Joint Budget Committee

Staff Figure Setting
FY 2025-26

Department of Health Care Policy and Financing

(Behavioral Health Community Programs)

JBC Working Document - Subject to Change

Staff Recommendation Does Not Represent Committee Decision

Prepared by:

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March 7, 2025

Contents

How to Use this Document: The Department Overview contains a table summarizing the staff recommended changes. Brief explanations of each change follow the table. Each division description includes a similar table but does not repeat the brief explanations. Sections following the Department Overview and the division summary tables provide more details about the changes.

To find decision items, look at the Decision Items Affecting Multiple Divisions or the most relevant division. This applies to both decision items requested by the department and recommended by the staff. Decision items appear in the requested priority order within sections.

Department Overview

The Department helps pay medical and long-term care expenses for low-income and vulnerable populations. To assist with these costs, the Department receives significant federal matching funds, but must adhere to federal rules regarding program eligibility, benefits, and other features as a condition of accepting the federal money. The major programs administered by the Department include:

- **Medicaid** – serves people with low income and people needing long-term care
- **Behavioral Health Community Programs** – provides capitated managed care payments for mental health and substance use disorder treatment
- **Children's Basic Health Plan** – provides a low-cost insurance option for children and pregnant women with income slightly higher than the Medicaid eligibility criteria
- **Colorado Indigent Care Program** – defrays a portion of the costs to providers of uncompensated and under-compensated care for people with low income, if the provider agrees to program requirements for discounting charges to patients on a sliding scale based on income
- **Old Age Pension Health and Medical Program** – serves elderly people with low income who qualify for a state pension but do not qualify for Medicaid or Medicare.

The Department also performs functions related to improving the health care delivery system, including advising the General Assembly and the Governor, distributing tobacco tax funds through the Primary Care and Preventive Care Grant Program, financing Public School Health Services, and housing the Commission on Family Medicine Residency Training Programs.

Summary of Staff Recommendations

Department of Health Care Policy and Financing, Behavioral Health					
Item	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
FY 2024-25 Appropriation					
FY 2024-25 Appropriation	$1,135,239,296	$289,129,166	$94,797,864	$751,312,266	0.0
Long Bill supplemental	133,424,241	24,868,750	14,087,260	94,468,231	0.0
Total FY 2024-25	$1,268,663,537	$313,997,916	$108,885,124	$845,780,497	0.0
FY 2025-26 Recommended Appropriation					
FY 2024-25 Appropriation	$1,268,663,537	$313,997,916	$108,885,124	$845,780,497	0.0
R2 Behavioral Health	195,378,424	35,590,906	14,355,998	145,431,520	0.0
R12 BH and primary care integration	6,353,615	1,484,891	474,567	4,394,157	0.0
BA10 Youth system of care	8,979,000	4,489,500	0	4,489,500	0.0
Annualize prior year budget actions	3,560,244	1,506,178	68,911	1,985,155	0.0
Total FY 2025-26	$1,482,934,820	$357,069,391	$123,784,600	$1,002,080,829	0.0
Changes from FY 2024-25	$214,271,283	$43,071,475	$14,899,476	$156,300,332	0.0
Percentage Change	16.9%	13.7%	13.7%	18.5%	0.0%

Department of Health Care Policy and Financing, Behavioral Health					
Item	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
FY 2025-26 Executive Request	$1,318,098,519	$335,281,440	$99,791,612	$883,025,467	0.0
Staff Rec. Above/-Below Request	$164,836,301	$21,787,951	$23,992,988	$119,055,362	0.0

Description of Incremental Changes

R2 Behavioral health forecast: The February forecast reflects an increase of $195.4 million total funds, including $35.6 million General Fund, in FY 2025-26. Staff recommends approval of the request.

R12 Integrated care: The Department requests an increase of $9.2 million total funds to integrate behavioral health care in primary care offices. Staff recommends a net decrease of $1.4 million total funds. The recommendation includes an increase of $6.4 million for behavioral health, offset by decreases in medical services premiums.

BA10 Youth system of care: The Department requests an increase of $33,205 total funds for youth system of care. Staff recommends a net decrease of $4.1 million total funds. The recommendation includes an increase of $9.0 million for behavioral health, offset by decreases in medical services premiums.

Annualize prior year actions: The request includes the out-year impact of prior year legislation described below.

Annualize prior year actions					
Item	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
HB 24-1038 High acuity crisis for children	$2,500,000	$1,250,000	0	$1,250,000	0.0
HB 24-1045 Substance use disorder treatment	1,025,500	243,900	67,807	713,793	0.0
FY25 R6 Provider rates	18,308	4,060	1,104	13,144	0.0
FY25 New DD waiver enroll	16,436	8,218	0	8,218	0.0
Total	$3,560,244	$1,506,178	$68,911	$1,985,155	0.0

Major Differences from the Request

Staff recommends denial of several requested increases, and two additional reductions for General Fund balancing.

(1) Behavioral Health Community Programs

This section provides funding for Medicaid clients' behavioral health care. Most mental health and substance use disorder services are provided to Medicaid-eligible clients through a statewide managed care or "capitated" program. The Department contracts with “regional accountable entities” (RAEs) to provide or arrange for medically necessary behavioral health

services to Medicaid-eligible clients. Each RAE receives a pre-determined monthly amount for each client who is eligible for Medicaid behavioral health services and enrolled with that RAE.

In addition to funding for capitation payments to RAEs, a separate appropriation covers fee-for-service payments for certain behavioral health services that are not covered by the capitation program. Behavioral health services are primarily supported by General Fund and federal funds. Cash fund sources include the Healthcare Affordability and Sustainability Fee Cash Fund and the Breast and Cervical Cancer Prevention and Treatment Fund.

Behavioral Health Community Programs					
Item	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
FY 2024-25 Appropriation					
FY 2024-25 Appropriation	$1,135,239,296	$289,129,166	$94,797,864	$751,312,266	0.0
Long Bill supplemental	133,424,241	24,868,750	14,087,260	94,468,231	0.0
Total FY 2024-25	$1,268,663,537	$313,997,916	$108,885,124	$845,780,497	0.0
FY 2025-26 Recommended Appropriation					
FY 2024-25 Appropriation	$1,268,663,537	$313,997,916	$108,885,124	$845,780,497	0.0
R2 Behavioral Health	195,378,424	35,590,906	14,355,998	145,431,520	0.0
R12 BH and primary care integration	6,353,615	1,484,891	474,567	4,394,157	0.0
BA10 Youth system of care	8,979,000	4,489,500	0	4,489,500	0.0
Annualize prior year budget actions	3,560,244	1,506,178	68,911	1,985,155	0.0
Total FY 2025-26	$1,482,934,820	$357,069,391	$123,784,600	$1,002,080,829	0.0
Changes from FY 2024-25	$214,271,283	$43,071,475	$14,899,476	$156,300,332	0.0
Percentage Change	16.9%	13.7%	13.7%	18.5%	0.0%
FY 2025-26 Executive Request	$1,318,098,519	$335,281,440	$99,791,612	$883,025,467	0.0
Staff Rec. Above/-Below Request	$164,836,301	$21,787,951	$23,992,988	$119,055,362	0.0

Decision Items

➔ R2 Behavioral health forecast

Request

The Department requests an increase of $195.4 million total funds in FY 2025-26, including $35.6 million General Fund, for the Behavioral Health forecast. The forecast also includes an increase from the November forecast of $133.4 million total funds, including $24.9 million General Fund in FY 2024-25.

Recommendation

Staff recommends approval of the request.

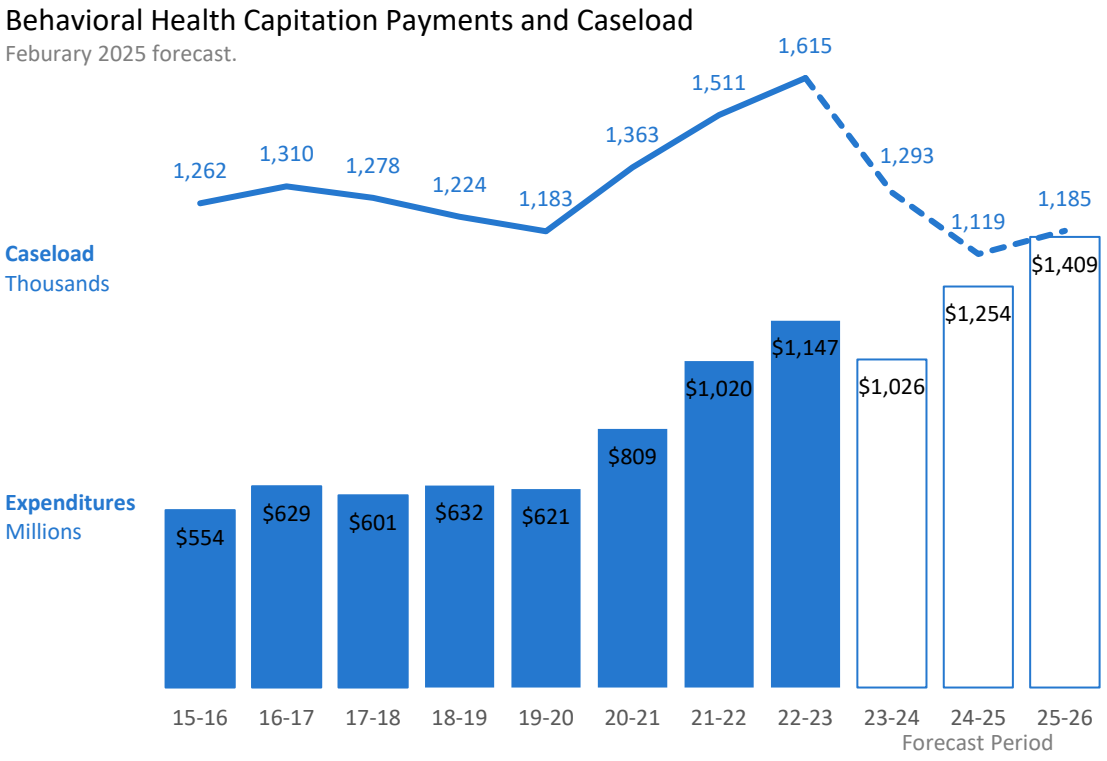
Analysis

Behavioral health services, which include both mental health and substance use-related services, are provided to Medicaid clients primarily through a statewide managed care or "capitated" program. The Department contracts with “regional accountable entities” (RAEs) to provide or arrange for behavioral health services for clients enrolled with each RAE.

Each RAE receives a pre-determined monthly amount for each Medicaid client who is eligible for behavioral health services and enrolled with the RAE. The "per-member-per-month" rates paid to each RAE are unique for each Medicaid eligibility category in each geographic region. These rates are periodically adjusted based on clients’ actual utilization of behavioral health services and the associated expenditures.

The February forecast update is not an "official" request and it is not accounted for in the Governor's budget balancing. It was submitted after the General Assembly's budget request deadlines. However, it is expected to represent the most current forecast of expenditures available.

The Department requests a change to the Behavioral Health Community Programs for both the current and budget year based on the most up-to-date forecast of caseload and expenditures under current law and policy. The Department submitted the update to the R2 Behavioral Health request on February 18, 2025.



The February forecast is $133.4 million total funds, and $24.9 million General Fund, higher than the Governor’s November request for FY 2024-25. The updated forecast is also $166.4 million total funds, and $21.8 million General Fund higher than the request for FY 2025-26.

The forecast change is primarily driven by rate changes for the RAEs. However, the forecast is also adjusted for enrollment, the medical loss ratio, and adjustments related to the implementation of H.B. 22-1303 (Increase Residential Behavioral Health Beds).

Table 1: FY 2024-25 Forecast Adjustments

Change	Total Funds	General Fund	Cash Funds	Federal Funds
Rates	$178,971,042	$41,680,362	$14,163,794	$123,126,886
Caseload	952,321	-4,434,045	3,733,380	1,652,986
Population Adjustment	-35,186,950	-8,926,542	-3,284,343	-22,976,065
Medical Loss Ratio/other	-8,721,796	-2,157,877	-525,103	-6,038,816
HB 22-1303	-2,582,515	-1,291,258	0	-1,291,257
Total	$133,432,102	$24,870,640	$14,087,728	$94,473,734

Rates. Rates must be actuarially certified and approved by CMS. The Department has been in a two year rate renegotiation process with RAEs, and has therefore provided supplemental payments during that time. Information from the Department about recent payments and recoupments is provided in the table below.

Enrollment. The Department forecasts slight decreases in enrollment, including a reduction of 42,907 from the FY 2024-25 appropriated caseload.

MLR. The forecast typically includes adjustments for Medical Loss Ratio (MLR) and risk corridor reconciliation. As required by CMS, the Department's contracts with RAEs include a risk corridor. If actual costs are higher or lower than the risk corridor, the rate is adjusted in a future fisacl year. Risk corridor adjustments may therefore vary greatly from year to year, and there is not a "typical" or expected amount to account for.

Table 2: Recent RAE Payments and Recoupments

Payment Date	Payment Type	Total Funds	General Fund
June 2024	FY 2023-24 PHE Reset Payment	$68,310,072	$19,488,033
July 2024	FY 2022-23 Incentive Payments	22,738,030	11,369,015
Dec 2024	RAE Holdover Payment	81,852,140	17,060,940
Dec 2024 & Jan 2025	Risk Corridor and MLR	-76,907,908	-19,047,275
Feb 2025	FY 2024-25 Rate True-Up	131,237,459	27,809,706
Est March 2025	Holdover Payment Recoupment	-81,852,140	-17,060,940
Est June 2025	FY 2023-24 Incentive Payments	48,832,489	12,421,619
		$103,162,040	$21,184,050

HB 22-1303. The Department also collaborated with the Department of Human Services to determine the forecasted amount associated with state-operated mental health transitional living homes from H.B. 22-1303. The Departments identified that all beds were billing to behavioral health capitation. Therefore, associated costs have been removed from Behavioral Health to the Transfers to Other Agencies section of the HCPF budget in alignment with Committee action during the supplemental process.

The forecast also reflects increases for caseload and per capita rates in FY 2025-26. However, caseload adjustments include a net General Fund reduction.

Table 3: FY 2025-26 Forecast Change

Item	Total Funds	General Fund
Caseload	$11,626,982	-$3,209,663

Table 3: FY 2025-26 Forecast Change		
Item	Total Funds	General Fund
Per capita rates	154,798,891	25,009,575
	$166,425,873	$21,799,912

➔ R12 Integrated care (legislation recommended)

Request

The Department requests an ongoing increase of $1.6 million total funds, including $308,170 General Fund, to improve the integration of behavioral health in primary care settings. The request indicates that integrated behavioral health care is a proven practice supported by a meta-analysis of 37 randomized control trials.

Recommendation

Staff recommends a decrease of $1.3 million total funds, including $318,797 General Fund. Staff agrees that integrated care is a proven practice.

Staff further recommends that the Committee include a reduction for H.B. 22-1302 in existing draft legislation to reduce ARPA programs. Preliminary estimates assume a one-time savings of $1.8 million General Fund.

Analysis

Integrated care refers to behavioral health services provided to patients in a primary care setting. The 2019 Behavioral Health Task Force recommended that the General Assembly integrate primary care and behavioral health using federal stimulus funds from the American Rescue Plan Act of 2021 (ARPA). House Bill 22-1302 (Healthcare Practice Transformation) created the Primary Care and Behavioral Health Statewide Integration Grant Program. Grants were expected to support infrastructure and workforce developments related to implementing integrated care.

The request indicates that the Department received feedback from providers that integrated care was not sustainable without an updated billing model. Under the current structure, the first six sessions are billed fee-for-service, and additional sessions are billed through the RAEs for behavioral health capitation. The request includes three components intended to decrease the time spent on assessments while also simplifying billing administration for providers and improving service to patients.

1. **Net-zero change** to move Short Term Behavioral Health (STBH) services from Medical Services Premiums (MSP) to behavioral health capitation.
2. **Decrease $1.4 million total funds** to expand coverage to include Health and Behavioral Assessment and Intervention (HBAI) Services. An increase for HBAI is partially offset by anticipated decreased utilization of STBH services.

3 **Increase $2.9 million total funds** to expand coverage for Collaborative Care Management (CoCM) Services. The increase is partially offset by anticipated decreases to hospitalization and inpatient care.

Table 4: R12 Request Detail

Item	Change	Total Funds	General Fund	Cash Funds	Federal Funds
1	Move STBH (MSP impact)	-$15,277,304	-$3,570,369	-$1,141,331	-$10,565,604
	Move STBH (BH impact)	15,277,304	3,570,369	1,141,331	10,565,604
2	Add HBAI	4,456,546	1,041,513	332,938	3,082,095
	STBH savings from HBAI	-5,820,653	-1,360,310	-434,848	-4,025,495
3	Add CoCM	3,102,932	725,168	231,812	2,145,952
	CoCM hospital savings	-163,458	-38,201	-12,211	-113,046
Total		$1,575,367	$368,170	$117,691	$1,089,506

Short Term Behavioral Health (STBH)

Short Term Behavioral Health (STBH) became a billable service in primary care settings in 2018.[1] The first six sessions are billed fee-for-service, and additional services are billed through the RAEs for behavioral health capitation. Services must meet medical necessity standards, but do not require a documented mental health need.

Eligible services include diagnostic evaluations, 30 to 60-minute psychotherapy sessions, and family psychotherapy. STBH services are therefore focused on treatment of acute mental healthcare needs, rather than assessments.

The request moves STBH from fee-for-service to behavioral health capitation to simplify billing practices in response to provider feedback. The change will align therapy services under capitation, regardless of whether they occur in a primary care or behavioral health setting and regardless of the number of visits per year.

Six Colorado providers were studied in 2018 to determine the cost impact of providing integrated care through capitation or fee-for-service models.[2] The analysis determined that capitation resulted in $1.1 million in net cost savings for the public payer population through a reduction in the utilization of later higher cost treatments, including decreased utilization of inpatient hospitalization.

Health and Behavioral Assessment and Intervention (HBAI)

Health and Behavioral Assessment and Intervention (HBAI) is a 15-minute assessment provided by a licensed behavioral health clinician. The Department indicates that the 15-minute assessment is expected to be better adapted to primary care visits than the existing 60-minute assessment under STBH. The request anticipates that shorter assessments will improve

[1] Short-term Behavioral Health Services in Primary Care Setting, HCPF, 2019.

[2] *Ross KM, Gilchrist EC, Melek SP, Gordon PD, Ruland SL, Miller BF. Cost savings associated with an alternative payment model for integrating behavioral health in primary care. Transl Behav Med. 2019 Mar 1;9(2):274-281. doi: 10.1093/tbm/iby054. PMID: 29796605.*

provider's ability to connect members with preventative services while also being less expensive than longer assessments.

The request includes an increase of $4.5 million total funds to expand Medicaid coverage to include HBAI services. The increase is expected to improve billing requirements from current STBH services, and shift utilization from STBH to HBAI. The request is in direct response to feedback from providers that current STBH billing is onerous and impractical for meeting primary care needs.

Amounts include a reduction of $5.8 million total funds to STBH if HBAI is implemented. Providers are expected to shift to HBAI because the service is expected to be more appropriate for primary care settings to meet treatment, time, and billing needs.

The cost estimate is based on an assumed rate of $254 for 17,556 utilizers. The rate is based on Medicare rates. Utilization is based on FY 2022-23 data for STBH services, behavioral health encounter rates, and provider surveys. Provider surveys estimate that 38.1 percent of STBH services will shift to HBAI.

Collaborative Care Management (CoCM)

Collaborative Care Management is a type of integrated care that embeds behavioral health clinicians within primary care clinics. CoCM allows a treatment team to operate in one location known to the patient, rather than a primary care provider referring the patient to an outside psychiatrist.

The request includes an increase of $2.9 million total funds to expand Medicaid coverage to include CoCM services. The request indicates that the Department anticipates services will improve health outcomes and reduce utilization of emergency services. The amount is based on current Medicare rates for the service and includes offsets for decreased hospitalization and inpatient care.

The cost estimate is based on an annual rate of $980 for 3,165 utilizers. This estimate is based on assumptions that 56.0 percent of members with 2 or more psychiatric medications will utilize the service, and that provider capacity is only 19.9 percent. Cost savings assume a 17.0 percent decrease in hospitalization from FY 2022-23.

Research provided in the request indicates that CoCM is an evidence-based practice shown to improve access to care. However, research also emphasizes the necessity of large up-front investments in data sharing infrastructure and training to implement the service with fidelity.[3]

House Bill 22-1302 (Healthcare Practice Transformation) Pilot

The bill created the Primary Care and Behavioral Health Statewide Integration Grant Program in HCPF through FY 2025-26. The bill included an appropriation of $31.8 million that originated

[3] *Medicine (Baltimore). 2022 Dec 30; 101(52): e32554. Published online 2022 Dec 30. doi: 10.1097/MD.0000000000032554* https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9803502/

from ARPA funds to support the grant program. The grant was intended to support physical and behavioral health providers for the implementation of evidence-based integrated care.

The most recent Executive Branch reports indicate $16.7 million of the original appropriation is expended as of December 2024, and an additional $16.3 million is encumbered. A total of $1.76 million is unencumbered.

Staff assumes that $1.8 million General Fund could be made available on a one-time basis by reducing the appropriation and recapturing unencumbered funds from the pilot. Staff recommends reducing the appropriation because the Committee has expressed interest in recapturing unspent, swapped ARPA funds when possible. Staff will have to work with the Department to identify a specific amount, but assumes the reduction can be included in draft legislation already approved by the Committee to make changes to ARPA programs.

Recommendation

Staff recommends approval of the first two components of the request to reduce the overall appropriation for integrated care while improving access and current billing practices. Staff recommends denial of the final component to expand coverage to CoCM for budget balancing purposes. Staff agrees that the service could be valuable to patients and decrease utilization of hospital stays. However, staff does not recommend expanding services that do not reduce current costs.

Table 5: R12 Recommendation Detail

Item	Change	Total Funds	General Fund	Cash Funds	Federal Funds
1	Move STBH (MSP impact)	-$15,277,304	-$3,570,369	-$1,141,331	-$10,565,604
	Move STBH (BH impact)	15,277,304	3,570,369	1,141,331	10,565,604
2	Add HBAI	4,456,546	1,041,513	332,938	3,082,095
	STBH savings from HBAI	-5,820,653	-1,360,310	-434,848	-4,025,495
3	Add CoCM	0	0	0	0
	CoCM hospital savings	0	0	0	0
Total		-$1,364,107	-$318,797	-$101,910	-$943,400

Staff further recommends that a reduction for the HB 22-1302 pilot be included in draft legislation to make changes to ARPA programs that the Committee has already approved.

➔ BA10 Youth system of care

Request

The Department requests an ongoing increase of $12,894 total funds for the youth system of care. Amounts include a net increase of $6,447 General Fund and 1.0 FTE. The request indicates that system of care funding supports promising practices, including standardized assessments, intensive care coordination, multisystemic therapy, and functional family therapy.

Recommendation

Staff recommends a decrease of $4.1 million total funds, including $2.0 million General Fund. The recommendation includes approval of a decrease for high fidelity wraparound and net-zero

changes between line items, but denial of requested increases for a workforce capacity center and FTE. Staff agrees that intensive care coordination using high fidelity wraparound is a promising practice certified by many evidence-based clearinghouses.

Analysis

The request is related to the Department's implementation of a system of care for youth behavioral health pursuant to S.B. 19-195, H.B. 24-1038 (High Acuity Youth), and in response to the GA v Bimestefer settlement agreement. The request includes four components detailed in the table below.

Table 6: BA10 Request Detail

Item	Description	Total Funds	General Fund
1	Decrease high fidelity wraparound	-$4,095,000	-$2,047,500
2	Move high fidelity wrap (MSP impact)	-5,505,000	-2,752,500
	Move high fidelity wrap (BH impact)	5,505,000	2,752,500
3	Move intensive care coord (MSP impact)	-3,474,000	-1,737,000
	Move intensive care coord (BH impact)	3,474,000	1,737,000
4	Create workforce capacity center	4,000,000	2,000,000
5	1.0 FTE	107,894	53,947
Total		$12,894	$6,447

The Committee approved moving intensive care coordination from Medical Services Premiums to Behavioral Health capitation in FY 2024-25 as part of the supplemental process.

Terms

System of care (SOC) ensures that necessary and timely treatment options are available to anyone in need, regardless of payer and system involvement.

GA v Bimestefer is a federal class action lawsuit filed against the Department on behalf of three youth plaintiffs who alleged harm from not receiving in-home services. A settlement was reached in February 2024. The agreement requires the Department to implement a system of care for intensive behavioral health services to all Medicaid members ages 0-21 by February 2029. The Department is in the process of developing and implementing a plan subject to ongoing conversations with stakeholders and plaintiff representatives. The plan must be approved by both parties by April 2025.

S.B. 19-195 required the Department to implement wraparound services for children and youth at risk of out-of-home placement. The bill further required the Department, in coordination with Human Services, to develop and implement a system of care for youth at risk of out-of-home placement by July 1, 2020. Implementation was paused in 2020 for budget balancing, but was reinstated in 2021. Wraparound services were expected to be implemented at a cost of $9.6 million beginning in FY 2023-24 following the pause.

H.B. 24-1038 required the Department, in collaboration with Human Services and the Behavioral Health Administration, to implement a system of care for youth with complex behavioral health needs. The statutory requirements include developing a standardized

assessment tool, intensive care coordination, expanded support services, and expanded access to treatment foster care.[4]

High Fidelity Wraparound (HFW) is a team-based, collaborative planning process for developing and implementing individualized care plans for youth with intensive behavioral health needs and their families.[5]

Intensive Care Coordination (ICC) is a tier of care coordination used when patient needs exceed the general population. While traditional care coordination may include assisting patients with finding and paying for care, ICC usually requires clinical experience, face-to-face and in-home contact with families, and developing and coordinating an ongoing treatment team. Intensive care coordination may be delivered via high fidelity wraparound or intensive treatment facilitation. Intensive care coordination via high fidelity wraparound is an evidence-based practice.[6]

Youth System of Care

The Committee discussed youth system of care during the Department briefing and hearing process. Senate Bill 19-195 and H.B. 24-1038 required HCPF to develop systems of care for specific youth populations. The GA v Bimestefer settlement agreement also requires the Department to develop a system of care for youth with intensive behavioral health needs by 2029.

The preliminary system proposal includes seven components and five implementation phases, one phase for each year of implementation. Components continue to change through stakeholder feedback and are subject to approval by the plaintiffs before the plan is finalized in April. Preliminary components proposed by HCPF include:

1. Identification tool to determine families that would benefit from assessment
2. Standardized assessments
3. **High fidelity wraparound via intensive care coordination**
4. Mobile crisis response stabilization
5. Intensive home based treatment
6. Support services
7. Behavioral services

Some components are supported with existing resources. ARPA funds supported implementation of standardized assessments, including provider trainings. House Bill 24-1038 (High Acuity Youth) included $1.25 million for assessments (step 2), and $1.35 million for intensive care coordination (step 3). Youth mobile crisis response (step 4) has been supported with a term-limited ARPA and General Fund in the BHA, and is expected to be supported on an ongoing basis through Proposition KK if revenues are sufficient.

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[4] Section 25.5-6-2001 (1), C.R.S.

[5] Virginia Office of Children's Services, High Fidelity Wraparound.

[6] Title IV-E Clearinghouse, Intensive care coordination using high fidelity wraparound.

Implementation of a system of care in other states has required decades to achieve, and annual funding of $1.0 billion. A true system of care would provide services for all youth, regardless of whether they are Medicaid eligible or involved with child welfare or juvenile justice systems. The current settlement agreement is expected to be limited to Medicaid-eligible youth with intensive behavioral health needs. The full cost of implementing a system of care for this population is currently unknown.

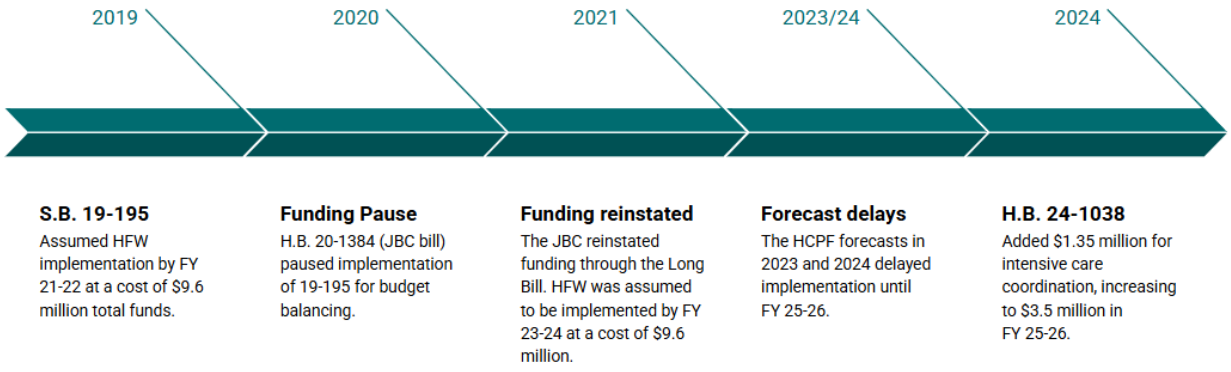
High fidelity wraparound funding history

Senate Bill 19-195 first required the Department to seek federal authorization for reimbursement of wraparound services. The fiscal note assumed that reimbursements would begin in FY 2021-22 at an annual cost of $9.6 million. That amount is 50/50 General Fund/federal funds, for a total of $4.8 million General Fund.

Implementation was paused by a JBC bill in 2020 for budget balancing. However, funding was reinstated through the budget in 2021. At the time, the Department indicated that implementation would have to restart from the beginning, and reimbursements would begin in FY 2023-24. Assumed costs were still $9.6 million total funds annually.

Forecasts have pushed out implementation of wraparound services until FY 2025-26. The Department indicates that this is due to a lack of trained providers. Providers have sent emails to the Committee indicating that wraparound services have existed in the state for many years. Because Medicaid reimbursement was not available, providers relied on grants and flexible funding from the BHA to support services.

House Bill 24-1038 (High Acuity Youth) included an additional $1.35 million total funds for intensive care coordination (ICC). This amount increases to $3.5 million total funds in FY 2025-26 and ongoing. It is staff's understanding that ICC is a form of high fidelity wraparound. Therefore, total funding for HFW and ICC in FY 2025-26 is $13.1 million total funds, including $6.6 million General Fund.



Request

The request includes five components described in the sections below.

1. Reduce High Fidelity Wraparound (-$4.1 million)

The request indicates that estimated funding for high fidelity wraparound services for S.B. 19-195 was based on anticipated demand. The amount considered rates and utilization in nearby states. However, the Department has found that there is a lack of trained providers able to provide the services.

Original high fidelity wraparound calculations for S.B. 19-195 assumed a monthly rate of $1,000 monthly rate for 800 children. The bill also required that HCPF contract with DHS (now BHA) to ensure care coordinators and those responsible for implementing wraparound services have adequate training and resources to support implementation.[7] The bill included 2.0 FTE in DHS for this purpose.

Table 7: S.B. 19-195 Cost Estimates

Item	Amount
Monthly rate	$1,000
Caseload	800
Assumed total cost	$9,600,000
General Fund	$4,800,000

Funding for H.B. 24-1038 assumed a monthly rate of $1,500 for intensive care coordination. The FY 2025-26 appropriation for ICC is based on 193 children. Caseload was expected to increase to 300 by FY 2027-28, for a total ongoing cost of $5.4 million. The Department's fiscal note submission included an assumption that 3,000 children are eligible for ICC, but only 10.0 percent would participate.

Table 8: H.B. 24-1038 Calculations

Item	FY 2025-26	Ongoing
Intensive Care Coordination		
Eligible members	2,000	3,000
Take-up rate	10.0%	10.0%
Estimated caseload	193	300
Monthly rate	$1,500	$1,500
Estimated total cost	$3,474,000	$5,400,000
Assessments		
Estimated caseload	2,000	3,000
Annual assessments	2	2
Rate	$1,250	$1,250
Estimated total cost	$5,000,000	$7,500,000
Total General Fund impact	$4,237,000	$6,450,000

The request calculations are based on 800 children at a monthly rate of $1,250 pro-rated for an October start date. This reflects 75.0 percent of annual funding, or 599 children. Caseload is based on the number of children assumed to be eligible for the first phase of system of care implementation. Criteria for the first phase is Medicaid members between the ages of 11 and

[7] Section 25.5-5-803 (2), C.R.S.

17 who are eligible for Enhanced Multisystemic Therapy (MST) or Enhanced Functional Family Therapy (FFT) and are either:

- Discharging from residential placement (QRTP or PRTF).
- In out of state residential treatment upon discharge back home to Colorado.
- In an extended stay (youth waiting longer than 72 hours to be discharged from an acute level of inpatient psychiatric care to a less intensive or less restrictive clinically appropriate level of care, including home or home-like settings).

While the first phase is intended to focus on 800 children based on highest need, the total system of care population at full capacity is currently estimated at 10,500 youth. Staff asked HCPF if the current lack of providers is simply due to an insufficient provider rates. HCPF indicated that sufficient rates are part of the calculation brought forward in the request.

Staff assumes that the requested reduction may have more to do with potential duplication between S.B.19-195 and H.B. 24-1038 than provider capacity based on the caseload calculations. The request includes the following statements regarding caseload and HFW utilization.

> *"The Department requests to adjust the funding previously appropriated for high-fidelity wraparound services, as required under SB 19-195, to reflect current provider capacity projections."*
>
> *"The Department originally projected utilization and expenditures for the services authorized under SB 19-195 based on overall demand for them. Since then, it has become clear that there is not enough of a trained workforce to deliver these services. This means that with this request, the* ***Department will underspend its current appropriation*** *for the services and be unable to meet the demand for all the system of care services over time."*
>
> *"In the first phase of implementing the System of Care, the Department will focus on serving approximately 800 children. As the workforce capacity grows, the Department will expand services to include behavioral health assessments and high fidelity wraparound for additional children."*

Under the first implementation phase, eligible children would receive quarterly behavioral health assessments and high fidelity wraparound services. Services will be supported by funding from H.B. 24-1038, and a portion of S.B. 19-195. Staff recommends approval of this portion of the request based on the assumption that remaining funding from S.B. 19-195 is expected to be unspent.

2. Move high fidelity wraparound appropriation (net-zero)

Funding for high fidelity wraparound associated with S.B. 19-195 currently includes $9.6 million total funds in FY 2025-26. This amount is included in the Medical Services Premiums (MSP) line item. MSP is primarily driven by physical health, but includes funding for long-term care, pharmacy, and other costs that may overlap with behavioral health.

The request indicates that while high fidelity wraparound funding was placed in MSP, all other system of care resources are under behavioral health capitation. Placing the appropriation under behavioral health capitation would align all system of care funding under RAE contracts.

The request moves the $5.5 million total funds for high fidelity wraparound that remains after the requested reduction from MSP to behavioral health capitation. The change is net-zero and aligns with Committee action to move ICC funding during the supplemental process. Staff recommends approval of this portion of the request.

3. Move intensive care coordination appropriation (net-zero)

Funding for intensive care coordination associated with H.B. 24-1038 currently includes $3.5 million total funds in FY 2025-26. This amount is also included in the Medical Services Premiums line item to align with the prior implementation of high fidelity wraparound services.

In alignment with moving high fidelity wraparound, the request moves the appropriation for intensive care coordination from MSP to behavioral health capitation. The change is net-zero and aligns with Committee action during the supplemental process that moved this funding in FY 2024-25. Staff recommends approval of this portion of the request.

4. Workforce Capacity Center (+$4.0 million)

The Department indicates that implementation of high fidelity wraparound has been delayed because there is a lack of providers available to facilitate the service. To address this problem, the request proposes to utilize funding intended to support high fidelity wraparound services to instead establish a Workforce Capacity Center, or "Center of Excellence."

The center will be placed within a state university and is expected to certify clinicians in evidence-based practices. The Department indicates that they are working both with institutions of higher education and the BHA to identify a willing and appropriate location and certification plan. The Department anticipates that clinicians will be referred to the center by RAEs.

Centers of excellence are specialized healthcare programs within institutions that supply concentrations of expertise and resources for specialized populations.[8] The Department indicates that the request is modeled after a center in Ohio, and other states that have implemented youth systems of care in response to settlement agreements.

The Ohio Department of Mental Health and Addiction Services created a Child and Adolescent Behavioral Health Center of Excellence in 2021. The center was created through a two-year, $3.6 million contract with Case Western Reserve University.[9] The center is expected to provide technical assistance, training, professional development, coaching, consultation, evaluation, fidelity monitoring, and continuous quality improvement to build and sustain capacity in delivering evidence-based practices within a system of care framework.[10]

Stakeholder feedback. A high fidelity wraparound provider has indicated that the Office of Behavioral Health (now BHA) previously supported training resources for high fidelity

[8] Elrod, J., Fortenberry, J. (2017). Centers of excellence in healthcare institutions: what they are and how to assemble them. National Library of Medicine.

[9] Case Western University. Child and Adolescent Behavioral Health Center of Excellence.

[10] Child and Adolescent Behavioral Health Center of Excellence Stakeholder Webinar (2021).

wraparound through the Kempe Center at the University of Colorado Anshutz Medical Campus. According to the provider, the BHA recently ended the Kempe Center contract to instead develop programming with the National Wraparound Implementation Center (NWIC) over the next two years.

HFW has been supported by a cooperative agreement between the BHA and the federal Substance Abuse and Mental Health Services Administration (SAMHSA). Providers have been relying on federal grants and other sources while implementation of Medicaid reimbursement has been delayed for four years. Reports from the State Controller indicate that the BHA received $105.8 million from SAMHSA in FY 2023-24. Of that amount, $1.4 million was specific to services for children with serious emotional disturbances.

The BHA indicates that a contract with the Kempe Center to provide training for high fidelity wraparound existed from August 2020 to September 2024. The BHA indicates that model implemented under the contract was not nationally recognized, and relied on expensive sub-contracts. Furthermore, the model relied on federal grants and did not have a sustainable long-term fund source.

The request is the result of collaboration between the BHA and HCPF to establish ongoing state resources for a Center of Excellence through partnerships with the National Wraparound Implementation Center. NWIC is a nationally recognized model accredited by the Title IV-E Clearinghouse as a promising practice.

NWIC is expected to help develop a Colorado-specific training program that will be sustained through the contract by 10 non-state FTE. Staff are expected to train and credential clinicians, develop and maintain an online learning system, and cover provider time to complete training.

5. Staffing (+$107,894)

The request includes $107,894 total funds, including $53,947 General Fund for one FTE. The position is expected to support implementation of the workforce capacity center. The position would manage the workforce center contract, analyze program effectiveness, and monitor provider expansion and delivery of service to families.

The staff would be expected to travel around the state to meet with communities about the capacity center and workforce development opportunities. The position will also be the point of contact between RAEs and the workforce capacity center to ensure policy alignment.

Recommendation

Staff recommends a net reduction of $4.1 million total funds, including the following components:

1. Approve reduction for high fidelity wraparound based on Department caseload estimates.
2. Approve net-zero changes to move high fidelity wraparound and intensive care coordination from MSP to behavioral health capitation.
3. Deny Workforce Development Center and associated FTE.
4. Correct FY 2024-25 supplemental to adjust H.B. 24-1038 rather than the Long Bill.
5. Add an RFI for the Department to report on system of care implementation.

FY 2025-26 funding recommendation. The staff recommendation by each component of the request is provided in the table below.

Table 9: BA10 Recommendation Detail			
Item	Description	Total Funds	General Fund
1	Decrease high fidelity wraparound	-$4,095,000	-$2,047,500
2	Move high fidelity wrap (MSP impact)	-5,505,000	-2,752,500
	Move high fidelity wrap (BH impact)	5,505,000	2,752,500
3	Move intensive care coord (MSP)	-3,474,000	-1,737,000
	Move intensive care coord (BH)	3,474,000	1,737,000
4	Create workforce capacity center	0	0
5	1.0 FTE	0	0
Total		-$4,095,000	-$2,047,500

Staff agrees that it could be necessary to have additional employees at HCPF to manage implementation of a system of care regardless of whether the Workforce Development Center is approved. In addition to the staff recommendation, the table below provides options if the Committee is interested in supporting the requested FTE.

Option 2 provides the amount associated with FTE without centrally appropriated costs in the first year. Option 3 provides an additional FTE, but would require the Department to absorb the associated costs within existing resources.

Table 10: BA10 Recommendation Alternatives					
Item	Description	Request	Rec.	Option 2: Adjusted FTE	Option 3: FTE absorbed
1	Decrease high fidelity wraparound	-$4,095,000	-$4,095,000	-$4,095,000	-$4,095,000
2	Move high fidelity wrap (MSP impact)	-5,505,000	-5,505,000	-5,505,000	-5,505,000
	Move high fidelity wrap (BH impact)	5,505,000	5,505,000	5,505,000	5,505,000
3	Move intensive care coord (MSP impact)	-3,474,000	-3,474,000	-3,474,000	-3,474,000
	Move intensive care coord (BH impact)	3,474,000	3,474,000	3,474,000	3,474,000
4	Create workforce capacity center	4,000,000	0	0	0
5	FTE Cost	107,894	0	80,897	0
	FTE	1.0	0.0	0.9	0.9
Total		$12,895	-$4,095,000	-$4,014,103	-$4,095,000

Supplemental Correction. While reviewing the request, staff identified that the FY 2024-25 supplemental was not implemented correctly. The Committee approved a supplemental change to move the intensive care coordination appropriation from Medical Services Premiums to behavioral health capitation. Staff implemented this change in the FY 2024-25 Long Bill. However, the appropriation originated from H.B. 24-1038. The change therefore should have been implemented as a net-zero change to H.B. 24-1038, rather than the Long Bill.

The FY 2024-25 Long Bill will already be adjusted as part of the February forecast. Staff therefore recommends making a technical correction to remove the system of care impact from the supplemental adjustments, and instead amend the appropriation clause from H.B. 24-1038.

Request for information. Staff further recommends that the Committee include an RFI for the Department to provide updates on the implementation of system of care. Staff recommends

the following language and can continue to work with the Committee to identify other details of interest before RFIs are finalized.

It is requested that the Department provide, by November 1, a report on implementation of the youth system of care pursuant to GA v Bimestefer. The report should include, but is not limited to, the following information:

- A description of the implementation plan as approved by the plaintiffs. The description should include the services included in the plan, implementation phases, and the services included in each phase.
- The number of youth expected to be served in each implementation phase.
- Estimated funding required to fully implement the system of care plan.
- The number of high fidelity wraparound and intensive care coordination providers, and the number of youth that received these services in FY 2024-25.

General Fund Balancing Options

The only identified General Fund balancing option presented as part of the briefings for HCPF behavioral health was a potential reduction or repeal of H.B. 24-1038 (High Acuity Youth). Additional options have since been identified, including options provided in supplemental letters from the Office of State Planning and Budgeting.

Options are provided in the table below.

General Fund Impact of Budget Reduction Options

Option	General Fund	Gov's Letter	Bill? Y/N	Ongoing?
Eliminate RAE 988 funding	-300,000	0	N	Y
Reinstate PAR for outpatient psychotherapy (HB 22-156)	-12,200,000	-12,200,000	Y	Y
Limit peer services	-4,200,000	-4,200,000	N	Y
Delay IMD waiver	-1,713,812	0	N	Y
Total	-$18,413,812	-$16,400,000		

Staff has not yet had time to evaluate the options. However, staff intends to comeback to provide more information as necessary.

Line Item Detail

Behavioral Health Capitation Payments

This line item supports the provision of most behavioral health services to Medicaid clients. Behavioral health services, which include both mental health and substance use-related services, are provided to Medicaid clients through a statewide managed care or "capitated" program. The Department contracts with “regional accountable entities” (RAEs) to provide or

arrange for behavioral health services for clients enrolled with each RAE.[11] The Department used a competitive bid process to award RAE contracts for each region.

In order to receive services through behavioral health capitation, a client must have a covered diagnosis and receive a covered service or procedure that is medically necessary. Services for Medicaid clients that are managed by RAEs are listed below, with the first group including services that are covered by the State Medicaid Plan, and the second group including services that are authorized under a federal waiver.

Covered State Plan Services

- School-based behavioral health services
- Targeted case management
- Drug screening and monitoring
- Outpatient services, including:
    - Physician services (including psychiatric care)
    - Rehabilitative services (including: individual, group, and family behavioral health therapy; behavioral health assessment; pharmacologic management; day treatment; and emergency/crisis services)
- Detoxification services
- Medication-assisted treatment

Alternate Services Covered by the Federal "1915 (b)(3)" Waiver

- prevention/early intervention services
- Vocational services
- Drop-in center services
- Assertive community treatment
- Intensive case management
- Residential services (24-hour psychiatric care provided in a non-hospital, non-nursing home setting; excludes room and board), except that these services are not covered for a client for whom the primary diagnosis is a substance use disorder (SUD).
- Respite care
- Recovery services
- New: Inpatient psychiatric hospitalization, or "Institution for Mental Disease" (IMD)[12] stays up to 60 days, as long as the average stay does not exceed 30 days.

[11] Clients are attributed to RAEs based on the location of their primary care provider, rather than their own address.

[12] An IMD is defined as a hospital, nursing facility, or other institution of more than 16 beds, that is primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases, including medical attention, nursing care, and related services [42 CFR 440.1009]. Thus, the State mental health institutes and private psychiatric hospitals are considered IMDs. However, a general hospital that provides inpatient psychiatric treatment for some patients (e.g., Denver Health and Porter Adventist Hospital) is not considered an IMD because psychiatric treatment is not the hospital's primary focus.

- The federal Social Security Act bars states from receiving federal Medicaid funding for any services (medical or behavioral health) provided to individuals ages 21 through 64 who are patients in an IMD. However, if a state has implemented a managed care plan for behavioral health services, it is allowed to use Medicaid funding to pay for inpatient psychiatric services provided for those ages 21 through 64 who reside in an IMD as an "in lieu of" State Plan service. Recent revisions to federal managed care regulations limit these services to 15 days in a calendar month. The Department applied for and received a waiver to cover the first 15 days of an IMD stay if the total stay exceeds 15 days as part of a FY 2024-25 budget request.
- For individuals under age 21 and over age 64 who reside in an IMD, Medicaid covers inpatient psychiatric care without any limitation on the number of days of care[13].

Each RAE receives a pre-determined monthly amount for each Medicaid client who is eligible for behavioral health services and enrolled with the RAE. The "per-member-per-month" rates paid to each RAE are unique for each Medicaid eligibility category in each geographic region. The Department re-negotiates these rates periodically based on historical rate experience and data concerning client service utilization. The Department divides the state into four geographic regions for the provision of behavioral health services to the following **Medicaid eligibility categories**[14]:

- Adults age 65 and older;
- Children and adults with disabilities under age 65;
- Parents and caretakers;
- Pregnant adults;
- Adults without dependent children;
- Children;
- Children and young adults in or formerly in foster care (through age 26); and
- Adults served through the Breast and Cervical Cancer Treatment and Prevention Program.

Two Medicaid populations that are eligible for certain medical benefits are not eligible for behavioral health services through the Medicaid program: (1) Non-citizens; and (2) Partial dual-eligible individuals (i.e., individuals who are eligible for both Medicare and Medicaid benefits, but for whom the Medicaid benefit is limited to payment of Medicare premiums and co-insurance payments).

In addition, Medicaid-eligible clients who are enrolled in a Program of All-inclusive Care for the Elderly (PACE Program) are excluded from enrollment in a RAE.

[13] HCPF previously limited these payments to 45 days, but this limitation has been removed.

[14] The Department renamed certain eligibility categories to be more consistent with terminology used in other states and to more accurately estimate expenditures by fund source. The term "MAGI" refers to the new federal Modified Adjusted Gross Income standard that states are required to use when determining income for purposes of Medicaid eligibility.

Finally, in some instances **certain behavioral health services for Medicaid clients are not covered by Capitation**, and are instead covered through other appropriations to the Department of Health Care Policy and Financing (HCPF):

- *Services Provided Through Primary Care.* The Medical Service Premiums line item appropriation to HCPF covers short-term behavioral health services that a RAE-enrolled client receives by a licensed behavioral health clinician at their primary care medical provider's office. These expenditures are limited to six visits per client per state fiscal year. The services include:
    - diagnostic evaluation without medical services;
    - individual psychotherapy for up to 60 minutes; and
    - family psychotherapy.
- *Services for Children and Youth in the Custody of the Department of Human Services (DHS).* Children and youth in the custody of Child Welfare or the DHS Division of Youth Services are enrolled in RAEs, and each RAE receives per-member-per-month payments for these individuals. However, if one of these children or youth is placed in a psychiatric residential treatment facility (PRTF) or a residential childcare facility (RCCF), the behavioral health services provided by that facility are <u>not</u> covered by the RAE and these costs are <u>not</u> considered as part of the associated per-member-per-month capitation rate. Instead, these costs are covered by appropriations of Medicaid funds to HCPF that are transferred to the DHS Division of Child Welfare and the Division of Youth Services.
- *Services for Individuals with Intellectual and Developmental Disabilities (IDD).* Individuals with IDD are enrolled in RAEs, and each RAE receives per-member-per-month payments for these individuals. However, for individuals who reside in a facility that is licensed as an "intermediate care facility" for individuals with IDD, the behavioral health services provided by that facility are <u>not</u> covered by the RAE and these costs are <u>not</u> considered as part of the associated per-member-per-month capitation rate. Instead, these costs are billed on a fee-for-service basis and are covered by other appropriations. Specifically:
    - For the Wheat Ridge Regional Center and for some beds within the Grand Junction Regional Center that are also licensed as an intermediate care facility, residents' behavioral health care services are covered by appropriations of Medicaid funds to HCPF that are transferred to DHS for these Regional Centers. In contrast, for individuals with IDD who reside in "adult comprehensive waiver homes" connected with the Grand Junction or Pueblo Regional Centers, these services are covered by the Capitation program.
    - For individuals with IDD who reside in a private intermediate care facility (e.g., Bethesda Lutheran), the behavioral health services are included in the Medicaid per diem rate paid to that facility, similar to the Regional Centers. These costs are covered by the Medical Service Premiums line item appropriation to HCPF.

Statutory Authority: Articles 4, 5, and 6 of Title 25.5 [Colorado Medical Assistance Act]; C.R.S. Sections: 25.5-4-401.2 [Performance-based payments]; 25.5-4-403 [Reimbursement for community mental health centers and clinics]; 25.5-4-405 [Mental health managed care service providers]; 25.5-5-325 [Residential and inpatient substance use disorder treatment]; 25.5-5-402

to 410 [Statewide managed care system]; 25.5-5-415 [Medicaid payment reform and innovation pilot program]; 25.5-5-419 [Accountable Care Collaborative]

Request: $1.3 billion total funds, including $43.0 million General Fund.

Recommendation: The staff recommendation is provided in the table below.

Behavioral Health Community Programs, Behavioral Health Capitation Payments						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 Appropriation	$1,124,158,156	$286,466,594	$94,140,516	$0	$743,551,046	0.0
Long Bill supplemental	$133,432,102	$24,870,640	$14,087,728	$0	$94,473,734	0.0
Total FY 2024-25	$1,257,590,258	$311,337,234	$108,228,244	$0	$838,024,780	0.0
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	$1,257,590,258	$311,337,234	$108,228,244	$0	$838,024,780	0.0
R2 Behavioral Health	195,288,538	35,568,969	14,350,683	0	145,368,886	0.0
BA10 Youth system of care	8,979,000	4,489,500	0	0	4,489,500	0.0
R12 BH and primary care integration	6,353,615	1,484,891	474,567	0	4,394,157	0.0
Annualize prior year budget actions	3,541,936	1,502,118	67,807	0	1,972,011	0.0
Total FY 2025-26	$1,471,753,347	$354,382,712	$123,121,301	$0	$994,249,334	0.0
Changes from FY 2024-25	$214,163,089	$43,045,478	$14,893,057	$0	$156,224,554	0.0
Percentage Change	17.0%	13.8%	13.8%	n/a	18.6%	n/a
FY 2025-26 Executive Request	$1,306,906,993	$332,592,345	$99,127,714	$0	$875,186,934	0.0
Staff Rec. Above/-Below Request	$164,846,354	$21,790,367	$23,993,587	$0	$119,062,400	0.0

Behavioral Health Fee-for-Service Payments

This line item supports certain "fee-for-service" payments for a limited set of behavioral health services to treat mental health conditions and diagnoses that are not covered by the behavioral health capitation program, including autism spectrum disorder. In addition, if “partial dual-eligible” individuals receive mental health services under their Medicare benefits package, this line item covers that portion of expenditures that would have been the responsibility of the client.

While the fee-for-service program does cover all Medicaid State Plan mental health and substance use disorder services, it does not cover services approved through the Department’s federal 1915 (b)(3) waiver.

Statutory authority: Articles 4, 5, and 6 of Title 25.5 [Colorado Medical Assistance Act]

Request: $11.2 million total funds, including $2.7 million General Fund.

Recommendation: The staff recommendation is provided in the table below.

Behavioral Health Community Programs, Behavioral Health Fee-for-service Payments						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 Appropriation	$11,081,140	$2,662,572	$657,348	$0	$7,761,220	0.0
Long Bill supplemental	-7,861	-1,890	-468	0	-5,503	0.0
Total FY 2024-25	$11,073,279	$2,660,682	$656,880	$0	$7,755,717	0.0
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	$11,073,279	$2,660,682	$656,880	$0	$7,755,717	0.0
R2 Behavioral Health	89,886	21,937	5,315	0	62,634	0.0
Annualize prior year budget actions	18,308	4,060	1,104	0	13,144	0.0
Total FY 2025-26	$11,181,473	$2,686,679	$663,299	$0	$7,831,495	0.0
Changes from FY 2024-25	$108,194	$25,997	$6,419	$0	$75,778	0.0
Percentage Change	1.0%	1.0%	1.0%	n/a	1.0%	n/a
FY 2025-26 Executive Request	$11,191,526	$2,689,095	$663,898	$0	$7,838,533	0.0
Staff Rec. Above/-Below Request	-$10,053	-$2,416	-$599	$0	-$7,038	0.0

(7) Transfers to Other State Department Medicaid-funded Programs

This section contains funding for programs administered by other departments that are funded with Medicaid dollars. General Fund is appropriated in this section, matched with anticipated federal funds, and then transferred to the other departments, where the Medicaid funds are reflected as reappropriated funds. The majority of the money goes to the Department of Human Services.

Staff requests permission to adjust the appropriations as necessary to align with Committee final action on the Department of Human Services.

(C) Human Services

This section contains funding for programs administered by the Department of Human Services funded with Medicaid dollars.

(1) Executive Director's Office

Executive Director's Office

The Executive Director's Office is responsible for the general policy of the Department of Human Services (DHS) and contains staff and associated resources for implementing policy. In DHS, the General Administration section includes the DHS Executive Director and associated

administrative staff, including the department's budget staff, the Public Information Office, the Legislative Liaison, and the Division of Field Administration that includes the County Commissioner Liaison. These staff members are FTE at DHS, but several of them also perform services related to Medicaid, so part of their salaries and related expenses are reimbursed by the Department of Health Care Policy and Financing.

Statutory authority: Sections 24-1-120, C.R.S.

Request: $18.3 million total funds, including $7.2 million General Fund.

Recommendation: The staff recommends approval of the request as detailed in the table below.

Transfers to Other State Department Medicaid-Funded Programs, Human Services, Executive Director's Office						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 Appropriation	$17,003,357	$8,501,679	$0	$0	$8,501,678	0.0
Total FY 2024-25	$17,003,357	$8,501,679	$0	$0	$8,501,678	0.0
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	$17,003,357	$8,501,679	$0	$0	$8,501,678	0.0
Transfers to other state agencies	1,389,186	694,591	0	0	694,595	0.0
Total FY 2025-26	$18,392,543	$9,196,270	$0	$0	$9,196,273	0.0
Changes from FY 2024-25	$1,389,186	$694,591	$0	$0	$694,595	0.0
Percentage Change	8.2%	8.2%	n/a	n/a	8.2%	n/a
FY 2025-26 Executive Request	$18,299,718	$9,149,858	$0	$0	$9,149,860	0.0
Staff Rec. Above/-Below Request	$92,825	$46,412	$0	$0	$46,413	0.0

(2) Child Welfare

Child Welfare Administration

This line item reflects the amount of Medicaid funds appropriated to the Administration line item in the Division of Child Welfare in the Department of Human Services.

Statutory Authority: Section 26-1-109 (2)(a) and (3), C.R.S.

Request: $0.4 million total funds, including $0.1 million General Fund.

Recommendation: The staff recommendation is provided in the table below.

Transfers to Other State Department Medicaid-Funded Programs, Human Services, Child Welfare Administration						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						

Transfers to Other State Department Medicaid-Funded Programs, Human Services, Child Welfare Administration						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation	$350,837	$144,774	$0	$0	$206,063	0.0
Total FY 2024-25	$350,837	$144,774	$0	$0	$206,063	0.0
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	$350,837	$144,774	$0	$0	$206,063	0.0
Transfers to other state agencies	1,706	853	0	0	853	0.0
Total FY 2025-26	$352,543	$145,627	$0	$0	$206,916	0.0
Changes from FY 2024-25	$1,706	$853	$0	$0	$853	0.0
Percentage Change	0.5%	0.6%	n/a	n/a	0.4%	n/a
FY 2025-26 Executive Request	$352,543	$145,627	$0	$0	$206,916	0.0
Staff Rec. Above/-Below Request	$0	$0	$0	$0	$0	0.0

Child Welfare Services

This line item reflects the amount of Medicaid funds appropriated to the Child Welfare Services line item in the Division of Child Welfare in the Department of Human Services (the Block). The Child Welfare Services line item is more commonly referred to as the Block, and accounts for the majority of Child Welfare funding in the state.

Statutory Authority: Section 26-5-101, C.R.S.

Request: $14.4 million total funds, including $7.2 million General Fund, which reflects no change from the prior year appropriation.

Recommendation: Staff recommends approval of the request.

Division of Youth Services

This line item reflects the amount of Medicaid funds appropriated to the Community Programs subdivision of the Division of Youth Services in the Department of Human Services. Line items with reappropriated Medicaid funds in DYS include Program Administration, Purchase of Contract Placements, and Manage Care Project.

Statutory Authority: Section 19-2-203, C.R.S. Section 19-2-403, C.R.S. Section 19-2-410, C.R.S. Sections 19-2-1201 through 19-2-1204, C.R.S.

Request: $0.8 million total funds, including $0.4 million General Fund.

Recommendation: The staff recommendation is provided in the table below.

Transfers to Other State Department Medicaid-Funded Programs, Human Services, Division of Youth Services						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						

Transfers to Other State Department Medicaid-Funded Programs, Human Services, Division of Youth Services						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation	$681,446	$340,724	$0	$0	$340,722	0.0
Total FY 2024-25	$681,446	$340,724	$0	$0	$340,722	0.0
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	$681,446	$340,724	$0	$0	$340,722	0.0
Transfers to other state agencies	77,339	38,670	0	0	38,669	0.0
Total FY 2025-26	$758,785	$379,394	$0	$0	$379,391	0.0
Changes from FY 2024-25	$77,339	$38,670	$0	$0	$38,669	0.0
Percentage Change	11.3%	11.3%	n/a	n/a	11.3%	n/a
FY 2025-26 Executive Request	$758,785	$379,394	$0	$0	$379,391	0.0
Staff Rec. Above/-Below Request	$0	$0	$0	$0	$0	0.0

(4) Behavioral Health Administration

Community Behavioral Health Administration

This line item reflects the amount of Medicaid funds appropriated for the personal services and operating expenses for the Behavioral Health Administration's Community Behavioral Health Administration section.

Statutory Authority: Section 26-1-201, C.R.S. [Programs administered and services provided by DHS]; Section 27-60-101, et seq., C.R.S. [Behavioral health crisis response system]; Section 27-66-101, et seq., C.R.S. [Community mental health services]; Section 27-80-101, et seq., C.R.S. [Alcohol and substance use – programs and services]; Section 27-81-101, et seq., C.R.S. [Alcohol use, education, prevention, and treatment]; Section 27-82-101, et seq., C.R.S. [Substance use prevention, education, and treatment]

Request: $0.6 million total funds, including $0.3 million General Fund.

Recommendation: The staff recommendation is provided in the table below.

Transfers to Other State Department Medicaid-Funded Programs, Human Services, Community Behavioral Health Administration						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 Appropriation	$552,950	$276,475	$0	$0	$276,475	0.0
Total FY 2024-25	$552,950	$276,475	$0	$0	$276,475	0.0
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	$552,950	$276,475	$0	$0	$276,475	0.0
Transfers to other state agencies	19,820	9,910	0	0	9,910	0.0
Total FY 2025-26	$572,770	$286,385	$0	$0	$286,385	0.0

Transfers to Other State Department Medicaid-Funded Programs, Human Services, Community Behavioral Health Administration						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Changes from FY 2024-25	$19,820	$9,910	$0	$0	$9,910	0.0
Percentage Change	3.6%	3.6%	n/a	n/a	3.6%	n/a
FY 2025-26 Executive Request	$572,770	$286,385	$0	$0	$286,385	0.0
Staff Rec. Above/-Below Request	$0	$0	$0	$0	$0	0.0

Children and Youth Mental Health Treatment Act

This line item reflects the amount of Medicaid funds appropriated for the Children and Youth Mental Health Treatment Act. This program is administered by DHS, and it provides funding for mental health treatment services for children and youth under age 2115. The program is designed to make services available for children and youth who are at risk of out-of-home placement, but a dependency and neglect action is neither appropriate nor warranted. Services may include mental health treatment services and care management, including any residential treatment, community-based care, or any post-residential follow-up services that may be appropriate.

The CYMHTA applies to two groups of children, with different application and payment processes for each group.

- Children who are categorically Medicaid-eligible and have a covered mental health diagnosis. A parent or guardian of a Medicaid-eligible child may apply for residential treatment through the local regional accountable entity (RAE). If the child is determined to require a residential level of care, the RAE is responsible for covering the residential treatment costs.
- Children Who Are NOT Categorically Eligible for Medicaid. If a child is at risk of being placed out of the home because they have a mental illness and they require a residential treatment level of care or equivalent community-based services, the parent or guardian may apply for such services through the local community mental health center (Center) or another mental health agency. The Center or mental health agency is required to evaluate the child or youth and clinically assess their need for mental health services.

When a child or youth is approved for funding through this program and the child or youth requires residential treatment, the child or youth may become eligible for Medicaid funding through the federal supplemental security income (SSI) eligibility process. If a child has been in residential services for more than 30 days, or is expected to remain in residential services for more than 30 days, the child can qualify for SSI due to being considered a “household of one” per the federal Social Security Administration. Once a child obtains SSI, the child automatically

[15] An individual must be under the age of 18 to become eligible for services through this program. However, once an individual becomes eligible, he or she may remain eligible until his or her 21st birthday.

acquires fee-for-service Medicaid. Medicaid funding pays for the treatment costs of residential services, but does not fund room and board costs.

Due to federal regulations, the SSI benefit is paid directly to the child or payee (typically the parent) to fund a portion of the residential room and board rate. The parent will then give all but $30 of the SSI award to the residential provider. SSI awards vary based on the child's treatment location and family income, ranging from $30 to $700 per month.

Private insurance benefits must be exhausted prior to accessing any public benefits. In addition, the parents are responsible for paying a portion of the cost of services that is not covered by private insurance or by Medicaid funding; the parent share is based on a sliding fee scale that is based on child support guidelines.

When and if the child is in residential care and funded by the CYMHTA, expenses are covered by parental fees, SSI benefits (if benefits are approved), and CYMHTA funds. If the child or youth is placed in a psychiatric residential treatment facility, treatment expenses are covered by a Medicaid per diem rate and "room and board" expenses are covered by parental fees and CYMHTA funds. If the child is in non-residential care, expenses are covered by SSI benefits, parental fees, and CYMHTA funds.

Statutory Authority: Section 25.5-5-307, C.R.S. [Child mental health treatment and family support program]; Section 27-67-101 et seq., C.R.S. [Children and Youth Mental Health Treatment Act]

Request: $0.1 million total funds, including $0.1 million General Fund, which reflects no change from the prior year appropriation.

Recommendation: Staff recommends approval of the request.

(5) Office of Civil and Forensic Mental Health

Mental Health Hospitals

This line item reflects the amount of Medicaid funds appropriated for fee-for-service payments to the Colorado Mental Health Hospitals. These Medicaid funds support personal services, operating expenses, and pharmaceutical expenses associated with inpatient psychiatric services for Medicaid-eligible "forensic" patients (i.e., individuals who are admitted to the Institutes through the criminal or juvenile justice system) who are under the age of 21 or over the age of 64.

Services not covered by this line item:

- The state hospitals bill regional accountable entities (RAEs) for services provided to Medicaid-eligible patients who are under the age of 21 or over the age of 64, and who are referred to the Institutes from a community mental health center or another health care provider (and are thus classified as "civil" patients).
- For Medicaid-eligible patients age 21 through 64, Colorado Medicaid rules do not allow the state hospitals to receive any Medicaid funding, whether the patient is classified as civil or forensic.

Statutory Authority: Section 25.5-5-202 (1)(a), (i), and (j), C.R.S.; 10 CCR 2505-10 8.212.4.A1. [Medical Services Board rules concerning the inpatient psychiatric hospital services benefit, which excludes services to adults ages 21 through 64 who receive services through a State Institute of Mental Disease]

Request: $8.7 million total funds, including $4.3 million General Fund.

Recommendation: The staff recommendation is provided in the table below.

Transfers to Other State Department Medicaid-Funded Programs, Human Services, Mental Health Institutes						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 Appropriation	$8,320,198	$4,160,099	$0	$0	$4,160,099	0.0
Total FY 2024-25	$8,320,198	$4,160,099	$0	$0	$4,160,099	0.0
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	$8,320,198	$4,160,099	$0	$0	$4,160,099	0.0
Transfers to other state agencies	376,424	188,212	0	0	188,212	0.0
Total FY 2025-26	$8,696,622	$4,348,311	$0	$0	$4,348,311	0.0
Changes from FY 2024-25	$376,424	$188,212	$0	$0	$188,212	0.0
Percentage Change	4.5%	4.5%	n/a	n/a	4.5%	n/a
FY 2025-26 Executive Request	$8,696,622	$4,348,311	$0	$0	$4,348,311	0.0
Staff Rec. Above/-Below Request	$0	$0	$0	$0	$0	0.0

State Operated Mental Health Homes

This line item reflects the amount of Medicaid funds appropriated for state-operated Mental Health Transitional Living Homes. The homes were created by H.B. 22-1303, and the line item was first added to the FY 2024-25 Long Bill to align appropriations between the two Department. Transitional living homes may be state-operated or contracted. Beds contracted by DHS are billed directly to the RAEs by the provider and are therefore included in behavioral health capitation.

Statutory Authority: Section 27-71-103 (1)(c), C.R.S.

Request: $0

Recommendation: The staff recommendation is provided in the table below.

Transfers to Other State Department Medicaid-Funded Programs, Human Services, Mental Health Institutes						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 Appropriation	$2,582,514	$1,291,257	$0	$0	$1,291,257	0.0
Total FY 2024-25	$2,582,514	$1,291,257	$0	$0	$1,291,257	0.0

Transfers to Other State Department Medicaid-Funded Programs, Human Services, Mental Health Institutes						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Recommended Appropriation						
FY 2024-25 Appropriation	$2,582,514	$1,291,257	$0	$0	$1,291,257	0.0
Transfers to other state agencies	2,582,516	1,291,258	0	0	1,291,258	0.0
Total FY 2025-26	$5,165,030	$2,582,515	$0	$0	$2,582,515	0.0
Changes from FY 2024-25	$2,582,516	$1,291,258	$0	$0	$1,291,258	0.0
Percentage Change	n/a	n/a	n/a	n/a	n/a	n/a
Staff Rec. Above/-Below Request	$2,582,516	$1,291,258	$0	$0	$1,291,258	0.0

Long Bill Footnotes

The FY 2024-25 Long Bill did not include any footnotes specific to the behavioral health community programs. Staff does not recommend adding any footnotes to this section.

Requests for Information

Staff recommends **adding** the following request for information:

1 It is requested that the Department provide, by November 1, a report on implementation of the youth system of care pursuant to GA v Bimestefer. The report should include, but is not limited to, the following information:
   a A description of the implementation plan as approved by the plaintiffs. The description should include the services included in the plan, implementation phases, and the services included in each phase.
   b The number of youth expected to be served in each implementation phase.
   c Estimated funding required to fully implement the system of care plan.
   d The number of high fidelity wraparound and intensive care coordination providers, and the number of youth that received these services in FY 2024-25.

Staff recommends **continuing** the following request for information:

2 Department of Health Care Policy and Financing, Behavioral Health Community Programs -- The Department is requested to submit a report by November 1, discussing member utilization of capitated behavioral health services in ~~FY 2022-23~~ FY 2023-24 and the Regional Accountable Entity's (RAE's) performance on network provider expansion, timeliness of processing provider claims within contract requirements, and timeliness of credentialing and contracting network providers. The report should include aggregated data on the number of members accessing inpatient and residential mental health treatment, inpatient and residential substance use disorder treatment, outpatient mental health and substance use disorder services, and alternative services allowed under the Department's waiver with the Centers for Medicare and Medicaid Services. For Calendar Year ~~2023~~ 2024, the Department shall report aggregated provider data by quarter showing changes in the number of providers contracted, monthly claims processing timeframes by each RAE, and timeliness of provider credentialing and contracting by each RAE. Also, please discuss differences in the performance of the RAEs, how the Department monitors these performance measures, and any actions the Department has taken to improve RAE performance and client behavioral health outcomes.

Appendix A: Numbers Pages

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	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
DEPARTMENT OF HEALTH CARE POLICY AND FINANCING **Kim Bimestefer, Executive Director**					
(3) BEHAVIORAL HEALTH COMMUNITY PROGRAMS Healthcare Affordability and Sustainability Cash Fund.					
Behavioral Health Capitation Payments	1,073,070,076	1,028,527,782	1,257,590,258	1,306,906,993	1,471,453,347 *
General Fund	215,820,743	257,694,490	311,337,234	332,592,345	354,082,712
Cash Funds	92,271,268	75,710,138	108,228,244	99,127,714	123,121,301
Reappropriated Funds	0	0	0	0	0
Federal Funds	764,978,065	695,123,154	838,024,780	875,186,934	994,249,334
Behavioral Health Fee-for-service Payments	8,929,133	10,956,804	11,073,279	11,191,526	11,189,334
General Fund	1,692,019	2,563,728	2,660,682	2,689,095	2,688,569
Cash Funds	558,233	665,268	656,880	663,898	663,767
Reappropriated Funds	0	0	0	0	0
Federal Funds	6,678,881	7,727,808	7,755,717	7,838,533	7,836,998
TOTAL - (3) Behavioral Health Community Programs	1,081,999,209	1,039,484,586	1,268,663,537	1,318,098,519	1,482,642,681
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	217,512,762	260,258,218	313,997,916	335,281,440	356,771,281
Cash Funds	92,829,501	76,375,406	108,885,124	99,791,612	123,785,068
Reappropriated Funds	0	0	0	0	0
Federal Funds	771,656,946	702,850,962	845,780,497	883,025,467	1,002,086,332

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	FY 2025-26 Recommendation
TOTAL - Department of Health Care Policy and Financing	1,081,999,209	1,039,484,586	1,268,663,537	1,318,098,519	1,482,642,681
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	217,512,762	260,258,218	313,997,916	335,281,440	356,771,281
Cash Funds	92,829,501	76,375,406	108,885,124	99,791,612	123,785,068
Reappropriated Funds	0	0	0	0	0
Federal Funds	771,656,946	702,850,962	845,780,497	883,025,467	1,002,086,332