

## CHAPTER 316

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**HEALTH CARE POLICY AND FINANCING**

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## SENATE BILL 26-188

BY SENATOR(S) Amabile and Kirkmeyer, Bridges, Exum, Simpson, Coleman;  
also REPRESENTATIVE(S) Brown and Taggart, Sirota, Boesenecker, Clifford, Duran, Gilchrist, Lindsay, McCormick, Ricks,  
Rydin, Smith, McCluskie.

**AN ACT**

**CONCERNING THE TRANSITION OF RESIDENTIAL TREATMENT PROGRAMS TO THE STATEWIDE  
MANAGED CARE SYSTEM FOR MEDICAID MEMBERS WHO ARE IN THE CUSTODY OF A COUNTY  
DEPARTMENT OF HUMAN OR SOCIAL SERVICES.**

*Be it enacted by the General Assembly of the State of Colorado:*

**SECTION 1.** In Colorado Revised Statutes, **add** 25.5-1-137 as follows:

**25.5-1-137. Transition of services provided in qualified residential treatment facilities and psychiatric residential treatment facilities to managed care system - steering committee - policies and recommendations - report.**

(1) (a) NO LATER THAN JULY 1, 2026, THE STATE DEPARTMENT SHALL CONVENE A STEERING COMMITTEE TO SUPPORT THE TRANSITION OF SERVICES PROVIDED IN QUALIFIED RESIDENTIAL TREATMENT PROGRAMS AND PSYCHIATRIC RESIDENTIAL TREATMENT FACILITIES TO THE MANAGED CARE SYSTEM FOR MEMBERS IN THE CARE AND CUSTODY OF A COUNTY DEPARTMENT OF HUMAN OR SOCIAL SERVICES. THE STEERING COMMITTEE MAY CONSULT WITH OTHER STATE DEPARTMENTS AND AGENCIES, INCLUDING THE DEPARTMENT OF EARLY CHILDHOOD, AND RELEVANT STAKEHOLDERS AS NECESSARY TO FULFILL ITS DUTIES. THE STEERING COMMITTEE MUST INCLUDE LEADERSHIP REPRESENTATION FROM:

(I) THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING;

(II) THE DEPARTMENT OF HUMAN SERVICES;

(III) THE BEHAVIORAL HEALTH ADMINISTRATION IN THE DEPARTMENT OF HUMAN SERVICES;

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*Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.*

(IV) COUNTY DEPARTMENTS OF HUMAN OR SOCIAL SERVICES;

(V) QUALIFIED RESIDENTIAL TREATMENT PROGRAM PROVIDERS AND PSYCHIATRIC RESIDENTIAL TREATMENT FACILITY PROVIDERS, INCLUDING A STATEWIDE ASSOCIATION REPRESENTING PROVIDERS; AND

(VI) MANAGED CARE ENTITIES.

(b) BEGINNING JULY 1, 2026, THE STEERING COMMITTEE SHALL MEET AT LEAST ONCE PER MONTH UNTIL JULY 1, 2027.

(c) THE STEERING COMMITTEE SHALL IDENTIFY, EVALUATE, AND DEVELOP RECOMMENDATIONS ON POLICY AND OPERATIONAL ISSUES RELATED TO THE TRANSITION DESCRIBED IN SUBSECTION (1)(a) OF THIS SECTION AND ENSURE THAT UPDATES, POTENTIAL DECISION POINTS, AND DECISIONS MADE BY THE STATE DEPARTMENT ARE COMMUNICATED TO AND VETTED WITH THE LEADERSHIP OF EACH MEMBER'S RESPECTIVE ORGANIZATION OR CONSTITUENCY.

(2) NO LATER THAN APRIL 1, 2027, THE STATE DEPARTMENT, IN COLLABORATION WITH THE STEERING COMMITTEE, SHALL DEVELOP POLICIES AND RECOMMENDATIONS IN LINE WITH FEDERAL FINANCIAL PARTICIPATION AND MANAGED CARE REGULATIONS AND REQUIREMENTS TO SUPPORT THE TRANSITION OF QUALIFIED RESIDENTIAL TREATMENT PROGRAMS AND PSYCHIATRIC RESIDENTIAL TREATMENT FACILITIES TO THE MANAGED CARE SYSTEM FOR MEMBERS IN THE CARE AND CUSTODY OF A COUNTY DEPARTMENT OF HUMAN OR SOCIAL SERVICES. THE POLICIES AND RECOMMENDATIONS MUST INCLUDE, BUT ARE NOT LIMITED TO:

(a) CLEARLY DEFINED ROLES, RESPONSIBILITIES, AND DECISION-MAKING AUTHORITY ACROSS MANAGED CARE ENTITIES, COUNTIES, PROVIDERS, AND STATE AGENCIES, INCLUDING ACCOUNTABILITY FOR MEDICAL NECESSITY DETERMINATIONS, PLACEMENT DECISIONS, DISCHARGE PLANNING, CARE COORDINATION, AND PAYMENT;

(b) STATEWIDE STANDARDS FOR UTILIZATION MANAGEMENT, INCLUDING AUTHORIZATION, CONTINUED STAY REVIEW, AND DISCHARGE PLANNING, WITH CLARITY ON THE APPLICATION OF MEDICAL NECESSITY DETERMINATIONS AND CONSIDERATION OF THE UNIQUE CLINICAL AND PLACEMENT-RELATED NEEDS OF CHILDREN AND YOUTH INVOLVED IN THE CHILD WELFARE SYSTEM;

(c) REQUIREMENTS FOR TIMELY ENGAGEMENT, AUTHORIZATION, AND CARE COORDINATION ACROSS ENTITIES, INCLUDING DEFINED TIME FRAMES AND EXPECTATIONS FOR REAL-TIME COORDINATION FOR YOUTH IN CRISIS OR AT RISK OF PLACEMENT DISRUPTION;

(d) TRAINING AND TECHNICAL ASSISTANCE NEEDS FOR MANAGED CARE ENTITIES, COUNTIES, AND QUALIFIED RESIDENTIAL TREATMENT PROGRAM AND PSYCHIATRIC RESIDENTIAL TREATMENT FACILITY PROVIDERS RELATED TO THE CONSISTENT APPLICATION OF MEDICAL NECESSITY CRITERIA, INCLUDING DOCUMENTATION EXPECTATIONS AND AUTHORIZATION PROCESSES AND TIMELINES FOR EACH;

(e) CARE COORDINATION EXPECTATIONS ACROSS MANAGED CARE ENTITIES, COUNTIES, AND QUALIFIED RESIDENTIAL TREATMENT PROGRAM AND PSYCHIATRIC RESIDENTIAL TREATMENT FACILITY PROVIDERS TO IMPROVE COMMUNICATION, REDUCE DUPLICATION, AND SUPPORT CONTINUITY OF CARE, INCLUDING HOW FAMILIES ARE INTEGRATED INTO THE TREATMENT PROCESS AND PROCESSES TO ADDRESS CARE COORDINATION AND ACCESS TO SERVICES FOR YOUTH IN DETENTION, WITH CLARITY ON ELIGIBILITY, ASSIGNMENT TO MANAGED CARE ENTITIES, AND ROLES AND RESPONSIBILITIES FOR COVERAGE, AUTHORIZATION, AND COORDINATION OF BEHAVIORAL HEALTH SERVICES DURING AND FOLLOWING PERIODS OF DETAINMENT;

(f) DISCHARGE PLANNING REQUIREMENTS AND AFTER-CARE SUPPORT FOR AT LEAST SIX MONTHS AFTER DISCHARGE, INCLUDING EXPECTATIONS THAT DISCHARGE PLANNING BEGINS AT ADMISSION AND THAT ALL RELEVANT PARTIES HAVE A SHARED UNDERSTANDING OF THE DISCHARGE PLAN AND OF AVAILABLE STEP-DOWN AND COMMUNITY-BASED SERVICE OPTIONS;

(g) RECOMMENDATIONS TO ADDRESS SYSTEM BARRIERS RELATED TO DISCHARGE PLANNING, PLACEMENT AVAILABILITY, AND CONTINUITY OF CARE, INCLUDING ALIGNMENT BETWEEN CLINICAL READINESS FOR DISCHARGE AND AVAILABLE PLACEMENT OR COMMUNITY-BASED SERVICE OPTIONS;

(h) PROCESSES FOR TRANSITIONING MEMBERS RECEIVING QUALIFIED RESIDENTIAL TREATMENT SERVICES AND PSYCHIATRIC RESIDENTIAL TREATMENT SERVICES PRIOR TO JULY 1, 2027, FROM FEE-FOR-SERVICE TO MANAGED CARE ON JULY 1, 2027, INCLUDING TIMING AND RESPONSIBILITY;

(i) STATEWIDE REQUIREMENTS FOR MANAGED CARE ENTITIES, INCLUDING MINIMUM EXPECTATIONS FOR PROCESSES, TIMELINES, APPLICATION OF POLICIES RELATED TO AUTHORIZATION, UTILIZATION MANAGEMENT, CARE COORDINATION, AND SERVICE DELIVERY; DECISION MAKING; AND APPLICATION OF THE EARLY AND PERIODIC SCREENING, DIAGNOSTIC, AND TREATMENT BENEFIT;

(j) DATA, REPORTING, AND TRANSPARENCY NEEDS NECESSARY TO SUPPORT IMPLEMENTATION, OVERSIGHT, AND ONGOING EVALUATION OF THE TRANSITION; AND

(k) CONSIDERATION OF FISCAL IMPACTS AND ALIGNMENT ACROSS ENTITIES, INCLUDING POTENTIAL COST SHIFTS, RATE ADEQUACY, AND FUNDING RESPONSIBILITIES ASSOCIATED WITH THE TRANSITION.

(3) NO LATER THAN JULY 1, 2027, THE STATE DEPARTMENT SHALL IMPLEMENT OR INITIATE THE TRANSITION OF SERVICES PROVIDED IN QUALIFIED RESIDENTIAL TREATMENT PROGRAMS AND PSYCHIATRIC RESIDENTIAL TREATMENT FACILITIES TO THE MANAGED CARE SYSTEM FOR MEMBERS IN THE CARE AND CUSTODY OF A COUNTY DEPARTMENT OF HUMAN OR SOCIAL SERVICES ACCORDING TO THE POLICIES AND RECOMMENDATIONS DEVELOPED PURSUANT TO SUBSECTION (2) OF THIS SECTION.

(4) NO LATER THAN OCTOBER 1, 2026, DECEMBER 31, 2026, AND MARCH 1, 2027, THE STATE DEPARTMENT SHALL SUBMIT A QUARTERLY REPORT TO THE JOINT BUDGET COMMITTEE THAT INCLUDES:

- (a) THE DATES THE STEERING COMMITTEE MET DURING THE PREVIOUS QUARTER;
- (b) A LIST OF ATTENDEES AT EACH MEETING;
- (c) A SUMMARY OF THE TOPICS DISCUSSED; AND
- (d) A SUMMARY OF DECISIONS MADE TO DATE.

(5) NO LATER THAN JULY 1, 2028, THE STATE DEPARTMENT SHALL SUBMIT A REPORT TO THE JOINT BUDGET COMMITTEE OUTLINING:

- (a) THE OUTCOMES OF THE IMPLEMENTED POLICIES;
- (b) ANY IDENTIFIED IMPACTS TO PLACEMENT STABILITY, CARE COORDINATION, AND SYSTEM ALIGNMENT; AND
- (c) RECOMMENDATIONS FOR ANY STATUTORY OR BUDGETARY CHANGES NECESSARY TO SUPPORT ONGOING IMPLEMENTATION.

**SECTION 2.** In Colorado Revised Statutes, 25.5-5-202, **amend** (5)(c) as follows:

**25.5-5-202. Basic services for the categorically needy - optional services - repeal.**

- (5) (c) This subsection (5) is repealed, effective ~~July 1, 2027~~ JULY 1, 2026.

**SECTION 3.** In Colorado Revised Statutes, 25.5-5-402, **amend** (2)(c)(II) as follows:

**25.5-5-402. Statewide managed care system - rules - definitions - repeal.**

(2) The statewide managed care system implemented pursuant to this article 5 does not include:

- (c) (II) This subsection (2)(c) is repealed, effective ~~July 1, 2026~~ JULY 1, 2027.

**SECTION 4. Safety clause.** The general assembly finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety or for appropriations for the support and maintenance of the departments of the state and state institutions.

Approved: June 2, 2026