

# Reentry Demonstration Amendment within the Comprehensive Care for Colorado Waiver

*Annual Report in compliance with section 25.5-4-505.5 (7),  
C.R.S.*

**July 1, 2025**

**Submitted to: Joint Budget Committee, Health and Human  
Services House Committee, and the Health and Human  
Services Committee of the Senate**



**COLORADO**

Department of Health Care  
Policy & Financing

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## Executive Summary

The Department of Health Care Policy & Financing (HCPF) prepared this report to provide information on the reentry demonstration amendment submitted under the state's 1115 Expanding the Substance Use Disorder Continuum of Care Waiver. In 2022, the Legislature committed to exploring federal authorities to improve outcomes for persons who may be involved with the criminal justice system through Senate Bill 22-196<sup>1</sup>. Development of a State Section 1115 Reentry Demonstration aligned with the Center of Medicare and Medicaid Services (CMS) overall objectives to increase equitable access to quality health care for individuals in the reentry period, improve care transitions from carceral settings, and reduce unnecessary emergency room usage and preventable deaths upon release. HCPF has continued to move forward with bringing an 1115 Reentry Demonstration forward in Colorado.

Colorado has successfully submitted and received approval for the amendment, passed legislation for a reinvestment fund, submitted an implementation plan, and drafted a readiness review document. Colorado is targeting an October 1 go-live based on the need for two remaining requirements: CMS' approval of the implementation plan and the facility's completion of readiness reviews.

## Background and Introduction

In response to Senate Bill 22-196, as highlighted above, HCPF submitted a reentry demonstration amendment to CMS on April 1, 2024. HCPF received approval on January 13, 2025 to authorize services to specific eligible populations, as an amendment under the state's 1115 Expanding the Substance Use Disorder Continuum of Care Waiver. Approval of the reentry demonstration provides Colorado with the necessary authorities to cover pre-release services for individuals transitioning from correctional facilities. This Demonstration amendment will allow for the continuity of medical assistance services for individuals leaving the Department of Corrections and Division of Youth Services facilities. In alignment with Senate Bill 22-196, this approval authorizes Medicaid-funded reentry services to incarcerated individuals across several settings, including state prisons and youth in correctional facilities. The 90-day reentry services includes:

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<sup>1</sup> <https://leg.colorado.gov/bills/sb22-196>

- Case management (care coordination) services that include physical and behavioral health clinical screenings and consultation services;
- A 30-day supply of prescription medications and medication administration upon release; and
- Medication assisted treatment (MAT) for all FDA-approved medications (including counseling and long acting injectables).

Currently, Department of Correction (DOC) and Department of Youth Services (DYS) use state funds to provide Case Management and MAT for members in carceral settings. Under the 1115 reentry demonstration Medicaid is allowed to cover the cost of these services and draw federal match for the services delivered. Any savings of state funds that are realized by federal fund match are required, by CMS under the demonstration, to be reinvested in expanding related services to the same populations. State and federal research predict these services help create local, state, and federal savings by reducing recidivism, reducing hospitalizations including overdoses, increasing access to primary care, and reducing deaths following incarceration.

HCPF plans to implement pre-release services for individuals transitioning from state-run facilities operated by the Colorado Department of Corrections (DOC) and Division of Youth Services (DYS) facilities in the first year of the demonstration.

## Accomplishments

HCPF is working with CMS to move as quickly as possible toward a go-live date. The following is a timeline of the progress:

- On April 1, 2024, HCPF submitted the 1115 SUD waiver to CMS;
- On December 19, 2024, HCPF submitted the Implementation plan to CMS;
- On January 13, 2025, HCPF received federal approval of the amendment to offer reentry services, along with Standard Terms and Conditions outlining all additional requirements necessary for go-live and ongoing demonstration management; and
- Currently, HCPF and CMS are in the process of finalizing an approved implementation plan.

During the 2025 Legislative Session, the General Assembly passed Senate Bill 25-308<sup>2</sup> to create two cash funds to allow the Department of Health Care Policy and Financing to implement federally matched Medicaid coverage of health-related social need and reentry services, and to reinvest the state savings in the Department of Corrections, the Department of Local Affairs, and the Department of Human Services. The reentry reinvestment fund (cash fund) will hold General funds from state-only programs that, under the 1115 demonstration waiver, are eligible to receive a federal Medicaid match. It will be used to reinvest the state savings in the Department of Corrections, and expand services to Medicaid members as authorized by CMS under the 1115 authority. Reinvestment of funds is required under federal law and must be done in alignment with the programs that have been financed through the 1115 waiver.

## Next Steps

Colorado is targeting a “go-live” start date of October 1, 2025, based on the following outstanding items:

- Colorado must complete CMS review and receive approval of the reentry implementation plan and reentry reinvestment plan.
- HCPF must finalize the facility “readiness tool”, a checklist directed by CMS Standard Terms and Conditions (STCs), used by the state to document that each facility meets all requirements before HCPF begins providing reimbursement for services delivered under the 1115 reentry demonstration. This tool must incorporate all CMS requirements included in STCs and any additional requirements in the final approved “implementation plan”. HCPF cannot finalize this tool until final approval of the implementation plan is received. The implementation plan is under review with CMS currently. Once this tool is final, HCPF will provide guidance on requirements outlined in the tool and training on effective use of the readiness assessment tool. This is for state prisons and youth services facilities in Phase 1, jails in Phase 2.
- Each facility must complete and pass a facility readiness review assessment before it can be reimbursed for delivering approved re-entry services.

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<sup>2</sup> <https://leg.colorado.gov/bills/sb25-308>