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Autism Therapy Providers Fight Medicaid Rate Cuts in Court

By **Chris Larson** | November 13, 2025

Wake County Government

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Autism therapy providers and industry advocates in two states have taken the fight over state austerity measures to court.

In one, advocates secured a notable early win in protecting against cuts to funding for autism therapy services.

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In Colorado, the Colorado Association for Behavior Analysis, 11 provider organizations and families that receive treatment sued the state, arguing that, among other things, the rate cuts were a violation of state and federal parity laws.

“The rub here is that, even though all other Medicaid providers got a 1.6% cut, the providers who furnish ABA (applied behavior analysis) services received a different cut, a larger cut, so that they are now being reimbursed under a totally different methodology,” Jennifer Evans, a Colorado-based attorney and shareholder with the law firm Polsinelli, told Behavioral Health Business. “To a reimbursement lawyer like me, that is a big deal.”

There are also additional budget cuts to Medicaid and other programs related to autism therapy. For example, pediatric behavioral health rates would be cut to be 95% of a newly established benchmark compiled from “all comparator states, including Nebraska,” according to [a policy document](#) from the state government.



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Specific services have been targeted for rate reductions “code by code,” Evans said. Group therapy services, for example, are cut by 40%.

Additionally, the state is projected to save \$7 million by adding a new pre- and post-payment review for autism therapy services. Already, Colorado Medicaid operates a pre-authorization process for these services. Before the projected budget shortfall, the state budget

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non-qualitative treatment limitation (NQTL). Federal parity law states that NQTLs [can't be more stringent](#) on behavioral health benefits relative to comparable physical health care benefits.

“Doing prepayment review here appears to add unnecessary administrative steps, which will both delay payment and also eliminate some payment with a bias against autism therapy services,” Evans said.

The prepayment measures have been pushed back after talks between the industry and the state government; the rate cuts are already in place as of Oct. 1.

The budget shortfall in Colorado for the current fiscal year was caused by the cuts in the One Big Beautiful Bill Act (OBBBA). The state faced a \$783 gap to bridge, according [to local media](#).

Also effective on Oct. 1, North Carolina's state government cut autism therapy reimbursement by 10% while in the midst of a crisis over passing a complete biennial budget. All other services were afflicted with a 3% cut. The North Carolina General Assembly ended its latest session [without passing a full budget](#). It generated [a stopgap measure](#) in July.

The families of 21 children sued the North Carolina Department of Health and Human Services (DHHS) on Oct. 31. The complaint and effort to seek injunctive relief included declarations from some of the nation's largest and most prominent autism therapy providers: CompleatKidz, Action Behavior Centers, BlueSprig Pediatrics, Already Autism Health, Igted Minds and Centria Healthcare. While not named as plaintiffs in the suit, these provider organizations were listed as service providers for the plaintiffs.

The plaintiffs secured a preliminary injunction on Nov. 10 in Wake County Superior Court. The injunction has the effect of stalling the cuts until the underlying complaint reaches its conclusion.

“We are proud to stand with North Carolina families and fight for the rights of children with autism to ensure they receive the care they need,” Michael Easley Jr., a partner with McGuireWoods in North Carolina, said in a news release. “This injunction is a key step to ensure essential therapy remains accessible while the legal process unfolds.”

Generally, [preliminary injunctions prevail](#) if a movant is able to prove to a judge that some irreparable harm would be perpetrated during the legal process if not prohibited, there is some degree of likelihood that a plaintiff will prevail on their claims, there is a public interest to do so and the lack of injunction would cause more harm to the movant than to the enjoined party.

The underlying suit argues that cuts violate the plaintiffs' rights to equal protection and due process under the North Carolina Constitution, as well as violations of state law requiring care be provided in the most integrated setting (similar to the federal [Olmstead protections](#)) and discrimination of the plaintiffs because of their disability.

A representative from the North Carolina DHHS told BHB that the department will comply with the injunction and is awaiting the

will run out of funding sooner, putting the entire state Medicaid system at risk,” the department said in a statement. “Without additional funding and implementation of the Oct. 1 rate cuts, North Carolina could run out of NC Medicaid funds as early as April 2026.”

The department will reevaluate the cuts based on funding levels from the General Assembly and said the present cuts were unavoidable given the budget fight in the legislature.

North Carolina Governor Josh Stein has called the General Assembly [back into session](#), starting on Nov. 17, to address Medicaid funding levels.

Behavioral health generally suffers from lacking as organized, scaled and well-funded of a lobby as other sectors of the health care economy. While the behavioral health industry generally is popular with officials, it is subject [to uneven results in the courts](#), showing the need for more concerted efforts to advance the industry’s interests.

Autism therapy provides an example of the power of nationally coordinated grassroots efforts. Autism therapy became as accessible as it is today to both patients and investors after the establishment of state-level autism therapy coverage mandates. So far, it has resulted in services that are [nearly totally covered on an in-network basis](#), a quirk relative to other segments of behavioral health.

Companies featured in this article:

[Colorado Association for Behavior Analysis](#), [McGuireWoods](#), [Polsinelli](#)

Chris Larson

Chris Larson is a senior reporter for Behavioral Health Business. He holds a bachelor's degree in communications from Brigham Young University and has been covering the health care sector since December 2016. He is based in the Louisville metro area. When not at work, he enjoys spending time with his wife and two kids, cooking/baking and reading sci-fi and fantasy novels.



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