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# Colorado

Capitated Financing Allows for More Flexibility to Focus on Mental Health Prevention

**T**his policy vignette examines Colorado's efforts to cover infant and early childhood mental health (IECMH) services for Medicaid beneficiaries through a capitated managed care system. It also highlights efforts underway to transform health care delivery through a State Innovation Model (SIM), and more specifically to implement an early childhood mental health strategic plan that considers risk, reach, and resources. A look at one local community mental health center's approach to services and reimbursement is explained. The vignette also shares **key lessons learned**.

## the Innovation

As part of Accountable Care Phase II efforts, the Colorado Medicaid Program contracts with Regional Accountable Entities (RAEs), which are responsible for coordinating and administering physical and behavioral health services for a designated population with both a per-member per-month payment, as well as incentives for physical health care and a fixed per-capita payment for behavioral health services. This capitated system enables community behavioral health providers to deliver a host of preventive services to pregnant and parenting women and very young children, including IECMH services.

## the Impetus

In 1992, the Colorado General Assembly passed House Bill 92-1306, authorizing the Department of Human Services and the Department of Health Care Policy and Financing to implement a two-year pilot program to provide comprehensive mental health services to Medicaid beneficiaries. The pilot was expanded to a statewide effort with the passage of Senate Bill 95-78 in 1995. During that time, the state applied for a waiver for Section 1915(b) of Title XIX of the Social Security Act. The waiver allowed the state to implement a managed mental health program. This supported a shift away from a fee-for-service system without a single clinician or case manager to coordinate aspects of an individual's mental health care.<sup>1</sup>

In 2018, the state entered into phase two of accountable care that joins both physical and behavioral health under one entity in each of seven regions. The objectives of the 2018 shift to RAEs include strengthening coordination, greater accountability and transparency, promoting member choice and engagement, and paying providers for the increased value they deliver. Now, each RAE is required to contract with both community mental health centers as well as private behavioral health practitioners for behavioral health services.

## the Process

The Department of Health Care Policy and Financing supports capitated payments for core behavioral health services. The goals are to reduce barriers to care, focus on value-based purchasing incentives, and provide flexibility to pay for integrated behavioral health services within primary care settings.

Colorado received funding from the federal Centers for Medicare and Medicaid Innovation in 2014 to support a State Innovation Model (SIM)<sup>2</sup> to integrate primary and behavioral health care and to reform the state's reimbursement structure. The overall goal of SIM is to increase access to integrated and comprehensive behavioral and primary care services to 80% of Coloradans by 2019. In addition to focusing on integration, SIM applies a value-based payment structure, expands information technology including telehealth, and finalizes

1 Colorado Department of Health Care Policy and Financing. (2015). Section 1915(b) Waiver Renewal Proposal for the Colorado Medicaid Community Behavioral Health Services Program and the Special Connections Substance Abuse Treatment Program Postpartum Months Three through Twelve, Submitted October 22, 2015 for Waiver Period January 1, 2016 to June 30, 2017. [https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/Downloads/CO\\_Community-Mental-Health-Services-Program\\_CO-03.pdf](https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/Downloads/CO_Community-Mental-Health-Services-Program_CO-03.pdf)

2 Colorado State Innovation Model: <https://www.colorado.gov/healthinnovation>

a statewide plan to improve population health. The SIM opportunity received significant attention early on from early childhood advocacy, provider, philanthropic, and stakeholder groups. They emphasized the need for high-quality, integrated behavioral health services for young children and families, screening for young children, and screening pregnant women and new mothers for depression. These concerns helped shape SIM implementation. The SIM project provides technical assistance to primary and pediatric care practices and community mental health centers.

Contemporaneous to SIM, the Colorado Early Childhood Leadership Commission endorsed an early childhood mental health strategic plan in 2015. One of three priorities of the plan is development of a long-term sustainable financing

approach for Colorado's early childhood mental health system. Jordana Ash, Colorado's Early Childhood Mental Health Director, leads this effort. Ash, in collaboration with leaders of other statewide early childhood mental health initiatives, is facilitating a workgroup that focuses on:

- Using data to inform policy and funding investment opportunities for IECMH;
- Advancing recommendations on state policies regarding payer reform, parity, and reimbursement for services that address IECMH needs across the continuum; and
- Identifying and disseminating tools that allow providers and families to understand and respond to the mental health needs of young children in their caregiving contexts in ways that can be reimbursable.



It is helpful when the leadership of mental health centers understands the importance of promotion and prevention and has a particular commitment to early childhood mental health services .... So when you have a vision that includes early childhood, community services, and prevention, you are more able to find ways to blend and braid funding on the back end so children and their families get early intervention and seamless care." – Jordana Ash



As part of this, the state commissioned an [IECMH Risk, Reach, and Resources](#) fiscal analysis. With funding from The Piton Foundation at Gary Community Investments, the Colorado Health Institute analyzed key indicators identified by a stakeholder group to determine IECMH risk, studying the reach of programs that are proven to have a positive effect on the identified risk factors, and compiling data on public and private funds that are invested in these programs. The state hopes to have a clear picture of IECMH investments. The intention is that the report and accompanying interactive maps is intended for use by a variety of stakeholders including the governor, legislators, policymakers, funders, and other program directors. It will help to illuminate gaps and directions for future IECMH policy and financing.

At the local level, providers are seeing the benefits of the capitated system as it allows them to invest in mental health prevention and early intervention. For example, Lauren Jassil, Clinical Director of Integrated Outpatient Services at the Community Reach Center in Adams County, Colorado,<sup>3</sup> takes advantage of this opportunity to work with young children and their parents to wrap them in the supports they need. The capitated system provides flexibility to manage funds and direct them towards prevention and other effective and less costly interventions. The Center's Leadership Team engages in an intensive strategic planning process to plan the clinical direction of the agency's services and allocation of funds. For example, when working with very young children, if the child is not presenting with a diagnosable mental health condition, the Center is able to use prevention level codes for billing. "The work is episodic and tailored to what the child most needs. When kiddos come in to us through the prevention lens, we try to assess right away whether the mental health center is the best place or not. We may refer to home visiting from the start to create more of a wrap-around plan or we may refer out to home visiting after the family has gotten their needs met from the mental health center," said Jassil. For pregnant and new mothers, they can work with the mother as the client through the post-partum period, which is through age 1. Though this flexibility enables the community mental health center to bill for many services that focus on promotion and prevention, still, leaders of

<sup>3</sup> Jassil notes that this story is the perspective and experience of just one community. For a more complete understanding of how the capitated system plays out at the local level, it might help to gather additional information from other communities.

mental health centers need to seek out additional grants for other aspects of their work (e.g., care coordination, mental health consultation).

## Financing

If SIM projections hold true, the state will realize a savings as it shifts to integrated care models that move the state closer to the “Triple Aim of lower costs, better care, and improved population health.”<sup>4</sup> In fact, the state projects that by increasing access to integrated care to 80% of Coloradans, SIM will save Colorado a projected \$126.6 million in cost of care by 2019, and \$85 million in annual savings thereafter.<sup>5</sup>

## next Steps

Ash will continue to facilitate workgroups to advance the early childhood mental health strategic plan. Within her own county, Jassil will continue to educate the provider and policy community about the unique needs of young children and their families.

## important Lessons

- Make sure there is an individual in state government who understands IECMH, has appropriate levels of authority to advance policy and practice, and can provide leadership on IECMH as part of broader reform efforts to Medicaid.

- Reach out to philanthropy to support services that state and federal funding will not cover, but understand that philanthropic dollars will not provide long-term, sustainable support and instead offer short-term innovation and thought-partnership.
- Partner with Medicaid and request data that can be shared to inform questions and help uncover solutions for expanding utilization, quality, and innovation.

## for more Information

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4 What is SIM? <https://www.colorado.gov/pacific/healthinnovation/what-is-sim>

5 What is SIM? infographic <https://drive.google.com/file/d/0BxUiTiOwSbPUYkMfPc210ZWs/view>