



COLORADO

Department of Health Care
Policy & Financing

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Regional Accountable Entity Behavioral Health Network Management

Provider Memo December 2025

The Department of Health Care Policy and Financing (HCPF) is partnering with the Regional Accountable Entities (RAEs) to explore and implement cost trend management activities. These activities are a response to the fiscal challenges currently facing the State of Colorado and Medicaid. The [end of the COVID-19 Public Health Emergency](#) marked the [end of the continuous coverage requirement](#) and resulted in a [sharp, predicted decline in Medicaid membership](#) returning to just above pre-pandemic numbers. Additionally, with cuts to the State budget, the Colorado State Legislature passed legislation that impacts the Medicaid behavioral health benefit. The passage of [H.R. 1, the One Big Beautiful Bill Act \(OBBBA\)](#), at the federal level created further need for changes at Medicaid.

RAEs will focus their provider recruitment and network expansion efforts based on regional need and quality of care. Instead of offering a contract to any willing provider, RAEs will prioritize providers that fill network gaps and are able to demonstrate quality outcomes when building their networks. Data will be used to inform potential policy changes and policy decisions will be based on analytical review and research into the impact of potential cost saving strategies and to develop systemic efficiencies.

Providers are recommended to contact the RAE(s) to discuss network needs prior to expanding or adding services that would require a new or updated RAE contract.

In another state strategy to preserve medically necessary benefits for members while addressing cost trends, HCPF is working with RAEs to **improve and enhance auditing practices to address improper payments**. This effort is essential to ensure patient quality, program integrity, and responsible use of public funds, as well as respond to the federal focus on efficiency and eliminating fraud, waste, and abuse. HCPF encourages providers to be active participants in ensuring the financial integrity of our healthcare programs. As HCPF continues to explore an aberrant increase in behavioral health spending, providers are strongly encouraged to conduct internal self-audits and to disclose any overpayments of funds.

Examples of Improper Payments Suitable for Self-Audits include, but are not limited to:

- Services performed by an excluded individual or entity
- Services are not medically necessary
- Services are not tied to a treatment or service plan
- Signature and date missing on progress or services notes
- Billing errors
- System errors

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- Up coding (billing with code where the payment amount is more than for the code which was used or was necessary)
- Unbundling bundled codes
- Unqualified person providing services
- Time based codes missing in and out or full amount of time spent on services in the record

If overpayments are identified during a self-audit, please follow the self-disclosure process to report the overpayments to HCPF and your Regional Accountable Entity. If a RAE identifies an overpayment, it may lead to corrective action plans up to and including contact termination.

RAEs are required to ensure that they have an adequate network while being administratively efficient. It is costly for RAEs to retain providers in their networks that are not providing services to members or providers that create administrative burden without filling a network need.

Example of RAE Network Management Strategies

- Prioritizing contracts for certain provider types and not others, based on regional needs
- Regular review of provider-specific billing practices and trends including outlier patterns of utilization
- Contracting for only specific services
- Terminating contracts with providers who are rarely or never serving Medicaid clients
- Terminating contracts with providers for cause or for appropriate network management and in compliance with contracts between providers and RAEs.

HCPF is dedicated to ensuring a robust provider network and easy access to needed care for all Health First Colorado members. While implementing cost trend management activities, HCPF will continue to work with the RAEs to support network access, quality standards for providers, and quality credentialing for new or existing providers.

For more information contact

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