

HB 24-1038 System of Care Quarterly Status Update Report

C.R.S. 25.5-6-2001 System of Care Quarterly Report #2

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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 outlines some components necessary to establish a system of care, specifically the need for a robust assessment tool and intensive care coordination. Statute 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.”

Key Takeaways

The Department of Health Care Policy and Financing (HCPF) is making progress towards meeting the requirements of C.R.S. 25.5-6-2001(7)(a) for implementing a system of care for its Medical Assistance Program members under the age of 21. C.R.S. 25.5-6-2001, aligns with the efforts under the [GA v. Bimestefer Settlement Agreement](#), originally posted on the state website in April 2024. This quarterly report includes an update on HCPF’s implementation efforts. All new content added is colored in blue font for easy clarification. Since our last quarterly report, HCPF has:

- Submitted the Implementation Plan for the Colorado System of Care (CO-SOC) to the plaintiff’s attorneys on February 21, 2025 as per the [GA v. Bimestefer Settlement Agreement](#). Feedback from the plaintiff’s attorneys is anticipated by March 31, 2025, followed by a month to discuss concerns and make edits before the Implementation Plan is made available to the public.
- Executed the Accountable Care Collaborative (ACC) 3.0 Regional Accountable Entity (RAE) contracts, with a July 1, 2025 effective date. RAE contracts are also being regularly amended to increase the RAEs’ accountability of providing key services and reporting requirements for operating a system of care.
- The Medical Services Board (MSB) gave final consent for the Children’s Habilitation Residential Program (CHRP) expansion to include serious emotional disturbance (SED) targeting criteria for waiver eligibility effective January 1, 2025.
- The Statewide Leadership Committee, as required under C.R.S. 25.5-6-2001(2)(a), convened February 13, 2025 and will meet twice a year or as needed. The committee has identified 3 co-chairs who met on April 10, 2025. This committee provides support and guidance on the implementation of a system of care and its impact on various state and local agencies.
- The Implementation Advisory Committee, as required under C.R.S. 25.5-6-2001(3)(a), convened on January 22, 2025 and established a meeting cadence of every other month. The most recent meeting was held March 20, 2025. This

committee advises on the policies required to implement a system of care at the state and local levels.

- The Department requested from the plaintiff's attorneys an extension of the completion date for the system of care. The timeline for the rollout of the system of care has been agreed to 6 years, up from the original 4 years.

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:

1. Enhanced Standardized Assessment

An **enhanced standardized assessment (ESA)** 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.

Action item 1: Development of Assessment Tool

- 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 Enhanced Standardized Assessment will consist of a robust biopsychosocial assessment which includes the CANS. 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 ESA. The policy will be utilized by providers completing the ESA, which includes a community service agency (CSA), Behavioral Health Administrative Service Organization (BHASO) qualified individual (QI), a crisis stabilization unit (CSU) or a Licensed

Behavioral Health Clinician, Licensed Psychologist, or licensure candidate behavioral health provider with CO CANS certification.

- The policy will include the process for administering the ESA to anyone under the age of 21 in the Medical Assistance Program who meets the need for an enhanced standardized assessment.
 - Due to stakeholder feedback, the term Community Service Agency (CSA) has been changed to System of Care (SOC) Certified Intensive Care Coordination Provider (Certified ICC Provider).
- Once completed, HCPF will ensure access to the enhanced 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.

Action Item 2: Complete policy guidance

- Develop guidance on the implementation of the enhanced standardized assessment by April 1, 2025.
 - The policy guidance on the implementation of the enhanced standardized assessment for youth involved with child welfare and the Division of Youth Services was drafted in collaboration with the Office of Children Youth and Families (OCYF) and BHA. The drafted policy guidance is currently being reviewed by the RAEs and County Departments of Human or Social Services.
 - ACC 3.0 Contracts include policy guidance for the MCEs to access an ESA to inform their Medical Necessity determination when they are not able to approve QRTP or PRTF services with available clinical information for youth seeking these levels of care.
 - Due to the complexities involved in implementing an effective system of care, the ESA is now expected to be launched by July 1, 2025. While policy guidance has been developed in collaboration with HCPF and the Managed Care Entities, the original timeline of April 1, 2025 may still change.
- 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.
 - ACC 3.0 contract negotiations have been underway since January 2025, with a projected contract signing in March 2025. RAE contracts are

regularly amended to increase the RAEs' accountability and outline changing roles.

- HCPF and BHA are developing training on the ESA process. This training will be available free of charge to providers through BHA's LMS. The training remains on track to go live by July 1, 2025.

2. 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 [System of Care \(SOC\) Certified Intensive Care Coordination Providers \(Certified ICC Providers\)](#), 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 [Certified ICC Provider](#) works with the family to bring together all the providers, agencies, and organizations working with the family along with the family members themselves. The [Certified ICC Provider](#) serves as a resource for the family in navigating different systems (health and non-health systems) and centralizing the varying treatment plans across agencies.

Action Item 1: Identify models of intensive care coordination for SOC

- HCPF 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).

Action Item 2: Complete policy and contract updates

- 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.
 - Payment for HFW has been determined to be a behavioral health capitation service and will be included in the ACC 3.0 contracts.
- Create a plan for rolling out FOCUS as a second intensive care coordination option in future fiscal years.
 - As a result, the development of the FOCUS rollout will take place during FY26/27, with an anticipated go-live date in FY27/28.

Action Item 3: Establish a workforce capacity center (WCC)

- Design a WCC to serve as the workforce training hub for both HFW and FOCUS by March 30, 2025.
- Due to budgetary considerations, HCPF submitted a supplemental request to the JBC to assess the ability to finance the workforce capacity center. A hearing was held in March 2025. The JBC approved the supplemental request during the HCPF budgetary hearing on Friday, March 14, 2025.
- HCPF is in conversations to identify a state university to partner with on running the WCC.
- Once the FY 25-26 Long Bill is finalized, HCPF will begin the process of submitting a procurement request for an interagency agreement (IA) to establish a contract with the WCC.
- Once the WCC is established, the WCC will collaborate with NWIC to develop the necessary policies for providing HFW.

3. Supportive Services (Children's Habilitative Residential Program Eligibility Expansion)

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.

Action Item 1: Get federal approval to expand CHRP

- HCPF has received the federal authority to implement this expanded eligibility criteria in the CHRP waiver.

Action Item 2: Update rules for CHRP

- Final adoption by consent occurred on December 13, 2024 by MSB with implementation of the CHRP expansion to include serious emotional disturbance (SED) targeting criteria for waiver eligibility effective January 1, 2025. This will provide HCPF the federal and regulatory authority to implement this change.

Action Item 3: Implement expansion

- Full implementation, including training of providers and case management agencies of this expanded eligibility criteria is targeted to be completed by March 2025.
- Implementation including SED training for case management agencies (CMAs) was developed and available through LMS trainings starting January 1, 2025. An Operational Memo (OM) 25-003 was developed along with an attestation form and was posted January 1, 2025. The OM 25-003 included the SED definition, the eligibility criteria process, the attestation form that will be needed for SED enrollment, and a case management decision tree for CHRP SED level of care and targeting criteria guidance for CMAs. In March 2025, additional guidance was provided to case management agencies regarding the retention of the

attestation form in a member's record within the care and case management system.

- HCOPF 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.

4. 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.

Action Item 1: Create a plan to increase access

- A draft of the plan to increase access to treatment foster care, as defined in C.R.S. section 26-6-903 was completed by January 1, 2025.
- This plan included:
 - Identifying the current services that are Medicaid reimbursable and identifying the appropriate billing codes associated with the service.
 - HCPF has been working closely with CDHS and BHA to explore additional funding strategies by examining reimbursement structures for Treatment Foster Care parents in other states.
 - HCPF, BHA and CDHS are looking at ensuring reimbursement rates reflect the specialized skills of treatment foster care parents, including working with children and youth who may be using substances or at risk of eloping.
 - HCPF, BHA and CDHS are working to define how treatment foster care services are provided to youth not in county custody, while developing procedures to ensure proper care and reimbursement.
 - 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.
 - Update the plan and repost on the website with updated status every quarter.
 - Updated Status: HCPF is collaborating with the communications team to develop a plan that aligns with the work CDHS is doing. Due to the nature of this work, the plan may not be updated quarterly but will instead be revised as needed to reflect substantial changes that stakeholders should be aware of.

Action Item 2: CO-SOC services are available in Treatment Foster Care

- Ensuring that the proposed plan for the Colorado System of Care (CO-SOC) meets the needs of the foster care provider and child or youth. Specifically, making sure the CO-SOC 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).

Action Item 3: Identify alternative funding opportunities

- 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.
 - Starting in February 2025, HCPF, BHA, and CDHS have begun collaborating on strategies to fulfill the plan's obligations, including developing a shared communications plan, exploring credentialing opportunities for treatment foster care parents, and aligning with current regulations.
- 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.
- HCPF began regular meetings with BHA in January 2025 to explore strategies for leveraging the existing workforce pipeline, including QBHAs. HCPF, CDHS and BHA are reviewing current Medicaid-reimbursable services and identifying potential alternative funding opportunities in partnership with BHA for non-Medicaid services.

5. 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 a minimum of two times a year and as needed 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.

Action Item 1: Convene Leadership Committee

- The committee last convened on February 13th, 2025.
- The committee will meet two times a year and as needed.
- Final meeting times and materials will be posted on HCPF's [website](#). During the February 13th, 2025 meeting, the committee reviewed the proposed Medicaid System of Care model and gathered feedback and recommendations on the Implementation Plan. HCPF will update the Implementation Plan at least annually, with subsequent reviews by the Plaintiffs.
- The Statewide Leadership Committee will meet again in fall of 2025 to cover updates on implementation.
- The Statewide Leadership Committee has selected three co-chairs for the meeting. A co-chair meeting for this committee is scheduled for Thursday, April 10, 2025.

Action Item 2: Convene Implementation Committee

- The committee convened on January 22nd, 2025, to review the Colorado System of Care, finalize the Charter, discuss next steps and funding.
- The committee will meet approximately every other month until a change in cadence is deemed necessary. During these meetings, the committee will provide guidance on the evolution of the system of care as the policies in the implementation plan are developed.

- Meetings will be held every other month, with the most recent meeting occurring on March 20, 2025. Meeting details and materials will be posted on our [website](#).

6. System of Care rules

On September 16, 2024, BHA entered a period of rule promulgation and publicly posted BHA's proposed draft Administrative Rules (2 CCR 502-6). This rule volume contains BHA's draft rules for the administration and implementation of the system of care for children and youth who have complex behavioral health needs, which were drafted in collaboration with HCPF and CDHS. The proposed draft rules:

- Utilizes the Enhanced Standardized Assessment process to determine eligibility for the system of care
- Sets broad eligibility criteria for the system of care- youth under the age of 21 who are determined eligible by the Standardized Assessment process.
- Requires residential treatment providers to obtain cultural competency training related to the provision of services, which will be included in CDHS Residential Child Care Provider Training Academy created by C.R.S. 27-64.5-102(2).

Action Item 1: Create rules for system of care

- BHA held nine virtual public sessions and ten in-person public sessions (Aurora, Colorado Springs, Fraser, Frisco, Greeley, Lamar, Leadville, Montrose, Pueblo, and Steamboat Springs) for feedback on the proposed rules. All feedback and responses from the public sessions will be included in the public rule-making documents submitted to the State Board of Human Services and posted to BHA's website. Updated Status:
- Due to the addition of Children and Youth Mental Health Treatment Act (CYMHTA) rules into this section, incorporating feedback, and the schedule of the State Board of Human Services, BHA will not conduct the first reading during the March 2025 meeting as initially planned. The first reading is now scheduled for May 9, 2025, with the second reading set for June 6, 2025. BHA anticipates that the rules will be adopted during the second reading, with an effective date of August 1, 2025.
- 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.

7. Psychiatric Residential Treatment Facilities Actuarial Analysis

Psychiatric residential treatment facilities (PRTFs) are a needed part of the continuum of services for children and youth with acute behavioral health needs. Specifically, the vendor will review the program and policies around the PRTF to determine if the existing reimbursement rates are actuarially sound.

Action Item 1: Contract with a vendor to complete actuarial analysis

- As of January 1, 2025, HCPF has contracted with Optumas to assist in completing an actuarial analysis on the current rates for these providers.
- HCPF, in collaboration with CDHS, and Optumas have begun weekly meetings to ensure timely completion of the analysis and address provider concerns regarding adequate rates.
- Starting in March 2025, Optumas will hold regular meetings with PRTF providers to gather feedback, answer questions, and support the analysis process. PRTFs are completing a financial reporting template to assist Optumas with the rate analysis, due by March 27, 2025. This template will be the basis of the updated rate development to ensure each facility is adequately funded to provide services for children and youth with acute behavioral health needs.

Action Item 2: Report out on completed analysis

- 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.

Conclusion

HCPF 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.