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## Table of Contents

**State/Territory Name:** Colorado

**State Plan Amendment (SPA) #:** CO-14-039

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  
1600 Broadway, Suite 700  
Denver, CO 80202-4967



## **Region VIII**

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October 8, 2014

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

RE: Colorado #14-039

Dear Ms. Birch:

We have reviewed the proposed State Plan Amendment (SPA) submitted under transmittal number (TN) 14-039. This amendment concerns methods and standards for establishing payment rates for Outpatient Hospital Services, reflecting the rate increases effective 7/1/14.

Please be informed that this State Plan Amendment was approved today with an effective date of July 1, 2014. We are enclosing the CMS-179 and the amended plan page(s).

In order to track expenditures associated with this amendment, Colorado should follow the CMS-64 reporting instructions outlined in Section 2500 of the State Medicaid Manual (SMM).

For those individuals whose expenditures qualify for the newly eligible federal medical assistance percentage report on the Form CMS-64.9 VIII and those not enrolled in the new adult group, claims should be reported on the Form CMS-64.9 Base.

This amendment would affect expenditures reported on Line 6A – Outpatient Hospital Services.

If you have any questions concerning this amendment, please contact Curtis Volesky at (303) 844-7033.

Sincerely,

/s/

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

cc: Suzanne Brennan  
Pat Connally  
Barb Prehmus  
John Bartholomew  
Max Salazar

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b> <b>FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>		1. TRANSMITTAL NUMBER: <b>14-039</b>	2. STATE: <b>COLORADO</b>
		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 <b>July 1, 2014</b>	
5. TYPE OF PLAN MATERIAL ( <i>Check One</i> ):  NEW STATE PLAN                      AMENDMENT TO BE CONSIDERED AS A NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT ( <i>Separate transmittal for each amendment</i> )			
6. FEDERAL STATUTE/REGULATION CITATION <b>42 CFR 440.20</b>		7. FEDERAL BUDGET IMPACT a. FFY 2013-14: \$1,436,138 b. FFY 2014-15: \$5,979,228	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT <b>Attachment 4.19-B Pages 1 and 2: Methods and Standards for Establishing Payment Rates – Other Types of Care – Section 2a. Outpatient Hospital Services</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ) <b>Attachment 4.19-B Pages 1 and 2: Methods and Standards for Establishing Payment Rates – Other Types of Care – Section 1. Outpatient Hospital Services (TN 13-037)</b>	
10. SUBJECT OF AMENDMENT <b>Methods and standards for establishing payment rates for Outpatient Hospital Services, reflecting the rate increases effective July 1, 2014.</b>			
11. GOVERNOR'S REVIEW ( <i>Check One</i> )  GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED  COMMENTS OF GOVERNOR'S OFFICE ENCLOSED                      Governor's letter dated 1 September 2011 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. AGENCY OFFICIAL		16. RETURN TO	
13. TYPED NAME <b>Suzanne Brennan</b>		Colorado Department of Health Care Policy and Financing 1570 Grant Street Denver, CO 80203-1818	
14. TITLE <b>Medicaid Director</b>		Attn: Barbara Prehmus	
15. DATE SUBMITTED <b>July 22, 2014</b>			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED <b>July 22, 2014</b>		18. DATE APPROVED <b>October 8, 2014</b>	
<b>PLAN APPROVED – ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL <b>July 1, 2014</b>		20. SIGNATURE OF REGIONAL OFFICIAL <b>/s/</b>	
21. TYPED NAME <b>Richard C. Allen</b>		22. TITLE <b>ARA, DMCHO</b>	
23. REMARKS			

TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

STATE OF COLORADO

ATTACHMENT 4.19B

Page 1 of 6

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

2a. OUTPATIENT HOSPITAL SERVICES (continued)

1. Medicaid Outpatient Hospital Reimbursements for Colorado Providers.

Effective July 1, 2014, outpatient hospital services are reimbursed on an interim basis at actual billed charges times the Medicare cost-to-charge ratio less 28.4 percent (28.4%). A cost audit is done and any necessary retrospective adjustment is made to bring reimbursement to the lower of actual audited cost less 28.4 percent (28.4%) or billed charges less 28.4 percent (28.4%).

For interim payments, the Medicare cost-to-charge ratio is provided by the hospital from the Medicare fiscal intermediary. When the Department determines that the Medicare cost-to-charge ratio is not representative of a hospital's outpatient costs, the cost-to-charge ratio may be calculated using historical data.

The cost audit corresponding to the hospital's fiscal year is initiated when the audited CMS-2552-96 or CMS-2252-10 Cost Report and the applicable billed charges and payment information from the MMIS are available. Actual audited costs are determined by using the computation of the ratio of costs to charges from the CMS-2552-96, or CMS-2552-10, Cost Report, Special Title XIX Worksheet C Part 1, column 9 which flows to Title XIX - O/P Worksheet D, Part V, Column 1. Actual Medicaid billed charges from the MMIS are input into Worksheet D, Part V, Column 5. Medicaid actual costs are computed in Worksheet D, Part V, Column 9.

2. Effective July 1, 2013, border-state Hospitals and out-of-network Hospitals, including out-of-state Hospitals, shall be paid 30% of billed charges for Outpatient Hospital Services, excluding items that are reimbursed according to the Department's fee schedule.

Consideration of additional reimbursement shall be made on a case-by-case basis in accordance with supporting documentation submitted by the Hospital.

3. Outpatient laboratory services shall be reimbursed at the lower of the following:

1. Submitted charges or
2. Fee schedule as determined by the Department of Health Care Policy and Financing which is set below the Medicare rates.

4. Outpatient physical therapy and occupational therapy services shall be reimbursed at the lower of the following:

- a. Submitted charges or

TN No. 14-039

Approval Date 10/08/14

Supersedes TN No. 13-037

Effective Date 7/1/2014