

**Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO**

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 26-0929.01 Shelby Ross x4510

SENATE BILL 26-188

SENATE SPONSORSHIP

Amabile and Kirkmeyer, Bridges, Coleman, Exum, Simpson

HOUSE SPONSORSHIP

Brown and Taggart, Sirota

Senate Committees

Appropriations

House Committees

Appropriations

A BILL FOR AN ACT

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

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Joint Budget Committee. No later than July 1, 2026, the department of health care policy and financing (HCPF) shall convene a steering committee (steering committee) to support the transition of

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

HOUSE
2nd Reading Unamended
May 11, 2026

SENATE
3rd Reading Unamended
May 7, 2026

SENATE
2nd Reading Unamended
May 6, 2026

services provided in qualified residential treatment programs (QRTP) and psychiatric residential treatment facilities (PRTF) to the managed care system for members in the care and custody of a county department of human or social services (county department).

No later than April 1, 2027, HCPF, in collaboration with the steering committee, shall develop policies and recommendations to support the transition of QRTP and PRTF to the managed care system for members in the care and custody of a county department.

No later than July 1, 2027, HCPF shall implement or initiate the transition of services provided in QRTP and PRTF to the managed care system for members in the care and custody of a county department according to the policies and recommendations developed by HCPF in collaboration with the steering committee.

HCPF shall submit quarterly reports to the joint budget committee with information about the steering committee's monthly meetings.

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

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

4 **25.5-1-137. Transition of services provided in qualified**
5 **residential treatment facilities and psychiatric residential treatment**
6 **facilities to managed care system - steering committee - policies and**
7 **recommendations - report.**

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

- 1 (I) THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING;
- 2 (II) THE DEPARTMENT OF HUMAN SERVICES;
- 3 (III) THE BEHAVIORAL HEALTH ADMINISTRATION IN THE
- 4 DEPARTMENT OF HUMAN SERVICES;
- 5 (IV) COUNTY DEPARTMENTS OF HUMAN OR SOCIAL SERVICES;
- 6 (V) QUALIFIED RESIDENTIAL TREATMENT PROGRAM PROVIDERS
- 7 AND PSYCHIATRIC RESIDENTIAL TREATMENT FACILITY PROVIDERS,
- 8 INCLUDING A STATEWIDE ASSOCIATION REPRESENTING PROVIDERS; AND
- 9 (VI) MANAGED CARE ENTITIES.

10 (b) BEGINNING JULY 1, 2026, THE STEERING COMMITTEE SHALL

11 MEET AT LEAST ONCE PER MONTH UNTIL JULY 1, 2027.

12 (c) THE STEERING COMMITTEE SHALL IDENTIFY, EVALUATE, AND

13 DEVELOP RECOMMENDATIONS ON POLICY AND OPERATIONAL ISSUES

14 RELATED TO THE TRANSITION DESCRIBED IN SUBSECTION (1)(a) OF THIS

15 SECTION AND ENSURE THAT UPDATES, POTENTIAL DECISION POINTS, AND

16 DECISIONS MADE BY THE STATE DEPARTMENT ARE COMMUNICATED TO

17 AND VETTED WITH THE LEADERSHIP OF EACH MEMBER'S RESPECTIVE

18 ORGANIZATION OR CONSTITUENCY.

19 (2) NO LATER THAN APRIL 1, 2027, THE STATE DEPARTMENT, IN

20 COLLABORATION WITH THE STEERING COMMITTEE, SHALL DEVELOP

21 POLICIES AND RECOMMENDATIONS IN LINE WITH FEDERAL FINANCIAL

22 PARTICIPATION AND MANAGED CARE REGULATIONS AND REQUIREMENTS

23 TO SUPPORT THE TRANSITION OF QUALIFIED RESIDENTIAL TREATMENT

24 PROGRAMS AND PSYCHIATRIC RESIDENTIAL TREATMENT FACILITIES TO THE

25 MANAGED CARE SYSTEM FOR MEMBERS IN THE CARE AND CUSTODY OF A

26 COUNTY DEPARTMENT OF HUMAN OR SOCIAL SERVICES. THE POLICIES AND

27 RECOMMENDATIONS MUST INCLUDE, BUT ARE NOT LIMITED TO:

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

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

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

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

22 (e) CARE COORDINATION EXPECTATIONS ACROSS MANAGED CARE
23 ENTITIES, COUNTIES, AND QUALIFIED RESIDENTIAL TREATMENT PROGRAM
24 AND PSYCHIATRIC RESIDENTIAL TREATMENT FACILITY PROVIDERS TO
25 IMPROVE COMMUNICATION, REDUCE DUPLICATION, AND SUPPORT
26 CONTINUITY OF CARE, INCLUDING HOW FAMILIES ARE INTEGRATED INTO
27 THE TREATMENT PROCESS AND PROCESSES TO ADDRESS CARE

1 COORDINATION AND ACCESS TO SERVICES FOR YOUTH IN DETENTION, WITH
2 CLARITY ON ELIGIBILITY, ASSIGNMENT TO MANAGED CARE ENTITIES, AND
3 ROLES AND RESPONSIBILITIES FOR COVERAGE, AUTHORIZATION, AND
4 COORDINATION OF BEHAVIORAL HEALTH SERVICES DURING AND
5 FOLLOWING PERIODS OF DETAINMENT;

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

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

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

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

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

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

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

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

18 (a) THE DATES THE STEERING COMMITTEE MET DURING THE
19 PREVIOUS QUARTER;

20 (b) A LIST OF ATTENDEES AT EACH MEETING;

21 (c) A SUMMARY OF THE TOPICS DISCUSSED; AND

22 (d) A SUMMARY OF DECISIONS MADE TO DATE.

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

25 (a) THE OUTCOMES OF THE IMPLEMENTED POLICIES;

26 (b) ANY IDENTIFIED IMPACTS TO PLACEMENT STABILITY, CARE
27 COORDINATION, AND SYSTEM ALIGNMENT; AND

1 (c) RECOMMENDATIONS FOR ANY STATUTORY OR BUDGETARY
2 CHANGES NECESSARY TO SUPPORT ONGOING IMPLEMENTATION.

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

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

7 (5) (c) This subsection (5) is repealed, effective ~~July 1, 2027~~ JULY
8 1, 2026.

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

11 **25.5-5-402. Statewide managed care system - rules -**
12 **definitions - repeal.**

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

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

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