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State/Territory Name: CO

State Plan Amendment (SPA) #: 23-0016

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
233 North Michigan Ave., Suite 600
Chicago, Illinois 60601



Financial Management Group/ Division of Reimbursement Review

March 5, 2024

Bettina Schneider,
Colorado Department of Health Care Policy and Financing
303 E. 17th Avenue, Suite 1100
Denver, CO 80203-1818

RE: Colorado State Plan Amendment TN: #23-0016

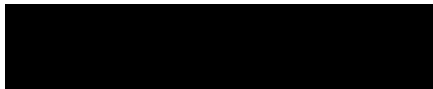
Dear Bettina Schneider,

We have reviewed the proposed Colorado State Plan Amendment, TN: #23-0016 which was submitted to the Centers for Medicare & Medicaid Services (CMS) on December 18, 2023. This State Plan Amendment proposes to add a Prescriber Tool Alternative Payment Model (PTAPM) to the Physician pages, specifically the Other Licensed Practitioner (OLP) pages, which provides incentive payments to billing providers for utilization of the Real Time Benefit Inquiry Module of the Prescriber Tool and of the Preferred Drug List.

Based upon the information provided by the State, we have approved the amendment with an effective date of October 1, 2023. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Matthew Klein at 214-767-4625 or matthew.klein@cms.hhs.gov

Sincerely,



Todd McMillion
Director
Division of Reimbursement Review

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER <u>2 3</u> — <u>0 0 1 6</u>	2. STATE <u>CO</u>
3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
October 1, 2023

5. FEDERAL STATUTE/REGULATION CITATION
Social Security Act, Section 1905(a)(12) / 42 CFR 440.120(a)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2024 \$ 599,829
b. FFY 2025 \$ 141,707

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-B – Methods and Standards for Establishing Payment Rates – Item 12.a. -- Pharmaceutical Services – Page 3-6 of 6 (NEW pages 4-6)

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
Attachment 4.19-B – Methods and Standards for Establishing Payment Rates – Item 12.a. -- Pharmaceutical Services – Pages 3 of 3 (TN 21-0008)

9. SUBJECT OF AMENDMENT
Adds Prescriber Tool Alternative Payment Model to pharmacy reimbursement pages, which provides incentive payments to billing providers for utilization of the Real Time Benefit Inquiry Module of the Prescriber Tool and of the Preferred Drug List.

10. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL
[Redacted]

12. TYPED NAME
Bettina Schneider

13. TITLE
Chief Financial Officer

14. DATE SUBMITTED

15. RETURN TO
Colorado Department of Health Care Policy and Financing
303 E. 17th Avenue, Suite 1100
Denver, CO 80203

Attn: Alex Lyons

FOR CMS USE ONLY

16. DATE RECEIVED
December 18, 2023

17. DATE APPROVED
March 5, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
October 1, 2023

19. SIGNATURE OF APPROVING OFFICIAL
[Redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Todd McMillion

21. TITLE OF APPROVING OFFICIAL
Director, Division of Reimbursement Review

22. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM STATE OF COLORADO

Attachment 4.19-B
Supplement II to Item 6.d.
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6. Medical care and any other type of remedial care recognized under State law, furnished by licensed practitioners within the scope of their practice as defined by State law.

d. Services Provided by Non-Physician Practitioners – Prescriber Tool Alternative Payment Model (PTAPM). The PTAPM incentive payment is available to the following billing providers submitting claims for covered services rendered under the authority of Attachment 3.1-A, Items 2.b-.c (rural health clinics and federally qualified health centers), Items 5.a-.b (physicians and medical and surgical services provided by dentists), Item 6.b and .d (optometrists and other practitioner’s services), Item 10 (dentists), Item 13.d (community mental health centers and substance use disorder clinics), Item 17 (nurse midwife), and Item 23 (certified pediatric nurse practitioner or certified family nurse practitioner).

1. The PTAPM makes incentive payments to billing providers to improve the structures and information available to the prescribing (rendering) providers. Outpatient fee-for-service billing providers with an electronic health record system are automatically enrolled in the PTAPM, but they may opt-out. Prescribing providers that do not bill the Department directly are attributed to billing providers for the purposes of PTAPM, in accordance with the attribution methodology on the Department’s PTAPM webpage (<https://hcpf.colorado.gov/prescriber-tool-alternative-payment-model>). For purposes of PTAPM, the following metrics are tracked for each billing provider:

- i. Completion of Department-developed data validation survey and training, to improve reporting on provider utilization of the Real-Time Benefits Inquiry Module (RTBIM) and the cost savings associated with RTBIM utilization. This data will be used for subsequent program years and will determine eligibility to receive an incentive payment. Completion is required within the Activity Period, after which submissions will no longer be accepted. The Activity Period is the third quarter of the state fiscal year following the Performance Period.
- ii. Compliance with the Preferred Drug List (PDL), referenced at Supplement to Attachment 3.1-A, Item 12.a.6, which is calculated by dividing the number of prescribed preferred medications (numerator) during the relevant Performance Period by the total prescription fills for both preferred and non-preferred medications (denominator). This is the PDL compliance rate. The billing provider’s PDL compliance rate includes the PDL compliance rate of prescribing providers assigned to the billing provider, in accordance with paragraph P.2.

2. Prescribing providers’ PDL compliance rate is assigned to their billing provider by dividing the sum of the numerators for all attributed prescribing providers’ PDL compliance rates by the sum of the denominator for all attributed prescribing providers’ PDL compliance rates. This is the billing provider’s PDL compliance rate for the Performance Period.

- i. The total savings pool is calculated according to the following process:
 - a. Determination of statewide PDL compliance rate change between the

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM STATE OF COLORADO

Attachment 4.19-B
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Performance Period and the Baseline Period for all prescribers. The Baseline Period is the state fiscal year two years prior to the Performance Period.

- b. Analysis of cost and claims count shift from non-preferred to preferred medications, between the Performance Period and Baseline Period. This will be adjusted for differences in prescribing volume between those two categories using claims data and actuarial modeling.
 - c. Adjustment of the cost shift for statewide RTBIM use estimate and PDL changes to attribute a portion of the total savings pool to the RTBIM.
- ii. The incentive payment pool is the portion of the total savings pool attributable to the RTBIM from which incentive payments are made.
- a. For the Performance Period in state fiscal year 2024 (July 1, 2023 to June 30, 2024), the incentive payment pool is set at 100% of the total savings pool.
 - b. For the Performance Period in state fiscal year 2025 (July 1, 2024 to June 30, 2025) the incentive payment pool is set at 75% of the total savings pool.
 - c. For the Performance Period in state fiscal year 2026 (July 1, 2025 to June 30, 2026) and all subsequent Performance Periods, the incentive payment pool is set at 50% of the total savings pool.
- iii. Incentive payments are made to billing providers from the incentive payment pool based on the billing provider's PDL compliance rate.
- iv. Billing providers who complete the data validation survey and training will be tiered into three ranges based on their PDL compliance rate for the Performance Period. A full share incentive payment is the dollar amount of incentive payment pool divided by the number of providers eligible to receive an incentive payment.
- a. 0-33rd percentile - billing providers in the lowest tier receive an incentive payment equal to a half share of the incentive payment pool.
 - b. 34th-66th percentile - billing providers in the middle tier receive an incentive payment equal to a three-quarter share of the incentive payment pool.
 - c. 67th-99th percentile - billing providers in the highest tier receive an incentive payment equal to a full share.