



OPERATIONAL MEMO

Title: Individual Residential Services and Supports (IRSS) Rate Alignment Guidance	Topic: HCBS
Audience: Case Managers, Case Management Agencies, DD Approved Provider Agencies, Residential Providers, Members, and Families	Sub-Topic: IRSS
Supersedes Number: N/A	Division: Benefits and Services Management Division
Effective Date: April 1, 2026	Office: Office of Community Living
Expiration Date: April 1, 2028	Program Area: N/A
Key Words: IRSS, Rate Alignment, Staffed Home, Host Home, DD Waiver, Service Authorization, Billing, Primary Caregiver, Sustainability, Shared Living Environment	
Legal Authority: C.R.S. § 24-75-201.5(1)(a); 10 CCR 2505-10 § 8.7202; 10 CCR 2505-10 8.507.5.D.1.c; C.R.S. § 25.5-4-207(1)(c); 10 CCR 2505-10 8.7542.B	
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Operational Memo Number: HCPF OM 26-002	
Issue Date: Jan. 15, 2026	
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Purpose and Audience:

The purpose of this memo is to notify Case Managers, Provider Agencies, Members, and families of updates to the Individual Residential Services and Supports (IRSS) benefit under the Developmental Disabilities (DD) waiver and to outline the actions required for the implementation of the IRSS Rate Alignment. This update clarifies IRSS setting types and aligns rates with the appropriate delivery model, as will be described in the updated IRSS definition within 10 CCR 2505-10 8.7542.B.

Background Information:

IRSS is delivered in a variety of residential settings, including host homes, family homes, and independent settings. As outlined in 8.7542.B, each setting type reflects different operational and administrative responsibilities. The Colorado Department of

Health Care Policy & Financing (HCPF) has identified inconsistent billing practices resulting from unclear definitions and historic confusion about which settings qualify for the higher IRSS rate series.

As described in the [Governor's Executive Orders](#), HCPF must implement strategies to ensure the long-term sustainability of the Medicaid program. Aligning the service definition and rates for IRSS is one component of a broader, systemwide effort to manage increasing costs, promote equity, and support the financial stability of Medicaid while maintaining access to necessary supports.

HCPF is clarifying definitions in regulation and billing manuals for IRSS settings to ensure the two series of rates are applied appropriately while also supporting savings necessary for program sustainability.

Staffed Homes, with rotating staff who do not serve as the primary caregiver, have significantly higher operational costs, as opposed to other IRSS settings. Under the IRSS Rate Alignment initiative, only Staffed Homes will bill at the higher IRSS rate. Host Homes, Family Homes, and other Shared Living Environments will be billed at the lower IRSS rate.

This change does not reduce services, change or lower the rates, limit Member rights, or alter waiver benefits. Instead, the IRSS Rate alignment is to ensure fairness, consistency, and long-term sustainability of DD waiver services.

Action To Be Taken:

Members and Families

Members and their families should:

1. Work with their Residential Provider Agency and Case Manager to understand which IRSS setting category applies to their living situation.
2. Reach out to their Case Manager with any questions or concerns about their Person-Centered Support Plan.

Case Managers

Case Managers must perform the following actions:

1. Case Managers must attend all required training prior to adjusting the PAR for the setting type the member resides in. Training registration information has been provided to each CMA directly. Please contact your agency leadership to register.
2. CMAs must adjust the setting type for certification start dates beginning April 1, 2026 to affected members and be reflected in Person-Centered Support Plans and Prior Authorization Requests (PARs) through a scheduled Monitoring or Continued Stay Review by November 30, 2026.
 - a. Contact the provider agency and discuss the new regulatory requirements for different settings.
 - b. Determine the appropriate setting type based on the revised regulations and the information provided by the provider agency and update the Support Plan and Prior Authorization Request to align with the setting types, when necessary.
 - c. Communicate with Members and families to explain setting types and that this change does not impact Member eligibility or access to DD waiver benefits.
3. Case Management Agencies shall not issue a Long Term Care Notice of Action (LTC NOA) as this is not a change or reduction in services and does not meet LTC NOA criteria as defined in 10 CCR 2505-10 § 8.057.

Residential Provider Agencies

Provider Agencies must perform the following actions:

1. Categorize each Member's IRSS setting according to the updated definitions:
 - a. Staffed Home: Provider-managed home with rotating staff. Primary caregivers do not reside in the home. This can include what was previously referred to as a "Personal Care Alternative/PCA" setting. If a Member lives with family, the setting can be considered a staffed home as long as the family members are not the primary caregivers providing more than 50% of care.
 - b. Shared Living Environment: Primary paid caregiver provides 51% or more of care and lives in the home. Host Homes and settings previously referred to as "family caregiver homes" are examples of Shared Living Environments. Notify the Case Manager in writing within five (5) business days of any change in the setting type requiring an authorization update.
2. Maintain documentation to demonstrate compliance, including:
 - a. Service delivery records identifying paid caregivers.
 - b. Residency verification for primary paid caregivers.
 - c. Payroll or payment records for staff/contractor.
 - **NOTE:** Failure to comply may result in recategorization of setting type, corrective action, or recoupment.
3. Continued compliance with all billing requirements as outlined in regulation at 10 CCR 2505-10 8.7407 and the billing manual, found on the Department's website.
4. Providers can find additional information in the upcoming provider training as well as billing information in the billing manual.

Provider Training Webinar Registration

[Wednesday, January 21, 2026 @ 11:00 a.m. Registration Link](#)

[Thursday, January 22, 2026 @ 2:30 p.m. Registration Link](#)

Members and advocates are encouraged to visit the [Medicaid Sustainability and Colorado's LTSS System](#) webpage for more information and look for engagement opportunities on the [Stakeholder Engagement Calendar](#).

Definition(s):

Continued Stay Review (CSR) is a re-assessment of the Member, conducted by a Case Management Agency, to verify Medicaid, financial, and program eligibility, and is required within twelve months following any previous Assessment, as defined in [10 CCR 2505-10 Section 8.7202.F](#).

Notice of Action (NOA) is a formal, written statement used to inform a Member of a decision regarding their Medicaid eligibility or covered services. [10 CCR 2505-10 section 8.057](#).

Prior Authorization Request (PAR) is approval for an item or service that is obtained in advance either from the Health Care Policy & Financing Department, the Operating Agency, a State Fiscal Agent or the Case Management Agency.

Attachment(s):

None

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