



OPERATIONAL MEMO

Title: Utilization Management and Assessment Requirements for Qualified Residential Treatment Providers (QRTP) and Psychiatric Residential Treatment Facilities (PRTF)	Topic: Benefits
Audience: County Departments of Human/Social Services, Qualified Residential Treatment Providers (QRTP), Psychiatric Residential Treatment Facility (PRTF) Providers	Sub-Topic: County Relations
Supersedes Number: N/A	Division: N/A
Effective Date: Nov. 15, 2025	Office: Office of Medicaid & CHP Behavioral Health Initiatives and Coverage
Expiration Date: Nov. 15, 2027	Program Area: N/A
Key Words: Residential, Qualified Residential Treatment Providers, QRTP, Psychiatric Residential Treatment Facilities, PRTF, Enhanced Standardized Assessment, ESA, Utilization Management, UM, Prior Authorization, Ongoing Stay Reviews, Child Welfare	
Legal Authority: EPSDT, 42 U.S.C. § 1396d	
Memo Author: Christina Winship, Robert Werthwein, Stacey Davis	
Operational Memo Number: HCPF OM 25-032	
Issue Date: June 3, 2025	
Approved By: Cristen Bates	

HCPF Memo Series can be accessed online: <https://www.colorado.gov/hcpf/memo-series>

Purpose and Audience:

The purpose of this memo is to inform counties and providers of changes affecting Medicaid members under 21 years old seeking treatment in Qualified Residential Treatment Programs (QRTPs) and Psychiatric Residential Treatment Facilities (PRTFs). Effective November 15, 2025, all children and youth being considered for residential treatment (QRTP and/or PRTF) will be required to undergo an Enhanced Standardized Assessment (ESA) for initial Medicaid coverage authorization. This includes Medicaid

coverage determinations for children and youth in child welfare or Division of Youth Services (DYS) custody.¹ Continuing stay approval will also be required for periods of treatment longer than 30 days. The ESA will replace an Independent Assessment and will meet the requirements of the Family First Prevention Services Act. The Department of Health Care Policy & Financing (HCPF) is pursuing these changes to fulfill federal requirements to reimburse only for medically necessary services, ensuring children and youth receive the most effective and least restrictive care. Medical necessity requirements in current regulation state that in order for Medicaid to pay for any care, including residential treatment, the proper information is required to determine medical necessity.² This change is also necessary to comply with Federal Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) requirements to provide consistency across the delivery system and proper implementation of the child and youth benefit package.

Information:

The Department of Health Care Policy & Financing (HCPF) delayed the move of QRTP and PRTF treatment services to the Behavioral Health Capitation for children and youth in the custody of child welfare. **This will not go into effect until July 1, 2026.**

During this coming year, HCPF will execute requirements for utilization management and continuing stay reviews for PRTF and QRTP services paid for by HCPF under Fee for Service (FFS). **The requirements for utilization management and continuing stay review will go into effect November 15, 2025.**

Initial admission and treatment:

- QRTP- The process is largely unchanged.
 - Counties may place a child in a QRTP before the ESA is completed. Members are allowed up to 14 days of covered treatment while an ESA is being completed.

¹ HCPF does not require the ESA to be completed by an Independent Assessor. The requirement to adhere to Family First Prevention Services Act (FFPSA) Independent Assessment (IA) policies is determined by the Office of Children, Youth and Families (OCYF) and Behavioral Health Administration (BHA).

² CODE OF COLORADO REGULATIONS Medical Services Board 10 CCR 2505-10 8.076 PROGRAM INTEGRITY <https://www.sos.state.co.us/CCR/GenerateRulePdf.do?ruleVersionId=11945&fileName=10%20CCR%202505-10%208.000>

- If the ESA does NOT recommend the QRTP level of care, HCPF will pay for up to 31 additional days (for a total of 45 days) while an alternative placement or treatment option is located
 - If the ESA recommends the QRTP level of care, initial admission and treatment is approved for 30 days from the date of the ESA completion.
- The Division of Youth Services (DYS) QRTP-Children placed in a QRTP by the Division of Youth Services (DYS) are allowed 30 days for completion of an Enhanced Standardized Assessment (ESA). Members are allowed up to 30 days of covered treatment while an ESA is being completed.
 - If the ESA determines that the care is not Medically necessary, DYS will assume immediate responsibility for the cost of clinical services.
- PRTF- The following policies closely mirror the QRTP process and apply for PRTF upon initial admission:
 - Counties may place a child in a PRTF before the ESA is completed. There will be up to 14 days covered by Medicaid while an ESA is being completed.
 - The Independent Team (within the PRTF provider) must certify that PRTF treatment is medically necessary for that child which suffices to determine that the child is in an appropriate level of care while the ESA is being completed. The Team shall certify that:
 - a. Ambulatory care resources available in the community do not meet the treatment needs of the client.
 - b. Proper treatment of the client's mental illness condition requires services on an inpatient basis under the direction of a physician.
 - c. The services can reasonably be expected to improve the client's mental health or prevent further regression so that the services shall no longer be needed.
 - If the ESA determines that the care is not medically necessary, Medicaid can reimburse for a transition period of up to 16 days (for a total of up to 30 days) while proper placement or treatment is located.
 - If the ESA supports the PRTF level of care, initial admission and treatment is approved for 30 days from the date of the ESA completion.
 - The Division of Youth Services (DYS) PRTF- Children placed in a PRTF by DYS must have an ESA supporting the PRTF level of care prior to

admission. If the ESA supports the PRTF level of care, initial admission and treatment is approved for 30 days from the date of admission.

Note: HCPF will track the number of residential admissions, in both QRTPs and PRTFs, that are ultimately determined to not meet medical necessity criteria.

Continuation of Care for QRTP and PRTF placements:

- Utilization management for residential treatment will be managed by HCPF and its vendor during FY 2025-26, before moving to the Regional Accountable Entities (RAEs) for FY 2026-27. The vendor will utilize the Colorado Statewide Standardized Utilization Management (SSUM) guidelines to determine if services are medically necessary in accordance with the state's medical necessity criteria.
- In PRTFs and QRTPs, utilization management review will determine continued medical necessity every 30 days beginning on the following timeline:
 - As of November 15, 2025, any child already in an episode of care in a QRTP or a PRTF will receive an initial 30-day approval. Continued stay reviews will begin December 15, 2025, and occur every 30 days thereafter.
 - An ESA may be requested if the child has not completed an ESA or IA.
 - If medical necessity is not still met, a minimum of 31 days for QRTP and 16 days for PRTF will be reimbursed during the transition period.

Discharge from PRTF or QRTP:

- As part of the Colorado System of Care (CO-SOC), HCPF will put the following requirements in place for children and youth close to their discharge date from a QRTP or PRTF facility (these are dependent upon provider availability as HCPF works on provider capacity expansion):
 - High Fidelity Wraparound (HFW) as an intensive care coordination intervention alongside either (1) Multisystemic Therapy (MST) or (2) Functional Family Therapy (FFT), for intensive home-based treatment.

Care Coordination under Fee for Service and Discharge Planning:

The RAEs are responsible for care coordination for all Medicaid members, even if they are not paying for the QRTP or PRTF treatment. To ensure appropriate referrals to the Colorado System of Care (CO-SOC) and/or any other medically necessary treatment, all QRTPs and PRTFs should be working with RAE care coordinators from admission and

continuing through discharge. This may include working with an Enhanced High Fidelity Wraparound facilitator with RAE participation on the treatment team.

To request or connect with the member's RAE Care Coordinator please contact:

RAE 1 Rocky Mountain Health Plans, RMHPCareManagementReferrals@uhc.com

RAE 2 Northeast Health Partners, cari.ladd@nhpllc.org and
hannah.wurster@nhpllc.org

RAE 3 Colorado Community Health Alliance, Sarah.Winfrey@cchacares.com

RAE 4 Colorado Access, Amanda.Berger@coaccess.com and
McKayla.Morton@coaccess.co

Action To Be Taken:

Ensure all children and youth in the legal custody of child welfare or DYS, who are being considered for placement in a QRTP or PRTF are referred to the Behavioral Health Administrative Service Organizations (BHASOs) for an ESA.

Definitions:

The Enhanced Standardized Assessment (ESA) is a comprehensive, clinical assessment completed by a licensed or licensure candidate behavioral health provider to assist in determining appropriate treatment/service recommendations for children, youth, and families. The ESA includes a robust biopsychosocial assessment, the Child and Adolescent Needs and Strengths (CANS) and CANS Decision Support Matrix.

Attachment(s):

[Family First Prevention Services Act](#)

[Colorado Statewide Standardized Utilization Management \(SSUM\) guidelines](#)

[CODE OF COLORADO REGULATIONS Medical Services Board 10 CCR 2505-10 8.076 PROGRAM INTEGRITY](#)

Contacts:

HCPF Contact: Christina.Winship@state.co.us

BHA Contact: Meredith.Villiers@state.co.us

CDHS Contact: cdhs_childyouth_medicaidassistance@state.co.us or
Jon.Steinmetz@state.co.us