



## INFORMATIONAL MEMO

---

<b>Title:</b> Differences Between Mental Health Transitional Living Home Level 1 & 2	<b>Topic:</b> Mental Health Transitional Living Homes
<b>Audience:</b> HCBS Providers, Case Managers, Members, Families, Advocates	<b>Sub-Topic:</b> Mental Health Transitional Living Homes Levels 1 & 2
<b>Supersedes Number:</b> N/A	<b>Division:</b> Behavioral Health Policy & Benefit Division
<b>Effective Date:</b> August 1, 2023	<b>Office:</b> Behavioral Health Initiatives & Coverage Office & Office of Community Living
<b>Expiration Date:</b> June 30, 2026	<b>Program Area:</b> Behavioral Health Managed Care
<b>Key Words:</b> Mental Health Transitional Living homes (MHTL), Behavioral Health, Activities of Daily Living (ADL), Home and Community Based Services (HCBS), Serious Mental Illness (SMI), Community Mental Health Supports (CMHS), Diagnostic and Statistical Manual of Mental Disorders (DSM)	
<b>Legal Authority:</b> House Bill 22-130	
<b>Memo Author:</b> Austin Leffel	
<b>Informational Memo Number:</b> HCPF IM 25-007	
<b>Issue Date:</b> Feb. 14, 2025	
<b>Approved By:</b> Cristen Bates	

---

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

### Purpose and Audience:

The purpose of this Information Memo is to inform all service providers, case management agencies, members and interested stakeholders about the differences between Mental Health Transitional Living (MHTL) homes, level 1 and level 2.

Under the authority of House Bill 22-1303, MHTL Homes were created as part of a new initiative by the Colorado Department of Human Services (CDHS), Behavioral Health Administration (BHA), and Colorado Department of Health Care Policy & Financing (HCPF) to provide an additional layer of support within the behavioral health continuum of care. These homes offer individuals with mental health conditions a transitional environment for stabilization and successful reintegration into the

community. The focus is to provide continued support with social and life skills development, as well as assistance with other daily life activities based on the client's individual needs. This new service aims to address the increasing need of residential behavioral health beds available statewide to Medicaid members who need step down transitional living in the community after an acute care episode, such as recent or risk-of hospitalization, incarceration, or loss of housing. In the initial implementation, the state is specifically prioritizing services for individuals exiting the state hospital and who are facing competency challenges.

Members may stay as long as residential level of care is medically necessary for stabilization and transition to community-based services. While the complexity of each home varies and the services each home provides are unique, the focus of these homes is the development of skills necessary for the reintegration within a member's community.

## Information:

### Levels of Care

MHTL Homes are categorized by two distinct levels of care:

#### Level 1: Transitional Living

Responsible for daily living with regular support such as medication dispensation, ongoing minimal therapeutic activities, regularly scheduled daily activities, and an emphasis on Activities of Daily Living (ADL) support. Such programming is geared

towards supporting the individual's engagement and work towards full independence. The following are the specifications for Level 1 homes:

- Provider Type: 36 - Home and Community-Based Services (HCBS)
- Specialty: 682 - Transitional Living Program
- Eligibility: This HCBS Service will be available to any member on the [Community Mental Health Supports \(CMHS\) waiver](#) that requires the specialized services provided under the MHTL as determined by assessed need.
- Services Provided: Assistance with ADLs, such as medication management, job seeking, and household tasks.
- Inclusionary Criteria: Individuals nearing independence who require minimal support and meet the criteria below:

- Must be 18 years or older.
- A diagnosis of Serious Mental Illness (SMI) that aligns with the criteria outlined in the Diagnostic and Statistical Manual of Mental Disorders (DSM).
- A demonstrated need for ongoing medication management.
- Requires 24/7 care to develop essential skills for ADLs in order to achieve full independence
- Individuals' current or proposed living environment does not provide the necessary support and access to therapeutic services.
- Does not exhibit chronic inappropriate behavior that disrupts home activities or poses a risk to self or others.
- Able to function with some independence and participate in structured, community-based activities for limited periods, aimed at skill development for transitioning to a less controlled environment.
- Potential risk of harm to self or others, aggressive behaviors may have occurred in their life, but no less than 6 months
- History of substance use disorders, but no use of such substances within the last 3 months and/or no active current substance use and/or not at high risk

Exclusions:

- Significant medical needs or behaviors requiring restraints, seclusion, or a locked facility.
- Major medical conditions that require 24/7 care.
- Primary problem isn't a mental health diagnosis or concurrently linked to a mental health diagnosis.
- Substance use which may require detoxification and or inpatient services for stabilization.

Level 2: Supported Therapeutic Transitional Living

Coordinated whole person care to include daily social and life skills activities/ training, therapeutic services, group activities, and medication management. Programmatic services are geared toward those needing more hands-on care due to

the continued management of mental illness. Services include daily living and socialization skills training; case management and benefit attainment (community supports); recreational activities; educational and support activities; and therapeutic interventions (individual and group therapy, and medication management services).

Services are designed for individuals who have the potential and motivation to ameliorate some skills deficits through a moderately structured rehabilitation program that stresses normalization and maximum community involvement and integration). The following are the specifications for Level 2 homes:

- Must be 27-65 designated or have a placement agreement with a 27-65 designated facility.
- Provider Type 96 - Adult Mental Health Residential
- Specialty 561 - Supported Therapeutic Transitional Living
- Eligibility: All Colorado Medicaid clients with full Medicaid benefits enrolled in the Medicaid Statewide Managed Care System who qualify under medically necessary services.
- Inclusionary Criteria: Individuals needing more comprehensive support due to mental health or substance use disorders, meeting the criteria below:
- Must be 18 years or older.
- A diagnosis of Serious Mental Illness (SMI) that aligns with the criteria outlined in the Diagnostic and Statistical Manual of Mental Disorders (DSM), that can reasonably be expected to respond to therapeutic interventions.
- Requires 24/7 care in a transitional living environment.
- Demonstrates a need for ongoing medication, psychiatric, and behavioral management support.
- Requires 24/7 care to develop skills necessary for daily living, where the focus is on continued treatment services, to assist with successful reintegration into lower-level community-based services or autonomy.
- Individuals' current or proposed living environment does not provide the necessary support and access to therapeutic services.

- Individuals require residential supervision and active support to ensure adequate, effective coping skills necessary to live safely in the community-based program.
- History of substance use disorder.
- Services Provided: Clinical services (individual and group therapy), intensive case management, and medication management. These facilities must also provide at minimum:
  - Level two mental health transitional living homes shall ensure that 600 minutes (ten hours) of planned treatment services are provided to each individual on a weekly basis.
  - Assistance with medication
  - Direct support personnel
  - Intensive case management services
  - Life skills training
  - Non-medical transportation
- Exclusions:
  - Major medical conditions that require ongoing 24/7 care
  - Significant medical needs or behaviors requiring restraints, seclusion, or a locked facility.
  - Primary problem isn't a mental health diagnosis or concurrently linked to a mental health diagnosis.
  - Substance use which may require detoxification and or inpatient services for stabilization

**Attachment(s):**

[CDPHE MHTL Level 1 Licensing](#)

[OCFMH MHTL Website](#)

[BHA MHTL Level 2 Licensing](#)

[Statewide BH Billing Manual](#)



**COLORADO**  
Department of Health Care  
Policy & Financing

**HCPF Contact:**

**Level 1 MHTL Homes:**

HCPF Contact: Cassandra Keller [cassandra.keller@state.co.us](mailto:cassandra.keller@state.co.us)

**Level 2 MHTL Homes:**

HCPF Contact: [HCPF\\_bhbenefits@state.co.us](mailto:HCPF_bhbenefits@state.co.us)