



Behavioral Health Opportunities

ISSUE BRIEF | House Bill 22-1278 and Grant Opportunities

Background

As behavioral health needs intensify across Colorado and the nation, addressing the state's behavioral health system has become a perennial issue at the capitol. This year, the General Assembly made significant financial investments to strengthen community-based behavioral health services, to improve patient care, and to tackle the state's own infrastructure charged with managing behavioral health – the new Behavioral Health Administration (BHA). Legislators made \$450 million in investments based on the [2021 Behavioral Health Transformation Task Force](#) and passed a package of 20 bills. CHA supported five pieces of legislation to invest over \$243 million in measures to strengthen the continuum of behavioral health services available to Coloradans. [HB 22-1281](#), [HB 22-1283](#), [HB 22-1302](#), [HB 22-1303](#), and [SB 22-147](#) make significant investments in community services, residential treatment options, and primary care and behavioral health integration. This implementation brief includes information on the regulatory process for implementation of HB 22-1278, legislation to establish the BHA, and potential grant opportunities.

HB 22-1278: Creation of the Behavioral Health Administration

What You Need to Know

In 2021, the legislature passed [HB 21-1097](#), which required the creation of the BHA. HB 22-1278 furthers this work by establishing the structure for the BHA. Within that work, HB 22-1278 consolidates the fragmented behavioral health networks under new behavioral health administrative service organizations (BHASOs).

- **Universal Contract** – For all state agencies to use when contracting for behavioral health services, including Medicaid dollars or other grant funding. This contract will apply to hospitals when it goes into effect July 1, 2023. This will be the subject of extensive rulemaking and stakeholder engagement.
- **Care Integration** – Ensures that there will be transparency and reporting on state agency collaboration to improve reimbursement for physical and mental health services.
- **Grievance Process** – BHA will collect and analyze information on behavioral health grievances. The scope of this process will be determined through rulemaking.
- **Licensure** – Over a two-year period, responsibility for licensing will shift to the BHA. Note: hospitals (acute care or specialty) can opt to become behavioral health entities but are not required to do so.
- **BHASOs** – Creates a new managed care entity responsible for network adequacy (managing the safety-net) in every region. The BHASOs will award contracts and provide incentives for behavioral health providers in each region. It is likely that the BHASO regions will align with Medicaid's Regional Accountable Entity (RAE) regions. The details will be determined through extensive rulemaking.
- **Behavioral Health Entities** – [Behavioral Health Entities \(BHEs\)](#) are facilities or providers that provide community-based health services. This is a previously established entity in Colorado. HB 22-1278 updates the BHE licensure process but does not impact hospitals unless they currently have a BHE license.
- **Safety Net Providers** – Establishes a comprehensive safety net system that must be available in every region. Safety net providers will receive enhanced reimbursement and will not be allowed to refuse care to patients based on several factors including discharge from an acute-care hospital, insurance status, involvement with the criminal justice system, or because a patient's previous clinical or behavioral presentation with a provider. Safety net providers will also be required to accept Medicaid and provide culturally competent care for certain services specified in the bill. Hospitals could choose to contract with a community mental health provider or choose to become a comprehensive behavioral health safety net provider (note: there will not be a requirement to become a safety-net provider).

For questions or more information, contact Megan Axelrod, CHA manager, regulatory policy, at megan.axelrod@cha.com.

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HB 22-1278: Creation of the Behavioral Health Administration – *continued*

Rulemaking

HB 22-1278 will include an extensive stakeholder engagement and rulemaking processes. CHA will continue to coordinate member engagement. To stay informed, you can also follow along on the [BHA's Behavioral Health Reform webpage](#).

Timeline

- **July 1, 2022:** BHA is officially established. All community-based programs transfer from CDHS to the BHA.
- **July 1, 2023:** The BHA must execute the universal contracting provisions, establish the grievance process, execute formal data-sharing agreements, institute safety net, establish a monitoring system to track capacity. The BHA will begin the licensing function for all new or renewal BHE licenses.
- **July 1, 2024:** The licensure of BHEs fully transitions from the Colorado Department of Public Health and Environment (CDPHE) to the BHA.

Additional Resources

- [HB 22-1278 bill text](#)
- [HB 22-1278 fiscal note](#)
- [HCPF/CDHS Q&A for CHA Members](#)
- [BHA fact sheet](#)

HB 22-1271: Behavioral Health Care Continuum Gap Grant Program

What You Need to Know

The bill appropriates **\$90 million in total – \$75 million** for the Community Behavioral Health-Care Continuum Gap Grant Program (\$35 million for community investment grants and \$40 million for children, youth, and family service grants) and **\$15 million** for the Substance Use Workforce Stability Grant Program.

- Community Behavioral Health Care Continuum Gap Grant Program: Grants must be awarded to nonprofit and community-based organizations. Hospital grant recipients can utilize funding to create “Treatment on Demand” programs to prepare providers to offer same-day access to medication assisted treatment, substance use counseling, peer support, and navigation services.
- Substance Use Workforce Stability Grant Program: Grants must be awarded to support direct care staff who spend 50 percent or more of their time working with patients. Support can include temporary salary increases, recruitment and retention bonuses, and other strategies to support staff.

Timeline

- **Dec. 31, 2022:** Deadline for BHA to begin accepting grants
- **Dec. 21, 2024:** Grant recipients are required to spend or obligate grant funding
- **Dec. 21, 2026:** Grant recipients must spend all funding

Additional Resources

- [HB 22-1281 bill text](#)
- [HB 22-1281 fiscal note](#)

HB 22-1302: Health Care Practice Transformation

What You Need to Know

The bill appropriates **\$31.75 million** to the Department of Health Care Policy & Financing for the primary care and behavioral health statewide integration grant program to provide grants to primary care clinics for implementation of evidence-based clinical integration care models.

- If a grant recipient is a hospital-owned or affiliated practice that is not part of a system and has less than 10 percent total profit (as measured by state transparency reporting), the grant recipient must provide a 25 percent match.
- If a grant recipient is a hospital-owned or affiliated practice that is not part of a system and has more than 10 percent total profit, the grant recipient must provide a 50 percent match.
- If a grant recipient is a critical access hospital, the grant recipient must provide a 10 percent match.

“Hospital-affiliated” is defined as a contractual relationship between a hospital and another entity that allowed the hospital to exercise control and grant recipients can utilize community benefit funds, in-kind personnel time, and federal relief funding to meet the match requirement. Additional information is included in the bill text under 25.5-5-333(c)(I)

Additional Resources

- [HB 22-1302 bill text](#)
- [HB 22-1302 fiscal note](#)

SB 22-147: Behavioral Health Care Services for Children

What You Need to Know

The bill appropriates \$11 million for behavioral health services for children, including \$1.5 million to the School-Based Health Center Grant Program within CDPHE. The grant program provides funding to school-based health centers to assist with the establishment, expansion, and ongoing operations.

Additional Resources

- [SB 22-147 bill text](#)
- [SB 22-147 fiscal note](#)

Additional Information/Timeline

CHA will provide additional information on rulemaking to implement these programs as they occur.

HB 22-1302 and SB 22-147

- **Dec. 21, 2024:** Grant recipients are required to spend or obligate grant funding
- **Dec. 21, 2026:** Grant recipients must spend all funding