



**DATE:** May 10, 2024  
**TO:** Director Kim Bimestefer, Cristen Bates, Melissa Eddleman & Steven Ihde  
**CC:** Commissioner Dannette Smith, Erin Wester, Kelly Causey, & Stephen Peng  
**FROM:** Kara Johnson-Hufford  
**RE:** PPS process and timeline

On behalf of the members of the Colorado Behavioral Healthcare Council (CBHC), I am writing to align goals and continue collaboration with the Department to ensure success as we transition to a new prospective payment system (PPS).

First, we want to thank the HCPF team for the current stakeholder process and individual meetings being held with Community Mental Health Centers (CMHCs) to better define anticipated costs and explore outstanding questions, especially regarding the trend factors and assumptions used to build the proposed rates. These conversations are essential and we greatly appreciate this spirit of partnership.

While we have raised this concern in our individual and group meetings, it is important to emphasize that this transition to a new payment model is not occurring in a vacuum. It takes place during a time of significant turbulence for the safety net, as other system reforms take effect, including new and expansive regulatory requirements, safety net contracting changes, and new service requirements. Critically, it is also happening in the context of the end of the public health emergency (PHE), which is negatively impacting the bottom line for many safety net providers and significantly increasing the amount of uncompensated care CMHCs are delivering. This turbulence must not adversely affect the vulnerable Coloradans we share a mission to serve.

While we have appreciated the partnership in this process, our members continue to have unanswered questions and concerns about the fundamentals of the PPS and its development. As a result, we would like to respectfully propose a delay in implementation to allow more time for engagement and partnership. Accordingly, we suggest the considerations below as a way to mitigate risk and limit possible disruption of services to individuals.

***Extend the timeline for PPS implementation to 2025.***

Taking this additional time will provide a variety of benefits:

- 1) Enable continued thoughtfulness in the modeling of the many factors and uncertainties affecting future cost trends.
- 2) Align the PPS timeline with the timeline for launching ACC 3.0 and the BHASOs. And, importantly, it will create space for some of the other disruptive issues to subside, namely the PHE unwind and the intensive front-end work needed to operationalize the new BHA regulations.
- 3) Conduct a pilot or “shadow” process with a few safety net providers to ensure the viability of moving to a PPS.
- 4) Give the Department time to build the necessary protections into the RAE contracts to ensure all comprehensive providers are held harmless during a transition to a new payment methodology.
- 5) Create space to integrate PPS development with the CCBHC planning grant and develop an approach that conforms with that model and fits Colorado’s system and needs. For example, we note that SAMHSA and CMS have recently approved new CCBHC PPS approaches that account for services such as mobile crisis response and on-site crisis stabilization services. Given the intense need to strengthen Colorado’s crisis capacity and tight budget, we believe it is imperative to capitalize on opportunities like this to bring in additional funding for crisis services. Indeed, taking this time to align the payment structures will only strengthen Colorado’s CCBHC



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application, as it will demonstrate tangible commitment to the model. This "pause and pivot" will only help the CCBHC planning grant application, as it gives HCPF and the BHA a substantive way to demonstrate a commitment to this model.

- 6) Create time to train providers on the elements of the CCBHC cost report. It is well known that this can be one of the most daunting elements of CCBHC for providers, and a heavy lift for the state partners as well. Taking time on the front end to get it right can save valuable time and resources on the back end for both providers and the state.

As you continue to navigate the PPS development process, we hope you will also consider other vital measures to mitigate possible interruption or risk. This includes establishing predictable intervals of reconciliation (e.g., a quarterly cadence), defined in RAE contracts so to establish statewide consistency. This would ultimately ensure stability and minimize the potential for significant cashflow interruptions for providers during this transition.

I want to close by emphasizing CBHC's commitment to payment reform and the development of a new PPS payment model that incentivizes quality care and access for Colorado's Medicaid managed care program. We hope you will consider this pause and pivot as an opportunity to move forward thoughtfully given the current dynamics that Colorado's behavioral health system is experiencing. We look forward to hearing your feedback and partnering with you to make this new payment model a success.

Sincerely,

Kara L. Johnson-Hufford, MPA  
Chief Executive Officer  
Colorado Behavioral Healthcare Council