



State of Colorado

Fiscal Coordination and Integration

Strategies for Innovative Financing of Prevention, Intervention, and Treatment Services for Children and Youth

Increasing efficiency and effectiveness at the state and local level through joint financing strategies across state departments so that children, youth and families have access to a full continuum of appropriate and timely services that can help them reach their full potential in life.

**Prepared by
Colorado Prevention Leadership Council and
The Center for Systems Integration
On behalf of Colorado LINKS for Mental Health
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Primary authors
Denise McHugh, J.D., Center for Systems Integration
José Esquibel, Colorado Department of Public Health and Environment/Prevention Services
Division/Interagency Prevention Systems Program

Strategies for Innovative Financing of Prevention, Intervention, and Treatment Services

Executive Summary

Purpose

The purpose of this paper is to identify various financing coordination strategies that have been recommended by several state interagency planning groups and outline some initial action steps to be considered by these groups, state leaders, and private and local partners. These financing coordination strategies are focused on federal and state funding and not private or local funding. Although many of these strategies focus on systems that serve children, youth and families, with particular emphasis on behavioral health (mental health and substance abuse), many of them are equally applicable to other human service needs and to adults service systems. Over 300 professionals, advocates, and family representatives from across the State of Colorado have contributed to the formulation of the recommendations and strategies presented below.

The Issue

No single service program or single entity —whether public, private, or nonprofit— can address the complex health, education, behavioral health, and safety issues of children, youth and families in Colorado. Consequently, cross-system collaborations at the state and local level have been increasingly recognized as critically important if they are to have access to a full continuum of appropriate and timely services resulting in improved outcomes. Joint financing strategies is one tool that can support Colorado’s cross-system collaborations achieve this goal.

In this regard, discussions and recommendations related to fiscal coordination and strategic financing approaches have occurred among a number of interagency groups, in particular, the Colorado Prevention Leadership Council, LINKS for Mental Health, the Early Childhood State Systems Team, Project Bloom, the Task Force for the Continuing Treatment of Persons with Mental Illness who are involved in the Justice System, and most recently the Colorado House Joint Resolution 2007-1050 Behavioral Health Task Force. Many of these groups sought input on the subject of fiscal coordination and integration from numerous stakeholders, including family leaders and advocates. In reviewing the various recommendations of these groups, there is consensus that joint funding and strategic financing approaches and structures are a key priority in cross-systems efforts to improve access to a broad array of effective prevention, intervention and treatment services.

Further, the emphasis on discipline-specific, siloed approaches in addressing complex social issues is giving way to the “network approach,” which requires agencies to partner in order to achieve common goals and outcomes through:

- systems management of networks of partners;
- systems management for shared outcomes and population-based indicators;
- systems management of funds in partnership; and
- systems management for quality.

Fostering effective partnerships within and across the public, private and nonprofit sectors is intended to create a new dimension for performance and for impacting complex social issues. Transitioning to the network, or systems management, model of managing resources requires thoughtful planning and analysis in order to utilize the state funding and finance systems for collaborative and integrated management of prevention, intervention and treatment services in the State of Colorado.

Initial Action

In November 2007, a request for action was presented to the executive directors of the state departments that fund prevention, intervention and treatment services for children and youth. The executive leaders of five of these state departments (Colorado Department of Education, Colorado Department of Human Services, Colorado Department of Public Safety, Colorado Department of Public Health and Environment, and Colorado Department of Transportation) subsequently signed an interagency Memorandum of Understanding to actively address fiscal coordination issues by ensuring the participation of program staff and fiscal staff in cross-departmental collaborative efforts for creating innovative budget, funding and financing strategies by:

- Identifying areas in common that can be more effectively addressed with coordinated funding.
- Determining solutions for combining or coordinating funds across state departments and making provisions for funding one to two cross-departmental projects as a means of testing the solutions and identifying potential challenges.
- Reviewing federal funding guidelines for prevention, intervention and treatment programs and services, and seeking maximum flexibility, as needed.
- Creating innovative strategies for budget, funding and financing of children and youth behavioral health programs and services, with the first activities being:
 - Generating a concrete list of barriers to flexible funding across state agencies, including rules and regulations;
 - Conducting a cost-benefit analysis of flexible funding; and
 - Developing a common message based upon the challenges and cost-benefit analysis of financing reform and disseminating the message to key state leaders and decision-makers at the state and local levels.

Toward this end, several of the recommendations and actions steps listed below relate directly to addressing these priorities. In addition, funds from The Colorado Health Foundation are being utilized to provide as much as 15-20 hours per month of time from the staff of the Center for Systems Integration to assist in moving this work forward as part of the Colorado LINKS for Mental Health Initiative.

Strategies and 1st Phase Action Steps

Table 1 describes the strategies and initial action steps being pursued by the Colorado Prevention Leadership Council (PLC) as authorized by 25-20.5-106-108 C.R.S. Table 2 describes the strategies and initial action steps being undertaken by Colorado LINKS for Mental Health. And Table 3 describes strategies that hundreds of stakeholders have identified as priorities and for which there is no specific lead implementer identified. The strategies are listed in order of ease in implementation, from easiest to more difficult to implement. Ultimately, this staged approach can lead the way toward comprehensive strategic funding and financing approaches.

Table 1. Strategies and Action Steps: Colorado Prevention Leadership Council (PLC)

Strategies	1 st Phase Action Steps	Implementer
<p>1: Inventory of Federal and State Funding Streams for Behavioral Health: Establish a process to keep the inventory of federal and state funding streams current and provide training on how the inventory can be utilized to support behavioral health services for children, youth and families. (Source: Bazelon Center for Mental Health Law)</p>	<ul style="list-style-type: none"> • Develop and institute a process to update Colorado BRAID¹ on an annual basis as part of annual reporting requirement for state-managed prevention, intervention, and treatment programs. • State departments identify an individual within their agency responsible for keeping Colorado BRAID information current. • Develop & implement training for state and local interagency groups and providers on how to use Colorado BRAID to identify gaps & opportunities to maximize funding. 	PLC
<p>2a: Standardized Grant & Contracting Processes. Standardize state grant and contracting processes for prevention, intervention, and treatment programs so that they are efficient and uniform across state departments to decrease undue burden on communities. (Source: PLC Plan 2006-2009)</p>	<p>Grant Process</p> <ul style="list-style-type: none"> • Analyze current RFP/RFAs to determine similarities and differences. • Collect input on common application components from service providers, family and youth leaders, and other stakeholders. • Identify common application components. • State department program managers and statutory groups review and approve common application components. • PLC approves common application components. • Integrate common application components into RFP/RFAs • Include uniform language on how priorities & proposed services address health disparities in RFP/grant applications. 	PLC

¹ Colorado BRAID is an online resource that identifies federal and state funding that can be used to support mental health services for children, youth and their families. It can be found on the ASPIRE website.

<p>2b: Standardized Grant Application & Contracting Processes. Standardize state grant and contracting processes for prevention, intervention, and treatment programs so that they are efficient and uniform across state departments to decrease undue burden on communities. (Source: PLC Plan 2006 – 2009)</p>	<p>Contract Waiver Process:</p> <ul style="list-style-type: none"> • Develop criteria for determining which programs across departments would be appropriate for a contract waiver or other processes for expediting the release of state-managed funds. • Identify programs that meet the established criteria. • Develop a common contract waiver process with the State Controller’s Office, Department of Personnel and Administration and Attorney General’s Office. • State Departments and PLC approve the common contract waiver process across departments. • Create rules & regs to institutionalize contract waiver process. 	<p>PLC</p>
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Table 2. Strategies and Action Steps— Colorado LINKS for Children and Youth Mental Health

Strategies	1 st Phase Action Steps	Implementer
<p>3: Engage Diverse Consumers, Families & Youth in Policy and Funding Decisions. Financial support for diverse consumers, families & youth to support their involvement in funding reform efforts. (Source: LINKS BIG Meeting III)</p>	<p><i>Establish a consultation fee for participation on Boards and Commissions:</i></p> <ul style="list-style-type: none"> • Research & document impact of stipends vs. consultation fee on benefits. • Establish consistent interpretation across departments based on the research. • Secure commitment from departments & interagency groups in LINKS Guidebook for youth & family participation on state policy and advisory boards. • Identify funding streams that could support a consultation fee and allocate funding accordingly. • Set expectations for participation and monitor youth & family leader participation, adjust as needed. <p><i>Engage the State Attorney General’s Office:</i></p> <ul style="list-style-type: none"> • Request State Attorney General’s Office to issue an opinion regarding HIPAA’s applicability to youth and family serving on state policy and advisory boards and their ability to participate. <p><i>Explore the development of an Office of Family and Youth Development</i></p> <ul style="list-style-type: none"> • Conduct research into California’s model and its applicability to Colorado. • Set next steps based on research. 	<p>Colorado LINKS for Mental Health</p>
<p>4: Address Gaps in Funding. Explore and address gaps in funding for specialized populations, specialized levels of service, non-treatment services and supports, and system capacity building. (Source; LINKS BIG Meeting III)</p>	<ul style="list-style-type: none"> • Analyze and identify gaps in funding based on information contained in Colorado BRAID described in Recommendation 1. • Based on the analysis, determine next steps. 	<p>Colorado LINKS for Mental Health</p>

Table 3. Additional Strategies and Action Steps: No Lead Implementer Identified

Strategies	1 st Phase Action Steps	Implementer
<p>5: Joint Budget Planning Across Systems. Multi-year, multi-</p>	<ul style="list-style-type: none"> ▪ Determine priority population(s) to pilot a joint budget planning process across departments. 	<p>No lead implementer identified .</p>

<p>department budget planning as part of strategic plan to support shared long-term, cross-system needs and priorities & outcomes for children, youth and families. (HJR07- 1050 Behavioral Health Task Force)</p>	<ul style="list-style-type: none"> ▪ Analyze the population’s needs to determine priorities & identify shared outcomes across departments. ▪ Analyze current budgets to determine department requirements and priorities, as well as alignment and disconnects across departments with regard to this population. ▪ Determine gaps in funding to meet the identified needs of the population & develop strategies to address them. ▪ Develop outline of already existing joint budget planning mechanisms & adapt them for this purpose. ▪ Identify challenges to the process and offer solutions to resolve them. ▪ Define the project at the agency level to secure buy-in and use adapted mechanism for this project across departments. ▪ Convene meeting of department division/office directors and identified staff, JBC and OSBP to secure commitment to piloting the joint budget planning process. 	
<p>6: Maintain Flexible Streams. Prioritize and maintain level of funding for financing streams that are flexible in use that will allow local communities the consistency to provide the most supportive services given local needs. (Source: Juvenile Justice/Mental Health State Plan)</p>	<ul style="list-style-type: none"> • Identify flexible funding streams across departments that support services to children, youth and families. • Secure commitment from departments that efforts will be made to maintain the level of funding for these flexible funding streams as part of the joint budget planning process described Recommendation 3 above 	<p>No lead implementer identified at this time.</p> <p>Some activities are being undertaken by Colorado LINKS for Mental Health</p>
<p>7: Integrated Behavioral Health Policies, Rules, and Regulations. Resolve barriers created by state and federal funding streams, particularly as they relate to reimbursement for integrated service delivery of primary care, mental health, and substance abuse services. (Source: HJR07- 1050 Behavioral Health Task Force)</p>	<ul style="list-style-type: none"> • Convene state departments & stakeholders to address billing and reimbursement issues posed by Medicaid rules & regulations for integrated behavioral health treatment and integration with primary care. • Based on other state experiences, explore regulatory solutions that resolve barriers to integrated treatment. 	<p>No lead implementer identified at this time.</p>
<p>8: Financing Reform for an Integrated Behavioral Health System. Financing reform is needed in Colorado to support an integrated behavioral health system across all relevant state departments in order to develop a full continuum of services statewide from prevention and early intervention to treatment and recovery. (Source: HJR07- 1050 Behavioral Health Task Force)</p>	<ul style="list-style-type: none"> • Activate CMS codes for substance abuse screening, brief intervention, and referral to treatment with secured state match funding. • Pursue federal substance abuse funding for Native Americans through a waiver application. • Explore any other CMS codes that Colorado could adopt to maximize federal funding or waivers to pursue covering additional populations and/or services. • Set long term goal to pursue additional funding and determine next steps. 	<p>No lead implementer identified at this time.</p> <p>SBIRT Colorado is assisting with the effort to activate the CMS codes for substance abuse screening.</p>
<p>Strategies</p>	<p>1st Phase Action Steps</p>	<p>Implementer</p>
<p>9: State Support for Local Innovation in Financing: Continue to develop policies that support integrated planning and financing at the local level through three policy mechanisms: incentives; waivers; and technical assistance. (Source: Juvenile</p>	<ul style="list-style-type: none"> • Local funding strategies that the state should support include: Programmatic Blended and Braided Funding; Flexible Funding Pots; Flexible Funding Processes; Rollout Funding, and Systemic Funding Integration. • Steps to be determined. 	<p>No lead implementer identified at this time.</p>

Justice/Mental Health State Plan)		
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National leaders, such as the Bazelon Center for Mental Health Law and the National Child Welfare Resource Center for Organizational Improvement, involved in fiscal reform have made similar recommendations; with their experience in other states suggesting such changes will make a meaningful difference in achieving new efficiencies in managing funds and increasing the return on funds invested in prevention, intervention and treatment services resulting in improved outcomes for children, youth and families. In order to move forward state department executive leadership approval and commitment is needed to ensure that program and fiscal staff from the different departments that fund these services are involved in the development and implementation of the recommendations.

The remaining portions of this paper provide background information on cross-system collaboration, including the network model to governing resources, specific financing strategies, and the recommendations in more detail.

I. Introduction and Background

Prevention Leadership Council's Statutory Mandate and Innovating the Network Approach

Colorado Revised Statute §25-20.5-.01-109 mandates the coordination of state-managed prevention, intervention and treatment services for children and youth. Its intent is for local and state programs to work together as partners to overcome barriers, including the categorical requirements of various funding sources, in order to design and implement approaches that provide a more comprehensive response to the needs of Colorado children and youth. The mandatory participants in this effort include the Colorado Departments of Education (CDE), Human Services (CDHS), Public Safety (CDPS), Transportation (CDOT), and Public Health and Environment (CDPHE), which has been given the authority to oversee the law's implementation. The voluntary participants are the Colorado Departments of Law (CDOL), Health Care Policy and Financing (CHCPF), and Revenue (CDOR).

The Colorado Prevention Leadership Council (PLC) is the interagency partnership group established under this statute. It has representation from each of the mandatory and voluntary partners listed above. The PLC also works with multiple other state, local, and private partners to improve the management of state funds for prevention, intervention and treatment services for children and youth. The PLC and its partners are striving to establish a design for systems management by networks of partners to foster success in achieving common goals and outcomes and the efficient and effective use of available funds.

As described above the new shape of state government is governing by network, with a focus on public-private collaboration toward achieving common goals and outcomes. This represents a move from managing people and programs to managing resources with an emphasis on how well networks of partners are managed to produce positive outcomes resulting in a higher yield from invested resources in prevention, intervention and treatment services. The benefits and advantages of the network approach identified by Stephen Goldsmith and William D. Eggers (*Governing by Network: The New Shape of the Public Sector*, 2004), include:

- Increased efficiencies and effectiveness of state and local systems and services yielding a higher return on investment of financial resources;
- A wider range of alternatives for services involving a variety of public and private partners;
- Leveraging expertise through a broader field of partnerships; and
- Synchronized responses at the state and local levels to common and emerging priorities and issues.

As social issues continue to increase in complexity, government-funding approaches still tend to respond to them in a disconnected manner by compartmentalizing the issue. This compartmentalization perpetuates categorical funding responses to human needs. It also results

in undue burden and duplication of efforts. For example, agencies representing different disciplines often fund the same local organizations or municipalities for a variety of services, which also means that these local service providers have to submit multiple applications and meet multiple contracting requirements. In many cases some of the information submitted to the different state funders is redundant and duplicative, often leaving less time and money for these providers to serve clients. The current fragmented approaches to funding conceal assumptions that individuals can be sectioned, that segmentations favor one discipline's approach over another's, and that the work of organizations is divided and organizations will maintain the division.

Yet, generally speaking, no one funder can provide sufficient funds to fully support comprehensive program services. From the numerous lessons learned in the past fifty years in attempting to address a variety of social issues, it is evident that state government cannot accomplish the desired results by itself. As a preeminent thinker on organizational management, Peter Drucker, observes, the isolated funding streams of state government are a characteristic of "the emergence of a society of organizations," in which social tasks are accomplished through numerous individual organizations, each of which has been formed around one main social task, such as juvenile delinquency, substance abuse prevention, education, foster care, early care and education, health care, etc. According to Drucker, this reflects "our pluralistic society in which government structure restricts the autonomy of social organizations." This pluralism is forcing the next evolution of the way government and social organizations will work together in the emerging network society of this century.

Colorado's Next Steps

Each of the agencies within the State of Colorado that manages funds for children and youth services has a stake in promoting and improving the health, education, safety and well-being of children and youth. What is needed is a common interdepartmental approach to utilizing and combining funds from various state agencies to address common goals and outcomes in a comprehensive and collaborative manner. To do so, discussion is needed between state program managers and state fiscal staff, not just within departments but more importantly across departments, to arrive at solutions that address the challenges posed by categorical funding and the varying eligibility criteria of publicly funded programs. Input from providers and family leaders are also essential in this discussion.

Cross-system fiscal coordination is not a new issue. Rather, it has emerged over the last five years as a key priority among several state interagency groups, including the PLC, the Early Childhood State Systems Team, Project Bloom, the Task Force for the Continuing Examination of the Treatment of Persons with Mental Illness who are Involved in the Justice System, Colorado LINKS for Mental Health, and most recently the Colorado House Joint Resolution 2007-1050 Behavioral Health Task Force. Much of the discussion on fiscal coordination within these groups has included input from service providers as well as family members. Considerable

thought has been given to the issue of fiscal coordination and a variety of recommendations have been set forth for consideration. The next step is to coordinate efforts among different interagency groups to address these recommendations and begin making changes within state government by transitioning budget, funding and financing practices to a network approach in order to develop and maintain long-term, consistent and flexible funding streams.

The Case for Fiscal Coordination and Strategies for Financing Integration

Problems experienced by children and youth are often related, suggesting the benefit of utilizing a more holistic, integrated approach to funding services since different state agencies often have a stake in resolving the same problems. Further, at both the state and local levels, no single agency or organization has sufficient financial resources to fully address the needs of Colorado's children, youth and families. As a result, communities and organizations have been patching together funding from different sources in order to serve them.

For example, Colorado ranked 33rd in the country in terms of mental health spending per capita in 2006. According to The National Alliance on Mental Illness, "this lack of financial support for community-based mental health services continues to have devastating impacts on other systems that pick up the slack for under-funded services, including the criminal justice system." (Grading the States, 2006). Colorado also faces challenges in funding substance abuse prevention and treatment, which impacts other state departments as well (Shoveling Up, 2001). In her November 30, 2007 presentation to the HJR 07-1050 Behavioral Health Task Force and the State Methamphetamine Task Force, Susan Foster of the National Center on Addiction and Substance Abuse at Columbia University noted that Colorado is spending \$845.9 million on substance abuse costs. Of that amount, only a fraction is spent on prevention, intervention, and treatment representing costs to other state systems.

Despite these facts, Colorado still does not have an overall common interdepartmental approach to combining or integrating funds across state agencies to address common issues in a comprehensive and collaborative manner.² Transitioning to a network approach of managing public and private finances is therefore needed to support a full continuum of prevention, intervention and treatment services.

² There are only a few examples of state departments working together on joint request for proposals, such as the CDHS and CDE's joint early childhood initiative.

II. Colorado Fiscal Strategies at the Local Level:

When strategic funding and financing is discussed in the human services sector, blending and braiding funds are often mentioned as commonly used strategies. The Bazelon Center for Mental Health Law defines these terms as follows:

Blended funding: Funds are combined into a single pool from which they can be allocated to providers without discerning their source and specific requirements.

Braided funding: Funds from various sources are used to pay for a service package, but tracking and accountability for each pot of money is maintained at the administrative level. The funds remain in separate strands but are joined or “braided” for the individual child and family.

In Colorado, at the local level braided funding strategies are often used. The Colorado Juvenile Justice/Mental Health State Plan (2006) identified multiple examples of braiding local funding streams to fund a single program, including:

- The Peaceful Spirit Youth Services – Multisystemic Therapy Program in the 6th and 22nd Judicial Districts, funded by Juvenile Justice and Delinquency Prevention Council dollars, core services dollars, tribal contracts, and in the future, Medicaid fee for service dollars.
- The Multisystemic Therapy Program in Larimer, the 8th Judicial District, funded by core services, SB94, and Medicaid dollars;
- Summit Outdoor Adventure Program in 5th Judicial District, funded by the county, Breckenridge Outdoor Education Center, and the probation department; and
- A diversion program through YouthZone in the 9th Judicial District jointly funded by Garfield and Pitkin counties, individual municipalities, and Juvenile Accountability Incentive Block Grant funds (JAIBG).

Input gathered from numerous community representatives across Colorado, indicates that braided funding strategies enabled local providers to include non-Medicaid eligible youth in programs that received some of the funding from Medicaid fee for service funding streams. More broadly, it allowed them to put the needs of the youth first, rather than the restrictions on the funding streams.

However, at the state level, braided and blended funding takes on a different shape. Rather than focusing on managing programs and pulling funding streams together for each program, the shift needs to be made to managing resources, allowing for flexibility in their use. At the state level, blending funds is about de-categorization —relaxing or removing the restrictions, such as eligibility or service array, to allow funds to meet complex and individualized needs presented by local communities.

At the state level, braiding funding streams occurs when multiple streams continue to be managed categorically, as is often necessary with federal dollars and can also be necessary with state dollars, but with a single point of responsibility to integrate their uses as best as possible. For example, New Jersey contracts with an administrative services organization (ASO) to address payment issues and support individualized service planning at the local level for its new statewide system of care initiative. The ASO identifies the payment source for each identified service or support for the child and family. Funds for the initiative (Medicaid and non-Medicaid funds) are held by the state Medicaid agency. Once the determination is made as to the appropriate funding source, the Medicaid agency then handles all reimbursement through its existing financial management system.

Regardless of whether the funding streams are braided or blended, they need to be sufficiently flexible so that local communities can determine which populations, service arrays, and system needs are their top priorities. A classic example of managing a program in an inflexible manner comes from suicide prevention, where federal dollars prioritize women and minorities, but Western Slope counties have emphasized that their highest suicide rates are among single, white men. A programmatic emphasis on specific populations presents a barrier to the resources meeting the overarching goal of the funding stream.

A strategy that can apply to any of those already covered is funding to shared outcomes and indicators, instead of by individual services or programs. The Collaborative Management Program (HB 04-1451) established by §24-1.9, C.R.S. allows for the collaborative management of multi-agency services provided to children and families by county departments of human / social services and other mandatory agencies including local judicial districts (including probation), the local health department, the local school district(s), and each community mental health center and behavioral health organization (BHO). Local collaborative management programs receive incentive funds for meeting identified outcomes, request waivers of rules, and can reinvest any state general fund savings into additional services to children and families that would benefit from multi-agency services. This approach allows for flexibility in the use of funds to address the community's prevention, intervention and treatment service priorities.

Funding to outcomes also fosters a more data driven system. An example of a data driven approach is the work of the Colorado Prevention Partners, a project of the PLC. Its goals are to enhance state and local prevention systems and to reduce substance abuse and related problems, including underage drinking using the strategic prevention framework that supports accountability, capacity and effectiveness. County-level data on underage drinking of alcohol and related substance use issues was utilized to determine how and where to invest a limited amount of federal prevention funds in urban, rural and frontier communities.

Regardless of which strategies are undertaken, at the state level, shared fiscal responsibility is needed to develop an integrated financing approach. This may include establishing joint processes for managing resources, intermediary structures for connecting resources across

different departments and funding authorities, and sharing responsibility for outcomes from management of the resources.

III. Strategies and Action Steps

Multiple plans from interagency groups in Colorado have made recommendations related to budget, funding and financing reform, with particular attention to behavioral health and related systems. Together these recommendations propose different financing strategies to support a more effective and efficient service delivery system across disciplines so that Colorado's children, youth and families have access to appropriate and timely services resulting in improved outcomes. They also provide background on the issues or barriers that gave rise to the strategies and initial action steps that can be taken by state departments in partnership. The Colorado Prevention Leadership Council has already committed to working on Recommendations 1 and 2, and the partners of Colorado LINKS for Mental Health have committed to working on Recommendations 3 and 4. Recommendations 5 through 9 were identified as fiscal coordination priorities through several state policy groups with input from hundred of professionals and advocates in Colorado and will require assigned leadership by state department leaders.

A prerequisite to implementation of these strategies is for the collaboration of state departments to arrive at a shared vision that articulates a broad sense of the collaboration's common purpose along with shared outcomes leading to shared accountability for those outcomes across systems. Further, the collaboration must be committed to resolving the challenges that will surely occur along the way to reaching their goal.

Strategy 1: Inventory of Federal and State Funding Streams for Behavioral Health.

Establish a process to keep the inventory of federal and state funding streams current and provide training on how the inventory can be utilized to support behavioral health services for children, youth and families.

Background: Nationwide, successful financing reform strategies begin with identifying populations in need, goals and service array, and then a full assessment of funding resources and their current and potential uses. In Colorado, many statewide initiatives and planning councils have already explored goals for different populations in need and the service array required, such as the Behavioral Health Coordinating Council, Blue Ribbon Commission for Early Childhood Mental Health, Colorado LINKS for Mental Health Initiative, and the Colorado Prevention Leadership Council (PLC).

In collaboration with the PLC, Project BLOOM has developed an online inventory, called Colorado BRAID, which can be used to identify sources of funding for prevention, intervention and treatment services for children, youth and families that are managed by the State of Colorado. This inventory sets the foundation for financing reform by providing a full assessment of the funding resources and their current and potential uses.

Colorado BRAID was initially intended for local community use to assist with blending and braiding of funds at the local level, but it is equally applicable for state agencies interested in working together to effectively maximize funding across state agencies to support a continuum of services for children and families. Colorado BRAID is a tool that can also identify gaps in current use of potential federal funding sources and opportunities for partnership between state agencies to fund particular services.

Colorado BRIAD is one of several priorities of the Action Plan of the State of Colorado Behavioral Health Cabinet and Transformation Council. The Behavioral Health Cabinet is represented by the executive directors of the departments of Human Services, Public Health, Health Care Policy and Financing, and Corrections, and a representative of State Judicial.

1st Phase Action Steps:

1. Develop and institute a process to update Colorado BRAID on an annual basis as part of existing annual reporting requirement for state-managed prevention, intervention, and treatment programs, as authorized by §25-20.5-108(a) C.R.S.
2. State departments identify an individual within their agency who is responsible for ensuring that the Colorado BRAID information is kept current.
3. Develop and implement training for state and local interagency groups and providers on how to use Colorado BRAID to identify gaps and opportunities to maximize funding.

Strategy 2: Standardized Grant and Contracting Processes.

Standardize state grant and contracting processes for prevention, intervention, and treatment programs so that they are efficient and uniform across state departments to decrease undue burden on communities.

Background:

Diverse state-managed programs across state agencies are often funding the same organizations or municipalities or county governments for a variety of services, which also means that these local service providers are submitting multiple applications for grants or contracts with differing requirements or in some cases duplicative or redundant information.

a) Standardized Grant Processes:

Requests for proposals/applications (RFP/RFA) are a means for communicating and fostering values, principals, priorities, and best practices to improve the effectiveness of addressing current and emerging needs/issues. Cross-departmental work on a common format and uniform processes for review and selection of state RFP/RFAs and grants for children and youth services are expectations of C.R.S. §25-20.5-106 and are priority items in the *Colorado State Plan for Prevention, Intervention and Treatment Services for Children and Youth* signed by Governor Bill Ritter, Jr. in March 2007. It is essential that state department program and procurement staff are

aware of this effort and that they hear a message from department leaders that this work is a priority.

A comparative analysis of current RFP/RFAs was completed in early 2009 to determine similarities and differences. The analysis will consist of:

- a general content review and comparison;
- identification of the structural outline of each RFA/RFP;
- a comparison against the Common Grant Application of the private foundations in Colorado; and
- a comparison against the required Uniform Minimum Standards for Prevention and Intervention Programs.

Based on this analysis a core set of seventeen common components were identified, with sub-components for each. The components were identified using the following decision criteria:

- To increase ease of use for applicants;
- To align with the Uniform Minimum Standards for Prevention and Intervention
- To align with the Strategic Prevention Framework
- To align, to the extent appropriate, with the foundation's Common Grant Application
- Is related to essential information for the applicant or needed from the applicant
- Provides tools for the applicant (tied to outcomes for both applicant and funder)

Input on common application components was collected from state managers of children and youth prevention, intervention and treatment programs, procurement staff of state departments, service providers, family and youth leaders, and other stakeholders.

The recommended components are intended to create an opportunity for more consistency among children and youth RFPs and RFAs, without limiting grant managers to a pre-set format that may not meet their programs needs.

Action Steps:

1. Meet with procurement directors and staff of state departments and central procurement to address consistency across departments in the use of the common RFP/RFA components.
2. Common application components are reviewed and approved by state department program managers and statutory groups with authority for issuing applications.
3. Common application components are approved by the PLC.
4. Common application components are integrated into RFP/RFAs issued by state agencies that fund services for children and youth.

5. Uniform language regarding how priorities and proposed services address health disparities is included in every request for proposals/grant application for prevention, intervention and treatment services.

b) Contract Waivers for State-Managed Prevention and Intervention Programs

Background: The Division of Criminal Justice (DCJ) has a contract waiver from the State Controller's Office (by grant program) that relaxes some of the competitive bid requirements of the normal procurement process involving an RFP. DCJ uses this process anytime the division has a new grant program or a set of new contracts. DCJ completes the required paperwork for the waiver that is then submitted to the State Controller's Office, Department of Personnel and Administration, and the Attorney General's Office. Once all approvals are received, the contract waiver allows DCJ's Controller to sign off on all grants and contracts resulting in greater efficiency and time savings. The waiver process also standardizes most of DCJ's grant forms, including award documents and reporting forms. Other state-managed prevention and intervention programs can utilize this type of waiver to streamline processes and improve efficiency.

1st Phase Action Steps:

1. Develop criteria for determining which programs across departments would be appropriate for a contract waiver or other expedited, streamlined process.
2. Identify programs that meet the established criteria.
3. Develop a common contract waiver or other streamlined process with the State Controller's Office, Department of Personnel and Administration and Attorney General's Office.
4. Develop common interpretations of the contract waiver or other streamlined process across departments.
5. Explore challenges and develop solutions for sending out notices electronically to potential vendors since BIDS is used for competitive contracting processes.
6. State Departments and the PLC approve the common contract waiver or other streamlined process across departments.
7. Create the rules and regulations to institutionalize the contract waiver or other streamlined process.

Strategy 3: Engage Diverse Consumers, Families, and Youth in Policy and Funding Decisions.

Provide financial support for diverse consumers, families and youth to support their involvement in policy and funding decisions.

Background: Funding reform and the evaluation of its implementation will only succeed if stakeholders are involved. Although funding regulations are complex, the issues they intend to

address are best understood by engaging those who have the most knowledge of how they are implemented. These stakeholders not only include diverse consumers, families, and youth, but also local providers and other key stakeholders.

To meaningfully engage consumers, youth, families and communities, policymakers can use a wide range of strategies, from stakeholder participation in decision-making or advisory boards, to the targeted use of focus groups, community dialogues, or other strategies prior to important decisions being made. Consumer, family, and community involvement requires adequate financial support. For example, California has a jointly funded office of family and youth involvement that is supported by the savings from its carve-out mental health managed care model.

The Colorado LINKS for Mental Health’s Family and Youth Involvement Leadership Team identified three strategies requiring financial support. These strategies are:

- establish a consultation fee for youth and family participants on policy boards since stipends may impact benefits as well as support for child care, mentoring, evaluation, and other areas;
- engage the State Attorney General’s Office to address HIPAA sharing of information concern that has been raised as a barrier to youth and family involvement on policy and advisory boards; and
- explore the development of an Office of Family and Youth Development that would function across State Departments

1st Phase Action Steps:

Establish a consultation fee for participation on Boards and Commissions:

1. Research and document the impact of stipends vs. a consultation fee on benefits.
2. Establish a consistent interpretation across departments based on the research since some departments do provide stipends.
3. Secure a commitment from departments and interagency groups listed in the Colorado LINKS for Mental Health Guidebook to have youth and families participate on state policy and advisory boards.
4. Identify funding streams from the different departments that could support a consultation fee and allocate funding accordingly.
5. Set expectations for participation and for monitoring participation of youth and family leaders and adjust as needed.

Engage the State Attorney General’s Office:

1. Request the State Attorney General’s Office to issue an opinion regarding HIPAA’s applicability to youth and family serving on state policy and advisory boards and their ability to participate.

Explore the development of an Office of Family and Youth Development

1. Conduct research into California's model and its applicability to Colorado.
2. Set next steps based on research.

Strategy 4: Address Gaps in Funding.

Explore and address gaps in funding for specialized populations (e.g. autistic, traumatic brain injury), specialized levels of service (e.g. youth in transition, prevention, etc.), non-treatment services and supports (e.g. transportation, respite, family support services, interpreters, etc.), and system capacity building (e.g. workforce development, system development, and family and youth involvement).

Background: Consumers, families, local providers, and state staff identified areas where funding is often lacking. A *system of care* approach to service delivery focuses on flexible funding that can meet individualized needs. Many of the non-treatment services fall into the types of supports that a flexible funding stream would address. However, beyond flexible funding, the gaps in funding also highlight the challenge of meeting needs when a child does not fall into the priority populations of any funding stream. Addressing gaps in eligibility may help to meet the needs of populations currently falling through the gap.

1st Phase Action Steps:

1. Analyze and identify gaps in funding based on the information contained in Colorado BRAID, the online funding matrix described in Recommendation 1.
2. Based on the analysis, determine next steps.

Recommendation 5: Joint Budget Planning Across Systems.

Move toward multi-year, multi-department budget planning as part of a strategic plan to support shared long-term, cross-system needs and priorities and outcomes for children, youth and families.

Background: The independent processes that each state department undertakes in creating separate budget requests and submitting these to the Joint Budget Committee results in competition for dollars to oversee and provide a variety of services. In 2006, preliminary discussions occurred about a multi-year, multi-department joint budget process for early childhood services within the governance task force of the Early Childhood State Systems Team.

In 2007, state agency staff from multiple departments encouraged the HJR 07-1050 Behavioral Health Task Force to reconsider this multi-year joint budget planning process across departments as a recommendation as a means of identifying areas where funding can support a full continuum of services and reduce redundancies.

1st Phase Action Steps:

1. Determine the priority population(s) to pilot a joint budget planning process across departments. Analyze the population's needs to determine priorities.
2. Identify shared common outcomes across departments regarding this population that would be compelling enough to resolve the challenges posed by a joint budget planning process (e.g., departments do not have the resources to coordinate budget planning and how are resources allocated across the departments).
3. Analyze current budgets to determine department requirements and priorities, as well as alignment and disconnects across departments with regard to this population. Determine the gaps in funding to meet the identified needs of the population and develop strategies to address them through a joint budget planning process.
4. Develop an outline of already existing joint budget planning mechanisms currently in use and adapt them for this purpose. Identify challenges to the process and offer solutions to resolve them.
5. Define the project at the agency level to get buy-in and then use the existing mechanism that has been adapted for this project across departments.
6. Convene a meeting of department division/office directors and identified staff, and members of the Joint Budget Committee and the Governor Office of State Planning and Budgeting to secure commitment to piloting the joint budget planning process.

Strategy 6: Maintain Flexible Streams for Funding.

Prioritize and maintain the level of funding for financing streams that are flexible in their use which will allow local communities the consistency to provide the most supportive services given local needs.

Background: Some funding streams are more restrictive, whether due to requirements around income or diagnosis eligibility, or limitations on types of services that can be funded. Other funding streams, often state funding streams, serve a broader and more flexible purpose. For example, judicial districts around Colorado use the SB94 funds in very different ways, varying from assessment at entry into the system to direct services to crisis intervention models. These types of funding streams, often, vary widely in amount as the budget varies over years, creating challenges to ongoing funding of programs that are more flexible and individualized.

1st Phase Action Steps:

1. Identify flexible funding streams across departments that support services to children, youth and families.
2. Secure commitment from departments that efforts will be made to maintain the level of funding for these identified flexible funding streams as part of the joint budget planning process described Recommendation 3 above.

Strategy 7: Integrated Behavioral Health Policies, Rules, and Regulations.

Resolve barriers created by state and federal funding streams, particularly as they relate to reimbursement for integrated service delivery of primary care, mental health, and substance abuse services.

Background: Reimbursement structures for substance abuse and mental health currently create barriers to integrated service delivery. With substance abuse services in a fee-for-service structure and most mental health services in a capitated managed care model, providing integrated services can be challenging for clients with co-occurring disorders. Local providers have reported that the fear of “double dipping” may keep them from meeting the co-occurring needs of their clients within a single session. Similar issues have arisen with regard to the integration of primary care and behavioral health where providers can only bill for one service within a 24-hour period, and therefore must choose as to which service to seek reimbursement for. Other states, such as Alaska, have developed an integrated behavioral health program and reimbursement rules and regulations.

1st Phase Action Steps:

1. Convene appropriate state departments representatives and stakeholders to identify and address the billing and reimbursement issues posed by Medicaid rules and regulations for integrated behavioral health treatment and integrating primary care and behavioral health.
2. Explore rules and regulations that resolve the barriers to integrated treatment, based on other states’ experience.

Strategy 8: Financing Reform for an Integrated Behavioral Health System.

Financing reform is needed in Colorado to support an integrated behavioral health system across all relevant state departments in order to develop a full continuum of services statewide from prevention and early intervention to treatment and recovery.

Background: Based on input from multiple stakeholders, there is a shared desire to develop and implement a financing reform plan and structure for an integrated behavioral health system that:

- supports the full continuum of behavioral health services statewide;
- minimizes the barriers and effects of funding silos; maximizes the use of cross-system funding; reduces barriers that currently hinder Medicaid and CHP+ enrollment and significantly reduces the length of time to become eligible for Medicaid or CHP+;
- addresses the cost resulting from consumers with behavioral health disorders not receiving any treatment or adequate treatment; and
- recognizes that new additional funding will be needed, as well as looking at shifting existing funding, for the planning and initial stages of implementation.

As daunting as this effort will be, there are some immediate opportunities that present an early win for Colorado to increase funding to support behavioral health services while Colorado addresses the many other barriers that the recommendation explores (e.g., barriers to enrollment, inadequate early intervention, redeploying existing resources and developing new resources.

1st Phase Action Steps:

1. Activate the CMS codes for substance abuse screening, brief intervention, and referral to treatment with secured state match funding.
2. Pursue federal substance abuse funding for Native Americans through a waiver application;
3. Explore if there are any other CMS codes that Colorado could adopt in an effort to maximize federal funding or waivers to pursue to cover additional populations and/or services ;
4. Set long term goal to pursue additional funding and determine next steps.

Strategy 9: State Support for Local Innovation in Financing.

Continue to develop policies that support integrated planning and financing at the local level through three policy mechanisms: incentives; waivers; and technical assistance.

Background: Local communities in Colorado have created a variety of mechanisms for creatively and effectively using multiple funding streams. Unfortunately, some communities have pursued braided and blended funding models unsuccessfully, due to a lack of understanding of restrictions of specific funding streams or example models of how to bring multiple funding streams together. The state can play a role in ensuring the best practices from one community can disseminate to others, and removing the barriers that communities pursuing braided and blended funding models discover. Incentives approaches like the HB04-1451 program can help engage partners in local communities to come together. Technical assistance can support local collaborations as they identify ways to use funds more effectively. Waivers open up opportunities for local communities and the state to be creative and effective in their approaches.

1st Phase Action Steps: Local funding strategies that the state should support include: Programmatic Blended and Braided Funding; Flexible Funding Pots; Flexible Funding Processes; Rollout Funding, and Systemic Funding Integration. Steps to be determined.