



OPERATIONAL MEMO

Title: Continuous Eligibility Updates for Children Under 19	Topic: Eligibility Policy
Audience: County Departments of Social/Human Services, Medical Assistance (MA) Site Staff, and Eligibility Application Partners (EAP)	Sub-Topic: Administrative Policy
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Purpose and Audience:

The purpose of this Operational Memo is to provide all Eligibility Sites (County Departments of Human/Social services, Medical Assistance (MA) Sites, and Eligibility Application Partners (EAP), herein referenced as “Eligibility Sites”) with information about regulations 42 CFR §435.926 and 42 CFR §457.342 on requirements to update the Health First Colorado Medicaid and Child Health plan Plus (CHP+) programs continuous eligibility guidelines. This guidance is intended for all Eligibility Workers and Supervisors. Please share this memo with anyone who works with Health First Colorado/CHP+ applicants and members.

Information:

Section 5112 of the Consolidated Appropriations Act, 2023 (CAA, 2023), was amended and added new policies under titles XIX and XXI of the Social Security Act (the Act),

which require states to provide 12 months of Continuous Eligibility (CE) for children under the age of 19 who are enrolled in Medicaid or CHP+. The amended and added policies also change how the states are to implement these policies. The Centers for Medicare and Medicaid Services (CMS) released a State Health Official letter # 23-004 which provides guidance to states on implementing these CE requirements under the Consolidated Appropriations Act, 2023 amendments.

These implementation requirements help improve enrollment practices for states that provide children with a full 12 months of CE coverage. This includes maintaining eligibility regardless of any changes in circumstances, with a few exceptions. While Colorado already provides children enrolled in Medicaid/CHP+ 12 months of CE coverage, we found that specific updates were required systematically and within policy to allow us to be fully compliant with the implementation guidelines set forth by CMS. The following are updates based on this guidance:

- Require children to move from CHP+ to Medicaid if the household income decreases within Medicaid income levels.
- Extending CE to children under the age of 19 enrolled in the limited Family Planning MA program and ensuring that children who become incarcerated and later released will still be eligible for the remainder of their CE period.
- The removal of the 14-day no-fault period because a child's eligibility must continue in the MA aid code they were approved for unless the child is eligible for a higher benefit category.
- Removing the ability to terminate children under 19 for not meeting the reasonable compatibility income check after the child's initial eligibility determination.
- An exception to CE coverage was added to allow coverage to terminate for applicants/members who were erroneously granted coverage. Erroneous coverage can occur when a reassessment is determined based on reported changes or at renewal because of agency error, or a finding of fraud, or perjury attributed to the child or the child's responsible party.
- Eliminating terminations for failure to pay the Medicaid Buy-in Premium for children eligible for CE coverage.

Transitioning from CHP+ to Medicaid.

When a change in circumstance is reported, such as household changes or a decrease in income that indicates a child now qualifies for Medicaid during their CE period, the child will now be moved from CHP+ to Medicaid. Children who move from CHP+ to a Medicaid program will receive a new 12 months of continuous eligibility in accordance with CMS guidance. A child will no longer need to withdraw or opt out of CHP+ to be considered for Medicaid coverage when a change in circumstance occurs that determines them newly eligible for Medicaid. Children enrolled in CHP+ who move to

Medicaid cannot automatically move back to CHP+ when a new CE period is granted. However, members who request to move back to CHP+ from an enrollment into a Medicaid MA program will need to request a withdrawal/opt-out to be reconsidered for CHP+ enrollment. Additional guidance regarding the withdrawal/opt-out options is discussed in a separate section below.

Children who move from CHP+ to the following Medicaid MA programs will receive a new 12 months of CE:

- MAGI Child;
- HCBS;
- NF/300%Institutionalized;
- SSI Mandatory;
- Buy-In CBwD; and
- Buy-In WAwD.

Children enrolled in HCBS and SSI Mandatory who no longer meet the eligibility criteria for these programs will move into MAGI Child for the remainder of their CE period and will **not** start a new 12 month period.

Noticing:

A CHP+ child who moves to a Medicaid program will receive a notice of action informing them they have lost CHP+ coverage and gained Medicaid coverage. A CHP+ child moving to Medicaid program will receive 10-day noticing. Ten-day noticing will apply for programs moved from CHP+ to MAGI Child, Buy-In CBwD, and Buy-In WAwD. If members receive care from a provider that doesn't accept Medicaid coverage, they will need to choose a new healthcare provider. CHP+ members moving to Medicaid coverage will be mailed out enrollment broker materials. Members can also contact the Health First Colorado Enrollment at 303-839-2120 or 1-888-367-6557 for help finding Health First Colorado (Medicaid) providers. Members who move to HCBS, NF/300%Institutionalized, or SSI Mandatory will get noticed based on their program's eligibility effective date.

Agency Error and Fraud/Abuse Updates

Policy changes include updating the rules to add exceptions to CE that will allow a child's eligibility to be terminated during a CE period. The following are new allowable exceptions of when the Department or Eligibility Site can terminate coverage during a CE period:

- The Department or Eligibility site determines that eligibility was erroneously granted for new applicants, redetermination of reported changes, or a renewal determination because of agency error; or
- There is a finding of fraud; or

- There is perjury attributed to the child or the child's responsible party.

Changes to the Colorado Benefits Management System (CBMS) have been made to align policy and eligibility. CBMS will now have new values displayed via a drop down associated to the 'MA Continuous Eligibility Opt In' radio button on the 'Case Individual Program Requested screen'. When that radio button is updated to 'No' the following values will be selectable under the 'MA Continuous Eligibility Opt Out' reason:

1. Agency Error
2. Fraud or Abuse
3. Market place

Eligibility workers should only select the dropdown if any of the reasons above apply based on the child's circumstance. If a reason is selected, a case comment should be entered on the case in order to identify the reason for the selection.

- Agency error should only be used if it is determined that eligibility was erroneously granted for a child receiving continuous eligibility and coverage should be terminated.
- Fraud or Abuse should only be selected if there was a finding of fraud, or perjury attributed to the child or the child's responsible party.
 - A finding of fraud is only after the appropriate legal avenues have been taken and a final court or hearing decision has been made.
- Marketplace should only be selected for applicants or members who choose to terminate their CE coverage in order to shop at the marketplace.

Eligibility workers who do not select a reason listed above will have eligibility ran through the MA hierarchy and follow the 'Opting in and out/withdrawing' direction below.

Opting in and out/withdrawing

A child can opt out (also known as withdraw) of any program at any time, but this will not guarantee that they will be placed back into their previous MA program or a program of their choice. When a child opts out of their MA program while receiving CE, CBMS will see if they meet the eligibility criteria for another program before placing them into that program. Also, if a member opts out of coverage and is found ineligible for all other MA programs, then, the member will remain in the last MA program they opted out of because of the CE-guaranteed coverage. Members who still do not want coverage after it has been determined they do not meet eligibility criteria for another MA program must advise that they do not wish to request MA to be entirely removed/terminated from coverage.

When opting out, moving to another program will depend on whether the member has a change in income, household size, or meets the eligibility criteria for another program. For example, if a child enrolled in MAGI-child has an increase in income and wants to be redetermined for CHP+, they can be placed back into CHP+ for the remainder of their CE period (they will not start a new 12-month period) if they opted out and all eligibility criteria is met. However, once members are placed in a Health First Colorado Medicaid program members must opt out of Medicaid to be considered for other MA programs such as CHP+ because policy (1902(e)(12) of the Act) prohibits the movement of a child into CHP+ after enrollment into Medicaid has occurred unless the member requests it (42 CFR 435.926(d)(2)).

Any time a member opts out of MA in the 'Case Individual Program Requested screen', the new 'MA Continuous Eligibility Opt In/Out Date' must be completed. This new date field will tell CBMS when the 'opting out' of CE coverage should happen for a child receiving continuous eligibility. When a member opts out, noticing will apply according to the program in which they were moved to, but if they remain in the same MA program because they are not eligible for any other, the child will not receive a new notice of action because the member never lost, or moved MA programs and will remain in their same CE period. A member can also be terminated without 10-day notice if they have requested to terminate their MA coverage.

CE for Limited Family Planning Medical Assistance

According to Continuous Eligibility rules found at 42 CFR 435.926(b)(2), States may provide continuous eligibility for children who are eligible and enrolled in a mandatory or optional coverage under the State plan and the Limited Family Planning Medical program is considered an optional Medicaid eligibility group (42.C.F.R. § 435.214). Therefore, CE will be expanded to Limited Family Planning MA eligible children. The existing MA logic has been updated to allow Continuous Eligibility (CE) for incarcerated children under 19 who receive the Limited Family Planning aid code (FP). However, because family planning is a limited benefit that is not available to incarcerated children, FP will only allow CE for the incarcerated children without the limited emergency incarceration benefits. Children who become incarcerated before their CE period ends, the child will receive a termination notice, and the case will remain open for the child in CBMS. When the child is released from incarceration before the CE period ends, CBMS will check to see if the child is eligible for any other medical assistance program first. If the child is found ineligible, they will be placed back into Limited Family Planning for the remainder of their CE period. If the child is released after their CE period ends, CBMS will look to see if they qualify for any other medical assistance program. If approved, they will start a new 12-month CE period. Children will be denied, and the case will close if they do not meet eligibility criteria for another program. It's important for applicants to always report a change in circumstance, this includes the incarceration and release of members in their household.

Incarcerated Children

Children who become incarcerated while they are enrolled in other Health First Colorado Medicaid programs or CHP+ will not lose their CE period, although CE Children receiving Medicaid or CHP+ will be placed into a limited emergency incarceration benefit during their incarceration period. If the child is released from incarceration before their CE period ends, they will be placed back into their MA program with full benefits for the remainder of their CE period. If the child is released after their CE period ends, CBMS will look to see if they qualify for any other MA program. If approved, they will start a new 12-month CE period. They will terminate if they do not meet eligibility criteria for another program.

Existing CE exceptions removed from policy

Eligibility for a child under the age of 19 receiving CE coverage will no longer be terminated from MA if the household fails to respond to the 30-day reasonable opportunity letter issued when there is an income discrepancy or for meeting the income reasonable compatibility thresholds. However, all other members of the household who are not eligible for the CE guaranteed coverage will still be subject to an eligibility determination based on meeting the income reasonable compatibility threshold or return of the 30-day reasonable opportunity letter. If the child does not meet the 'Reasonable Compatibility' criteria and the CE period ends, the child will not remain in CE coverage past the CE end date. Once the CE period is over, the child's eligibility will run through the MA hierarchy.

The 14-day no-fault period logic has been removed, and we will continue to provide guaranteed coverage for a child for 12 months once they are approved. Unless the eligibility worker determines that the member meets any other allowable CE exceptions found in rule.

Eligibility for Children or youth enrolled in either the Working Adults with Disabilities (WAwD) or Children with Disabilities (CBwD) buy-in programs will no longer be terminated from MA if the household fails to pay their monthly premiums after their CE period begins. While these members remain enrolled due to non-payment of their buy-in premiums, they will still receive bills for both current and overdue premiums during their CE period. The new CE updates discussed in this memo will be updated in the Colorado Benefits Management System (CBMS), and this policy will be effective on March 1, 2025.

Action To Be Taken:

Eligibility sites should ensure that when cases are being processed in CBMS that they are receiving accurate eligibility determinations based on these new policy and

system updates effective March 1, 2025. Eligibility sites should also refer to rules under 10 CCR 2505-10 section 8.100.3.Q and 10 CCR 2505-3 sections 120.1.A, 430.2. A & B and 440.4 when attempting to verify continuous eligibility policy applied to children.

Definition(s):

None

Attachment(s):

Continuous Eligibility FAQ

HCPF Contact:

Please contact the Medicaid Inbox with the email listed below if you have any questions.

hcpf_medicaid.eligibility@state.co.us