

Reentry Demonstration Amendment within the Comprehensive Care for Colorado Waiver

*Annual Report in compliance with section 25.5-4-505.5 (7),
C.R.S.*

July 1, 2026

**Submitted to: Joint Budget Committee, Health and Human
Services House Committee, and the Health and Human
Services Committee of the Senate**



COLORADO
Department of Health Care
Policy & Financing

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Executive Summary

The Department of Health Care Policy & Financing (HCPF) prepared this report to provide information on the reentry demonstration amendment approved under the state's 1115 Comprehensive Care for Colorado Waiver (officially known as the 1115 Expanding the Substance Use Disorder Continuum of Care Waiver), in accordance with section 1115(a) of the Social Security Act. In 2022, the Legislature committed to exploring federal authorities to improve outcomes for persons who may be involved with the criminal justice system through Senate Bill 22-196.¹ Colorado's approved 1115 Reentry Demonstration is named Medicaid Reentry and Community Health (M-REACH). **The goals of M-REACH are to increase equitable access to quality health care for individuals in the reentry period, improve care transitions from carceral settings, and reduce unnecessary emergency room usage and preventable deaths upon release.** This is accomplished by increasing access to care coordination, reentry supports, medication for substance use disorder, and continuity of care when an individual moves from incarceration in a jail or prison back into the community.

Colorado has taken several key steps to prepare for the implementation of M-REACH, including: publishing policies and procedures, releasing a Correctional Facility Readiness Assessment, and completing Medicaid system updates to enable claims processing. Additional details on progress and next steps is provided below. The timeline for full implementation remains dependent on the correctional facility's completion of readiness reviews.

On June 30, 2026, HCPF approved 18 Colorado Department of Corrections facilities for readiness. These facilities are now able to start billing on July 1, 2026.

Introduction

In response to Senate Bill 22-196, as highlighted above, HCPF submitted a reentry demonstration amendment to the Center of Medicare and Medicaid Services (CMS) on April 1, 2024 and received approval on January 13, 2025 authorizing services to specific eligible populations. Approval of the reentry demonstration, named M-REACH, provides Colorado with the necessary federal authorities to cover a limited set of pre-release benefits for Medicaid or CHP+ eligible individuals transitioning from correctional facilities. Colorado's waiver authority allows several types of correctional

¹ <https://leg.colorado.gov/bills/sb22-196>

facilities to take part: state prisons, secure youth centers, local jails, and tribal jails. The rollout is happening in phases. The Medicaid coverage for these services has started with state-run facilities (Department of Corrections and Division of Youth Services) in FY26-27, and will expand to include local correctional facilities (jails) anticipated to start in FY27-28. The 90-day reentry services include:

- Targeted Case Management;
- Medication assisted treatment (MAT) for all FDA-approved medications (including counseling and long acting injectables); and
- A 30-day supply of prescription medications upon release.

Under M-REACH, Medicaid is allowed to cover the cost of these services and draw federal match for the services delivered. Any savings of state funds that are realized by federal fund match are required, by CMS under the demonstration, to be reinvested into activities and/or initiatives that increase access to or improve the quality of health care services to the same populations. State and federal research indicate these services help create local, state, and federal savings by reducing recidivism, reducing hospitalizations (including overdoses), increasing access to primary care, and reducing deaths following incarceration.

HCPF is ready to begin paying the Department of Corrections for covered services as soon as readiness assessments are complete. On June 30, HCPF approved 18 facilities to begin billing for services on July 1, 2026. The Division of Youth Services (DYS) has placed completion of readiness assessments on hold at this time. HCPF and the Colorado Department of Human Services (CDHS) will continue to review whether billing Medicaid is cost-effective. Right now, the administrative cost of billing is higher than the amount the federal match would provide. This is primarily due to the very low number of eligible youth that require medications and MAT specifically. Regardless of payer source, HCPF and CDHS will work together to ensure that the eligible DYS population receive services as required by Section 5121 of the Consolidated Appropriations Act of 2023.

Accomplishments

In preparation for launch of payment for reentry services, HCPF has:

- Published relevant policies and procedures for the M-REACH program.

- Published the required Facility Readiness Assessment for state-run correctional facilities to complete before HCPF can pay for services
- Completed Medicaid system updates so HCPF systems are ready to accept claims from state-run correctional facilities that complete and pass the facility readiness assessment. Additional system updates are underway to align the CHP+ program.
- Received an award from CMS for a Reentry State Planning Grant to support operationalizing M-REACH. The grant funds were released in February 2026, and the project is fully staffed as of April 2026.

Next Steps

Colorado is working to complete the following items:

- HCPF continues to work with state-run correctional facilities on the passage of the facility readiness assessment, which must be completed and approved for go live.
- HCPF has initiated Phase 2 of the project to support onboarding of local correctional facilities.
- In future reports, HCPF will be able to report on the data requirements as outlined in C.R.S. 25.5-4-505.5 (7), once the demonstration go live is completed and HCPF starts payment of services.