
Table of Contents

State/Territory Name: Eqmqtcf q

State Plan Amendment (SPA) #: EQ/43/2256

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) State Plan Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-01-16
Baltimore, MD 21244-1850



Children and Adults Health Programs Group

August 30, 2021

Tracy Johnson
Medicaid Director
Colorado Department of Health Care Policy and Financing
Medicaid & Child Health Plan Plus (CHP+)
1570 Grant Street
Denver, CO 80203-1818

Dear Ms. Johnson:

Your title XXI Children's Health Insurance Program (CHIP) state plan amendment (SPA), CO-21-0034, submitted on June 24, 2021, has been approved.

Through CHIP SPA CO-21-0034, Colorado updates the payment methodology used to ensure each Federally Qualified Health Center (FQHC) and Rural Health Clinic (RHC) receives reimbursement for services provided to CHIP enrollees, equivalent to the amounts of reimbursement each FQHC or RHC would have received under the Medicaid prospective payment system (PPS), as required under section 2107(e)(1)(K) of the Social Security Act. Colorado uses the higher of the Medicaid PPS rate or the alternative payment methodology (APM) rate to reimburse FQHCs and RHCs for services provided to CHIP enrollees. This SPA has an effective date of July 1, 2020.

Your title XXI project officer is Ms. Joyce Jordan. She is available to answer questions concerning this amendment and other CHIP-related issues. Her contact information is as follows:

Centers for Medicare & Medicaid Services
Center for Medicaid and CHIP Services
Mail Stop: S2-01-16
7500 Security Boulevard
Baltimore, MD 21244-1850
Telephone: (410) 786-3413
E-mail: Joyce.Jordan@cms.hhs.gov

If you have additional questions, please contact Meg Barry, Director, Division of State Coverage Programs at (410) 786-1536. We look forward to continuing to work with you and your staff.

Sincerely,
/Signed by Amy
Lutzky/

Amy Lutzky
Deputy Director

covered by the CHP+ comprehensive benefit package in areas where HMO services are not available, mainly rural areas. The self-insured managed care network provides the same benefit package through a managed care system that is provided through the HMOs in a managed care system.

Federally Qualified Health Centers and Rural Health Clinics

CHP+ MCOs subcontract with providers, including Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) to furnish covered services to CHP+ managed care enrollees. Section 503 of the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) amends section 2107(e) (1) of the Social Security Act (Act) to make section 1902(bb) of the Act applicable to CHIP in the same manner as it applies to Medicaid. Section 1902(bb) was created in Section 702 of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA). Section 1902(bb) governs payment for FQHCs and RHCs, which is referred to as a prospective payment system (PPS), and allows states to choose one of three methodologies with which to implement this provision. The encounter rate for FQHCs and RHCs shall be the higher of the PPS rate or the alternative payment methodology (APM) rate. The APM rate for FQHCs is calculated in accordance with 10 CCR 2505, Section 8.700.6.D (2021). The APM rate for RHCs is the Medicare rate. In accordance with 10 CCR 2505, Section 8.740.7.B.2 (2021), the Medicare rate for hospital-based RHCs is their audited, finalized rate from their Medicare cost report and the Medicare rate for freestanding RHCs is the Medicare upper payment limit rate for RHCs set by the Centers for Medicare and Medicaid Services (CMS). If services furnished by an FQHC or an RHC to a CHP+ eligible recipient are paid by a managed care entity at a rate less than the PPS rate, a supplemental payment equal to the difference between the rate paid by the managed care entity and the PPS rate times the number of visits shall be made quarterly by the managed care entity. When supplemental payments are made by the managed care entity to the FQHC/RHC, the individually affected FQHC/RHC must agree to this payment methodology. Managed care entities are required to reimburse FQHCs/RHCs at an amount not less than the higher of the APM rate or the PPS rate. The Department will collect reporting no less than quarterly to ensure that full payment has been received by the FQHCs/RHCs.

Guidance: In Section 3.2., note that utilization control systems are those administrative mechanisms that are designed to ensure that enrollees receiving health care services under the State plan receive only appropriate and medically necessary health care consistent with the benefit package.

Examples of utilization control systems include, but are not limited to: requirements for referrals to specialty care; requirements that clinicians use clinical practice guidelines; or demand management systems (e.g., use of an 800 number for after-hours and urgent care). In addition, the State should describe its plans for review, coordination, and implementation of utilization controls, addressing both procedures and State developed standards for review, in order to assure that necessary care is delivered in a cost-effective and efficient manner. (42CFR, 457.490(b))