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State/Territory Name: CO

State Plan Amendment (SPA) CO: 23-0043

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

March 27, 2024

Bettina Schneider, Chief Financial Officer
Attn: Russell Zigler
Colorado Department of Health Care Policy and Financing
1570 Grant Street
Denver, CO 80203-1818

RE: Colorado State Plan Amendment (SPA) Transmittal Number 23-0043

Dear Ms. Schneider:

We have reviewed the proposed Colorado State Plan Amendment (SPA) to Attachment 4.19-B of your state plan, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on January 2, 2024. This plan amendment updates the pricing methodology for hospital services using certain specialty drugs delivered in the outpatient hospital setting.

Based upon the information provided by the State, we have approved the amendment with an effective date of January 01, 2024. 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 LaJoshica (Josh) Smith via 214-767-6453 or lajoshica.smith@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 4 3</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
January 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION
Social Security Act, Section 1905(a)(2)(A) / 42 CFR 440.20

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2024 \$ 2,775,964
b. FFY 2025 \$ 4,851,407

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-B: Methods and Standards for Establishing Payment Rates -- Other Types of Care -- 2a. Outpatient Hospital Services -- Page 2d of 6

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
Attachment 4.19-B: Methods and Standards for Establishing Payment Rates -- Other Types of Care -- 2a. Outpatient Hospital Services -- Page 2d of 6 (TN# 23-0013)

9. SUBJECT OF AMENDMENT
Increases the reimbursement for select outpatient hospital physician administered drugs to 97% of net invoice cost. If the drug or therapy requires a treatment center to be certified or qualified by a drug manufacturer in order to administer the specialty drug, then the reimbursement will be 100% of net invoice cost.

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
01/02/2024

17. DATE APPROVED
March 27, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
01/01/2024

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

TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

STATE OF COLORADO

ATTACHMENT 4.19B
Page 2d of 6

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE

2a. OUTPATIENT HOSPITAL SERVICES (continued)

- a. Outpatient nuclear medicine/computerized tomography scans shall be reimbursed under the EAPG methodology.
 - b. Any service not listed here is reimbursed under the existing state plan methodology elsewhere in this section.
2. Effective January 1, 2024, for services meeting the criteria of selected Outpatient Hospital Physician Administered Drugs, as defined by the list of drugs included in the Colorado Department of Health Care Policy and Financing's billing manual accessed through the Department's web site, that would have otherwise been compensated through the EAPG methodology, a hospital must submit a request for authorization to the Department prior to administration of the drug. If the request is approved and the drug is administered to the patient, then the hospital must submit an invoice showing the actual acquisition cost of the drug before payment will be rendered by the Department. The Department will pay the provider 97% of the net invoice cost. If a pediatric drug or therapy requires a treatment center to be certified or qualified by a drug manufacturer in order to administer the specialty drug and there is only one certified or qualified pediatric treatment center in Colorado, then the Department will pay the hospital 100% of net invoice cost.
 3. Effective July 8, 2022, payments for select Outpatient Hospital Opioid Antagonist Drugs that would have otherwise been compensated through the EAPG methodology are reimbursed at either the lower of billed charges or the fee schedule rate posted on the Department's website at <https://hcpf.colorado.gov/provider-rates-fee-schedule>.

4-6. These sections are reserved for future use.

TN No. 23-0043

Approval Date: March 27, 2024

Supersedes TN No. 23-0013

Effective Date: 01/01/2024

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

STATE OF COLORADO

Attachment 4.19-B
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METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-
OTHER TYPES OF CARE

- G. The Department shall update AAC on a regular basis based on changes in pharmacies' acquisition costs and national pricing benchmarks such as WAC. The AAC price list is available through the Department's website (colorado.gov/hcpf). Drugs acquired through the Federal Supply Schedule (FSS) shall be reimbursed at their actual acquisition cost, plus a professional dispensing fee.
- H. Drugs acquired at Nominal Price (as defined in 42 CFR §447.502) outside of FSS or the 340B Pricing Program shall be reimbursed at their actual acquisition cost plus a professional dispensing fee.
- I. Drugs dispensed by Indian Health Service/Tribal pharmacies shall be reimbursed at the all-inclusive rate published annually in the Federal Register.
- J. Drugs dispensed by 340B Covered Entities purchasing drugs through the 340B Pricing Program will be reimbursed at their actual acquisition cost, plus a professional dispensing fee.
- K. Drugs dispensed by Covered Entities (as defined in the Social Security Act, Section 1927(a)(5)(B)) not purchased through the 340B Pricing Program shall be reimbursed as defined in A.
- L. Drugs acquired through the federal 340B drug pricing program and dispensed by 340B contract pharmacies are not covered.
- M. Physician-administered drugs are reimbursed at the published Medicare Average Sales Price (ASP) Drug Pricing File minus 3.3 percent for drugs included in that file. Physician administered drugs that are not included in the Medicare ASP Drug Pricing File will be reimbursed at Wholesale Acquisition Cost (WAC). Covered entities using drugs purchased at the prices authorized under Section 340B of the Public Health Services Act for Medicaid members must bill Medicaid the 340B purchase price. No professional dispensing fee is applied.
1. Effective November 26, 2019, injectable opioid antagonists are reimbursed at the published Medicare ASP Drug Pricing File plus 2.2%.
 2. Selected Inpatient Hospital Physician Administered Drugs, as defined by the list of drugs included in the Colorado Department of Health Care Policy and Financing's billing manual accessed through

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

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METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-
OTHER TYPES OF CARE

the Department's web site, will pay the provider 97% of the net invoice cost. The net invoice is the AAC. If a pediatric drug or therapy requires a treatment center to be certified or qualified by a drug manufacturer in order to administer the specialty drug and there is only one certified or qualified pediatric treatment center in Colorado, then the Department will pay the hospital 100% of net invoice cost.

3. Selected Outpatient Hospital Physician Administered Drugs, as defined by the list of drugs included in the Colorado Department of Health Care Policy and Financing's billing manual accessed through the Department's web site, will pay the provider 97% of the net invoice cost. The net invoice is the AAC. If a pediatric drug or therapy requires a treatment center to be certified or qualified by a drug manufacturer in order to administer the specialty drug and there is only one certified or qualified pediatric treatment center in Colorado, then the Department will pay the hospital 100% of net invoice cost.

- N. Experimental or investigational drugs will not be allowed for reimbursement.
- O. Any pharmacy, except a mail order pharmacy, that is the only pharmacy enrolled with the Medical Assistance Program within a twenty-mile radius, may submit a written request to the Department requesting the designation of a rural pharmacy.
- P. In the aggregate, the Medical Assistance Program expenditures for outpatient drugs shall be in compliance with the federal upper limits as set forth in 42 CFR §§447.512 and 447.514.
- Q. Professional dispensing fees shall be established based upon reported dispensing costs provided through the Medical Assistance Program's Cost of Dispensing (COD) survey. The professional dispensing fees for all pharmacies except government and rural pharmacies shall be tiered based upon annual total prescription volume. The professional dispensing fees shall be tiered at:
- Less than 60,000 total prescriptions filled per year = \$13.40
 - Between 60,000 and 90,000 total prescriptions filled per year = \$11.49
 - Between 90,000 and 110,000 total prescriptions filled per year = \$10.25
 - Greater than 110,000 total prescriptions filled per year = \$9.31

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
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Attachment 4.19-B
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METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-
OTHER TYPES OF CARE

The determination of total prescription volume shall be completed by surveying pharmacies on an annual basis. Pharmacies failing to respond to the survey shall be reimbursed the \$9.31 professional dispensing fee.

The tiered professional dispensing fee shall not apply to government pharmacies which shall instead be reimbursed a \$0.00 professional dispensing fee.

The tiered professional dispensing fee shall not apply to rural pharmacies, as defined in O, which shall instead be reimbursed a \$14.14 professional dispensing fee.

- R. The enhanced professional dispensing fee for clotting factor drugs shall be \$0.03 per unit.