

# HB 24-1038 System of Care Quarterly Status Update Report

*C.R.S. 25.5-6-2001 System of Care Quarterly Report #1*

**Date:** January 1, 2025

**Submitted to:** Joint Budget Committee



## Table of Contents

Table of Contents.....	2
Executive Summary.....	3
Background .....	4
Progress and Next Steps .....	6
Conclusion .....	14

## Executive Summary

As required in C.R.S. 25.5-6-2001(7)(a), the Department of Health Care Policy and Financing (HCPF) has compiled a quarterly report to update the Joint Budget Committee of Colorado's General Assembly on the status of implementing a system of care for its Medical Assistance Program members under the age of 21. HCPF is meeting all the requirements of C.R.S. 25.5-6-2001, which is overlapping with the work for the [GA v. Bimestefer Settlement Agreement](#) originally posted on the state website April 2024. The Settlement Agreement plan has been drafted and will be submitted to the Plaintiffs in February 2025 for their review.

C.R.S. 25.5-6-2001(7)(a) requires HCPF, beginning January 2025, and each quarter thereafter, to report progress on the development and implementation of the system of care to the Joint Budget Committee. This report includes updates on the development of the implementation plan for a system of care, the status of any actions taken since the previous reports to implement the plan, and the status of the following, as per C.R.S. 25.5-6-2001:

- The development of the specific components of the system of care:
  - Standardized Assessment
  - Intensive Care Coordination
  - Behavioral Health Services
  - Supportive Services
  - Treatment Foster Care Expansion
- The development and convening of the following system of care advisory committees:
  - Leadership Committee
  - Implementation Committee
- Promulgation of rules related to system of care; and
- An actuarial analysis to determine the appropriate Medicaid reimbursement rate for psychiatric residential treatment facilities.

The implementation plan is progressing as planned, with Phase 1 beginning Spring of 2025, which will include the administration of the Enhanced Standardized Assessment, provision of intensive care coordination through High Fidelity Wraparound and behavioral health services. In addition to the implementation plan, the plan to increase access to Treatment Foster Care will be available by January 2025, to meet

the legislative deadline. All requirements under C.R.S. 25.5-6-2001 are being met according to their scheduled deadlines. The initial meetings of both System of Care Advisory Committees took place in November 2024 and both committees have begun their work. In addition to the system of care requirements outlined in C.R.S. 25.5-6-2001, HCPF has held numerous stakeholder sessions and meetings on its implementation plan for Intensive Behavioral Health Services (a part of system of care), details can be found at <https://hcpf.colorado.gov/ibhs>.

## Background

A system of care structure is designed to serve children with high acuity behavioral health needs. The system utilizes an intensive care coordinator to bring together all the providers, agencies, and organizations working with the child's family along with the family members themselves. The coordinator serves as a resource for the family in navigating different systems (health and non-health systems) and centralizing the varying treatment plans across agencies. It is an evidence-based approach that reduces unnecessary emergency department visits, out-of-home and out-of-state placements, length of time spent outside of the home, re-entry into higher levels of care and involvement in the juvenile justice system.

In addition to those served under a system of care, there are children and youth who need residential treatment services to meet the acuity of their behavioral health needs. In Colorado, facilities that deliver these services are licensed as Qualified Residential Treatment Programs (QRTP) and Psychiatric Residential Treatment Facilities (PRTF). These facilities need to have the staff and resources to adequately serve children and youth with complex acute needs.

C.R.S. 25.5-6-2001 outlined some components necessary to establish a system of care, specifically the need for a robust assessment tool and intensive care coordination. states that “(1) No later than July 1, 2024, the State Department, in collaboration with the Behavioral Health Administration, and the Department of Human Services pursuant to Article 64.5 of Title 27, shall begin developing a system of care for children and youth who have complex behavioral health needs. At a minimum, the system of care must include:

- a) Implementation of a standardized assessment tool that:

- (i) Expands upon and modifies the assessment tool described in Section 19-1-115 (4)(e)(i);
- (ii) Makes recommendations regarding the appropriate level of care necessary to meet the child's or youth's treatment needs;
- (iii) Informs the child's or youth's treatment planning, including behavioral health programming and medical needs; and
- (iv) Is administered to children and youth who are enrolled in the Medical Assistance Program or any child or youth who meets the referral requirements established by the Behavioral Health Administration pursuant to Article 64.5 of Title 27;

(b) Intensive-care coordination for children and youth enrolled in the medical assistance program;

(c) Expanded supportive services for children and youth pursuant to subsection (4) of C.R.S. 25.5-6-2001; and

(d) Expanded access to treatment foster care, as defined in Section 26-6-903, pursuant to subsection (5) of C.R.S. 25.5-6-2001.”

“(2) (a) No later than November 1, 2024, the State Department shall convene a Leadership Team that is responsible for the decision-making and oversight of the system of care for children and youth who have complex behavioral health needs.”

“(3) (a) No later than October 1, 2024, the State Department shall convene an Implementation Team that shall create a plan to implement the system of care for children and youth who have complex behavioral health needs.”

“(4) No later than January 1, 2025, the State Department shall seek federal authorization to expand the residential child health-care program established pursuant to Section 25.5-6-903 to include children and youth who have a serious emotional disturbance that puts the child or youth at risk or in need of out-of-home placement.”

“(5) No later than January 1, 2025, the State Department shall develop and implement a plan to increase access to treatment foster care, as defined in Section 26-6-903, under the state Medical Assistance Program.”

“(6) The State Department may promulgate rules in consultation with the Behavioral Health Administration and the Department of Human Services for the administration and implementation of the system of care for children and youth.”

“(7)(a) No later than January 1, 2025, the Department of Health Care Policy and Financing shall contract with a third-party vendor to complete an actuarial analysis in order to determine the appropriate Medicaid reimbursement rate for psychiatric residential treatment facilities, as defined in Section 25.5-4-103.”

## Progress and Next Steps

The progress of the system of care efforts as outlined in C.R.S. 25.5-6-2001 are as follows:

### Standardized Assessment

- A standardized assessment creates uniform standards statewide that will identify members that need more intensive services and highlight the needs of the young person and their family. It is important to clearly and accurately capture all the needs of a young person and their family if the appropriate services are going to be identified.
- Updated Status
  - HCPF has secured a contract with the University of Kentucky (UK) to enhance Colorado’s existing Child and Adolescent Needs and Strengths (CANS) tool. The CANS is a standardized assessment tool used to evaluate the needs, strengths and challenges of children and youth and determine appropriate treatment and service recommendations for children and youth. UK staff are the nationally recognized experts on the CANS. The Standardized Assessment will consist of the CANS and a robust biopsychosocial background. The work with the UK will:
    - Make updates to the assessment outlined in C.R.S. 19-1-115 (4)(e)(I);
    - Make recommendations on appropriate level of care; and

- Inform treatment planning.
- HCPF is developing a policy on the application of the assessment. The policy will be utilized by providers completing the assessment, which includes a community service agency (CSA), Behavioral Health Administrative Service Organization (BHASO) independent assessor, a crisis stabilization unit (CSU) or a certified behavioral health provider. The policy will include the process for administering the assessment to anyone under the age of 21 in the Medical Assistance Program who meets the need for a standardized assessment.
- Once completed, HCPF will ensure access to the standardized assessment for other state agencies to use as appropriate. Specifically, the assessment will be available for any child or youth who meets the referral requirements established by the Behavioral Health Administration pursuant to Article 64.5 of Title 27.
- Completion of the standardized assessment is on target for June 30, 2025.
- Next Steps:
  - Complete policy guidance on the implementation of the standardized assessment by April 1, 2025.
  - Complete upgrades of the current CANS tool by June 30, 2025.
  - Make any necessary upgrades to the ACC 3.0 contracts by April 1, 2025.

## Intensive Care Coordination

- Intensive care coordination services (ICC) is a more intense approach to care planning, coordination of services, authorization of services, and monitoring of services and supports than that which is provided in traditional clinical or medical settings. ICC is an intensive service provided by coordinators, with enhanced clinically oriented training, who help members and their families meet their needs by coordinating care and services, developing care plans, and updating clinical progress. The intensive care coordinator works with the family to bring together all the providers, agencies, and organizations working with the family along with the family members themselves. The coordinator serves as a resource for the family in navigating different systems (health and

non-health systems) and centralizing the varying treatment plans across agencies.

- Updated Status:
  - The Department worked with a national consultant to identify two models of intensive care coordination that are in alignment with The National Wraparound Implementation Center's (NWIC) standards, to be delivered to Medical Assistance Program members under the age of 21. These include;
    - High Fidelity Wraparound (HFW), and
    - Families Experiencing Meaningful Connections, Outcomes, Coordination, Unconditional Positive Regard, Short-Term Process (FOCUS).
- Next Steps:
  - Establish an organization that will serve as the workforce training hub for both HFW and FOCUS by March 1, 2025.
  - Create the necessary policies for entities providing intensive care coordination (ICC) through HFW beginning in FY 2024-2025 by April 1, 2025. This policy will focus on ensuring fidelity to the HFW mode through coordination of services and the process in which HFW is to be delivered in.
  - Update ACC 3.0 contracts to include guidance on the payment for HFW by April 1, 2025.
  - Create a plan for rolling out FOCUS as a second intensive care coordination option in future fiscal years.

### **Supportive Services (Children's Habilitative Residential Program Eligibility Expansion)**

- Members with complex behavioral health needs require appropriate clinical interventions. However, they also need complementary support services. Support services are services that are needed for the member and their family to successfully engage in treatment and increase the effectiveness of the clinical intervention.
- Updated Status:
  - HB 24-1038 specifies that “No later than January 1, 2025, the State Department shall seek federal authorization to expand the residential child health-care program established pursuant to Section 25.5-6-903 to

include children and youth who have a serious emotional disturbance that puts the child or youth at risk or in need of out-of-home placement.”

- The intention of this change to the Children’s Habilitative Residential Program (CHRP) waiver is to include Serious Emotional Disturbance (SED) within the CHRP targeting criteria for waiver eligibility. Children or youth must meet the criteria for nursing facility or an inpatient psychiatric hospital level of care. There will be no changes to CHRP waiver services or provider types and this change creates alignment between BHA, CDHS and HCPF in serving high-acuity youth.
- HCPF has received the federal authority to implement this expanded eligibility criteria in the CHRP waiver.
- Next Steps:
  - HCPF is awaiting the decision from the Medical Services Board to implement changes to the rules by December 2024. This will provide the HCPF the federal and regulatory authority to implement this change.
  - Full implementation, including training of providers and case management agencies of this expanded eligibility criteria is targeted to be completed by March 2025.
  - HCPF anticipates this eligibility expansion to increase CHRP enrollments by 22 members in FY 2024-25, with an increased cost of \$1,500,000. It is estimated that with these newly eligible children and youth enrolling in the CHRP waiver, allowing the opportunity for these newly enrolling children to receive appropriate interventions sooner and often at a lower level of care, there will be a decrease in State Plan services utilized, with a savings of \$91,000 in FY 2024-25.

## **Treatment Foster Care Expansion**

- Treatment Foster Care settings are critical to providing family-like settings to children who have behavioral health needs. Outcomes for children are stronger when family-like settings are available with the appropriate level of treatment.
- Updated Status:
  - Worked in conjunction with Colorado Department of Human Services to review recommendations and develop a stakeholder feedback process.

- Completed a draft of the plan to increase access to treatment foster care, as defined in C.R.S. section 26-6-903, under the State Medical Assistance Program by:
  - Identifying the current services that are Medicaid reimbursable and identifying the appropriate billing codes associated with the service.
  - Paying for those Medicaid services that are delivered in a treatment foster care setting.
    - Reviewing rates of the billable codes associated with treatment foster care population.
  - Ensuring that the proposed plan for Medicaid System of Care (SOC) meets the needs of the foster care provider and child or youth. Specifically, making sure the Medicaid System of Care plan includes the following for treatment foster care settings:
    - In-home behavioral health services of SOC can be delivered in foster care family-like settings.
    - Support services, such as respite within the SOC are available, reimbursed and afforded to foster care parent(s).
  - Assessing any potential improvements to payment models and increasing provider workforce for respite services as this is a critical support for caretakers caring for children and youth with complex needs.
  - Working with the Colorado Behavioral Health Administration to review potential opportunities for adding treatment foster parents as a Qualified Behavioral Health Aide provider type.
- Met with key stakeholders, such as county human services departments and the Colorado Association of Family and Children's Agencies, to review the action items of the plan and garner feedback.
- Reviewed the plan with the Colorado Department of Human Services and Colorado Behavioral Health Administration.
- Posted the plan for improving reimbursement potential for treatment foster care on HCPF's [website](#).
- Next Steps:
  - Continue engagement with key stakeholders in order to successfully meet the action items outlined in the plan.

- HCPF will work with the Colorado Department of Human Services to create action items to fulfill obligations of the plan and communicate accordingly with counties and providers.
- If it is determined that it is feasible and reasonable for treatment foster care providers to be Qualified Behavioral Health Aides (QBHA), HCPF will work with the Behavioral Health Administration and their partners in the workforce pipeline to execute any action items necessary to train and certify treatment foster care providers as a QBHA.
- Update the plan and repost on the website with updated status every quarter.

**System of care advisory committees:**

- HCPF established both the Implementation Advisory Committee and the Statewide Leadership Committee. The Implementation Advisory Committee, formed in September 2024, is composed of advocates, counties, providers, RAEs, state agencies, and people with lived experience. The Implementation Advisory Committee will meet bimonthly to monitor progress and provide guidance on gaps in establishing the System of Care for high-acuity children and youth. The Statewide Leadership Committee, formed in October 2024, will meet quarterly for the decision-making and oversight of the system of care for children and youth who have complex behavioral health needs. The committee is composed of leadership from state agencies, statewide advocacy organizations, providers, county commissioners, and representation of individual(s) with lived experience.
- Leadership Committee
  - Updated Status:
    - All required members have been assigned to the committee. In addition, city council member Sarah Parady was added as a member albeit not a requirement of statute.
    - The committee convened on October 31, 2024 to establish the cadence and governance for the committee.
    - The committee will meet approximately quarterly until it is determined a change in cadence is appropriate.
  - Next Steps:

- The second committee meeting is scheduled for Thursday February 13th 1:00 - 2:30pm. This meeting will walk through the proposed system of care services and gather advice on the proposed next steps the Department wants to take for Phase 1. Final meeting times and materials will be posted on our [website](#).
- For the third meeting in Spring of 2025, the committee will be presented with the system of care model HCPF has proposed and will gather feedback and advise on the implementation plan in the spring 2025 meeting. The implementation plan is to be updated at least annually by HCPF and subsequently reviewed by the Plaintiffs.

- **Implementation Committee**
  - Updated Status:
    - All required members have been assigned to the committee. In addition, a representative for each of the Regional Accountable Entities (RAEs) selected for ACC 3.0 have been added to the committee, albeit not a requirement of statute.
    - The committee convened on September 30, 2024 to establish the cadence and governance for the committee.
    - The committee convened on November 6, 2024 to inform all members on the work to date as well as stakeholder process to date) and HCPF is going with a system of care model. In addition, the committee began review of its charter and will revisit it in the next meeting to finalize it.
    - The committee will meet approximately every other month until it is determined a change in cadence is appropriate. In these meetings, the committee will advise on the evolution of the system of care as the policies in the implementation plan become flushed out.
  - Next Steps:
    - Hold meetings every other month, with the next meeting tentatively scheduled for January 16th. Meeting information and materials will be posted on our [website](#).

## System of Care rules

- Updated Status:

In collaboration with HCPF and CDHS, BHA drafted Administrative Rules for the administration and implementation of the system of care for children and youth who have complex behavioral health needs. The rules create a Standardized Assessment process to determine eligibility for the system of care.

To ensure children and youth with complex behavioral health needs are not excluded from accessing the system of care based on a disability or diagnosis, the draft rules include broad eligibility criteria- youth under the age of 21 who are determined eligible by the Standardized Assessment process.

Finally, the draft rules set forth requirements for residential treatment providers to obtain cultural competency training related to the provision of services. To reduce administrative burden, the required cultural competency training will be included in CDHS Residential Child Care Provider Training Academy created by C.R.S. 27-64.5-102(2). BHA is working in partnership with CDHS to ensure providers are able to provide culturally competent services after receiving certification from this Academy.

- On September 16, 2024, BHA entered a period of rule promulgation and published the draft Administrative Rules to its website. Between September 19th, 2024 and December 9, 2024, BHA held seven virtual public feedback sessions and ten in-person public feedback sessions (Aurora, Colorado Springs, Fraser, Frisco, Greeley, Lamar, Leadville, Montrose, Pueblo, and Steamboat Springs). BHA continuously updated the draft rules to reflect the feedback received in person and in writing. The updated draft will be published on the BHA landing page once all are completed in January 2025. All feedback and responses will be included in the public rule-making documents submitted to the State Board of Human Services. BHA anticipates holding the first read of this draft rule for the State Board of Human Services by the March 2025 meeting.
- BHA, in partnership with HCPF and CDHS, will continue working with community members to design and build out the system of care to ensure it meets the needs of the community. BHA will continuously

update this section of the rules to reflect that work instead of preemptively drafting rules that govern the development of the system of care. BHA anticipates reviewing and updating this rule section annually to reflect this work.

### **Psychiatric residential treatment facilities actuarial analysis**

- Psychiatric residential treatment facilities are a needed part of the continuum of services for children and youth with acute behavioral health needs. HCPF is completing an actuarial analysis on the current rates for these providers.
- Updated Status:
  - HCPF has completed a contract amendment with Optumas to have the contractor complete an actuarial analysis in a timely manner.
  - The added language requires the vendor to conduct an actuarial analysis to determine the appropriate Medicaid reimbursement rate for psychiatric residential treatment facilities (PRTF).
  - Specifically, the vendor will review the program and policies around the PRTF to determine if the existing reimbursement rates are actuarially sound.
  - HCPF is on track to have the analysis completed before June 30, 2025 and will take the results into consideration for any future rate changes.
- Next Steps:
  - Provide the vendor the necessary information for them to contract by January 1, 2025, and the analysis shall be completed by June 30, 2025.
  - Review the development of the proposed steps of the analysis and supply any relevant data needed on monthly intervals with the vendor on the progress and status of the analysis.

### **Conclusion**

The Department of Health Care Policy and Financing is on target to meet all its statutory obligations as outlined C.R.S. 25.5-6-2001 Section 1. HCPF continues to overlap the requirements of C.R.S. 25.5-6-2001 system of care with the work being completed for its Settlement Agreement stemming from GA v. Bimestefer. Details regarding this work can be found at <https://hcpf.colorado.gov/ibhs>. The Medicaid

System of Care Implementation Plan related to the Settlement Agreement will be made public in its final version after April 1, 2025.