

Colorado Department of Health Care Policy and Financing

Expanding the Substance Use Disorder Continuum of Care

Comprehensive 1115 Demonstration Quarterly/Annual Report

Demonstration Year 5, Quarter 1

January 1, 2025 - March 31, 2025

June 29, 2025

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Introduction

On January 13, 2025, the Centers for Medicare & Medicaid Services (CMS) approved the State of Colorado's (State's) request for a Medicaid Section 1115 demonstration **waiver** renewal titled *Expanding the Substance Use Disorder (SUD) Continuum of Care*. The activities are targeted to increase access to high-quality medical assistance and improve health outcomes for beneficiaries.

During the *Expanding the SUD Continuum of Care* period, the State will bolster the behavioral health system. It will ensure that Medicaid eligible children, from age zero through age three, and eligible individuals leaving incarceration have continuous Medicaid coverage. Additionally, the State will support reentry from carceral settings, expand access to home-delivered food and nutrition needs, and add housing support for Medicaid members with specific housing needs. Finally, the State will expedite the transition of individuals into long-term services and supports.

The State will accomplish these goals by continuing existing programs or by implementing new programs:

- SUD Institute for Mental Disease (IMD) waiver: High quality, clinically appropriate SUD treatment services for short-term residents in residential and inpatient treatment settings that qualify as an IMD.
- Health-related social needs (HRSN) services: Housing and nutrition supports.
- Continuous Eligibility (CE): Continuous Colorado Health First coverage for children aged zero to three years, and twelve months of continuous coverage for individuals leaving incarceration.
- Serious Mental Illness/Serious Emotional Disturbance (SMI/SED) IMD waiver: Treatment services, including short-term services, provided in residential and inpatient treatment settings that qualify as an IMD.
- Reentry from a carceral setting: Services to adults and youth transitioning from correctional facilities for the 90-day period immediately prior to the individual's expected date of release.

Vision and Mission

The Colorado Department of Health Care Policy and Financing's (HCPF's) mission is to "improve healthcare equity, access, and outcomes for the people we serve while saving Coloradans money on healthcare and driving value for Colorado."

The *Expanding the SUD Continuum of Care* demonstration seeks to support this mission by addressing HRSN for multiple populations throughout the State. It aims to ensure identified populations have CE for Medicaid and to expand access to a complete continuum of care for individuals with SMI/SED and SUD. Moreover, the Demonstration will strengthen connections among carceral settings, government agencies, health and social service entities, and other stakeholders to collaborate and

better support individuals' health and well-being as they re-enter the community from carceral settings.

Quarterly Report: Demonstration Year 5, Quarter 1 January 1, 2025-March 31, 2025

This quarterly report summarizes *Expanding the SUD Continuum of Care* activities covering the measurement period for Demonstration Year 5, Quarter 1 (DY5Q1) from January 1, 2025-March 31, 2025. It details implementation activities, including stakeholder education and engagement, planning and implementation, and development of policies and procedures.

Demonstration Implementation Highlights

Implementation Activities and Operational Updates

1. The State continues to implement the *Expanding the SUD Continuum of Care* demonstration including the following activities under each of the demonstration's milestones:
 - The State has thoroughly reviewed the Special Terms and Conditions (STCs) for the CE, HRSN, and reentry demonstrations to identify timelines for required reporting, evaluation, and implementation requirements and developed work plans to ensure all deliverables are met.
 - The State completed high-level business requirements for changes to Colorado's Benefits Management System (CBMS) to align with CE reporting and tracking requirements.
 - The State submitted the Protocol for HRSN Assessment of Beneficiary Eligibility and Needs, Infrastructure Planning and Provider Qualifications, and a HRSN Infrastructure Protocol to CMS. Those protocols are in the approved January 13, 2025, STCs.
 - The State is working on a Reentry Reinvestment Plan and intends to submit it to CMS during DY5Q2. The Targeted Case Management Consolidated Appropriations Act State Plan Amendment was drafted and submitted to CMS for review on March 31, 2025. The HCPF Reentry Demonstration Team has thoroughly reviewed all requirements in the STCs, as well as the Implementation Plan and has not identified any current risks impacting implementation.
2. The implementation has not had policy or administrative difficulties in the operation of the demonstration.
3. The healthcare delivery system has not had issues and/or complaints identified by beneficiaries. The State has facilitated monthly stakeholder engagement opportunities to provide an opportunity for stakeholders to ask questions and voice concerns from housing providers. No complaints or issues have been expressed during stakeholder engagement at this time.

4. The CE, HRSN, and reentry demonstrations are in the early stages of implementation. Monitoring protocols are still in development and have not been submitted to CMS. The State has worked towards improving benefits to beneficiaries by focusing on completing an in-depth analysis of the STCs and milestones, developing a thorough work plan to track all required deliverables and tasks, and scheduling and facilitating stakeholder engagement during this quarter.

Colorado Legislative Developments

There were no legislative developments to report in DY5Q1.

Audits, Investigations, or Lawsuits

There were no audits, investigations, or lawsuits that were related to the implementation of the *Expanding the SUD Continuum of Care* demonstration during this period.

Beneficiary Satisfaction Surveys

- There are no beneficiary satisfaction surveys to report for DY5Q1.
- The State has not submitted monitoring protocols for CE, HRSN, or reentry, which would include the reporting frequency for beneficiary satisfaction surveys.

Grievances and Appeals

- There are no grievances and appeals to report for DY5Q1.
- The State has not submitted monitoring protocols for CE, HRSN, or reentry, which would include the reporting frequency for grievances and appeals.

Evaluation

The State worked on the evaluation design during this measurement period, which included: development of logic models, research questions, hypotheses, and measures for the CE, HRSN, and reentry evaluation design.

Financial Performance

The State reports the following status of budget neutrality and an analysis of the budget neutrality to date: review of the budget neutrality templates.

The State does not expect to make other program changes that may affect budget neutrality.

Post-Award Public Forum

The post-award forum is scheduled to be facilitated in October of each demonstration year per the STCs.

- The State did not complete any tasks related to the post-award forum during this period.

Health-Related Social Needs

On January 13, 2025, the State received CMS approval to implement a HRSN Services 1115 demonstration. This authority allows the State to cover HRSN services for qualifying beneficiaries that address HRSN and are critical drivers of an individual's access to health services to achieve and maintain wellness. Guidance issued in the January 7, 2021, State Health Official letter (SHO#21-001 RE: Opportunities in Medicaid and Children's Health Insurance Program [CHIP] to Address Social Determinants of Health [SDOH]) identified the following overarching principles:

- Services must be provided to Medicaid beneficiaries based on individual assessments of need, rather than take a one-size-fits-all approach.
- Medicaid resources should not duplicate other available funding streams, including, but not limited to, certain other federal funding sources. Additionally, Medicaid should align with other programs and fill gaps when appropriate. States must assess all available public and private funding streams, including Medicaid, to cover assistance with unmet social needs – such as housing, nutrition, employment, education, and transportation – when developing a strategy for addressing beneficiaries' SDOH.
- Medicaid programs must ensure the following: First, that the methods and procedures related to the utilization and payment for care and services must align with principles of efficiency, economy, and quality of care, to allow Medicaid programs to expend resources in a prudent manner. Second, services addressing SDOH should be tailored to meet the beneficiary's needs in the most economic and efficient manner possible and are of high quality.
- Each Medicaid service is sufficient in amount, duration, and scope to reasonably achieve its purpose.

The State has authority to cover the following HRSN services:

- Case management services for access to housing supports.
- Housing interventions, including:
 - **Housing/Home Environment interventions without room and board:** Pre-tenancy navigation services, tenancy and sustaining services, one-time transition and moving costs other than rent, and utility assistance.
 - **Housing interventions with Room and Board (episodic Interventions):** Short-term post-transition housing.
 - **Housing interventions with Room and Board (Rent Only Interventions):** First month's rent, as a transitional service and Short-term rental assistance.
- Nutrition interventions, including:
 - Nutrition interventions without provision of food (i.e., nutrition counseling and instruction).

- Nutrition interventions with provision of food (i.e., home delivered meals or pantry stocking and medically tailored meals).

Overview/Operational Updates

The State identified the following policy or administrative work that supported/created difficulties in operating the HRSN demonstration:

Highlight key challenges and their underlying causes, how the challenges are being addressed or will be addressed, and key achievements and to what conditions/efforts successes can be attributed. Also include any issues/complaints identified by beneficiaries.

- HCPF supported provider Medicaid enrollment and worked on identifying billing codes to use for HRSN service delivery. HCPF also worked towards building the system and collaborated with other state agencies (Colorado Department of Human Services [CDHS] and Department of Local Affairs [DOLA]). The State continued work on the payment methodology form for submission to CMS on May 1, 2025.

The State completed the following activities to support building and sustaining a partnership with existing housing agencies, to leverage their expertise and existing housing resources, and to reduce the potential for duplicating of services:

- The State has partnered with Permanent Supported Housing (PSH) organizations across rural, urban, and suburban communities to assist them with the Medicaid enrollment process and to hold monthly office hours for stakeholders with enrollment questions.

The State completed the following activities that support the implementation of information technology (IT) infrastructure investments to support data sharing tied to the HRSN initiatives among the state or partner entities assisting in the administration of the demonstration and social service organizations and the contracted providers of applicable services:

- HCPF continues to partner with other state agencies (CDHS and DOLA) to build out systems for data sharing to support implementation.

Key Achievements

- As of March 31, 2025, there are four Medicaid enrolled Supportive Housing Providers and nine organizations in the process of enrolling with Medicaid to serve the PSH population.
- HCPF anticipates implementing the HRSN portion of the 1115 demonstration on July 1, 2025.

Key Challenges

The State did not identify any challenges related to HRSN implementation during DY5Q1.

Upcoming Activities

- The State is working toward submitting the payment methodology form to CMS by May 1, 2025. Engagement with other offices for collaborative implementation and scheduling stakeholder engagement forums for providers are also underway.

Continuous Eligibility

On November 14, 2024, the State received approval to implement the CE demonstration. Approval granted the State expenditure authority to provide CE for:

- Children, including those in the State's separate CHIP program, up to age three – from birth through the end of the month in which their third birthday occurs.
- Beneficiaries between the ages of 19 and 65 who are leaving incarceration for 12 months following their release from a state Department of Corrections (DOC) facility.

This expansion is expected to help the State promote the objectives of Medicaid and CHIP by reducing coverage gaps and ensuring continuous access to program benefits for these populations, potentially improving health outcomes and decreasing churn.

Overview/Operational Updates

The State experienced the following successes and challenges related to CE for all beneficiaries who qualify for a CE period that exceeds 12 months:

- The State is developing policies and procedures as required under the demonstration to ensure that there are:
 - Annual attempts to update beneficiary contact information.
 - Reminders provided of CE.
 - Annual verification of residency.
 - Annual confirmation that the beneficiary is not deceased.

Key Achievements

- The State completed high-level business requirements for changes to CBMS. The State also worked to add adults leaving DOC as a covered population to the CE programming, which, prior to the 1115 demonstration, only covered children.

Key Challenges

- The State did not experience any challenges related to implementation of CE during DY5Q1.

Upcoming Activities

- The State will facilitate stakeholder engagement addressing CE during the summer of 2025. The State anticipates making rule changes in August 2025 and system changes allowing CE for Medicaid 1115 demonstration populations to be operational in December 2025.

Reentry

On January 13, 2025, the State received approval for a reentry demonstration, which granted the State authority to provide coverage for pre-release services up to 90 days immediately prior to the expected date of release to certain individuals who are inmates residing in jails, prisons, and youth correctional facilities. The objective of this demonstration is to facilitate access to certain healthcare services and case management to allow individuals who are incarcerated to establish relationships with community-based providers. These providers can offer services upon reentry into the community to facilitate successful care transitions and improve the identification and treatment of certain chronic and other serious conditions.

The goals of the reentry demonstration are:

1. Increase coverage, continuity of care, and appropriate service uptake through assessment of eligibility and availability of coverage for benefits in correctional facility settings prior to release.
2. Improve access to services prior to release and improve transitions and continuity of care into the community upon release and during reentry.
3. Improve coordination and communication among correctional systems, Medicaid and CHIP systems, managed care plans (as applicable), and community-based providers.
4. Increase additional investments in healthcare and related services to improve the quality of care for individuals in correctional facilities and in the community, thereby maximizing successful reentry post-release.
5. Improve connections between correctional facility settings and community services upon release to address physical health needs, behavioral health needs, and HRSNs.
6. Reduce all-cause deaths in the near-term post-release.
7. Reduce the number of emergency department visits and inpatient hospitalizations among recently incarcerated Medicaid and CHIP individuals through increased receipt of preventive and routine physical and behavioral healthcare.
8. Provide interventions for certain behavioral health conditions, including use of stabilizing medication like long-acting injectable antipsychotics and medication for addiction treatment for SUDs where appropriate. The goal is to reduce overdose and overdose-related deaths in the near-term post-release.

A targeted benefit package of pre-release services has been authorized for Medicaid-eligible individuals in the State's prisons and juvenile correctional facilities, covering a period of up to 90 days immediately before release under the reentry demonstration. The services include:

- Case management to assess and address physical health needs, behavioral health needs, and HRSNs.
- Medication assisted treatment for SUDs as clinically appropriate, including coverage for medications in combination with counseling/behavioral therapies.
- A 30-day supply of medications to be provided to the individual immediately upon release from the correctional facility, consistent with approved Medicaid and CHIP state plan coverage authority and policy.

Overview/Operational Updates

The State experienced the following successes while implementing the reentry initiative this reporting period:

- The State met with partners at state-run correctional facilities to review current Medicaid enrollment procedures and identify areas for improvement (Milestone 1). The State also completed a request for information process to identify interested parties to support state-run correctional facilities with billing capabilities (Milestones 2 and 5, #M5.4).

Implementation Progress

Highlight progress with implementing the State's reentry initiative, including any challenges encountered and how the State has addressed them or plans to address them. Additionally, this section should also capture the transitional, non-service expenditures, including enhancements in the data infrastructure and IT.

Key Achievements

- The State continues to engage frequently with state-run facilities to identify and address operational needs for the implementation of reentry services.

Key Challenges

- A key challenge for the State is related to operationalizing billing capabilities for state-run correctional facilities. These challenges exist because correctional facilities have never historically billed Medicaid for services, and their current software does not have billing capabilities. These challenges are being addressed through frequent work sessions, strong partnerships among state departments, and exploration of alternative billing solutions.

Upcoming Activities

- Upcoming activities include development of policies to support implementation, system updates, and initiation of Facility Readiness Assessments.

Attachment A: Colorado Contacts

Contact the individuals below for questions with the following *Expanding the SUD Continuum of Care*-specific areas:

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