

---

## **Table of Contents**

**State/Territory Name: Colorado**

**State Plan Amendment (SPA) #: CO-13-043**

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  
1600 Broadway, Suite 700  
Denver, CO 80202-4967



**Region VIII**

---

January 21, 2014

Susan E. Birch, MBA, BSN, RN, Executive Director  
Department of Health Care Policy & Financing  
1570 Grant Street  
Denver, CO 80203-1818

RE: Colorado #13-043

Dear Ms. Birch:

We have reviewed the proposed State Plan Amendment (SPA) submitted under transmittal number (TN) 13-043. This amendment applies to administrative changes to the State PACE program.

Please be informed that this State Plan Amendment was approved today with an effective date of October 1, 2013. We are enclosing the CMS-179 and the amended plan page(s).

If you have any questions concerning this amendment, please contact Jeremy Adams at (303) 844-7115.

Sincerely,

/s/

Richard C. Allen  
Associate Regional Administrator  
Division for Medicaid & Children's Health Operations

cc: Suzanne Brennan  
Laurel Karabatsos  
Matthew Ullrich  
Max Salazar

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER:

13-043

2. STATE:

COLORADO

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

4. PROPOSED EFFECTIVE DATE

October 1, 2013

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

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN

AMENDMENT TO BE CONSIDERED AS A NEW PLAN

AMENDMENT

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

6. FEDERAL STATUTE/REGULATION CITATION  
42 CFR Part 460: Section 1905(a)(26) of the Social Security Act

7. FEDERAL BUDGET IMPACT

- a. FFY 2012-13: \$0  
b. FFY 2013-14: \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
Supplement 3 to Attachment 3.1-A

2.2A pg 11

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

2.2A pg 11  
Supplement 3 to Attachment 3.1 - A (TN 12-1015)

10. SUBJECT OF AMENDMENT

Improves SPA pages for Program for All-Inclusive Care for the Elderly (PACE) as a State Plan Service.

11. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT

OTHER, AS SPECIFIED

Governor's letter dated 01 September 2011

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

12. [REDACTED] AGENCY OFFICIAL

16. RETURN TO

13. TYPED NAME

Suzanne Brennan

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

14. TITLE

Medicaid Director

Attn: Barbara Prehmus

15. DATE SUBMITTED

11/6/13

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

November 6, 2013

18. DATE APPROVED

January 21, 2014

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

October 1, 2013

20. SIGNATURE OF REGIONAL OFFICIAL

/s/

21. TYPED NAME

Richard C. Allen

22. TITLE

ARA, DMCHO

23. REMARKS

Revision: HCFA-PM-91-10 (MB)  
December 1991

STATE/TERRITORY: COLORADO

<u>Agency</u>	<u>Citation(s)</u>	<u>Groups Covered</u>
		B. <u>Optional Groups Other Than the Medically Needy (Continued)</u>
42 CFR 435.217	<u>X</u> 4.	A group or groups of individuals who would be eligible for Medicaid under the plan if they were in a NF or an ICF/MR, who but for the provision of home and community-based services under a waiver granted under 42 CFR, Part 441, Subpart G would require institutionalization, and who will receive home and community-based services under the waiver. The group or groups covered are listed in the waiver request. This option is effective on the effective date of the State's section 1915(c) waiver under which this group(s) is covered. In the event an existing 1915(c) waiver is amended to cover this group(s), this option is effective on the effective date of the amendment.
	<u>X</u> 5.	PACE Enrollees.

\*Agency that determines eligibility for coverage.

TN# 13-043  
Supersedes TN # 92-015

Effective Date: October 1, 2013  
Approval Date: 1/21/14

**STATE OF COLORADO**

**PACE State Plan Amendment (Page 1 of 8)**

I. Eligibility

The State determines eligibility for PACE enrollees under rules applying to community groups.

A. X The State determines eligibility for PACE enrollees under rules applying to institutional groups as provided for in section 1902(a)(10)(A)(ii)(VI) of the Act (42 CFR 435.217 in regulations). The State has elected to cover under its State plan the eligibility groups specified under these provisions in the statute and regulations.

B. X The State will include eligibility groups specified in 42 CFR 435.236.

The State is using spousal impoverishment eligibility rules for PACE participants found eligible under the 435.217 group.

C. \_\_\_ The State determines eligibility for PACE enrollees under rules applying to institutional groups, but chooses not to apply post-eligibility treatment of income rules to those individuals. (If this option is selected, skip to II - Compliance and State Monitoring of the PACE Program.

D. X The State determines eligibility for PACE enrollees under rules applying to institutional groups, and applies post-eligibility treatment of income rules to those individuals as specified below. Note that the post-eligibility treatment of income rules specified below are the same as those that apply to the State's approved HCBS waiver(s).

**Regular Post Eligibility**

1. X SSI State. The State is using the post-eligibility rules at 42 CFR 435.726. Payment for PACE services is reduced by the amount remaining after deducting the following amounts from the PACE enrollee's income.

(a). Sec. 435.726--States which do not use more restrictive eligibility requirements than SSI.

1. Allowances for the needs of the:
  - (A.) Individual (check one)

---

TN: 13-043

Approval Date 1/21/14

Supersedes TN: 07-013

Effective Date 10-1-2013

**STATE OF COLORADO**

**PACE State Plan Amendment (Page 2 of 8)**

- 1. \_\_\_ The following standard included under the State plan (check one):
  - (a) \_\_\_ SSI
  - (b) \_\_\_ Medically Needy
  - (c) \_\_\_ The special income level for the institutionalized
  - (d) \_\_\_ Percent of the Federal Poverty Level: \_\_\_%
  - (e) \_\_\_ Other (specify): \_\_\_\_\_

- 2. \_\_\_ The following dollar amount: \$ \_\_\_\_\_  
Note: If this amount changes, this item will be revised.

- 3. X The following formula is used to determine the needs allowance:

For recipients who reside in assisted living, the Old Age Pension Standard should be used. For recipients not in assisted living, the allowance shall be 300% of the SSI/FBR.

Note: If the amount protected for PACE enrollees in item 1 is equal to, or greater than the maximum amount of income a PACE enrollee may have and be eligible under PACE, enter N/A in items 2 and 3.

(B.) Spouse only (check one):

- 1. \_\_\_ SSI Standard
- 2. \_\_\_ Optional State Supplement Standard
- 3. \_\_\_ Medically Needy Income Standard
- 4. \_\_\_ The following dollar amount: \$ \_\_\_\_\_  
Note: If this amount changes, this item will be revised.
- 5. \_\_\_ The following percentage of the following standard that is not greater than the standards above: \_\_\_% of \_\_\_\_\_ standard.
- 6. \_\_\_ The amount is determined using the following formula:
- 7. X Not applicable (N/A)

(C.) Family (check one):

- 1. X AFDC need standard
- 2. \_\_\_ Medically needy income standard

**STATE OF COLORADO**

**PACE State Plan Amendment (Page 3 of 8)**

The amount specified below cannot exceed the higher of the need standard for a family of the same size used to determine eligibility under the State's approved AFDC plan or the medically needy income standard established under 435.811 for a family of the same size.

- 3. \_\_\_\_\_ The following dollar amount: \$ \_\_\_\_\_  
Note: If this amount changes, this item will be revised.
- 4. \_\_\_\_\_ The following percentage of the following standard that is not greater than the standards above: \_\_\_\_\_% of \_\_\_\_\_ standard.
- 5. \_\_\_\_\_ The amount is determined using the following formula:  
\_\_\_\_\_  
\_\_\_\_\_
- 6. \_\_\_\_\_ Other
- 7. \_\_\_\_\_ Not applicable (N/A)

(2). Medical and remedial care expenses in 42 CFR 435.726.

STATE OF COLORADO

PACE State Plan Amendment (Page 4 of 8)

Regular Post Eligibility

2. N/A 209(b) State, a State that is using more restrictive eligibility requirements than SSI. The State is using the post-eligibility rules at 42 CFR 435.735. Payment for PACE services is reduced by the amount remaining after deducting the following amounts from the PACE enrollee's income.

(a) 42 CFR 435.735--States using more restrictive requirements than SSI.

1. Allowances for the needs of the:

(A.) Individual (check one)

1.    The following standard included under the State plan (check one):

- (a)    SSI
(b)    Medically Needy
(c)    The special income level for the institutionalized
(d)    Percent of the Federal Poverty Level:    %
(e)    Other (specify):

2.    The following dollar amount: \$   

Note: If this amount changes, this item will be revised.

3.    The following formula is used to determine the needs allowance:

\_\_\_\_\_  
\_\_\_\_\_

Note: If the amount protected for PACE enrollees in item 1 is equal to, or greater than the maximum amount of income a PACE enrollee may have and be eligible under PACE, enter N/A in items 2 and 3.

(B.) Spouse only (check one):

1.    The following standard under 42 CFR 435.121:

2.    The Medically needy income standard

3.    The following dollar amount: \$   

Note: If this amount changes, this item will be revised.

4.    The following percentage of the following standard that is not greater than the standards above:    % of    standard.



STATE OF COLORADO

PACE State Plan Amendment (Page 5 of 8)

5. \_\_\_ The amount is determined using the following formula:

\_\_\_\_\_

6. \_\_\_ Not applicable (N/A)

(C.) Family (check one):

1. \_\_\_ AFDC need standard

2. \_\_\_ Medically needy income standard

The amount specified below cannot exceed the higher of the need standard for a family of the same size used to determine eligibility under the State's approved AFDC plan or the medically needy income standard established under 435.811 for a family of the same size.

3. \_\_\_ The following dollar amount: \$ \_\_\_\_\_

Note: If this amount changes, this item will be revised.

4. \_\_\_ The following percentage of the following standard that is not greater than the standards above: \_\_\_ % of \_\_\_ standard.

5. \_\_\_ The amount is determined using the following formula:

\_\_\_\_\_

6. \_\_\_ Other

7. \_\_\_ Not applicable (N/A)

(b) Medical and remedial care expenses specified in 42 CFR 435.735.

Spousal Post Eligibility

3. X State uses the post-eligibility rules of Section 1924 of the Act (spousal impoverishment protection) to determine the individual's contribution toward the cost of PACE services if it determines the individual's eligibility under section 1924 of the Act. There shall be deducted from the individual's monthly income a personal needs allowance (as specified below), and a community spouse's allowance, a family allowance, and an amount for incurred expenses for medical or remedial care, as specified in the State Medicaid plan.

(a.) Allowances for the needs of the:

TN: \_\_\_ 13-043

Approval Date 1/21/14

Supersedes TN: 07-013

Effective Date 10-1-2013

STATE OF COLORADO

PACE State Plan Amendment (Page 6 of 8)

1. Individual (check one)

(A). \_\_\_ The following standard included under the State plan (check one):

- 1. \_\_\_ SSI
2. \_\_\_ Medically Needy
3. \_\_\_ The special income level for the institutionalized
4. \_\_\_ Percent of the Federal Poverty Level: \_\_\_%
5. \_\_\_ Other (specify): \_\_\_\_\_

(B). \_\_\_ The following dollar amount: \$ \_\_\_\_\_
Note: If this amount changes, this item will be revised.

(C) \_\_X\_\_ The following formula is used to determine the needs allowance:

For recipients who reside in assisted living, the Old Age Pension Standard should be used. For recipients not in assisted living, the allowance shall be 300% of the SSI/FBR.

If this amount is different than the amount used for the individual's maintenance allowance under 42 CFR 435.726 or 42 CFR 435.735, explain why you believe that this amount is reasonable to meet the individual's maintenance needs in the community:

\_\_\_\_\_
\_\_\_\_\_
\_\_\_\_\_
\_\_\_\_\_
\_\_\_\_\_
\_\_\_\_\_

II. Rates and Payments

A. \_\_X\_\_ The State assures that the capitated rates will be less than the cost to the agency of providing those same fee-for-service State plan approved services on a fee-for-service basis, to an equivalent non-enrolled population group based upon the following methodology. Please attach a description of the negotiated rate setting methodology and how the State will ensure that rates are less than the cost in fee-for-service.

1. \_\_\_ Rates are set at a percent of fee-for-service costs

**STATE OF COLORADO**

**PACE State Plan Amendment (Page 7 of 8)**

- 2. \_\_\_ Experience-based (contractors/State's cost experience or encounter date)(please describe)
- 3. \_\_\_ Adjusted Community Rate (please describe)
- 4. X Other (please describe)

The State uses three steps to determine PACE rates: (1) calculate the maximum per-member-per-month amount based on what it would cost to serve PACE clients through fee-for-service, (2) negotiate below the upper payment limit (UPL); and (3) adjust rates to allow for patient payment. The steps are described below.

*Calculating the Maximum Allowable Per-Member-Per-Month Rate*

The State calculates capitation rates annually for PACE based on historical fee-for-service expenses for an actuarially equivalent population of Medicaid clients who are 55 years of age and older, who require a nursing facility level of care. The State includes in this analysis only those clients who are eligible for full Medicaid benefits.

The State compiles the base data by selecting fee-for-service claims for these clients who meet the above criteria during the two most recent fiscal years of data available. The State uses all claims for all state plan service categories, because PACE rates are designed to cover all state plan services.

In order to verify the accuracy of the base data, the Department compares the claims data from the MMIS to the record of payments actually made to providers. Only claims that were actually paid are included in the analysis to create a historical per-member-per-month rate. The State also removes from the analysis any payments made by pharmacy rebates or third party insurance, and takes into account any other payment adjustments that were made during the two fiscal years under consideration.

Using this historical rate, the State forecasts costs to create a prospective rate. The State takes into consideration both trends (consistent increases or decreases in certain service categories) and any upcoming policy changes that might change utilization and costs. The result of this analysis is a proposed maximum per-member-per-month rate. This amount is also considered the UPL.

*Negotiating Below the UPL*

To ensure that the State pays under the UPL per the CMS checklist, the State negotiates a rate below the UPL with the PACE providers. This is the rate used to pay PACE

---

TN: \_\_\_ 13-043

Approval Date 1/21/14

Supersedes TN: 07-013

Effective Date 10-1-2013

**STATE OF COLORADO**

**PACE State Plan Amendment (Page 8 of 8)**

organizations.

*Adjusting for Patient Payment*

The total PACE rate is the combination of fee-for-service claims experience paid by the State plus fee-for-service patient contributions as calculated through the Post Eligibility Treatment of Income (PETI) process. Actual final payment to the PACE provider is that rate less each PACE enrollee's payment contribution. The State makes interim estimated payments based upon expected average patient contribution but reconciles these estimated amounts based upon actual reported contributions on a quarterly basis, as data becomes available.

- B.  The State Medicaid Agency assures that the rates were set in a reasonable and predictable manner. At the Department's request, the most recent PACE rates (FY2013-14) were certified. The Department will furnish contact information for its actuaries upon request.
- C.  The State will submit all capitated rates to the CMS Regional Office for prior approval.

III. Enrollment and Disenrollment

The State assures that there is a process in place to provide for dissemination of enrollment and disenrollment data between the State and the State Administering Agency. The State assures that it has developed and will implement procedures for the enrollment and disenrollment of participants in the State's management information system, including procedures for any adjustment to account for the difference between the estimated number of participants on which the prospective monthly payment was based and the actual number of participants in that month.

---

TN: 13-043

Approval Date 1/21/14

Supersedes TN: 07-013

Effective Date 10-1-2013