved various housing, nutrition, and case management services for Medicaid beneficiaries with the aim of improving health outcomes. The services proposed in this Amendment are consistent with the services approved in all other HRSN states.

As noted below, the State has begun to build infrastructure to address housing instability. However, with the expiration of the Section 9817 ARPA funds and the limited nature of other

funds utilized, the target populations still experience gaps that can be addressed through the approval of this HRSN Amendment. By addressing these gaps, HCPF believes that eligible individuals will experience fewer hospitalizations and emergency room visits and be in a better position to live healthy and productive lives.

Goals and Objectives

Under Section 1115 of the Social Security Act, states may implement "experimental, pilot or Demonstration projects which, in the judgment of the Secretary [of Health and Human Services] are likely to assist in promoting the objectives of [Medicaid]." The State believes this Demonstration is likely to promote the objectives of Medicaid by providing services that address HRSN thereby leading to improved health outcomes.

Consistent with the CMS policies as outlined in the November 16, 2023, CMCS Information Bulletin, and in the CMS All States presentation on December 12, 2022, the State's specific goals for the HRSN Demonstration are to:

1. **Improve the health status of Medicaid beneficiaries** by removing social barriers to health; and
    - **Objective a.** Addressing unmet HRSN within the Medicaid-eligible population will improve health outcomes.
    - **Objective b.** Addressing unmet HRSN within the Medicaid-eligible population will reduce the total cost of care.
    - **Objective c.** HRSN services will result in a reduction of readmissions within 30 days, to Emergency Departments (EDs) and hospitals.

2. **Improve connections between Medicaid beneficiaries and community services** to address physical health, behavioral health, and HRSN.
    - **Objective d.** HRSN services (improvements in housing stability and nutrition) will result in an increase in recommended and/or preventive care.

Rationale

Prior to submitting this Amendment, the State reviewed the various HRSN 1115 Waiver approvals around the country. This Amendment is crafted in consideration of the prior approvals and aims to address Colorado-specific health related social needs in populations most in need in Colorado. The State expects the Amendment to result in increased access to both health care services and housing and nutrition services, thus leading to a positive impact on health outcomes for beneficiaries. If those positive impacts on health outcomes are realized, the State may generate savings by decreasing avoidable health care utilization.

This Amendment meets the criteria for approval by CMS and is consistent with the objectives

of the Social Security Act as outlined in the CMS guidance for HRSN 1115 demonstrations as well as the previously approved HRSN demonstration authorities.

Regarding the need for housing supports, homelessness nationwide has risen since 2017, with record levels in 2022.[1] Colorado has made progress in decreasing the number of individuals experiencing homelessness, but the State still has more than an estimated 10,000 homeless individuals on any given night.[2]

Research shows that homelessness leads to poor health outcomes. According to the National Academies of Sciences, Engineering, and Medicine, "[t]he evidence of the harm caused by homelessness indicates that individuals who experience chronic homelessness are at higher risk for infections (including human immunodeficiency virus [HIV]), traumatic injuries, drug overdoses, violence, death due to exposure to extreme heat or cold, and death due to chronic alcoholism."[3] Additionally, such individuals are more likely to use the emergency department (ED) and be admitted to a hospital or psychiatric hospital.

Colorado-specific data confirms the health impact due to housing issues within the State. State sources report that about two thirds of individuals with unstable housing have poor mental health.[4]

There are additional needs for nutrition support as evidenced by the U.S. Department of Agriculture estimates that 12.8 percent of households were food insecure at some time in 2022.[5] In 2023, 11.2% of Colorado survey respondents reported eating less than they thought they should because food was unaffordable.[6] Further, 45% of Colorado Medicaid beneficiaries reported skipping a meal during 2023.[7]

Similar to homelessness, a lack of adequate food has deleterious impacts on health. According to the National Institutes of Health, "[f]ood insecurity and the lack of access to affordable nutritious food are associated with increased risk for multiple chronic conditions such as diabetes, obesity, heart disease, mental health disorders and other chronic diseases.[8]

Current Programs Addressing HRSN in Colorado

The State has begun to build infrastructure to deliver HRSN programs. This initial experience provided the State with a thorough knowledge of HRSN needs as well as experience for HCPF in working in partnership across state agencies to address needs of Medicaid members.

[1] National Alliance to End Homelessness. 2023. State of Homelessness: 2023 Edition. https://endhomelessness.org/homelessness-in-america/homelessness-statistics/state-of-homelessness/#key-facts.
[2] National Alliance to End Homelessness. 2023. https://endhomelessness.org/homelessness-in-america/homelessness-statistics/state-of-homelessness-dashboards/?State=Colorado.
[3] National Academies of Sciences, Engineering, and Medicine. 2018. Permanent Supportive Housing: Evaluating the Evidence for Improving Health Outcomes Among People Experiencing Chronic Homelessness. Washington, DC: The National Academies Press. doi: https://doi.org/10.17226/25133.
[4] Colorado Health Access Survey, 2023.
[5] Economic Research Service, U.S. Department of Agriculture. https://www.ers.usda.gov/data-products/ag-and-food-statistics-charting-the-essentials/food-security-and-nutrition-assistance/#:~:text=The%20prevalence%20of%20food%20insecurity,of%20a%20lack%20of%20resources.
[6] Colorado Health Institute. 2024. Colorado Health Access Survey. https://www.coloradohealthinstitute.org/research/2023-chas-food-security.
[7] Colorado Health Foundation. 2023 Pulse Poll.
[8] National Institute on Minority Health and Health Disparities, National Institutes of Health (NIH). 2023. Food Accessibility, Insecurity and Health Outcomes. https://www.nimhd.nih.gov/resources/understanding-health-disparities/food-accessibility-insecurity-and-health-outcomes.html.

However, with limited state resources and the expiration of the federal funding utilized for some of these programs, this institutional knowledge and infrastructure could be lost.

Notably, through the use of funds under Section 9817 of the American Rescue Plan Act funding, Colorado implemented the Statewide Supportive Housing Expansion (SWSHE) pilot project which supported a portfolio of wraparound services in supportive housing for multiple housing providers (funding ends in Fall 2024). Based on data from spending in other states and local data, the state reimbursed $10,000 per member per year for the expansion of supportive housing services not currently billable to Colorado Medicaid. These tenancy support services were offered in conjunction with rental assistance provided by the Department of Local Affairs (DOLA) through new and previously available housing resources. Referrals were made for individuals who were currently unhoused or recently housed through supportive housing that also had a behavioral health including but not limited to serious mental illness, a history of homelessness, and repeated hospitalizations. Almost two thirds of those Medicaid participants had received at least one ED visit and 20% of participants had an inpatient stay prior to joining the project. A mid-project evaluation found that, as of June 2023, two-thirds of the individuals that were unhoused at the start of the program were in housing within six months.[9]

The Medicaid Statewide Supportive Housing Expansion (SWSHE) pilot was developed following the Denver Supportive Housing Social Impact Bond (Denver SIB), a multi-year study operated in the City and County of Denver beginning in 2016.[10] Through the Denver SIB, supportive housing and wraparound services were provided to individuals experiencing chronic homelessness with frequent law enforcement contact. In a randomized control trial, the Urban Institute found multiple positive impacts[11] including 77% of individuals remained in stable housing after three years of receiving the SIB housing program services.

With the end of the Public Health Emergency, the State faced the closure of two temporary housing locations that had provided housing to vulnerable individuals during the pandemic. Through a partnership between DOLA and HCPF, the State was able to leverage the existing Transition Coordination program and Community Access Team Vouchers (CATV) to provide 75 of approximately 120 individuals housing support.

In addition, there are three housing voucher programs in the State that provide on-going rental assistance with limited wraparound services and wait lists requiring bridge housing assistance.

- **Permanent Supportive Housing (PSH) vouchers** through DOLA. There are an estimated 8,000 individuals on waiting lists for these vouchers. Once a voucher has been assigned, it may take an additional three to six months to obtain housing.

[9] https://hcpf.colorado.gov/sites/hcpf/files/OCL-ARPA%20Update%20Webinar%20Presentation-August%2018%202022.pdf
[10] https://www.coloradocoalition.org/SIB
[11] The Urban Institute. 2023. Denver Supportive Housing Social Impact Bond Initiative. https://www.urban.org/policy-centers/metropolitan-housing-and-communities-policy-center/projects/denver-supportive-housing-social-impact-bond-initiative/what-we-learned-evaluation.

- **Colorado Fostering Success (CFS) Vouchers**. This new program is jointly operated by DOLA and the Colorado Department of Human Services (CDHS). SB23-082 was signed into law on June 5, 2023,[12] and created the CFS program to aid former foster care youth in obtaining housing and case management support.

- **Community Access Team Vouchers (CATV).** DOLA works in partnership with HCPF to administer CATV. The goal of CATV is to move persons with disabilities out of nursing care facilities (NF), Intermediate Care Facilities for Individuals with Intellectual Disability (ICF/IID), and Regional Centers (RC) and into the community, and to prevent people with disabilities from being placed in an institution due to a lack of housing they can afford. Referrals to the program come from HCPF's Transition Services and Supported Living Services Waiver benefit programs.[13]

Demonstration Hypotheses and Evaluation

With the help of an independent evaluator, the State will amend the approved SUD evaluation plan to include evaluating the HRSN-related hypotheses indicated below. The State will calculate and report all performance measures under the Demonstration. The State will submit the updated evaluation plan to CMS for approval.

The State will conduct ongoing monitoring of this Demonstration and will provide information regarding monitoring activities in the required quarterly and annual monitoring reports.

The State will test, and comprehensively evaluate through robust hypotheses testing, the effectiveness of HRSN services in achieving the articulated goals and hypotheses of the initiative. The following goals and associated hypotheses will be tested during the approval period:

1. **Improve the health status of Medicaid beneficiaries** by removing social barriers to health; and
    a. Addressing unmet HRSN within the Medicaid-eligible population will improve health outcomes.
    b. Addressing unmet HRSN within the Medicaid-eligible population will reduce the total cost of care.
    c. HRSN services will result in a reduction of readmissions within 30 days, to EDs and hospitals.
2. **Improve connections between Medicaid beneficiaries and community services** to address physical health, behavioral health, and HRSN.
    d. HRSN services (improvements in housing stability and nutrition) will result in an increase in recommended and/or preventive care.

[12] Colorado Revised Statutes, 19-7-302 (1.3), (1.7), (16) and (17). https://leg.colorado.gov/sites/default/files/2023a_082_signed.pdf
[13] Cdola.colorado.gov/housing-voucher-programs

Table 1A: Demonstration Goals, Hypotheses and Data Sources

Goal	Research Hypothesis	Plan to Test Hypothesis	Data Sources	Evaluation Design
Improve the health status of Medicaid beneficiaries by removing social barriers to health Objective a. Addressing unmet HRSN within the Medicaid-eligible population will improve health outcomes.	1. Addressing unmet HRSN within the Medicaid-eligible population will improve health outcomes.	Measure changes in the rates of relevant health outcomes	Measure: Premature Death including Suicide or Overdose Deaths for individuals receiving Medicaid Data Source(s): Medicaid claims /encounter data; State Vital Statistics Data; Centers for Disease Control and Prevention Wonder data (suicide and overdose deaths)	Evaluation Design: Independent evaluator will develop quantitative and qualitative measures to include in a quasi-experimental design, including an interrupted time series analysis.
Improve the health status of Medicaid beneficiaries by removing social barriers to health Objective b. Addressing unmet HRSN within the Medicaid-eligible population will reduce the total cost of care.	2. Addressing unmet HRSN within the Medicaid-eligible population will reduce the total cost of care.	Measure changes in the total cost of care	Measures: Total Medicaid cost associated with members receiving HRSN; Per Capita costs associated with Members receiving HRSN Data Source: Medicaid claims /encounter data.	Evaluation Design: Independent evaluator will develop quantitative and qualitative measures to include in a quasi-experimental design, including an interrupted time series analysis.
Improve the health status of Medicaid beneficiaries by removing social barriers to health Objective c. HRSN services will result in a reduction of readmissions within 30 days, to EDs and hospitals.	3. HRSN services will result in a reduction of readmissions within 30 days, to EDs and hospitals.	Measure changes in the rates of readmissions within 30 days, to EDs and hospitals.	Measures: Inpatient and ED utilization per 1,000 Data Source: Medicaid claims /encounter data.	Evaluation Design: Independent evaluator will develop quantitative and qualitative measures to include in a quasi-experimental design, including an interrupted time series analysis.

Goal	Research Hypothesis	Plan to Test Hypothesis	Data Sources	Evaluation Design
Improve connections between Medicaid beneficiaries and community services to address physical health, behavioral health, and health-related social needs (HRSN). Objective d. HRSN services (improvements in housing stability and nutrition) will result in an increase in recommended and/or preventive care.	4.HRSN services (improvements in housing stability and nutrition) will result in an increase in recommended and/or preventive care.	Measure changes in the utilization rates of recommended and/or preventive care among enrollees receiving housing and nutrition supports	Measure: Access to Preventive/ Ambulatory Health Services for Medicaid beneficiaries Data Source: Medicaid claims /encounter data.	Evaluation Design: Independent evaluator will develop quantitative and qualitative measures to include in a quasi-experimental design, including an interrupted time series analysis.

Service Areas

This demonstration will operate across the entire state.

Demonstration Timeframe

The State intends to implement the HRSN services as soon as is practicable and requests to operate the Medicaid HRSN program through the end of the current SUD Demonstration approval period, which is December 31, 2025. HCPF intends to submit an application to extend the SUD Demonstration in December 2024.

Section II. Demonstration Eligibility

The proposed demonstration does not change eligibility for Medicaid coverage in the State, it only grants additional services to individuals that are already eligible for Medicaid. Every current eligibility group as defined in the State Plan could be eligible for the proposed HRSN services if the clinical and risk criteria for one of the three Demonstration eligibility categories listed below is met.

To qualify for HRSN services under this waiver, a beneficiary must meet the requirements for one of the following three categories:

- Individuals eligible for Permanent Supportive Housing (PSH) vouchers experiencing a behavioral health need and/or chronic health condition.
- Individuals eligible for Colorado Fostering Success (CFS) vouchers.
- Individuals eligible for Community Access Team (CAT) vouchers.

Please see Table 1B for more details on each population including a list of qualifying conditions and associated definitions.

Table 1B. Eligible Populations, Social Risk Factors, and Clinical Criteria

Eligible Population	Social Risk Factor	Clinical Criteria for the Population
Individuals Eligible for PSH Vouchers An individual must: ● Be 18 years of age or older ● Have a disabling condition ● Have a history of homelessness or be at risk of homelessness; and ● Must be at or below 30% of the area median income. For purposes of this Demonstration, the PSH population is further divided into three distinct eligibility groups based on the individual's status vis-à-vis a PSH voucher: ● Individuals matched to a PSH voucher within the past 12 months (PSHa population). ● Individuals eligible for PSH but not yet matched to a voucher (PSHb population). ● Individuals residing in PSH for more than one year (PSHc population).	"Experiencing Homelessness" refers to an individual or household that is living unsheltered, in a place not meant for human habitation, in an emergency shelter, or in temporary housing (e.g., safe haven, transitional housing, bridge housing). "At-risk of homelessness" refers to individuals and families who: ● Lose their residence within 14 days of the date of application for homeless assistance and do not have a subsequent residence identified ● Have an annual income below 30% of median family income for the area, as determined by the Housing and Urban Development ● Do not have sufficient resources or support networks immediately available to prevent them from moving to an emergency shelter or place not meant for habitation; and ● Exhibit one or more risk factors of homelessness, including recent housing instability or exiting a publicly funded institution or system of care such as foster care or a mental health facility.	"Behavioral health need" means either: ● A diagnosed behavioral health disorder, according to the criteria of the current editions of the Diagnostic and Statistical Manual of Mental Disorders and the International Statistical Classification of Diseases and Related Health Problems; or ● A suspected behavioral health disorder that has not yet been diagnosed and needs of further diagnostic evaluation. Eligible chronic conditions include but are not limited to Cirrhosis, Chronic Obstructive Pulmonary Disease, Diabetes, Epilepsy, Heart Failure, Hepatitis, HIV/aids,

Eligible Population	Social Risk Factor	Clinical Criteria for the Population
		and Hypertension.
Individuals eligible for CFS Vouchers An individual must: ● Young adults transitioning out of the foster care system on or after their 18th birthday: ● Be at least 18 years of age or older but less than 26 years of age; and ● Have prior foster care or kinship care involvement in at least one of the following ways: ○ Have been in foster care on or after the youth's 14 birthday; ○ Have been in noncertified kinship care on or after the youth's 14 birthday and have been adjudicated dependent and neglected; and ○ Have turned 18 years of age when the youth was a named child or youth in a dependency and neglect case.; ● Reside in Colorado; and ● Have an income level at or below 50% of the area median income based on the county where the young adult resides.	Be currently experiencing homelessness or be at imminent risk of homelessness and have voluntarily agreed to participate in services offered and provided by a case management agency. The definition of "experiencing homelessness" is the same for the CFS population as that for the PSH population. The definition of "imminent risk of homelessness" used in the CFS population is defined as a youth or young adult who is currently experiencing any of the following situations: ● An individual or family who will imminently lose their primary nighttime residence, provided that all of the following apply: ○ Residence that may or may not be provided through a publicly funded institution or system of care (eligible placements through Division of Youth Services or Child Welfare) will be lost within 90 days of the date of application for homeless assistance; ○ No subsequent residence has been identified; and ○ The individual or family lacks the resources (housing vouchers or placement options), or support networks needed to obtain other permanent housing.; ● Have not had a lease, ownership interest in permanent housing during the 60 days prior to the homeless assistance application; and ● Can be expected to continue in such status for an extended	None

Eligible Population	Social Risk Factor	Clinical Criteria for the Population
	period of time. ● Individuals may also qualify as being at imminent risk of homelessness if one or both of the following apply in conjunction with the situations listed above: ○ Individuals or families who are fleeing or attempting to flee intimate partner violence, dating violence, sexual assault, or stalking (or other dangerous or life-threatening conditions), and who lack resources and support networks to obtain other permanent housing. ○ Individuals who have or are experiencing, or at-risk of human and/or sexual trafficking.	
Individuals Eligible for CAT Vouchers An individual must: ● Be 18 years of age or older; ● Be at or below 30% of the area median income; ● Meet the Housing and Urban Development (HUD) definition of a disability; and ● Receive Home and Community Based (HCBS) Medicaid services or State Plan services or are eligible for such services.	● Transitioning out of a NF, ICF/IID or RC and in need of housing assistance to remain in the community; or ● At risk of institutionalization and homeless or at risk of homelessness as defined by 24 CFR 91.5 .	Eligible for home- and community-based services (HCBS) or State Plan services and receiving Targeted Case Management Transition Coordination Services under Colorado Medicaid.

The table below estimates the projected enrollment of each target population for the first year of the Amendment.

Table 2. Estimated Eligibles for each Target Population for first year of the proposed Amendment

Eligibility Category	Estimated Number of Members
PSHa	1,000
PSHb	6,720
PSHc	3,280
CFS	100
CAT	300

Section III. Demonstration Benefits and Cost-Sharing Requirements

The HRSN services requested in this Amendment include housing supports and nutrition supports. The State may begin claiming Federal Financial Participation (FFP) for services covered through the initiative, expected to begin on or after July 1, 2025, once the implementation plan is approved by CMS.

Please see Table 3 for a complete list of Housing and Nutrition services available under this proposal.

Table 3. Service Definitions for the HRSN Initiative

Covered Service	Definition
HRSN Housing Services	Allowable HRSN housing services: • Rent/temporary housing for up to six months. • Utility costs including activation expenses to secure utilities for individuals receiving rent/temporary housing as described above. • Pre-tenancy services. • Housing transition navigation services. • Tenancy sustaining services, including tenant rights education and eviction prevention. • One-time transition and moving costs (e.g., security deposit, first month's rent, utility activation fees, movers, relocation expenses, pest eradication, pantry stocking, and the purchase of household goods and furniture). • Housing deposits to secure housing, including application and inspection fees and fees to secure needed identification. Excluded HRSN services include, but are not limited to: • Construction costs (bricks and mortar). • Capital investments. • Room and board, except as described above. • Research grants and expenditures not related to monitoring and evaluation. • Costs for services in correctional centers (jails and courthouses) and correctional institutions (prisons), and juvenile detention centers or services for people who are civilly committed and unable to leave an institutional setting. • Services provided to individuals who are not lawfully present in the United States or are undocumented. • Expenditures that supplant services and activities funded by other state and federal governmental entities. • School-based programs for children that supplant Medicaid State Plan programs. • General workforce activities, not specifically linked to Medicaid or Medicaid beneficiaries. • Any other projects or activities not specifically approved by CMS as qualifying for coverage as HRSN services under this Demonstration.

Not all target populations will qualify for all of the services available under this Demonstration. HCPF is proposing to limit service availability based on the individual characteristics of each target population.

Most notably, HCPF proposes to utilize rent/temporary housing service to bridge a gap for two of the target populations who have not yet secured permanent housing through the voucher: 1) individuals matched to a PSH voucher within the past 12 months (**PSHa population**) and 2) individuals eligible for the CFS program The gap between being matched with a voucher for housing and securing housing can lead to deleterious effects on those individuals. The ability

to bridge that temporary housing gap under this demonstration can prevent eligible individuals from falling through the cracks.

The CAT eligible population, while not anticipating a similar gap in being connected to a voucher, may require rental assistance of up to 6 months to cover the transition period from institution into established CAT voucher status.

By contrast the **PSHc population** eligibility group has stably established (greater than 12 months) state housing assistance. Therefore, HCPF proposes that, in terms of housing services, this group only receives Tenancy Sustaining Services to increase the probability of maintaining long-term housing.

Linkage to a housing voucher has not yet occurred for the **PSHb population** eligibility group. Therefore, that group would only be eligible for the pre-tenancy and housing transition navigation services. Those services will help prepare members of the **PSHb** group for when a voucher becomes available and housing assistance is identified.

HCPF is proposing a continuum of housing services to aid these individuals in finding or maintaining housing based on their individual characteristics and the services already available within the State.

See Tables 4 and 5 for a complete list of Housing and Nutrition services by eligibility group.

Table 4. Proposed Eligibility by Housing Service

Housing Service	Population
Rent/temporary housing for up to six months including utility costs that are a part of the housing.	PSHa, CFS, and CAT
Pre-tenancy and housing transition navigation services.	PSHa, PSHb, and CFS
One-time transition and moving costs (e.g., security deposit, first month's rent, utility activation fees, movers, relocation expenses, pest eradication, pantry stocking, and the purchase of household goods and furniture). This also includes housing deposits to secure housing, including application and inspection fees and fees to secure needed identification.	PSHa and CFS
Tenancy sustaining services, including tenant rights education and eviction prevention.	PSHc and CAT

Table 5. Proposed Populations by Nutrition Service

Nutrition Service	Population
Nutrition counseling and instruction, tailored to health risk, nutrition-sensitive health conditions, and/or demonstrated outcome improvement, including, for example, guidance on selecting healthy food and meal preparation for up to six months.	PSHa, PSHc, CFS, and CAT
Medically tailored, home delivered meals tailored to health risk and eligibility criteria, and/or certain nutrition-sensitive health conditions, for up to six months.	PSHa, PSHc, and CFS
Home delivered meals or pantry stocking.	PSHa, CFS, and CAT

HCPF did not include pantry stocking, nutrition counseling and medically tailored meals for the **PSHb population** eligibility group, because there is not a clear pathway to delivering this service until an individual is connected with a voucher and living in a stable location.

HCPF did not include pre-tenancy and housing transition navigation services, one-time transition and moving costs, nor medically tailored meals for CAT voucher population because these services are covered under the HCBS waiver benefit.

Section IV. Delivery System and Payment Rates

The State will deliver HRSN benefits through a mix of fee-for-service (FFS) and managed care systems to align with the population mix outlined. Although physical health claims are paid for through HCPF's Medicaid Management Information Systems (MMIS), the Managed Care Entities (MCEs) coordinate member care and pay for behavioral health services. HCPF anticipates that MCEs will be key partners in identifying members potentially eligible for HRSN services and organizing necessary screenings to make such determinations.
To the extent that FFS reimbursement rates for Demonstration services currently exist under the State Plan or HCBS, they will be the same as State Plan or HCBS provider payment rates for the same provider type. However, if certain Demonstration services are not covered under the managed care system and do not have comparable FFS rates under the State Plan or HCBS, the methodology for such services will be included in the implementation protocols submitted to CMS post-approval.

Section V. Implementation and Enrollment in Demonstration

HRSN services will be tailored to the beneficiary and based on medical appropriateness using clinical and other HRSN criteria as listed above in Table 2. The State will align clinical and social risk criteria across services and with other non-Medicaid human service agencies, such as DOLA and CDHS, to the extent possible. The HRSN services will not supplant any other available funding sources such as rental assistance or housing supports available to beneficiaries through local, state, or federal programs. The HRSN services will be the choice of the beneficiary, beneficiaries can opt out of HRSN services at any time, and HRSN services do not absolve the state of its responsibilities to provide required coverage for other medically necessary Medicaid services. The State will not condition Medicaid coverage, or coverage of any benefit or service, on receipt of HRSN services. The State will submit additional details on covered HRSN services to CMS as outlined in the approved Standard Terms and Conditions (STC) (after CMS approval). State spending on related social services prior to the approval of the 1115 Demonstration will be maintained or increased.

Quarterly, the State will report to CMS on HRSN service implementation, including progress made and challenges experienced, HRSN service utilization, quality of services, and health outcomes for individuals receiving HRSN services. The State will report on all mandatory CMS health equity metrics, stratified as required in the approved STCs.

The State requests authority to claim FFP for HRSN infrastructure investments in order to support the development and implementation of HRSN services, not to exceed 15% of the total HRSN spend. The State is requesting authority for HRSN infrastructure including administrative FFP for the following activities:

- Technology (e.g., electronic referral systems, shared data platforms, electronic health record modifications or integrations, screening tools and/or case management systems, databases/data warehouses, data analytics and reporting, data protection and privacy, accounting, and billing systems)
- Development of business or operational practices (e.g., procurement and planning, developing policies and workflows for referral management, privacy, quality improvement, trauma-informed practices, evaluation, and member navigation)
- Workforce development (e.g., cultural competency training, trauma-informed care training, traditional health worker certification, and training staff on new policies and procedures)
- Outreach, education, and stakeholder convening (e.g., design and production of outreach and education materials, translation, obtaining community input, and investments in stakeholder convening).

Section VI. Proposed Waiver and Expenditure Authority

The State seeks such waiver authority as necessary under the Demonstration to receive a federal match on costs not otherwise matchable for services rendered to HRSN services-eligible individuals. The State also requests the following proposed waivers and expenditure authority to operate the Demonstration.

Table 6. Requested Waiver Authorities and Associated Reasons

Waiver Authority	Reason and Use of Waiver Authority Will Enable the State To:
Reasonable Promptness Section 1902(a)(8)	To allow the state to create service caps and the potential use of waiting lists for Housing and Food and Nutrition services.
Amount, Duration, and Scope of Services and Comparability Section 1902(a)(10)(B) and 1902(a)(17)	To enable the state to provide a varying amount, duration, and scope of HRSN services to a subset of beneficiaries depending on need, which are not otherwise available to all beneficiaries in the same eligibility group. To the extent necessary to enable the state to limit housing services and supports under the demonstration to certain targeted groups of participants.

Expenditure Authority

The State requests expenditure authority to provide Medicaid benefits to Demonstration eligible individuals. The State requests FFP for evidence based HRSN services subject to the restrictions described below. Expenditures for HRSN services will be limited to costs not otherwise covered under Title XIX, but consistent with Medicaid Demonstration objectives that enable the State to continue to improve health outcomes and increase the efficiency and quality of care.

Table 7. Requested Expenditure Authorities

Title XIX Expenditure Authority	Expenditures
HRSN Services	Expenditures for approved evidence based HRSN services not otherwise eligible for Medicaid payment furnished to individuals who meet the qualifying HRSN criteria
HRSN Services Infrastructure	Expenditures for allowable administrative costs and infrastructure not otherwise eligible for Medicaid payment, to the extent such activities are authorized as part of the approved HRSN infrastructure activities.

Section VII. Demonstration Financing and Budget Neutrality

Refer to Budget Neutrality (BN) — Attachment 1 for the State's historical and projected expenditures for the requested period of the Demonstration.

Medicaid enrollment is not expected to change as a result of this Demonstration. Separate SPAs, including, but not limited to provisions for provider qualifications and reimbursement methodologies consistent with the services covered under the demonstration will be submitted with a fiscal impact, if needed. This Demonstration will permit Colorado to provide health related social needs (HRSN) services for qualifying individuals. The State is also requesting financial assistance for infrastructure costs associated with implementing the HRSN services.

Medicaid Eligibility Groups

These per member per month (PMPM) costs, along with an estimated caseload, non-service costs, HRSN, and HRSN infrastructure estimated costs were relied upon to establish Without Waiver (WoW) and With Waiver (WW) projections utilizing the BN spreadsheets provided by CMS.

The State is proposing only a single Medicaid Eligibility Group (MEG) for the HRSN authority. Table 8 shows the breakdown of eligible individuals by Medicaid Eligibility Category.

Table 8. Number of Eligible Individuals

Eligible Individuals for HRSN Authority	
Number meeting Demonstration Eligibility conditions requiring HRSN	**11,400**
Average months of utilization	**12.0**
Total annual member months	**136,800**

The HRSN population is expected to grow at 1% annually.

Budget Neutrality

The State developed the budget neutrality (BN) analysis for this Section 1115 Medicaid Demonstration Waiver Amendment. BN is a comparison of WoW expenditures to WW expenditures.

The State is requesting a hypothetical capped BN test for the HRSN services and HRSN infrastructure authorities. For this population, the WoW component is used to calculate the BN expenditure limit. Expenditures are counted against this BN expenditure limit. Any expenditures in excess of the limit from the Capped Hypothetical BN test cannot be offset by savings because the State has no savings accrued from prior 1115 waiver Demonstrations.

The BN projections were developed in alignment with CMS BN requirements.

Table 9. Budget Neutrality Projections

MEG	Expenditure Type	Annual Amount DY5	Trend Rate	Test
HRSN	Total Expenditure	$37,094,750	5.1%	Agg. Capped Hypothetical
HRSN Planning and Implementation (Non-Services)	Total Expenditure	$6,546,132	15% of Total HRSN	Agg. Capped Hypothetical

The BN worksheets prepared by the State are attached as Attachment 1.

The State has relied upon certain data and information provided by state agencies, including DOLA. Differences between the State's projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the finite assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience. It should be emphasized that the values in the BN form are a projection of future costs based on a set of assumptions. Results will differ if actual experience is different from the assumptions contained in this analysis.

Per CMS' feedback, HRSN Infrastructure MEG costs are capped to 15% of the total cost of HRSN services and infrastructure costs.

Modeling Assumptions

The state fiscal year (SFY) 2024 (base year) per capita costs as outlined above were projected forward one year to demonstration year (DY) 5, which represents the fifth year of demonstration year of the State's current SUD 1115 waiver. Note that the State is requesting an effective date for its Waiver Amendment of July 1, 2025, or upon CMS approval, whichever is later. Beyond DY05 for the next four years, PMPMs are trended forward on an annual basis using a blend of the already approved SUD Demonstration trend rates for the mix of populations in the population MEG as shown below:

Table 10. Modeling Assumptions Trend

MEG	Approved Trend from CO SUD 1115
Legacy	**4.9%**
Expansion	**5.6%**
Weighted Average CO Demonstration Trend Rate	**5.1%**

Results

Across the remaining one-year waiver period (DY5), the State cost projection was for HRSN services and $6,546,132 for infrastructure. The caseload, aggregate capped expenditure and per capita estimates by DY for both the WoW and WW projections are provided in Attachment 1 and are broken out separately in the projections for HRSN versus HRSN Planning and Implementation (Non-Services).

Section VIII. Compliance with Public Notice and Tribal Consultation

Summary of Public Comments

A summary of feedback from commenters received during the public comment period will be provided in appendix after the public comment period has been completed.

Public Notice Process

Information on the Amendment and a copy of the public notice is available on the HCPF website at this link: https://hcpf.colorado.gov/1115sudwaiver. Additional information regarding the public notice process, including public hearings, will be updated after the public comment period has been completed.

Tribal Consultation

The State has two federally recognized tribes, the Southern Ute Tribe and the Mountain Ute Tribe. The State will solicit feedback from both tribes by sending emails to the tribal representatives with a summary of the Demonstration, plus a copy of the public notice, and waiver application (as well as a link to the HCPF website with the relevant documents). This

process follows the State's approved tribal consultation State Plan Amendment. While this process follows the State's approved tribal consultation State Plan Amendment, the Department will continue to engage the tribes in meaningful, in-person tribal consultation upon request. Feedback received during the meeting will be provided in the appendix. Additional information regarding the tribal consultation will be updated after that process has been completed.

Section IX. Demonstration Amendment Contact

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Section XI. Appendix

Attachment 1: Compliance with Budget Neutrality

Attachment 1: Compliance with Budget Neutrality

Demonstration WoW Budget Protection: Coverage Costs for Populations								
Eligibility	**Base Year**							**Total**
Group	**CY 24**	**Trend Rate**	**DY 05**	**DY 06**	**DY 07**	**DY 08**	**DY 09**	**WoW**
Hypothesis 1 — Services								
Population Type:								
Eligible Member Months	136,800	1.0%	69,256	139,552	140,947	142,357	143,780	
PMPM Cost	$271.16	5.1%	$288.55	$299.54	$314.82	$330.88	$347.75	
Total Expenditure	$37,094,750		$19,983,420	$41,801,911	$44,373,147	$47,102,539	$49,999,816	$203,260,834
Hypothesis 2 — Planning and Implementation (Non-Services)								
Population Type:								
Total Expenditure	$6,546,132		$3,526,486	$7,376,808	$7,830,555	$8,312,213	$8,823,497	$35,869,559
Total Population: 11,400 x 12 months = 136,800 member months								

Demonstration WW Budget Projection: Coverage Costs for Populations								
Eligibility								**Total**
Group	**CY 24**	**Trend Rate**	**DY 05**	**DY 06**	**DY 07**	**DY 08**	**DY 09**	**WW**
Hypothesis 1 — Services								
Population Type:	**Hypothetical**							
Eligible Member Months		1.0%	69,256	139,552	140,947	142,357	143,780	
PMPM Cost		5.1%	$288.55	$299.54	$314.82	$330.88	$347.75	
Total Expenditure			$19,983,420	$41,801,911	$44,373,147	$47,102,539	$49,999,816	$203,260,834
Hypothesis 2 — Planning and Implementation (Non-Services)								
Population Type:	**Hypothetical**							
Total Expenditure			$3,526,486	$7,376,808	$7,830,555	$8,312,213	$8,823,497	$35,869,559

Hypotheticals Analysis						
Without-Waiver Total Expenditures						
	DY 05	**DY 06**	**DY 07**	**DY 08**	**DY 09**	**Total**
Hypothesis 1 — Services	$19,983,420	$41,801,911	$44,373,147	$47,102,539	$49,999,816	$203,260,834
Hypothesis 2 — Planning and Implementation (Non-Services)	$2,997,513	$6,270,287	$6,655,972	$7,065,381	$7,499,972	$30,489,125
TOTAL	$22,980,933	$48,072,198	$51,029,119	$54,167,920	$57,499,789	$233,749,959
With-Waiver Total Expenditures						
	DY 05	**DY 06**	**DY 07**	**DY 08**	**DY 09**	**Total**
Hypothesis 1 — Services	$19,983,420	$41,801,911	$44,373,147	$47,102,539	$49,999,816	$203,260,834
Hypothesis 2 — Planning and Implementation (Non-Services)	$2,997,513	$6,270,287	$6,655,972	$7,065,381	$7,499,972	$30,489,125
Total	$22,980,933	$48,072,198	$51,029,119	$54,167,920	$57,499,789	$233,749,959
Hypotheticals Variance						