Table of Contents

State/Territory Name: Colorado

State Plan Amendment (SPA) #: CO-08-018

This file contains the following documents in the order listed:

1) Approval Letter
2) 179
3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

Center for Medicaid and State Operations, CMSO

MAR - 3 2010

Mr. John Bartholomew, Director
Budget and Finance Office
Department of Health Care Policy
& Financing
1570 Grant Street
Denver, CO 80203-1818

Re: Colorado 08-018

Dear Mr. Bartholomew:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 08-018. Effective for services on or after July 1, 2008, this amendment clarifies the State's methodology for the calculation of the nursing facility supplemental payments.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30) and 1903(a) of the Social Security Act (the Act) and the regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment TN 08-018 is approved effective July 1, 2008. The CMS-179 and the amended plan pages are attached.

If you have any questions, please call Christine Storey at (303) 844-7044.

Sincerely,

[redacted]

Cindy Mann
Director
Center for Medicaid and State Operations

cc: Chris Underwood, CO HCPF

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: **08-018**

2. STATE: **COLORADO**

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2008 (pen and INK change-CBS)

5. TYPE OF PLAN MATERIAL *(Check One)*:

NEW STATE PLAN | AMENDMENT TO BE CONSIDERED AS A NEW PLAN | X AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION
42 CFR 447.272

7. FEDERAL BUDGET IMPACT
No impact from this amendment
a. FFY 2008 $
b. FFY 2009 $

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19D
Page ~~No~~ 50 through 57 (pen and ink change-CBS)

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
N/A (pen and ink change-CBS)

10. SUBJECT OF AMENDMENT

Clarification of the State's methodology for calculation of the Nursing Facility Supplemental Payments

11. GOVERNOR'S REVIEW *(Check One)*

GOVERNOR'S OFFICE REPORTED NO COMMENT

X OTHER, AS SPECIFIED

Governor's letter dated August 10, 2007

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

12. SIGNATURE OF [redacted]

13. TYPED NAME
John Bartholomew

14. TITLE
Director, Budget and Finance Office

15. DATE SUBMITTED
9-30-2008

16. RETURN TO

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

Attn: Brian Zolynas

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

18. DATE APPROVED
3-3-2010

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL
JUL - 1 2008

20. SIGNATURE OF [redacted]

21. TYPED NAME
William Lasowski

22. TITLE
Deputy Director, CMSO

23. REMARKS

FORM CMS-179 (07/92) *Instructions on Back*

METHODS AND STANDARDS FOR ESTABLISHING PROSPECTIVE PAYMENT RATES – NURSING FACILITY CARE

7. Public Nursing Facilities Adjustment

A. Effective October 25, 2001, expenditures for Medicaid services made by publicly owned nursing facilities shall be reflected in computation of an adjustment to quarterly expenditure reports. Application of this adjustment shall result in federal reimbursement, at the applicable matching rate, of total Medicaid expenditures that are up to buy which do not exceed the allowable percentage of the Medicare Upper Payment Limit for nursing facility services established under federal regulations.

To complete this calculation, Medicaid recipients within the public nursing facilities shall be categorized into the forty-four (44) resource utilization groups ("RUGs") established by the Centers for Medicare & Medicaid Services for the purpose of determining Medicare reimbursement. Once the RUGs categorization of Medicaid recipients is complete, a weighted average Medicare rate (which reflects the applicable rural wage index adjustment for the Prospective Payment System ("PPS")) will be calculated for each public facility. The weighted average Medicare rate will then be adjusted to remove ancillary services that are not included in the applicable Colorado Medicaid reimbursement rate for each public facility.

The weighted average per diem Medicare rate and the applicable per diem rate of Medicaid reimbursement shall then be compared. The difference between the Medicare reimbursement rate and the Medicaid reimbursement rate will be multiplied by Medicaid utilization for each public facility to determine the amount of public expenditures reflected in the quarterly payment adjustment.

B. Effective July 1, 2008, public nursing facilities will receive supplemental Medicaid payments to provide reimbursement to public providers for uncompensated care related to nursing facility services for Medicaid clients, such that total payments will not exceed the Medicare Upper Payment Limit for nursing facility services by provider class (state-owned and non-state owned Government nursing facilities). The nursing facilities Medicare Upper Payment Limit will be equal to a reasonable estimate of the amount that would be paid for nursing facility services using Medicare cost principles.

Public nursing facilities will certify their uncompensated costs for providing nursing facility services for Medicaid clients based on the Department's demonstration of the uncompensated Medicaid costs calculations performed for each provider. The Public Nursing Facility Supplemental Payment (Payment) will be distributed to providers based

on each provider's uncompensated Medicaid care costs relative to the sum of uncompensated Medicaid care costs for all providers in the class, multiplied by the available Medicare Upper Payment Limit for the class. No public facility shall receive aggregate Medicaid payments that exceed the uncompensated costs it certifies for providing nursing facility services to Medicaid clients.

Interim Payments for the Payment calendar year (January through December) will be made by December 31 of the following calendar year using as-filed cost reports to calculate uncompensated costs. Uncompensated costs will be calculated for Final Payments using audited cost reports. Final Payments will serve to adjust the Interim Payment such that the sum of the Interim and Final Payments to each provider shall equal the Payment amount calculated based on uncompensated costs calculated through audited cost reports. Final Payments will be made by June 30 of the calendar year following the year of the Interim Payment. In the event that data entry errors are detected after the Final Payment has been made, or other unforeseen payment calculation errors are detected after the Final Payment has been made, reconciliations and adjustments to impacted provider payments will be made retroactively. Prior to making the Final Payment, the Department will present a demonstration of the uncompensated Medicaid costs calculations performed to each provider for purposes of authorizing certification. Each provider shall sign an acknowledgment of agreement to the uncompensated costs being certified for purposes of the Payment.

Uncompensated costs for nursing facilities with State fiscal year reporting periods (i.e. July 1 through June 30) must be calculated and approximated for the calendar year Payment using cost reports from two adjacent years following the methodology in 7.B.2 and 7.B.4.

1. Calculating uncompensated Medicaid costs for Interim Payments made to nursing facilities with financial reporting periods of January 1 through December 31.

    a. Adjusted costs are as reported on the as-filed Colorado "Med-13" cost report, Schedule C, column 9, line 63.
    b. Total resident days are as reported on the as-filed Colorado "Med-13" cost report, Schedule M, line D.4.
    c. The average per-diem cost is calculated by dividing adjusted costs by total resident days.
    d. Total Medicaid patient days are as recorded in the Colorado Medicaid Management Information System (MMIS) for the calendar year that corresponds to the reporting period of the Colorado "Med-13" cost report

e. Total Medicaid costs are calculated by multiplying the average per-diem cost by total Medicaid patient days.
f. Medicaid reimbursements are as recorded in the Medicaid Management Information System (MMIS) for the calendar year that corresponds to the reporting period of the Colorado "Med-13" cost report.
g. Medicaid patient payments are as recorded in the Medicaid Management Information System (MMIS) for the calendar year that corresponds to the reporting period of the Colorado "Med-13" cost report.
h. Total Medicaid payments are the sum of Medicaid reimbursements and Medicaid patient payments.
i. Uncompensated Medicaid costs are the difference between total Medicaid costs and total Medicaid payments.
j. It is not permissible to certify uncompensated Medicaid costs less than $0. In instances where the difference between total Medicaid costs and total Medicaid payments is less than $0, certifiable uncompensated Medicaid costs shall be set to equal $0.

2. Calculating uncompensated Medicaid costs for Interim Payments made to nursing facilities with financial reporting periods corresponding to the State fiscal year of July 1 through June 30.

   a. Adjusted costs for the State fiscal year reporting period that includes the first six months of the Payment calendar year (January through June) are as reported on the as-filed Colorado "Med-13" cost report, Schedule C, column 9, line 63.
   b. Total resident days for the State fiscal year reporting period that includes the first six months of the Payment calendar year (January through June) are as reported on the as-filed Colorado "Med-13" cost report, Schedule M, line D.4.
   c. The average per-diem cost for the State fiscal year reporting period that includes the first six months of the Payment calendar year (January through June) are computed by dividing the adjusted costs for the State fiscal year reporting period that includes the first six months of the Payment calendar year (January through June) by the total resident days for the fiscal year reporting period that includes the first six months of the Payment calendar year (January through June).
   d. Adjusted costs for the State fiscal year reporting period that includes the last six months of the Payment calendar year (July through December) are as reported on the as-filed Colorado "Med-13" cost report, Schedule C, column 9, line 63.
   e. Total resident days for the State fiscal year reporting period that includes the last six months of the Payment calendar year (July through December) are as reported on the as-filed Colorado "Med-13" cost report, Schedule M, line D.4.
   f. The average per-diem cost for the State fiscal year reporting period that includes the last six months of the Payment calendar year (July through December) is

g. computed by dividing the adjusted costs for the State fiscal year reporting period that includes the last six months of the Payment calendar year (July through December) by the total resident days for the State fiscal year reporting period that includes the last six months of the Payment calendar year (July through December).
h. Total Medicaid patient days for the first six months of the calendar year (January through June) are as recorded in the Medicaid Management Information System (MMIS).
i. Medicaid costs for the first six months of the Payment calendar year (January through June) are computed by multiplying the average per-diem cost for the State fiscal year reporting period that includes the first six months of the calendar year (January through June) by total Medicaid patient days for the first six months of the Payment calendar year (January through June).
j. Total Medicaid patient days for the last six months of the Payment calendar year (July through December) are as recorded in the Medicaid Management Information System (MMIS).
k. Medicaid costs for the last six months of the Payment calendar year (July through December) are computed by multiplying the average per-diem cost for the State fiscal year reporting period that includes the last six months of the calendar year (July through December) by total Medicaid patient days for the last six months of the Payment calendar year (July through December).
l. Medicaid costs for the Payment calendar year (January through December) are computed by adding Medicaid costs for the first six months of the Payment calendar year (January through June) plus Medicaid costs for the State fiscal year reporting period that includes the last six months of the Payment calendar year (July through December).
m. Medicaid reimbursements for the first six months of the Payment calendar year (January through June) are as recorded in the Medicaid Management Information System (MMIS).
n. Medicaid patient payments for the first six months of the Payment calendar year (January through June) are as recorded in the Medicaid Management Information System (MMIS).
o. Total Medicaid payments for the first six months of the Payment calendar year (January through June) are the sum of Medicaid reimbursements for the State fiscal year reporting period that includes the first six months of the Payment calendar year (January through June) and Medicaid patient payments for the first six months of the Payment calendar year (January through June).
p. Medicaid reimbursements for the last six months of the Payment calendar year (July through December) are as recorded in the Medicaid Management Information System (MMIS)

q. Medicaid patient payments for the last six months of the Payment calendar year (July through December) are as recorded in the Medicaid Management Information System (MMIS).
r. Total Medicaid payments for the last six months of the Payment calendar year (July through December) are the sum of Medicaid reimbursements for the State fiscal year reporting period that includes the last six months of the Payment calendar year (July through December) and Medicaid patient payments for the last six months of the Payment calendar year (July through December).
s. Total Medicaid payments for the Payment calendar year (January through December) are computed by adding total Medicaid payments for the first six months of the Payment calendar year (January through June) plus total Medicaid payments for the last six months of the Payment calendar year (July through December).
t. Uncompensated Medicaid costs for the Payment calendar year (January through December) are the difference between total Medicaid costs for the Payment calendar year (January through December) and total Medicaid payments for the Payment calendar year (January through December).
u. It is not permissible to certify uncompensated Medicaid costs less than $0. In instances where the difference between total Medicaid costs and total Medicaid payments is less than $0, certifiable uncompensated Medicaid costs shall be set to equal $0.

3. Calculating uncompensated Medicaid costs for Final Payments made to nursing facilities with financial reporting periods of January 1 through December 31.

   a. Adjusted costs are as reported on the audited Colorado "Med-13" cost report, Schedule C, column 11, line 63.
   b. Total resident days are as reported on the audited Colorado "Med-13" cost report, Schedule of Adjustments, "Adjusted Balance" column.
   c. The average per-diem cost is calculated by dividing adjusted costs by total resident days.
   d. Total Medicaid patient days are as recorded in the Colorado Medicaid Management Information System (MMIS) for the calendar year that corresponds to the reporting period of the Colorado audited "Med-13" cost report.
   e. Total Medicaid costs are calculated by multiplying the average per-diem cost by total Medicaid patient days.
   f. Medicaid reimbursements are as recorded in the Medicaid Management Information System (MMIS) for the calendar year that corresponds to the reporting period of the Colorado audited "Med-13" cost report.

g. Medicaid patient payments are as recorded in the Medicaid Management Information System (MMIS) for the calendar year that corresponds to the reporting period of the audited Colorado "Med-13" cost report.
h. Total Medicaid payments are the sum of Medicaid reimbursements and Medicaid patient payments.
i. Uncompensated Medicaid costs are the difference between total Medicaid costs and total Medicaid payments.
j. It is not permissible to certify uncompensated Medicaid costs less than $0. In instances where the difference between total Medicaid costs and total Medicaid payments is less than $0, certifiable uncompensated Medicaid costs shall be set to equal $0.

4. Calculating uncompensated Medicaid costs for Final Payments made to nursing facilities with financial reporting periods corresponding to the State fiscal year of July 1 through June 30.

   a. Adjusted costs for the State fiscal year reporting period that includes the first six months of the Payment calendar year (January through June) are as reported on the audited Colorado "Med-13" cost report, Schedule C, column 11, line 63.
   b. Total resident days for the State fiscal year reporting period that includes the first six months of the Payment calendar year (January through June) are as reported on the audited Colorado "Med-13" cost report, Schedule of Adjustments, "Adjusted Balance" column.
   c. The average per-diem cost for the State fiscal year reporting period that includes the first six months of the Payment calendar year (January through June) are computed by dividing the adjusted costs for the State fiscal year reporting period that includes the first six months of the Payment calendar year (January through June) by the total resident days for the fiscal year reporting period that includes the first six months of the Payment calendar year (January through June).
   d. Adjusted costs for the State fiscal year reporting period that includes the last six months of the Payment calendar year (July through December) are as reported on the audited Colorado "Med-13" cost report, Schedule C, column 11, line 63.
   e. Total resident days for the State fiscal year reporting period that includes the last six months of the Payment calendar year (July through December) are as reported on the audited Colorado "Med-13" cost report, Schedule of Adjustments, "Adjusted Balance" column.
   f. The average per-diem cost for the State fiscal year reporting period that includes the last six months of the Payment calendar year (July through December) is computed by dividing the adjusted costs for the State fiscal year reporting period that includes the last six months of the Payment calendar year (July through

g. December) by the total resident days for the State fiscal year reporting period that includes the last six months of the Payment calendar year (July through December).
h. Total Medicaid patient days for the first six months of the calendar year (January through June) are as recorded in the Medicaid Management Information System (MMIS).
i. Medicaid costs for the first six months of the Payment calendar year (January through June) are computed by multiplying the average per-diem cost for the State fiscal year reporting period that includes the first six months of the calendar year (January through June) by total Medicaid patient days for the first six months of the Payment calendar year (January through June).
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o. Total Medicaid payments for the first six months of the Payment calendar year (January through June) are the sum of Medicaid reimbursements for the first six months of the Payment calendar year (January through June) and Medicaid patient payments for the first six months of the Payment calendar year (January through June).
p. Medicaid reimbursements for the last six months of the Payment calendar year (July through December) are as recorded in the Medicaid Management Information System (MMIS).
q. Medicaid patient payments for the last six months of the Payment calendar year (July through December) are as recorded in the Medicaid Management Information System (MMIS).

r. Total Medicaid payments for the last six months of the Payment calendar year (July through December) are the sum of Medicaid reimbursements for the State fiscal year reporting period that includes the last six months of the Payment calendar year (July through December) and Medicaid patient payments for the last six months of the Payment calendar year (July through December).

s. Total Medicaid payments for the Payment calendar year (January through December) are computed by adding total Medicaid payments for the State fiscal year reporting period that includes the first six months of the Payment calendar year (January through June) plus total Medicaid payments for the last six months of the Payment calendar year (July through December).

t. Uncompensated Medicaid costs for the Payment calendar year (January through December) are the difference between total Medicaid costs for the Payment calendar year (January through December) and total Medicaid payments for the Payment calendar year (January through December).

u. It is not permissible to certify uncompensated Medicaid costs less than $0. In instances where the difference between total Medicaid costs and total Medicaid payments is less than $0, certifiable uncompensated Medicaid costs shall be set to equal $0.