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State/Territory Name: Colorado

State Plan Amendment (SPA) #: 20-0022

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 AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

December 24, 2020

Tracy Johnson
Medicaid Director
Colorado Department of Health Care
Policy and Financing
1570 Grant Street
Denver, CO 80203-1818

Re: Colorado 20-0022

Dear Ms. Johnson,

We have reviewed the proposed amendment to Attachment 4.19-A and Attachment 4.19-B of your Medicaid State plan submitted under transmittal number (TN) 20-0022. Effective for services on or after November 1, 2020, this amendment implements a maternity payment program to promote improved care experience for mothers by incentivizing participating obstetricians to promote high quality evidence based practices.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment TN 20-0022 is approved effective November 1, 2020. The CMS-179 and the amended plan pages are attached.

If you have any questions, please contact Christine Storey at Christine.storey@cms.hhs.gov or LaJoshica Smith at lajoshica.smith@cms.hhs.gov.

Sincerely,

A solid black rectangular box redacting the signature of the sender.

For
Rory Howe
Acting Director

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 20-0022	2. STATE: COLORADO
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		4. PROPOSED EFFECTIVE DATE: October 1, 2020	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS A NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR § 440.347(a)(4)		7. FEDERAL BUDGET IMPACT: a. FFY 2019-20: \$0 b. FFY 2020-21: \$86,710	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B – Methods and Standards for Establishing Payment Rates – Other Types of Care – Episode Based Payments, Pages 1-3 of 3 (NEW) Attachment 4.19A – Episode Based Payments, Pages 11d-11e (NEW) Attachment 4.19-A, Supplement page 1 (NEW) Attachment 4.19-B – Supplement 1 to Item 5.a., page 1 of 1 (NEW) Attachment 4.19-B – Supplement 1 to Item 6.d., page 1 of 1 (NEW)		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):	
10. SUBJECT OF AMENDMENT: Implement a maternity bundled payment program to promote an improved care experience for mothers by incentivizing participating obstetricians to promote high quality evidence based practices.			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Governor's letter dated 11 October, 2019 <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
13. TYPED NAME: John Bartholomew		16. RETURN TO: Colorado Department of Health Care Policy and Financing 1570 Grant Street Denver, CO 80203-1818 Attn: Lauren Reveley	
14. TITLE: Chief Financial Officer			
15. DATE SUBMITTED: June 30, 2020			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED		18. DATE APPROVED 12/24/20	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL 11/1/20		20. SIGNATURE OF REGIONAL OFFICIAL	

Episode Based Payments

Purpose: Medicaid has established Colorado-specific Episode-Based Payments. Episode Based Payments:

1. Support Colorado's shift to value-based purchasing by rewarding high quality care and outcomes;
2. Encourage clinical effectiveness;
3. Encourage referral to providers who deliver high-quality care, when provider referrals are necessary;
4. Use episode-based data to evaluate the costs and quality of care delivered and to apply incentive payments; and
5. Establish Principal Accountable Providers (PAPs) for defined episodes of care.

Complete details including technical information regarding specific quality and reporting metrics, performance thresholds and incentive payments are available at the Colorado Medicaid Bundled Payment website available at www.colorado.gov/hcpf/committees-boards-and-collaboration and are effective for the performance period beginning October 1st, 2020.

Notice: Providers will receive at least 30 days written notice of changes to Episode-Based Payments.

Episodes: An "episode" is a defined group of related Medicaid covered services provided to a specific patient over a specific period of time. The characteristics of an episode will vary according to the medical condition for which a patient has been treated. Detailed descriptions and definitions for each episode are found in the Colorado Bundled Payment website located at www.colorado.gov/hcpf/committees-boards-and-collaboration.

PAPs: A PAP is the provider who is held accountable for both the quality and cost of care delivered to a patient for an entire episode. The State, in consultation with clinical experts, designates a PAP based on factors such as decision-making responsibilities, influence over other providers, and episode expenditures.

Payments: Subject to the incentive payments described below, providers, including PAPs, deliver care to eligible beneficiaries and are paid in accordance with the Medicaid reimbursement methodology in effect on the date of service.

Thresholds: Thresholds are the upper and lower incentive benchmarks for an episode of care and are established prior to the beginning of a performance period. Thresholds may be reviewed annually by the State using historical data that is at a minimum, two years prior to the performance period, in order to account for updates to the episode definitions or changes in practice patterns.

- The commendable benchmark is the specific dollar value for each episode such that a provider with a reimbursement below the dollar value is eligible for a positive incentive payment if all quality metrics linked to the incentive payment are met. This value is set based on a PAPs historical experience with a minimum savings rate factored in. PAPs are compared to thresholds posted on the website at www.colorado.gov/hcpf/committees-boards-and-collaboration

TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19A

State of Colorado

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Episode Risk Adjustment: Each episode will be evaluated for the need of risk adjustment by actuarial experts. For episodes, which actuarial experts determine that risk adjustment is necessary, adjustments will be applied to enable comparison of a PAP's episodes to their Thresholds if there is high variability in episode costs. Risk adjustments are episode specific as described on the Colorado Medicaid Bundled Payment website at www.colorado.gov/hcpf/committees-boards-and-collaboration .

Incentive Payments: Episode Based Payments promote efficient and economic care utilization by making incentive payments based on the aggregate valid and paid claims across a PAP's episodes of care ending during the twelve-month performance period specified for the episode. After the conclusion of the full performance period, eligibility for a positive incentive payment is determined on an annual basis. Payments are made no earlier than three months after the end of the performance period and equal 50% of the difference between the average episode expenditures and the applicable threshold as described below. The 50% risk-sharing percentage applies to positive incentive payments. Because the incentive payments are based on aggregated and averaged claims data for a performance period, payments cannot be attributed to specific provider claims. Performance reports will be sent to providers on a quarterly basis.

- **Positive Incentive Payments:** If the PAP's average episode reimbursement is lower than commendable threshold and the PAP meets the quality requirements established by Medicaid for a given episode type, Medicaid will issue an incentive payment to the PAP. This incentive payment will be based on the difference between the PAP's average episode reimbursement and their specific commendable threshold. The commendable threshold for positive incentive payments will have minimum savings rate applied to ensure PAPs are lowering costs and improving the quality of care delivered. Each PAP that is eligible for a positive incentive payment and meets the performance requirements set out in this section shall receive any earned performance payment no later than 180 days after provider receipt of its prior-year performance report.
- **No Incentive Payments:** If the average episode reimbursement is between the acceptable and commendable thresholds, the PAP will not incur a positive incentive payment.

Episodes: Effective for those specific episodes with an end date on or after October 1st, 2020, the defined scope of services within the following episodes of care are subject to incentive adjustments. Definitions and additional information about each episode are available on the Colorado Bundled Payment website available at www.colorado.gov/hcpf/committees-boards-and-collaboration.

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Attachment 4.19-A
Supplement I
Page 1 of 1

Inpatient Hospital Services

There may be positive incentive payments, based on provider performance for episodes of care as described in Attachment 4.19-A, Episode Based Payments.

TN: 20-0022
Supersedes TN: New

Approval Date: 12/24/20
Effective Date: 11/01/2020

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
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STATE OF COLORADO

Attachment 4.19-B

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

Episode Based Payments

Purpose: Medicaid has established Colorado-specific Episode-Based Payments. Episode Based Payments:

1. Support Colorado's shift to value-based purchasing by rewarding high quality care and outcomes;
2. Encourage clinical effectiveness;
3. Encourage referral to providers who deliver high-quality care, when provider referrals are necessary;
4. Use episode-based data to evaluate the costs and quality of care delivered and to apply incentive payments; and
5. Establish Principal Accountable Providers (PAPs) for defined episodes of care.

Complete details including technical information regarding specific quality and reporting metrics, performance thresholds and incentive payments are available at the Colorado Medicaid Bundled Payment website available at www.colorado.gov/hcpf/committees-boards-and-collaboration and are effective for the performance period beginning October 1st, 2020.

Notice: Providers will receive at least 30 days written notice of changes to Episode-Based Payments.

Episodes: An "episode" is a defined group of related Medicaid covered services provided to a specific patient over a specific period of time. The characteristics of an episode will vary according to the medical condition for which a patient has been treated. Detailed descriptions and definitions for each episode are found in the Colorado Bundled Payment website located at www.colorado.gov/hcpf/committees-boards-and-collaboration.

PAPs: A PAP is the provider who is held accountable for both the quality and cost of care delivered to a patient for an entire episode. The State, in consultation with clinical experts, designates a PAP based on factors such as decision-making responsibilities, influence over other providers, and episode expenditures.

Payments: Subject to the incentive payments described below, providers, including PAPs, deliver care to eligible beneficiaries and are paid in accordance with the Medicaid reimbursement methodology in effect on the date of service.

Thresholds: Thresholds are the upper and lower incentive benchmarks for an episode of care and are established prior to the beginning of a performance period. Thresholds may be reviewed annually by the State using historical data that is at a minimum, two years prior to the performance period, in order to account for updates to the episode definitions or changes in practice patterns. PAPs are compared to the thresholds posted on the website at www.colorado.gov/hcpf/committees-boards-and-collaboration.

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

- The commendable benchmark is the specific dollar value for each episode such that a provider with a reimbursement below the dollar value is eligible for a positive incentive payment if all quality metrics linked to the incentive payment are met. This value is set based on a PAPs historical experience with a minimum savings rate factored in.

Episode Risk Adjustment: Each episode will be evaluated for the need of risk adjustment by actuarial experts. For episodes, which actuarial experts determine that risk adjustment is necessary, adjustments will be applied to enable comparison of a PAP's episodes to their Thresholds if there is high variability in episode costs. Risk adjustments are episode specific as described on the Colorado Medicaid Bundled Payment website at www.colorado.gov/hcpf/committees-boards-and-collaboration .

Incentive Payments: Episode Based Payments promote efficient and economic care utilization by making incentive payments based on the aggregate valid and paid claims across a PAP's episodes of care ending during the twelve-month performance period specified for the episode. After the conclusion of the full performance period, eligibility for a positive incentive payment is determined on an annual basis. Payments are made no earlier than three months after the end of the performance period and equal 50% of the difference between the average episode expenditures and the applicable threshold as described below. The 50% risk-sharing percentage applies equally to both positive incentive payments. Because the incentive payments are based on aggregated and averaged claims data for a performance period, payments cannot be attributed to specific provider claims. Performance reports will be sent to providers on a quarterly basis.

- **Positive Incentive Payments:** If the PAP's average episode reimbursement is lower than commendable threshold and the PAP meets the quality requirements established by Medicaid for a given episode type, Medicaid will issue an incentive payment to the PAP. This incentive payment will be based on the difference between the PAP's average episode reimbursement and their specific commendable threshold. The commendable threshold for positive incentive payments will have minimum savings rate applied to ensure PAPs are lowering costs and improving the quality of care delivered. Each PAP that is eligible for a positive incentive payment and meets the performance requirements set out in this section shall receive any earned performance payment no later than 180 days after provider receipt of its prior-year performance report.
- **No Incentive Payments:** If the average episode reimbursement is between the acceptable and commendable thresholds, the PAP will not incur a positive incentive payment.

Episodes: Effective for those specific episodes with an end date on or after October 1st, 2020, the defined scope of services within the following episodes of care are subject to incentive adjustments. Definitions and additional information about each episode are available on the Colorado Bundled Payment website available at www.colorado.gov/hcpf/committees-boards-and-collaboration.

- Maternity

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Attachment 4.19-B
Supplement 1 to Item 2.c.
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2. 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.

c. Federally Qualified Health Center services – maternity services.

There may be positive incentive payments, based on provider performance for episodes of care as described in Attachment 4.19-B, Episode Based Payments.

TN: 20-0022
Supersedes TN: New

Approval Date: 12/24/20
Effective Date: 11/01/2020

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Attachment 4.19-B
Supplement I to Item 5.a.
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5. 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.
 - a. Physician services – maternity services.

There may be positive incentive payments, based on provider performance for episodes of care as described in Attachment 4.19-B, Episode Based Payments.

TN: 20-0022
Supersedes TN: New

Approval Date: 12/24/20
Effective Date: 11/01/2020

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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 – maternity services.

There may be positive incentive payments, based on provider performance for episodes of care as described in Attachment 4.19-B, Episode Based Payments.

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Supplement I to Item 9
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9. 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.

Clinic services – maternity services.

There may be positive incentive payments, based on provider performance for episodes of care as described in Attachment 4.19-B, Episode Based Payments.

TN: 20-0022
Supersedes TN: New

Approval Date: 12/24/20
Effective Date: 11/01/2020