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## Table of Contents

**State/Territory Name:** Colorado

**State Plan Amendment (SPA) #:** CO-15-0043

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



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**Financial Management Group**

**JUL 07 2016**

John Bartholomew, Director  
Finance Office  
Colorado Department of Health Care  
Policy and Financing  
1570 Grant Street  
Denver, Co 80203-1818

Re: Colorado: 15-0043

Dear Mr. Bartholomew:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 15-0043. Effective for services on or after October 26, 2015, this amendment updates the supplemental payment pool amounts for inpatient hospital services. Please note that expenditures for services provided under this amendment should be claimed on line 1C on the Form CMS-64 expenditure report.

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 (the Act) and the regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment TN 15-0043 is approved effective October 26, 2015. The CMS-179 and the amended plan pages are attached.

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

Sincerely,

A solid black rectangular box used to redact the signature of Kristin Fan.

Kristin Fan  
Director, Financial Management Group

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b> <b>FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>	1. TRANSMITTAL NUMBER: 15-0043	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 October 26, 2015	
5. TYPE OF PLAN MATERIAL (Check One):  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 (Separate transmittal for each amendment)		
6. FEDERAL STATUTE/REGULATION CITATION 42 CFR 447.272	7. FEDERAL BUDGET IMPACT a. FFY 2015-16 \$ 0 b. FFY _____ \$ _____	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19 A- pages 29b, 48a, 49a, 51b, 57a, 57b	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 4.19 A- pages 29b, 48a, 49a, 51b, 57a	
10. SUBJECT OF AMENDMENT Supplemental Medicaid inpatient hospital payments and Disproportionate Share Hospital Payments		
11. GOVERNOR'S REVIEW (Check One)  GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED  COMMENTS OF GOVERNOR'S OFFICE ENCLOSED                      Governor's letter dated 15 January, 2015 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		
12. SIGNATURE OF STATE AGENCY OFFICIAL 	16. RETURN TO  Colorado Department of Health Care Policy and Financing 1570 Grant Street Denver, CO 80203-1818  Attn: Barbara Prehmus	
13. TYPED NAME John Bartholomew		
14. TITLE Director, Finance Office		
15. DATE SUBMITTED 6/30/16		
<b>FOR REGIONAL OFFICE USE ONLY</b>		
17. DATE RECEIVED	18. DATE APPROVED                      JUL 07 2016	
<b>PLAN APPROVED - ONE COPY ATTACHED</b>		
19. EFFECTIVE DATE OF APPROVED MATERIAL OCT 26 2015	20. SIGNATURE OF REGIONAL OFFICIAL 	
21. TYPED NAME Kristin FAN	22. TITLE Director, FMC	
23. REMARKS		

TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19A

State of Colorado

Page 29b

2. Effective October 1, 2014, qualified hospitals shall receive a disproportionate share hospital payment commonly referred to as the "Disproportionate Share Hospital Supplemental payment", which shall be calculated on an annual Federal Fiscal Year (October 1 through September 30) basis and dispensed in monthly installments.

To qualify for the Disproportionate Share Hospital payment a Colorado hospital shall meet either of the following criteria:

- a. Is not a licensed or certified Psychiatric Hospital, is a Colorado Indigent Care Program (CICP) provider, and has at least two Obstetricians or is Obstetrician exempt pursuant to 42 U.S.C. 1396r-4 Section 1923(d)(2)(A) of the Social Security Act; or
- b. Is not a licensed or certified Psychiatric Hospital, has a Medicaid Inpatient Utilization Rate equal to or greater than the mean plus one standard deviation of all Medicaid Inpatient Utilization Rates for Colorado hospitals, and has at least two Obstetricians or is Obstetrician exempt pursuant to 42 U.S.C. 1396r-4 Section 1923(d)(2)(A) of the Social Security Act.

Effective October 26, 2015, CICP-participating hospitals with CICP write-off costs as published in the most recent CICP Annual Report greater than or equal to 750% of the statewide average will receive a payment equal to their estimated hospital-specific Disproportionate Share Hospital limit. CICP-participating hospitals with CICP write-off costs as published in the most recent CICP Annual Hospital Report less than 750% but greater than 200% of the statewide average will receive a payment equal to 96% of their estimated hospital-specific Disproportionate Share Hospital limit.

All remaining qualified hospitals shall receive a payment calculated as a percent of uninsured costs multiplied by the remaining amount of the state's annual Disproportionate Share Hospital allotment. The percent of uninsured costs shall be the total of all uninsured costs for a remaining qualified hospital divided by the total uninsured costs for all remaining qualified hospitals.

No hospital shall receive a payment exceeding its hospital-specific Disproportionate Share Hospital limit as specified in federal regulation. If upon review, the Disproportionate Share Hospital Supplemental payment exceeds the hospital-specific Disproportionate Share Hospital limit for any qualified provider, that provider's payment shall be reduced to the hospital-specific Disproportionate Share Hospital limit. The reduction shall then be redistributed to the other qualified hospitals not exceeding their hospital-specific Disproportionate Share Hospital limit based on the percentage of uninsured costs to total uninsured costs for all qualified hospitals not exceeding their hospital-specific Disproportionate Share Hospital Limit.

The state will not exceed the total of all the hospital-specific Disproportionate Share Hospital Limits even if the total is below the state's annual Disproportionate Share Hospital allotment.

In the event that Disproportionate Share Hospital payment calculation errors are realized after a Disproportionate Share Hospital payment has been made, reconciliations and adjustments to impacted hospital payments will be made retroactively.

TN No. 15-0043  
Supersedes  
TN No. 14-052

Approval Date JUL 07 2016

Effective Date 10/26/2015

TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19A

State of Colorado

Page 48a

The Inpatient Hospital Base Rate Supplemental Medicaid payment is a prospective payment calculated using historical data, with no reconciliation to actual data for the payment period. For each qualified hospital, this payment shall be equal to the Medicaid Base Rate without Add-ons, multiplied by a percentage adjustment factor, multiplied by Medicaid discharges, multiplied by average Medicaid case mix.

Hospital specific data used in the calculation of the Inpatient Hospital Base Rate Supplemental Medicaid payment (expected Medicaid discharges, average Medicaid case mix, and the Medicaid base rate calculated prior to any Medicaid hospital specific cost add-ons) shall be the same as that used to calculate Budget Neutrality under 4.19A I. Methods and Standards for Established Prospective Payments Rates – Inpatient Hospital Services of this State Plan.

For the Inpatient Hospital Base Rate Supplemental Medicaid payment, the following definitions apply:

1. “Medicaid Base Rate without Add-ons” means the Medicaid base rate calculated prior to any Medicaid hospital specific cost add-ons.

In the event that Inpatient Hospital Base Rate Supplemental Medicaid payment calculation errors are realized after an Inpatient Hospital Base Rate Supplemental Medicaid payment has been made, reconciliations and adjustments to impacted hospital payments will be made retroactively.

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Approval Date JUL 07 2016 Effective Date 10/26/2015

TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19A

State of Colorado

Page 49a

Effective October 1, 2014 for each qualified hospital, the percentage adjustment factor shall vary for state-owned, non-state government owned, and private hospitals, for urban and rural hospitals, for State University Teaching Hospitals, for Major Pediatric Teaching Hospitals, for Urban Safety Net Specialty Hospitals, or for other hospital classifications such that total payments to hospitals do not exceed the available Inpatient Upper Payment Limit. The percentage adjustment factor for each qualified hospital effective October 26, 2015 shall be published to the Colorado Medicaid Provider Bulletin found on the Department's website at [www.colorado.gov/hcpf/bulletins](http://www.colorado.gov/hcpf/bulletins).

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TN No. 14-052

Approval Date JUL 07 2016 Effective Date 10/26/2015

TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19A  
Page 51b

State of Colorado

Effective October 1, 2014, the Supplemental Medicaid Payment commonly referred to as "Acute Care Psychiatric Supplemental Medicaid payment" is suspended.

- J. Effective October 26, 2015, qualified hospitals with uninsured costs shall receive an additional supplemental Medicaid reimbursement commonly referred to as "Uncompensated Care Supplemental Hospital Medicaid payment" which shall be calculated on an annual Federal Fiscal Year (October 1 through September 30) basis and dispensed in monthly installments.

The Uncompensated Care Supplemental Medicaid payment is a prospective payment calculated using historical data, with no reconciliation to actual data for the payment period.

To qualify for the Uncompensated Care Supplemental Medicaid payment a hospital shall meet the following criteria:

1. Is not licensed or certified as Psychiatric or Rehabilitation Hospital, nor is licensed as a General Hospital with a Medicare Certification Long Term by the Colorado Department of Public Health and Environment.

Qualified hospitals with twenty-five or fewer beds shall receive a payment calculated as the percentage of beds to total beds for qualified hospitals with twenty-five or fewer beds multiplied by \$23,500,000. Qualified hospitals with greater than twenty-five beds shall receive a payment calculated as the percentage of uninsured costs to total uninsured costs for qualified hospitals with greater than twenty-five beds multiplied by \$91,980,176.

TN No. 15-0043  
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TN No. 14-052

Approval Date JUL 07 2016 Effective Date 10/26/2015

TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19A  
Page 57a

State of Colorado

5. Rate of Cesarean section deliveries for nulliparous women with a term, singleton baby in a vertex position.

Effective October 1, 2014, the measures for the HQIP supplemental payments are:

1. Rate of Non-Emergent Emergency Room Visits,
2. Rate of elective deliveries between 37 and 39 weeks gestation,
3. Rate of Postoperative Pulmonary Embolism or Deep Vein Thrombosis (PPE/DVT),
4. Rate of thirty (30) day all-cause hospital readmissions, and
5. Rate of Cesarean section deliveries for nulliparous women with a term, singleton baby in a vertex position.

Effective October 26, 2015, dollars per discharge point will be tiered such that hospitals with higher quality point scores will receive higher points per discharges. The dollar amount per discharge point for five (5) tiers of quality points between 1 and 50 are shown in the table below:

Tier	Hospital Quality Points Earned	Dollars per Discharge Point
1	1-10	\$13.18
2	11-20	\$14.50
3	21-30	\$15.82
4	31-40	\$17.13
5	41-50	\$18.45

Effective October 26, 2015, HQIP measures include five (5) base measures and four (4) optional measures. Hospitals can report data on up to five (5) measures annually. Hospitals that choose to participate in HQIP must report all of the base measures that apply to the hospital's services. If any base measure does not apply, a hospital may substitute an optional measure. Optional measures must be selected in the order listed.

Effective October 26, 2015, the base measures for HQIP are:

1. Emergency department process measure,
2. Rate of elective deliveries between 37 and 39 weeks gestation,
3. Rate of Cesarean section deliveries for nulliparous women with a term, singleton baby in a vertex position,
4. Rate of thirty (30) day all-cause hospital readmissions, and
5. Percentage of patients who gave the hospital an overall rating of "9" or "10" on the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) Survey.

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Approval Date JUL 07 2016 Effective Date 10/26/2015



TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

State of Colorado

ATTACHMENT 4.19A  
Page 57b

Effective October 26, 2015, the optional measures for HQIP are:

1. Culture of safety,
2. Active participation in the Regional Care Collaborative Organization (RCCO),
3. Advance care planning, and
4. Screening for tobacco use.

Total Funds for this payment equal:

FFY 2012-13	\$32,000,000	FFY 2015-16	\$84,810,386
FFY 2013-14	\$34,388,388		
FFY 2014-15	\$61,488,873		

In the event that HQIP payment calculation errors are realized after HQIP payments have been made, reconciliations and adjustments to impacted hospitals will be made retroactively.

TN No. 15-0043  
Supersedes  
TN No. New

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