



Fiscal Note
Legislative Council Staff
Nonpartisan Services for Colorado’s Legislature

SB 25-294: BEHAVIORAL HEALTH SERVICES FOR MEDICAID MEMBERS

Prime Sponsors:

Sen. Amabile; Kirkmeyer
Rep. Bird; Taggart

Fiscal Analyst:

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Bill Outcome: Signed into Law
Drafting number: LLS 25-0996

Version: Final Fiscal Note
Date: August 15, 2025

Fiscal note status: The final fiscal note reflects the enacted bill, which was recommended by the Joint Budget Committee.

Summary Information

Overview. The bill delays the inclusion of certain residential treatment services for foster youth in the state’s Medicaid managed care system until July 1, 2026

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- Minimal State Workload

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

The bill delays the transition of residential treatment services for foster youth in county custody into the state's managed care system until July 1, 2026. By December 1, 2025, the Department of Health Care Policy and Financing (HCPF) must work with the Department of Human Services (CDHS), the Behavioral Health Administration (BHA), and other stakeholders to develop policies for the transition of these services to the managed care system.

Background

Currently, most Medicaid behavioral health services for children in county custody are delivered through capitated payments to Regional Accountable Entities, which are managed care entities that are paid a per-member per-month rate to provide behavioral health services. However, residential treatment services for foster youth, including services in qualified residential treatment programs or psychiatric residential treatment facilities, are excluded from the behavioral health capitation system, with services paid through a child welfare "carve out" in HCPF's budget on a fee-for-service basis.

HCPF planned to shift residential treatment services to behavioral health capitation for child welfare youth by July 1, 2025. The shift is partly in response to a statutory change made through [House Bill 18-1328](#) that removed the legal basis for the carve-out and the ability for these services to remain outside of managed care.

State Expenditures

The bill minimally increases workload for HCPF, CDHS, and the BHA in FY 2025-26 to collaborate with stakeholders and develop transition policies by December 1, 2025. Implementation of the policy will begin in FY 2026-27. This workload can be accomplished within existing resources.

Effective Date

This bill was signed into law by the Governor and took effect on May 31, 2025.

State and Local Government Contacts

Joint Budget Committee

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).