

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-25-26
Baltimore, Maryland 21244-1850



State Demonstrations Group

July 21, 2025

Adela Flores-Brennan
Medicaid Director
Colorado Department of Health Care Policy and Financing
1570 Grant Street
Denver, CO 80203

Dear Director Flores-Brennan

The Centers for Medicare & Medicaid Services (CMS) accepts the Serious Mental Illness (SMI)/Serious Emotional Disturbance (SED) Monitoring Protocol, which was required by the Special Terms and Conditions (STC), specifically, STC #11.5 “Monitoring Protocol” of Colorado’s section 1115 demonstration, “Expanding the Substance Use Disorder (SUD) Continuum of Care (Project Numbers 11-W-00336/8 and 21-W-00079/8), effective through December 31, 2025. As noted in CMS’s letter to the state on June 25, 2025, CMS is redesigning its demonstration monitoring approach to reduce state burden, promote effective and efficient information sharing, and enhance CMS’s oversight of program integrity by reducing variation in information reported to CMS. As part of this redesign, CMS no longer requires the submission of Monitoring Protocols, as the relevant information will now be submitted as part of the Annual Monitoring Report. Therefore, CMS accepts the state’s submission from June 12, 2025. CMS appreciates the state’s commitment to monitoring expectations outlined in the STCs and will use the submitted Monitoring Protocol to support the state’s transition to Monitoring Redesign.

The Monitoring Protocol will be posted to [Medicaid.gov](https://www.Medicaid.gov) under the demonstration’s administrative record. In accordance with STC #12.11 the approved SMI/SED Monitoring Protocol may now be posted to your state’s Medicaid website.

We look forward to our continued partnership on the Colorado Expanding the Substance Use Disorder (SUD) Continuum of Care section 1115 demonstration. If you have any questions, please contact your CMS demonstration team.

Sincerely,

Danielle Daly
Director
Division of Demonstration Monitoring and Evaluation

cc: Ronna Bach, State Monitoring Lead, CMS Medicaid and CHIP Operations Group

Medicaid Section 1115 Monitoring Protocol Template

1. Title page for the state's 1115 demonstration

The state should complete this title page as part of its monitoring protocol. Definitions for certain rows are provided below the table. The Performance Metrics Database and Analytics (PMDA) system will populate some rows of the table. The state should complete the rest of the table. The state can revise the demonstration goals and objectives if needed. PMDA will use this information to populate part of the title page of the state's monitoring reports.

Medicaid Section 1115 Demonstrations Monitoring Protocol

[State name – *Colorado*] [Demonstration name – *Expanding the Substance Use Disorder Continuum of Care*]

State	<i>Colorado</i>
Demonstration name	<i>Expanding the Substance Use Disorder Continuum of Care</i>
Approval period for section 1115 demonstration	<i>Enter the current approval period for the section 1115 demonstration as listed in the current special terms and conditions (STC), including the start date and end date (01/01/2021 – 12/31/2025).</i>
SUD Demonstration start date	<i>Enter the start date for the section 1115 SUD Demonstration or substance use disorder (SUD) component if part of a broader demonstration (01/01/2021).</i>
SUD Implementation date if different from the SUD demonstration start date	<i>Same as start date</i>
	<p><i>Enter summary of the SUD (or if broader demonstration, then SUD-related) demonstration goals and objectives.</i></p> <p><i>Under this demonstration, the State expects to achieve the following:</i></p> <p><i>Objective 1. Increase rates of identification, initiation, and engagement in treatment.</i></p> <p><i>Objective 2. Increase adherence to and retention in treatment.</i></p> <p><i>Objective 3. Reductions in overdose deaths, particularly those due to opioids.</i></p> <p><i>Objective 4. Reduce utilization of emergency department and inpatient hospital settings for treatment where the utilization is preventable or medically inappropriate through improved access to other continuum of care services.</i></p> <p><i>Objective 5. Fewer readmissions to the same or higher level of care where the readmission is preventable or medically inappropriate.</i></p> <p><i>Objective 6. Improved access to care for physical health conditions among beneficiaries.</i></p>
SMI/SED demonstration start date^a	<i>Enter the start date for the section 1115 Serious Mental Illness/Serious Emotional Disturbance (SMI/SED) demonstration or SMI/SED component if part of a broader demonstration (1/13/2025).</i>
Implementation date of SMI/SED demonstration, if different from SMI/SED demonstration start date^b	<i>Enter SMI/SED demonstration implementation date (10/1/2025).</i>

Medicaid Section 1115 Demonstrations Monitoring Protocol

[State name – *Colorado*] [Demonstration name – *Expanding the Substance Use Disorder Continuum of Care*]

SMI/SED (or if broader demonstration, then SMI/SED-related) demonstration goals and objectives	<p><i>The goals of the SMI/SED demonstration amendment are to:</i></p> <ol style="list-style-type: none"> <i>1. Reduce utilization and lengths of stay in emergency departments among Medicaid beneficiaries with SMI/SED while awaiting mental health treatment in specialized settings.</i> <i>2. Reduce preventable readmissions to acute care hospitals and residential settings.</i> <i>3. Improve availability of crisis stabilization services, including services made available through call centers and mobile crisis units, intensive outpatient services, as well as services provided during acute short-term stays in residential crisis stabilization; programs, psychiatric hospitals, and residential treatment settings throughout the state.</i> <i>4. Improve access to community-based services to address the chronic mental health care needs of beneficiaries with SMI/SED, including through increased integration of primary and behavioral health (BH) care.</i> <i>5. Improve care coordination, especially continuity of care in the community following episodes of acute care in hospitals and residential treatment facilities.</i>
Continuous eligibility demonstration start date	11/14/2024
Continuous eligibility implementation date	01/01/2026
Continuous eligibility demonstration goals and objectives	<p><i>The State aims to:</i></p> <ol style="list-style-type: none"> <i>1. Ensure continuous Medicaid and Children’s Health Insurance Plus (CHP+) coverage for young children.</i> <i>2. Promote longer-term access to and continuity of physical health, BH, dental care, and preventive services.</i> <i>3. Improve health outcomes and well-being for low-income young children.</i> <i>4. Ensure 12 months of continuous Medicaid coverage for adults leaving a Department of Corrections (DOC) facility.</i> <i>5. Promote longer-term access to and continuity of physical and BH care and care coordination.</i> <i>6. Improve short and long-term physical and BH outcomes and reduce recidivism for adults leaving a State DOC facility.</i>

^a **Demonstration start date:** For monitoring purposes, the Centers for Medicare & Medicaid Services (CMS) defines the start date of the demonstration as the *effective date* listed in the state’s STCs at the time of demonstration approval. For example, if the state’s STCs at the time of demonstration approval note that the demonstration is effective January 1, 2020–December 31, 2025, the state should consider January 1, 2020, to be the start date of the demonstration. Note that the effective date is considered to be the first day the state may begin its demonstration. In many cases, the effective date is distinct from the approval date of a demonstration; that is, in certain cases, CMS may approve a section 1115

demonstration with an effective date that is in the future. For example, CMS may approve an extension request on December 15, 2020, with an effective date of January 1, 2021 for the new demonstration period. In many cases, the effective date also differs from the date a state begins implementing its demonstration.

^b **Implementation date of demonstration:** The date the state began claiming or will begin claiming federal financial participation for services provided to individuals in institutions for mental disease.

2. Acknowledgement of narrative reporting requirements

- ☒ The state has reviewed the narrative questions in the Monitoring Report Template provided by CMS and understands the expectations for quarterly and annual monitoring reports. The state will provide the requested narrative information with the following modifications:

Qualitative Information

Colorado will provide a template for the narrative annual monitoring reports for CMS review for SUD, SMI/SED, and Continuous Eligibility (CE) that complies with the content of the CMS guidance and technical assistance. Once CMS has provided the State its overlay letter, CO will adopt the updated annual narrative reporting as outlined in the May 2025 guidance in every subsequent annual report for SUD, SMI, and CE:

- Demonstration Operations: Critical demonstration implementation, operations, or policy considerations that might have affected (positively or negatively) eligibility and participation in demonstration programs, access to services, timely provision of services, or any other areas affecting beneficiaries.
- Data Infrastructure and Health Information Technology: Updates on system changes, how IT is being used to support demonstration initiatives to identify and effectively treat and serve individuals in the demonstration, etc.
- Demonstration Evaluation: Update on evaluation efforts
- Post Award Public Forum: Summary of the most recent annual post-award public forum, including any resulting action items or issues
- Policy-Specific Updates for SUD, SMI, and CE: Prompts related to specific policies such as SUD, SMI, CE

Colorado will report the regulatorily required elements from 42 CFR 431.428 in the annual report including:

1. Any policy or administrative difficulties in the operation of the demonstration. Note: *the STCs require that the reports shall provide sufficient information to document key challenges, underlying causes of challenges, how challenges are being addressed, as well as key achievements and to what conditions and efforts successes can be attributed.*
2. The status of the health care delivery system under the demonstration with respect to issues and/or complaints identified by beneficiaries.
3. The impact of the demonstration in providing insurance coverage to beneficiaries and uninsured populations.
4. Outcomes of care, quality of care, cost of care, and access to care for demonstration populations.
5. The results of beneficiary satisfaction surveys, if conducted during the reporting year, grievances and appeals.
6. The existence or results of any audits, investigations, or lawsuits that impact the demonstration.
7. The financial performance of the demonstration.

8. The status of the evaluation and information regarding progress in achieving demonstration evaluation criteria.
9. Any State legislative developments that may impact the demonstration.
10. The results/impact of any demonstration programmatic area defined by CMS that is unique to the demonstration design or evaluation hypothesis.
11. A summary of the annual post-award public forum, including all public comments received regarding the progress of the demonstration project.

In addition, the annual report will include the following from the STCs:

- **Operational Updates.** The operational updates will focus on progress toward meeting the demonstration's SUD and SMI/SED milestones and unusual or unanticipated trends.
- **Specifically for SMI/SED,** the State assures CMS of its commitment and ability to report information relevant to each of the initiative implementation areas and Health IT Plan listed in STC 5.2. SUD Implementation Plan and Health IT Plan, along with reporting information relevant to the state's SMI/SED Financing Plan.
- **Specifically for Continuous Eligibility,** the State will report narrative updates on the successes and challenges of collecting and providing applicable information as outlined in the STCs. The state will narratively describe successes and challenges related to annual attempts to update beneficiary contact information, provide reminders of continued eligibility, verify residency, and confirm the beneficiary is not deceased, for all beneficiaries who qualify for a continuous eligibility period that exceeds 12 months.

Quantitative Information

Colorado will use the CMS provided templates for reporting the required quantitative metrics under the SUD and SMI/SED portions of the demonstration leveraging the technical specifications provided by CMS on an annual basis. The performance metrics will provide data to demonstrate how the state is progressing toward meeting the goals and milestones, including relative to their projected timelines, of the demonstration's program and policy implementation and infrastructure investments, and transitional non-service expenditures, as applicable and must cover all key policies under this demonstration. Colorado will ensure that any required metrics related to beneficiary participation in demonstration components, primary and specialist provider participation, utilization of services, quality of care, and health outcomes are included in the annual report.

Colorado will include a general assessment and description of trends observed in the data to the extent that the state knows and understands those changes. This will not be a description of every trend observed in metrics data. The state will describe all metrics changes (+ or - greater than ten percent unless $n < 30$) to the extent that an explanation can be made. The narrative will be an opportunity for the state to provide context for its retrospective metrics data and to support CMS' review and interpretation of these data.

For SUD and SMI/SED, the Workbook portion of this Monitoring Protocol specifies the methods of data collection and timeframes for reporting on the demonstration's progress as part of the Annual Monitoring Reports. It also specifies the state's plans and timeline (annual) on reporting metrics data stratified by the CMS required subpopulations of interest, including:

- A description of the methods of data collection and timeframes for reporting on the state's progress on required measures as part of the general reporting requirements.
- A description of baselines and targets to be achieved by the end of the demonstration. Where possible, baselines will be informed by state data, and targets will be benchmarked against performance in best practice settings.

For the overall demonstration, Colorado will submit the following seven metrics:

1. Total eligibility for the Demonstration
2. Appeals (one metric related to eligibility and one related to denial of benefits)
3. Grievances
4. Emergency Department Utilization
5. Inpatient Admissions
6. Plan All-Cause Readmissions

Colorado notes that CMS will collate and report data from the CAHPS Health Plan Survey 5.1H, Adult Version (Medicaid)(CPA-AD) and Child and Adolescent Well-Care Visits (WCV-CH).

For the SUD and SMI/SED component(s), the state's monitoring will cover the required metrics in alignment with assessment of need and qualification for SUD and/or SMI/SED treatment services and the demonstration's milestones as outlined in the SUD State Medicaid Director Letter (SMDL) dated November 1, 2017, (SMDL #17-003) and/or SMI SMDL dated November 13, 2018 (SMDL #18-011) and as modified by the May, 2025, guidance.

For SUD, Colorado will add one metric: Follow-up after high-intensity care for SUD. Colorado will also reduce reporting to the required SUD metrics. Colorado will report the mandatory SMI metrics.

For the continuous eligibility policy, Colorado will report monitoring metrics including:

1. Number of enrollments:
 - A. Under age three years
 - B. Carceral setting releases
2. Number of ex parte renewals which occurred for each category:
 - A. Under age three years
 - B. Carceral setting releases
3. Number of annual attempts and number of successful attempts to contact individuals for the information below:
 - A. Update beneficiary contact information
 - B. Provide reminders of continued eligibility

C. Verify residency

D. Confirm the beneficiary is not deceased, for all beneficiaries who qualify for a continuous eligibility period that exceeds 12 months

3. Annual Assessment of the Availability of Mental Health Services reporting

- ☒ The state will use data as of the following month and day of each calendar year to conduct its Annual Assessment of the Availability of Mental Health Services: *The Annual Assessment of the Availability of Mental Health Services will be effective as of June 30 of each year.*

4. Acknowledgement of budget neutrality reporting requirements

- ☒ The state has reviewed the Budget Neutrality Workbook (which can be accessed via PMDA – see Monitoring Protocol Instructions for more details) and understands the expectations for quarterly and annual monitoring reports. The state will provide the requested budget neutrality information with no modifications (once the budget neutrality worksheet formula errors are corrected).

5. Retrospective reporting

The state is not expected to submit metrics data until after monitoring protocol approval, to ensure that data reflects the monitoring plans agreed upon by CMS and the state. Prior to monitoring protocol approval, the state should submit annual monitoring reports with narrative updates on implementation progress and other information that may be applicable, according to the requirements in its STCs.

For a state that has monitoring protocols approved after one or more initial monitoring report submissions, it should report metrics data to CMS retrospectively for any prior quarters (Qs) of the section 1115 SMI/SED demonstration that precede the monitoring protocol approval date. A state is expected to submit retrospective metrics data, provided there is adequate time for preparation of these data, in its second monitoring report submission that contains metrics. The retrospective report for a state with a first SMI/SED demonstration year (DY) of less than 12 months should include data for any baseline period Qs preceding the demonstration, as described in Part A of the state's monitoring protocol (see Appendix B of the Monitoring Protocol Instructions for further instructions on determining baseline periods for first SMI/SED DYs that are less than 12 months). If a state needs additional time for preparation of these data, it should propose an alternative plan (i.e., specify the monitoring report that would capture the data) for reporting retrospectively on its SMI/SED demonstration.

In the monitoring report submission containing retrospective metrics data, the state should also provide a general assessment of metrics trends from the start of its demonstration through the end of the current reporting period. The state should report this information in Part B of its report submission (Section 3. Narrative information on implementation, by milestone and reporting topic). This general assessment is not intended to be a comprehensive description of every trend observed in metrics data. Unlike other monitoring report submissions, for instance, the state is not required to describe all metrics changes (+ or - greater than ten percent). Rather, the assessment is an opportunity for the state to provide context for its retrospective metrics data and to support CMS' review and interpretation of these data. For example, consider a state that submits data showing an increase in the utilization of telehealth services for mental health (Metric #15) over the course of the retrospective reporting period. The state may decide to

highlight this trend to CMS in Part B of its monitoring report (under Milestone 3) by briefly summarizing the trend and providing context that, during this period, the state implemented a grant to improve access to mental health treatment in rural areas through the use of telemedicine.

For further information on how to compile and submit a retrospective report, the state should review Section B of the Monitoring Report Instructions document.

- ☒ The state will report retrospectively for any Qs prior to monitoring protocol approval as described above, in the state's second monitoring report submission that contains metrics after protocol approval.
- ☐ The state proposes an alternative plan to report retrospectively for any Qs prior to monitoring protocol approval: *Insert narrative description of proposed alternative plan for retrospective reporting. Regardless of the proposed plan, retrospective reporting should include retrospective metrics data and a general assessment of metric trends for the period. The state should provide justification for its proposed alternative plan.*

6. Annual Report

The draft annual report will be submitted to CMS no later than 180 days after the end of each demonstration year. The State will publish its draft annual report on its public website within 30 days of submission to CMS. Within 60 days of receipt of comments from CMS, the state will submit to CMS the final annual report for the demonstration year. The final annual report will be published on the State's public website within 30 days of approval by CMS.