

HB 24-1038 System of Care Quarterly Status Update Report

C.R.S. 25.5-6-2001 System of Care Quarterly Report #3

Date: September 15, 2025

Submitted to: Joint Budget Committee

Quarterly Report # 3

April 2025 - August 2025



COLORADO
Department of Health Care
Policy & Financing

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Background

A system of care structure is designed to serve children with high acuity behavioral health needs. The system utilizes an intensive care coordinator to bring together all the providers, agencies, and organizations working with the child's family along with the family members themselves. The coordinator serves as a resource for the family in navigating different systems (health and non-health systems) and centralizing the varying treatment plans across agencies. It is an evidence-based approach that reduces unnecessary emergency department visits, out-of-home and out-of-state placements, length of time spent outside of the home, re-entry into higher levels of care and involvement in the juvenile justice system.

In addition to those served under a system of care, there are children and youth who need residential treatment services to meet the acuity of their behavioral health needs. In Colorado, facilities that deliver these services are licensed as Qualified Residential Treatment Programs (QRTP) and Psychiatric Residential Treatment Facilities (PRTF). These facilities need to have the staff and resources to adequately serve children and youth with complex acute needs.

C.R.S. 25.5-6-2001 outlined some components necessary to establish a system of care, specifically the need for a robust assessment tool and intensive care coordination. states that “(1) No later than July 1, 2024, the State Department, in collaboration with the Behavioral Health Administration, and the Department of Human Services pursuant to Article 64.5 of Title 27, shall begin developing a system of care for children and youth who have complex behavioral health needs. At a minimum, the system of care must include:

- a) Implementation of a standardized assessment tool that:
 - (i) Expands upon and modifies the assessment tool described in Section 19-1-115 (4)(e)(i);
 - (ii) Makes recommendations regarding the appropriate level of care necessary to meet the child's or youth's treatment needs;
 - (iii) Informs the child's or youth's treatment planning, including behavioral health programming and medical needs; and

(iv) Is administered to children and youth who are enrolled in the Medical Assistance Program or any child or youth who meets the referral requirements established by the Behavioral Health Administration pursuant to Article 64.5 of Title 27;

(b) Intensive-care coordination for children and youth enrolled in the medical assistance program;

(c) Expanded supportive services for children and youth pursuant to subsection (4) of C.R.S. 25.5-6-2001; and

(d) Expanded access to treatment foster care, as defined in Section 26-6-903, pursuant to subsection (5) of C.R.S. 25.5-6-2001.”

“(2) (a) No later than November 1, 2024, the State Department shall convene a Leadership Team that is responsible for the decision-making and oversight of the system of care for children and youth who have complex behavioral health needs.”

“(3) (a) No later than October 1, 2024, the State Department shall convene an Implementation Team that shall create a plan to implement the system of care for children and youth who have complex behavioral health needs.”

“(4) No later than January 1, 2025, the State Department shall seek federal authorization to expand the residential child health-care program established pursuant to Section 25.5-6-903 to include children and youth who have a serious emotional disturbance that puts the child or youth at risk or in need of out-of-home placement.”

“(5) No later than January 1, 2025, the State Department shall develop and implement a plan to increase access to treatment foster care, as defined in Section 26-6-903, under the state Medical Assistance Program.”

“(6) The State Department may promulgate rules in consultation with the Behavioral Health Administration and the Department of Human Services for the administration and implementation of the system of care for children and youth.”

“(7)(a) No later than January 1, 2025, the Department of Health Care Policy and Financing shall contract with a third-party vendor to complete an actuarial analysis in

order to determine the appropriate Medicaid reimbursement rate for psychiatric residential treatment facilities, as defined in Section 25.5-4-103.”

Key Takeaways

The Department of Health Care Policy and Financing (HCPF) continues to make progress towards meeting the requirements of C.R.S. 25.5-6-2001(7)(a) on implementing a system of care for its Medical Assistance Program members under the age of 21. HCPF is meeting all the requirements of C.R.S. 25.5-6-2001, which is overlapping with the work for the [GA v. Bimestefer Settlement Agreement](#) originally posted on the state website April 2024. This quarterly report includes an update on HCPF’s implementation efforts. Since our last quarterly report, HCPF has:

- Posted the Implementation Plan for the Colorado System of Care (CO-SOC), which can be found [here](#) and was provided directly to all Advisory Committee Members. HCPF facilitated an Ad-hoc, Non-voting Advisory Committee Meeting specific to the Implementation plan on June 20, 2025. All Advisory Committee Members received an invitation and this meeting was open to the public.
- The Accountable Care Collaborative (ACC) 3.0 contracts were executed in March 2025 and included requirements aligned with the CO-SOC Implementation Plan. Regional Accountable Entity (RAE) contracts will be continually monitored and amended no less than two times every 12 months to increase the RAEs’ accountability.
- The Medical Services Board (MSB) gave final consent for the CHRP expansion to include serious emotional disturbance (SED) targeting criteria for waiver eligibility effective January 1, 2025.
- The Statewide Leadership Committee convened on July 10, 2025. The Implementation Advisory Committee convened on May 15, 2025. During the May 15th meeting, the Committee reviewed a proposal to have local county departments be a site for Enhanced High Fidelity Wraparound providers. The Committee voted, with no opposition, to take the proposal to the July 10 Statewide Leadership meeting with a recommendation of support. The next meeting convened on July 17, 2025. The Committee reviewed a draft proposal for what to expect for SFY 2025/26 under the Colorado System of Care (CO-SOC). [The committee also reviewed the Enhanced Standardized Assessment \(ESA\), the Colorado Child and Adolescent Needs and Strengths \(CANS\) tool, and the CANS Decision Support Matrix materials.](#)

Since the last report, submitted on July 1, 2025, the components of C.R.S. 25.5-6-2001 continue to make progress towards their goals. For the Enhanced Standardized Assessment (ESA), HCPF, Behavioral Health Administration (BHA), Colorado Department of Human Services (CDHS), RAEs, the University of Kentucky, and other stakeholders hold regular meetings to tailor the ESA to the unique needs of individuals receiving the assessment in Colorado.

All new content added is colored in blue font for easy clarification.

Progress and Next Steps

The progress of the system of care efforts as outlined in C.R.S. 25.5-6-2001 are as follows:

1. Enhanced Standardized Assessment

An enhanced standardized assessment (ESA) creates uniform standards statewide that will identify members that need more intensive services and highlight the needs of the young person and their family. It is important to clearly and accurately capture all the needs of a young person and their family if the appropriate services are going to be identified.

Action item 1: Development of Assessment Tool

- **Completed.** The new Colorado Child and Adolescent Needs and Strengths (CANS) tool 3.0 was implemented for statewide use on July 1, 2025. HCPF completed work with the University of Kentucky (UK) to enhance Colorado's existing CANS tool. The CANS is a standardized assessment tool used to evaluate the needs, strengths and challenges of children and youth and determine appropriate treatment and service recommendations for children and youth. UK staff are the nationally recognized experts on the CANS. The Enhanced Standardized Assessment (ESA) consists of a robust biopsychosocial assessment which includes the CANS with an updated assessment, per C.R.S. 19-1-115 (4)(e)(I) that will:
 - make recommendations on appropriate level of care; and
 - Inform treatment planning.
- **Completed.** Creation of the tool consisted of a large stakeholder group including: families, advocates, MCEs, BHASOs, ESA Assessors, and providers

from QRTP, PRTF and Community Based Services with HFW to inform and vet the Customization Team decisions. As part of this scope of work, the UK developed a Colorado CANS Decision Support Matrix, which informs on treatment recommendations and level of care for the member. The Decision Support Matrix included over 25 clinical reviews completed by professionals who currently utilize the CANS for reliability and validity for the development tool and Decision Support Matrix. Roll out of the CANS Decision Support Matrix is dependent on the plan to acquire the necessary financial and technology resources to make such rollout successful.

Action Item 2: Complete policy guidance

- **Completed.** Developed guidance on the implementation of the enhanced standardized assessment.
 - HCPF has released [OM 25-032](#), which includes policy guidance on the ESA specific to Utilization Management for the QRTP and PRTF fee for service benefit. ACC 3.0 Contracts include policy guidance for the MCEs to access an ESA to inform their Medical Necessity determination when they are not able to approve QRTP or PRTF services with available clinical information for youth seeking these levels of care. The ESA informs the MCEs Medical Necessity Determination for QRTP and PRTF starting July 1, 2025.
- HCPF will work collaboratively with the MCE's and the various Advisory Committees as appropriate, to develop ESA policy guidance for CO-SOC for the first year (SFY25-26). HCPF remains committed to the need for a robust ESA for children and youth seeking the highest levels of care while remaining committed to not sending children, youth and families through any unnecessary ESA or being duplicative.
 - HCPF is developing a policy on the application of the ESA. The policy will be utilized by providers completing the ESA, which includes a Behavioral Health Administrative Service Organization (BHASO) qualified individual (QI), a crisis stabilization unit (CSU) or a Licensed Behavioral Health Clinician, Licensed Psychologist, or licensure candidate behavioral health provider with CO CANS certification.
 - The policy will include the process for administering the ESA to anyone under the age of 21 in the Medical Assistance Program who meets the need for an enhanced standardized assessment.

- Once completed, HCPF will ensure access to the enhanced standardized assessment for other state agencies to use as appropriate. Specifically, the assessment will be available for any child or youth who meets the referral requirements established by the Behavioral Health Administration pursuant to Article 64.5 of Title 27.
- HCPF and BHA developed a training on the ESA process. This training is available free of charge to providers through the BHA’s Learning Management System and went live on July 1, 2025.

2. Intensive Care Coordination

Intensive care coordination services (ICC) is a more intense approach to care planning, coordination of services, authorization of services, and monitoring of services and supports than that which is provided in traditional clinical or medical settings. ICC is an intensive service provided by System of Care (SOC) Certified Intensive Care Coordination Providers (Certified ICC Providers), with enhanced clinically oriented training, who help members and their families meet their needs by coordinating care and services, developing care plans, and updating clinical progress. The Certified ICC Provider works with the family to bring together all the providers, agencies, and organizations working with the family along with the family members themselves. The Certified ICC Provider serves as a resource for the family in navigating different systems (health and non-health systems) and centralizing the varying treatment plans across agencies.

Action Item 1: Identify models of intensive care coordination for SOC

- **Completed.** HCPF worked with a national consultant to identify two models of intensive care coordination that are in alignment with The National Wraparound Implementation Center’s (NWIC) standards, to be delivered to Medical Assistance Program members under the age of 21. These include:
 - High Fidelity Wraparound (HFW), and
 - Families Experiencing Meaningful Connections, Outcomes, Coordination, Unconditional Positive Regard, Short-Term Process (FOCUS).

Action Item 2: Complete policy and contract updates

- **Completed.** HCPF has established the eligible population for CO-SOC to include the children and youth with highest acuity needs. The foundation of CO-SOC is Intensive Care Coordination using the National Wraparound Implementation Center (NWIC) Models of Intensive Care Coordination starting with HFW.

- **Completed.** Updated ACC 3.0 contracts to include guidance on the payment for HFW by April 1, 2025.
 - The contracts for ACC 3.0 were executed in March 2025 and included requirements for HFW to be paid as a covered service of the behavioral health capitation.
- Create a plan for rolling out FOCUS as a second intensive care coordination option in future fiscal years.
 - As a result, the development of the FOCUS rollout will take place during FY26/27, with an anticipated go-live date in FY27/28.

Action Item 3: Establish a workforce capacity center (WCC)

- **Completed.** Design a WCC to serve as the workforce training hub for both HFW and FOCUS by March 30, 2025.
- **Completed.** The JBC approved the supplemental request during the HCPF budgetary hearing on Friday, March 14, 2025 to create a workforce capacity center to increase provider capacity for system of care. HCPF is currently developing a scope of work and interagency agreement with both Colorado State University and University of Colorado.
- In July 2025, WCC will collaborate with NWIC to develop the necessary policies for providing HFW.

Updates

- [HCPF finalized the interagency agreement \(IA\) with the workforce capacity center on August 20, 2025. A memo was released at the beginning of September stating that the WCC is Colorado State University \(CSU\).](#)

3. Supportive Services (Children’s Habilitative Residential Program Eligibility Expansion)

HB 24-1038 specifies that “No later than January 1, 2025, the State Department shall seek federal authorization to expand the residential child health-care program established pursuant to Section 25.5-6-903 to include children and youth who have a serious emotional disturbance that puts the child or youth at risk or in need of out-of-home placement.” The intention of this change to the Children’s Habilitative Residential Program (CHRP) waiver is to include Serious Emotional Disturbance (SED) within the CHRP targeting criteria for waiver eligibility. Children or youth must meet the criteria for nursing facility or an inpatient psychiatric hospital level of care. There



will be no changes to CHRP waiver services or provider types and this change creates alignment between BHA, CDHS and HCPF in serving high-acuity youth.

Action Item 1: Get federal approval to expand CHRP

- **Completed.** HCPF has received the federal authority to implement this expanded eligibility criteria in the CHRP waiver.

Action Item 2: Update rules for CHRP

- **Completed.** Final adoption by consent occurred on December 13, 2024 by MSB with implementation of the CHRP expansion to include serious emotional disturbance (SED) targeting criteria for waiver eligibility effective January 1, 2025. This provides HCPF the federal and regulatory authority to implement this change.

Action Item 3: Implement expansion

- **Completed.** Full implementation, including training of providers and case management agencies of this expanded eligibility criteria was completed March 2025.
- Implementation including SED training for case management agencies (CMAs) was developed and available through LMS trainings starting January 1, 2025. An Operational Memo 25-003, was developed along with an attestation form and was posted January 1, 2025. The OM 25-003, included the SED definition, the eligibility criteria process, the attestation form that is required for SED enrollment, and a case management decision tree for CHRP SED level of care and targeting criteria guidance for CMAs. In March 2025, additional guidance was provided to case management agencies regarding the retention of the attestation form in a member's record within the care and case management system.
- HCPF anticipates this eligibility expansion to increase CHRP enrollments by 22 members in FY 2024-25, with an increased cost of \$1,500,000. It is estimated that with these newly eligible children and youth enrolling in the CHRP waiver, allowing the opportunity for these newly enrolling children to receive appropriate interventions sooner and often at a lower level of care, there will be a decrease in State Plan services utilized, with a savings of \$91,000 in FY 2024-25.

4. Treatment Foster Care Expansion

Treatment Foster Care settings are critical to providing family-like settings to children who have behavioral health needs. Outcomes for children are stronger when family-like settings are available with the appropriate level of treatment.

Action Item 1: Create a plan to increase access

- **Completed.** A draft of the plan to increase access to treatment foster care, as defined in C.R.S. section 26-6-903 was completed by January 1, 2025.
- This plan included:
 - Identifying the current services that are Medicaid reimbursable and identifying the appropriate billing codes associated with the service.
 - HCPF has been working closely with CDHS and BHA to explore additional funding strategies by examining reimbursement structures for treatment foster care parents in other states.
 - HCPF, BHA and CDHS are looking at ensuring reimbursement rates reflect the specialized skills of treatment foster care parents, including working with children and youth who may be using substances or at risk of eloping.
 - HCPF, BHA and CDHS are working to define how treatment foster care services are provided to youth not in county custody, while developing procedures to ensure proper care and reimbursement.
 - Paying for those Medicaid services that are delivered in a treatment foster care setting.
 - Reviewing rates of the billable codes associated with treatment foster care population.
 - Update the plan and repost on the website with updated status every quarter.

Action Item 2: CO-SOC services are available in Treatment Foster Care

- Ensuring that the proposed plan for the Colorado System of Care (CO-SOC) meets the needs of the foster care provider and child or youth. Specifically,

making sure the CO-SOC plan includes the following for treatment foster care settings:

- In-home behavioral health services of SOC can be delivered in foster care family-like settings.
- Support services, such as respite within the SOC are available, reimbursed and afforded to foster care parent(s).

Action Item 3: Identify alternative funding opportunities

- HCPF will work with the Colorado Department of Human Services to create action items to fulfill obligations of the plan and communicate accordingly with counties and providers.
 - Starting in February 2025, HCPF, BHA, and CDHS have begun collaborating on strategies to fulfill the plan's obligations, including developing a shared communications plan, exploring credentialing opportunities for treatment foster care parents, and aligning with current regulations.
- If it is determined that it is feasible and reasonable for treatment foster care providers to be Qualified Behavioral Health Aides (QBHA), HCPF will work with the Behavioral Health Administration and their partners in the workforce pipeline to execute any action items necessary to train and certify treatment foster care providers as a QBHA.
- HCPF began regular meetings with BHA in January 2025 to explore strategies for leveraging the existing workforce pipeline, including QBHAs. HCPF, CDHS and BHA are reviewing current Medicaid-reimbursable services and identifying potential alternative funding opportunities in partnership with BHA for non-Medicaid services.

5. System of Care Advisory Committees

HCPF established both the Implementation Advisory Committee and the Statewide Leadership Committee. The Implementation Advisory Committee, formed in September 2024, is composed of advocates, counties, providers, RAEs, state agencies, and people with lived experience. The Implementation Advisory Committee will meet bimonthly to monitor progress and provide guidance on gaps in establishing the System of Care for high-acuity children and youth. The Statewide Leadership Committee, formed in October 2024, will meet a minimum of two times a year and as needed for the decision-making and oversight of the system of care for children and

youth who have complex behavioral health needs. The committee is composed of leadership from state agencies, statewide advocacy organizations, providers, county commissioners, and representation of individual(s) with lived experience.

Action Item 1: Convene Leadership Committee

- The committee will meet two times a year and as needed.
- Final meeting times and materials will be posted on our [website](#).
- The committee heard a presentation of the Implementation Plan on June 20, 2025.
- The committee approved a proposal to have local county departments be a site for Enhanced High Fidelity Wraparound providers on July 10, 2025.
- The committee is scheduled to next convene on January 13, 2026.

Action Item 2: Convene Implementation Committee

- The committee will meet bimonthly and as needed.
- Final meeting times and materials will be posted on our [website](#).
- The committee convened on May 15, 2025 as scheduled.
- The committee reviewed a proposal to have local county departments be a site for Enhanced High Fidelity Wraparound providers. The Committee voted, with no opposition, to take the proposal to the July 10 Statewide Leadership meeting with a recommendation of support. The Committee reviewed a draft proposal for what to expect July 1 under the Colorado System of Care (CO-SOC).
- Meeting details and materials will be posted on our [website](#).
- The committee heard a presentation of the Implementation Plan on June 20, 2025.
- The committee received RAE updates and ESA, CANS, and CANS Decision Support Matrix materials on July 17, 2025.
- The committee is scheduled to next convene on September 18, 2025.

6. System of Care rules

On September 16, 2024, BHA entered a period of rule promulgation and publicly posted BHA's proposed draft Administrative Rules (2 CCR 502-6). This rule volume contains BHA's draft rules for the administration and implementation of the system of care for children and youth who have complex behavioral health needs, which were drafted in collaboration with HCPF and CDHS. The proposed draft rules:

- Utilizes the Enhanced Standardized Assessment process to determine eligibility for the system of care
- Sets broad eligibility criteria for the system of care- youth under the age of 21 who are determined eligible by the Standardized Assessment process.
- Requires residential treatment providers to obtain cultural competency training related to the provision of services, which will be included in CDHS Residential Child Care Provider Training Academy created by C.R.S. 27-64.5-102(2).

Action Item 1: Create rules for system of care

- **Completed.** BHA presented the comprehensive Administrative Rule package to the State Board of Human Services for a first reading on May 9, 2025. The System of Care rule received minimal feedback, limited to technical corrections. Following minor revisions, BHA presented the rule for a second reading on June 6, 2025. The State Board voted unanimously to adopt the rule in full. The complete rule package will go into effect on August 1, 2025.
- BHA held nine virtual public sessions and ten in-person public sessions (Aurora, Colorado Springs, Fraser, Frisco, Greeley, Lamar, Leadville, Montrose, Pueblo, and Steamboat Springs) for feedback on the proposed rules. All feedback and responses from the public sessions will be included in the public rule-making documents submitted to the State Board of Human Services and posted to BHA's website. Updated Status:
- Due to the addition of Children and Youth Mental Health Treatment Act (CYMHTA) rules into this section, incorporating feedback, and the schedule of the State Board of Human Services, BHA will not conduct the first reading during the March 2025 meeting as initially planned. The first reading is now scheduled for May 9, 2025, with the second reading set for June 6, 2025. BHA anticipates that the rules will be adopted during the second reading, with an effective date of August 1, 2025.
- BHA, in partnership with HCPF and CDHS, will continue working with community members to design and build out the system of care to ensure it meets the needs of the community. BHA will continuously update this section of the rules to reflect that work instead of preemptively drafting rules that govern the development of the system of care. BHA anticipates reviewing and updating this rule section annually to reflect this work.

7. Psychiatric Residential Treatment Facilities Actuarial Analysis

Psychiatric residential treatment facilities (PRTFs) are a needed part of the continuum of services for children and youth with acute behavioral health needs. Specifically, the vendor will review the program and policies around the PRTF to determine if the existing reimbursement rates are actuarially sound.

Action Item 1: Contract with a vendor to complete actuarial analysis

- **Completed.** As of January 1, 2025, HCPF has contracted with Optumas to assist in completing an actuarial analysis on the current rates for these providers.
- HCPF, in collaboration with CDHS, and Optumas have begun weekly meetings to ensure timely completion of the analysis and address provider concerns regarding adequate rates.
- Optumas held regular meetings with PRTF providers to gather feedback, answer questions, and support the analysis process. PRTFs completed a financial reporting template to assist Optumas with the rate analysis. A draft analysis has been completed and is being prepared by HCPF for dissemination.

Action Item 2: Report out on completed analysis

- **Completed.** HCPF is on track to have the analysis completed before June 30, 2025 and will take the results into consideration for any future rate changes.
- **Update:** The actuarial analysis was completed and established the PRTF payment rate at \$815.85—a 1.6 percent increase from the prior rate—reflecting adjustments for higher-acuity populations and corrected cost assumptions, and confirmed that the rate remains within the approved rate range.
- The [analysis can be seen here](#). This will be posted to the HCPF webpage.

Conclusion

HCPF is on target to meet all its statutory obligations as outlined C.R.S. 25.5-6-2001 Section 1. HCPF continues to overlap the requirements of C.R.S. 25.5-6-2001 system of care with the work being completed for its Settlement Agreement stemming from GA v. Bimestefer. Details regarding this work can be found at <https://hcpf.colorado.gov/ibhs>. The Colorado System of Care Implementation Plan related to the Settlement Agreement is currently public.