

# HB 22-1268 Action Plan Update

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August 1, 2025

Submitted to: The Joint Budget Committee



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

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## I. Introduction

In compliance with Colorado House Bill 22-1268, the Department of Health Care Policy and Financing (HCPF) submitted to the Joint Budget Committee an Action Plan<sup>1</sup> as a companion to the Behavioral Health Provider Rate Comparison Report<sup>2</sup>. This language also requires HCPF to produce a progress report regarding the implementation of the action plan by August 1 every year through 2025. The submitted action plan was a list of action steps HCPF would take to improve actual or perceived differences in payment rates for behavioral health providers. The action plan had five main action steps including timelines, dependencies, and responsible parties for each action step. This update provides new information on the progress or changes made to each of the action steps from the original action plan.

Based on the analysis presented in the Rate Comparison Report, dated August 15, 2022, and to address issues related to variation in rates between Community Mental Health Center (CMHC) providers and the Independent Provider Network (IPN), HCPF presented the following five recommendations:

1. Update rates and service definitions to align with new provider definitions and improve payment models and reporting accuracy. *COMPLETE*
2. Evaluate appropriate payment methodologies as viable alternatives to the Relative Value Unit payment model. *COMPLETE*
3. Continue improvement for safety net cost reports. *ONGOING*
4. Expand value-based payment models to larger groups of providers. *COMPLETE*
5. Continue to analyze and periodically post publicly rate review and analysis on behavioral health rates, to show changes over time. *ONGOING*

Progress updates for these five recommendations are presented with implementation or completion dates where appropriate.

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<sup>1</sup> [https://hcpf.colorado.gov/sites/hcpf/files/HCPF%20BH%20Rates%20Action%20Plan\\_0.pdf](https://hcpf.colorado.gov/sites/hcpf/files/HCPF%20BH%20Rates%20Action%20Plan_0.pdf)

<sup>2</sup> [https://hcpf.colorado.gov/sites/hcpf/files/HB%2022-1268%20Report\\_0.pdf](https://hcpf.colorado.gov/sites/hcpf/files/HB%2022-1268%20Report_0.pdf)



## II. Action Steps

### 1. Update rates and service definitions to align with new provider definitions and improve payment models and reporting accuracy (COMPLETE)

#### New Safety Net Provider Definitions

The Behavioral Health Administration (BHA) [completed rules for behavioral health entities](#) (BHE), which contained the creation of two new safety net provider types, Comprehensive and Essential, as required by a set of bills reforming the behavioral health safety net. These new rules went into effect January 1, 2024. HCPF updated all behavioral health provider policies to incorporate the new safety net provider types and began allowing providers to enroll into Medicaid under the new safety net provider type starting March 1, 2024, to align with BHA provider definitions and scope. The new safety net provider types were incorporated in the Medicaid behavioral health capitation rates effective July 1, 2024. Existing CMHCs, now Comprehensive Community Behavioral Health Providers (CCBHP), have been receiving a cost-based PPS payment for the duration of SFY 2024-25 and just received an updated cost-based PPS rate for services rendered in SFY 2025-26.

#### New and Updated Service Definitions

HCPF has worked in collaboration with BHA and outside stakeholders to build and clarify the [definition of Mobile Crisis Response services](#) and [Behavioral Health Secure Transport services](#). This included licensing concerns, billing definitions, and fee for service rate builds. The Mobile Crisis Response services, implemented July 1, 2023, were built into the Medicaid capitation rates for behavioral health starting in SFY 2023-24 onward and are included in the Regional Accountable Entity (RAE) contract. The Secure Transport services were built as covered services under the capitation rates beginning July 1, 2025.

## **2. Evaluate appropriate payment methodologies as viable alternatives to the Relative Value Unit payment model (COMPLETE)**

### **Evaluate Relative Value Weights**

While relative value units (RVU) are still reported, under the new safety net structure, the RVU methodology is no longer used to calculate safety net rates. Some stakeholders still utilize this methodology for internal comparisons. RVUs will eventually be completely phased out as the incoming data is built solely on the new alternative payment structure. The Prospective Payment System (PPS) rates for Comprehensive Safety Net Providers were fully implemented July 1, 2024.

## **3. Continue improvement for safety net cost reports (ONGOING)**

### **Create Updated Reporting Requirements for Safety Net Providers**

HCPF completed the first round of updated reporting requirements from CMHCs in 2022, including adding statutory service categories and limits on allowable costs. Further modifications to cost report schedules are ongoing to align with statutory service categories. HCPF and BHA have continued the work to add further structure to the definition of safety net providers, incorporating the new definitions for Comprehensive Behavioral Health Safety Net Providers and an updated regulatory structure. The BHA rulemaking process was completed January 1, 2024. This had the effect of solidifying the categories of service that would affect the utilization of the cost report in the buildup of the PPS rates. In addition, HCPF is taking steps to put into rule, requirements covering cost reporting and auditing for Comprehensive providers. This will also be aligned with a State Plan Amendment (SPA). Updates to the annual cost report are ongoing as HCPF better aligns with the implemented PPS.

### **Stakeholder Engagement for Cost Reports**

HCPF and its vendor, in cooperation with BHA, continue to hold in-depth cost report stakeholder engagement with a robust set of outside stakeholders including representatives of CMHCs, RAEs, advocates, state and local government, and provider groups. This stakeholder group represents the recently reformed Accounting and Auditing (A&A) guidelines committee as required by HB 22-1278 in its second year of

service. The SFY 2024-25 and SFY 2025-26 cost reports yielded significant updates aligning closer to the newly adopted PPS methodology. In addition, to comply with updated CMS regulations, HCPF has begun doing cost reporting prospectively starting in SFY2025-26. The annual cost report and guidelines for SFY2025-26 were posted publicly prior to 7/1/2025.

#### 4. Expand value-based payment models to larger groups of providers (COMPLETE)

##### Explore Alternative Payment Methodologies (APMs)

HCPF and its contractors have continued the work on alternative and value-based payment models for the behavioral health program. This includes the PPS model for Comprehensive providers. Final PPS rates were available to providers April 25, 2025, and posted publicly on June 30, 2025. The Essential providers had the opportunity to be paid based on a rigorously researched and designed [fee schedule](#) in SFY 2024-25. The fee schedule was published May 24, 2024. Both payment models were included in the capitation rates effective July 1, 2024. The models qualify as directed payments as discussed in the “Apply for Directed Payment Authority” section below.

HCPF, under guidance of CMS, was successful in the implementation of a directed payment authority through the PPS system. Each RAE has the opportunity, while not contractually obligated, to offer value-based agreements to providers which could result in payments above the stated PPS. HCPF will not be able to estimate the effectiveness of this change until the conclusion of the first PPS reconciliation period.

##### Support Safety Net Providers Under New Payment Models

HCPF and BHA have been continuing the work to support new [safety net providers](#). With the updated cost reporting and new federal authorities, HCPF continues to provide safety net providers with technical assistance to complete cost reports. Additionally, HCPF and BHA have been working with the provider community to get technical training and information on licensing through robust stakeholder relations. Several new providers who were not historic CMHCs have been licensed as Comprehensive Providers. HCPF has been holding monthly safety net provider forums to answer questions as well as several public training sessions on the safety net system provided by HCPF staff and its contractors.

## Apply for Directed Payment Authority

HCPF originally explored the use of directed payments in the behavioral health capitated rates and programs. Directed payments allow the state to set more rigorous directions around managed care payment models, within certain federally authorized policies. For the FY 2023-24 rates effective July 1, 2023, HCPF implemented directed payments for certain services for youth and family programs, as outlined in the [Directed Payment Report](#). Under CMS guidance, HCPF did not need additional approval for such directed payments by publishing a fee schedule for selected services to serve as a lower limit for payment. Establishing a lower limit for payment ensures RAEs do not pay less than the fee-for-service fee schedule rate for the identified services. Under the new safety net provider structure, HCPF sought directed payment authority to implement the PPS structure for Comprehensive providers effective July 1, 2024, for the SFY 2024-25 period. Initially, HCPF used the directed payment authority to enforce the Essential fee schedule with the intention of increased access to services, also launching July 1, 2024. This was always intended to be a short-term provision. With the completion of the first year, HCPF made the decision not to continue the use of a directed payment authority for all Essential Provider services in SFY 2025-26, as access to care was not meaningfully increased.

### 5. Continue to analyze and periodically post publicly rate review and analysis on behavioral health rates, to show changes over time (ONGOING)

HCPF continues to monitor changes in reimbursement rates, especially regarding the IPN. Table 1 (below) shows a comparison of average reimbursement rates for the limited set of behavioral health services reviewed in the Behavioral Health Provider Rate Comparison Report. HCPF is not currently able to provide any updates with regard to rates for substance use disorder (SUD) services.

## Compare Independent Provider Network Rates to Commercial Insurers

HCPF utilized a [publicly available tool](#)<sup>3</sup> provided by the Center for Improving Value in Health Care (CIVHC) to compare average<sup>4</sup> and median<sup>5</sup> rates for the outpatient psychotherapy codes. The commercial average rate is specific to behavioral health providers, using the criteria in the tool, and represents the unweighted average of reimbursement for commercial providers for calendar year (CY) 2023. The median rate for commercial carriers has also been included to show the middle rate paid by commercial providers. The Medicaid average is the average paid to providers in the IPN by the RAEs, using the same data specifications as that represented in HCPF's Behavioral Health Provider Rate Reimbursement Report, utilizing SFY 2023-24 Medicaid data.

Importantly, the commercial reimbursements shown in Table 1 reflect the aggregate of the commercial carrier's reimbursement plus the member co-pay. Since the Medicaid behavioral health benefit has no co-pay, the Medicaid payment below reflects the payment to the providers. Further, the Medicaid rates represent a state fiscal year from July 1, 2023, to June 30, 2024, while the commercial rates are for a calendar year from January 1, 2023, to December 31, 2023. This difference does not account for any updated commercial rates that were paid between January 1, 2024, and July 31, 2024.

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<sup>3</sup> <https://civhc.org/provider-tool/>, pulled 7/01/2025

<sup>4</sup> Average is defined as the sum of the values divided by the number of values. This includes all values in the data set.

<sup>5</sup> Median is defined as the middle value of all values lined from lowest to highest. The median has the effect of removing values at the extreme ends of the scale.



*Table 1: Average CY 2023 Commercial and SFY 2022-23 Medicaid IPN Cost, by Procedure Code*

Procedure Code	Description	Commercial Average	Medicaid IPN Average	Medicaid Percentage of Commercial
90791	Psychiatric Diagnostic Evaluation	\$140.00	\$125.50	89.6%
90832	Psychotherapy - 30 minutes	\$60.00	\$53.85	89.8%
90834	Psychotherapy - 45 minutes	\$84.00	\$79.61	94.8%
90837	Psychotherapy - 60 minutes	\$118.00	\$106.70	90.4%
90839	Psychotherapy - Crisis	\$115.00	\$109.88	95.5%
90846	Family Psychotherapy without patient	\$90.00	\$91.24	101.4%
90847	Family Psychotherapy with patient	\$93.00	\$93.37	100.4%
90849	Multiple Family Group Psychotherapy	\$65.00	\$38.29	58.9%
90853	Group Psychotherapy	\$40.00	\$44.83	112.1%

Table 1 above documents the average rates of pay for the nine behavioral health procedure codes used in the Behavioral Health Provider Rate Reimbursement Report for both commercial and Medicaid IPN providers. Column labeled “Medicaid Percentage of Commercial” shows IPN rates represented as the percentage of commercial rates paid.

*Table 2: Median CY 2023 Commercial and FY 2022-2023 Medicaid IPN Cost, by Procedure Code*

Procedure Code	Description	Commercial Median	Medicaid IPN Median	Medicaid Percentage of Commercial
90791	Psychiatric Diagnostic Evaluation	\$131.00	\$121.58	92.8%
90832	Psychotherapy - 30 minutes	\$55.00	\$52.36	95.2%
90834	Psychotherapy - 45 minutes	\$75.00	\$78.03	104.0%
90837	Psychotherapy - 60 minutes	\$110.00	\$103.22	93.8%
90839	Psychotherapy - Crisis	\$109.00	\$109.66	100.6%
90846	Family Psychotherapy without patient	\$88.00	\$90.45	102.8%
90847	Family Psychotherapy with patient	\$92.00	\$90.18	98.0%
90849	Multiple Family Group Psychotherapy	\$60.00	\$29.92	49.9%
90853	Group Psychotherapy	\$40.00	\$31.90	79.8%

Table 2 above documents the median rates of pay for the nine behavioral health procedure codes used in the Behavioral Health Provider Rate Reimbursement Report for both commercial and Medicaid IPN providers. Column labeled “Medicaid Percentage of Commercial” shows IPN rates represented as the percentage of commercial rates paid.

HCPF will continue to work with the Division of Insurance (DOI) on further analysis of behavioral health reimbursement rates within the Medicaid and commercial market.

### **Compare SUD Rates to Commercial Insurers**

Rate information is not currently available. HCPF will continue working with DOI to complete analyses on rates for SUD services.

### **Post Action Plan and Cost Reports**

HCPF received and posted the audited cost reports for current safety net providers to its [external website](#) on March 15, 2025. The updated cost report structure and auditing and accounting guidelines are publicly posted and available now. The updated cost reports are due to HCPF on November 15, 2025, and will be audited and posted by March 15, 2026. The information from the cost reports will be incorporated into the reimbursement rates effective July 1, 2026.