

Title of Rule: Revision to Reentry Services for Incarcerated Individuals, Sections 120.1.C. and 210.U

Rule Number: CHP 25-12-01-A

Division / Contact / Phone: Office of Medicaid Operations / Nancy Brenes / 303-866-2897

## **STATEMENT OF BASIS AND PURPOSE**

1. Summary of the basis and purpose for the rule or rule change. (State what the rule says or does and explain why the rule or rule change is necessary).

The proposed rule change will amend 10 CCR 2505-10 8.100.3.G.b, 120.1.C. and 210.U to add reentry services authorized through the 1115 Demonstration Waiver as a benefit to incarcerated individuals 90 days before their release. These changes are being implemented to clarify an exception to current language that limits services for incarcerated individuals to an inpatient stay of 24 hours or longer in a medical institution.

The Department has issued memo IM 24-008 which provides details on the 1115 waiver demonstration and available benefits. No updates will be needed for the Colorado Benefits Management System (CBMS) to reflect this change.

2. An emergency rule-making is imperatively necessary

- to comply with state or federal law or federal regulation and/or
- for the preservation of public health, safety and welfare.

Explain:

N/A

3. Federal authority for the Rule, if any:

Section 1115(a)(1) of the Social Security Act

1115 Demonstration Waiver titled Colorado Expanding the Substance Use Disorder (SUD) Continuum of Care which was approved on October 14, 2025

4. State Authority for the Rule:

25.5-1-301 through 25.5-1-303, C.R.S.;

Initial Review

Proposed Effective Date

**01/09/26**

**04/02/26**

Final Adoption

Emergency Adoption

**02/13/26**

**DOCUMENT #09**

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## **REGULATORY ANALYSIS**

1. Describe the classes of persons who will be affected by the proposed rule, including classes that will bear the costs of the proposed rule and classes that will benefit from the proposed rule.

With the proposed rule, incarcerated individuals will now be eligible for services in addition to the current inpatient stay of 24 hours or longer in a medical institution.

2. To the extent practicable, describe the probable quantitative and qualitative impact of the proposed rule, economic or otherwise, upon affected classes of persons.

The proposed rule change will impact incarcerated individuals that are 90 days from their release, it will allow incarcerated members to receive services that will assist with their reentry process.

Colorado will cover reentry services for certain individuals who are incarcerated in state prisons or local jails, tribal jails, and secure youth centers (herein after referred to as "correctional facilities"). To qualify for services covered under Colorado's 1115 Waiver Amendment Approval , individuals residing in a correctional facility must have been determined eligible for Medicaid or CHP+ (or be eligible for CHP+ except for their incarceration status) pursuant to an application filed before or during incarceration and have an expected release date within 90 days.

The expected outcomes of justice-involved members receiving these services are captured in the project goals:

- Increase coverage, continuity of coverage, and appropriate service uptake through assessment of eligibility and availability of coverage for benefits in carceral settings just prior to release;
- Improve access to services prior to release and improve transitions and continuity of care into the community upon release and during re-entry;
- Improve coordination and communication between correctional systems, Medicaid systems, administrative services organizations, and community-based providers;
- Increase additional investments in health care and related services, aimed at improving the quality of care for beneficiaries in carceral settings and in the community to maximize successful reentry post-release;

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- Improve connections between carceral settings and community services upon release to address physical health, behavioral health (BH), and health-related social needs (HRSN);
- Reduce all-cause deaths in the near-term post-release; and
- Reduce the number of emergency department (ED) visits and inpatient hospitalizations among recently incarcerated Medicaid beneficiaries through increased receipt of preventive and routine physical and BH care.

3. Discuss the probable costs to the Department and to any other agency of the implementation and enforcement of the proposed rule and any anticipated effect on state revenues.

The State has the authority, through the 1115 Waiver, to offer reentry services to individuals who qualify for the CHP+ program and who are in the process of exiting carceral settings. The estimated population of individuals who meet both these qualifications is estimated to be extremely low (less than 5-10 individuals per year). Therefore, State forecasted, estimated costs associated with providing services to this population are very small. State Departments (HCPF and CDHS) are continuing to explore whether it is cost effective to invest in the infrastructure required to draw federal match on reentry services provided to these individuals, and therefore the Department estimates zero costs. The interagency group that is focused on implementing 1115 Waiver authority has developed a series of forecasted service cost estimates that informed the appropriations clause in SB 25-308. These estimates are continuously being updated as implementation work continues.

4. Compare the probable costs and benefits of the proposed rule to the probable costs and benefits of inaction.

The probable costs associated with the proposed rule change include some upfront infrastructure implementation costs, for which there are no estimates at this time. The probable benefits associated with this rule change include savings to the State's general fund, as the 1115 Waiver grants the State the authority to draw federal match on services that were previously exclusively state-funded. However, due to the extremely small size of the population that would qualify for these services, the net impact on the State's budget is neutral.

The probable costs associated with inaction are operational barriers for the State's implementation of the 1115 Waiver authority, and could drive other, unanticipated costs for the State. There are no benefits to inaction. Inaction would create

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misalignment and postpone the implementation of the State's novel 1115 waiver authority.

5. Determine whether there are less costly methods or less intrusive methods for achieving the purpose of the proposed rule.

There are minimal potential costs associated with implementing the novel 1115 Waiver authority, as described in the response to the first question, but this rule itself is not driving new administrative burden or implementation costs. Therefore, there are no less costly methods or less intrusive methods for achieving the purpose of the proposed rule.

6. Describe any alternative methods for achieving the purpose for the proposed rule that were seriously considered by the Department and the reasons why they were rejected in favor of the proposed rule.

There were no alternative methods considered for the proposed rule.

1 **120 INSUFFICIENT ACCESS TO OTHER HEALTH COVERAGE**

2 120.1 To be eligible for the Children's Basic Health Plan, an eligible person shall not:

3     A. Be covered under a group health plan or under health insurance coverage excluding  
4         Consolidated Omnibus Budget Reconciliation Act (COBRA) at the time of application or  
5         at redetermination; or

6     B. Be eligible to receive assistance under Title XIX of the Social Security Act; or

7     C. Be an inmate of a public institution or a patient in an institution for mental diseases.  
8         except that Reentry Demonstration Initiative Services authorized by the 1115  
9         Demonstration Waiver titled Colorado Expanding the Substance Use Disorder (SUD)  
10         Continuum of Care and described in Attachment G to the Center for Medicare & Medicaid  
11         Services' ("CMS") Demonstration Approval dated October 14, 2025 are available to  
12         inmates of public institutions 90 days prior to their release. Reentry Demonstration  
13         Initiative Services are only available while approved by CMS. CMS's Demonstration  
14         Approval dated October 14, 2025 is hereby incorporated by reference. This incorporation  
15         excludes later amendments to, or editions of the referenced material. Pursuant to § 24-4-  
16         103(12.5), C.R.S., the Department maintains copies of this incorporated text in its  
17         entirety, available for public inspection during regular business hours at 303 E. 17 Ave.,  
18         Denver, CO, 80203. Certified copies of incorporated materials are provided at cost upon  
19         request. Incorporated materials may also be obtained from the original issuer at  
20         [www.medicaid.gov](http://www.medicaid.gov), with the exception of.

21     D. Reentry services for inmates 90 days prior to their release, as authorized through  
22         an 1115 Demonstration Waiver.

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30 **200 BENEFITS PACKAGE**

31 **210 The following are covered benefits including any applicable**  
32 **limitations:**

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1           U. Case management is covered only when medically necessary; except that Targeted  
2           Case Management authorized by the 1115 Demonstration Waiver titled Colorado  
3           Expanding the Substance Use Disorder (SUD) Continuum of Care and described in  
4           Attachment G to the Center for Medicare & Medicaid Services' ("CMS") Demonstration  
5           Approval dated October 14, 2025 is available to inmates of public institutions 90 days  
6           prior to their release. Targeted Case Management is only available while approved by  
7           CMS. CMS's Demonstration Approval dated October 14, 2025 is hereby incorporated by  
8           reference. This incorporation excludes later amendments to, or editions of the referenced  
9           material. Pursuant to § 24-4-103(12.5), C.R.S., the Department maintains copies of this  
10           incorporated text in its entirety, available for public inspection during regular business  
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12           are provided at cost upon request. Incorporated materials may also be obtained from the  
13           original issuer at [www.medicaid.gov](http://www.medicaid.gov). Targeted Case Management is covered only for  
14           inmates 90 days prior to release.

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