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## Table of Contents

**State/Territory Name:** Colorado

**State Plan Amendment (SPA) #:** CO-16-0006

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  
1961 Stout Street, Room 08-148  
Denver, CO 80294



**Region VIII**

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August 10, 2017

Susan E. Birch, MBA, BSN, RN, Executive Director  
Department of Health Care Policy & Financing  
303 East 17<sup>th</sup> Avenue, 7<sup>th</sup> Floor  
Denver, CO 80203

RE: Colorado #16-0006

Dear Ms. Birch:

This is a revised approval letter as the original letter, dated July 13, 2017, was in error. We have reviewed the proposed State Plan Amendment (SPA) submitted under transmittal number (TN) 16-0006. This Amendment would supplement payments for physician and professional services at qualifying Colorado state-owned or operated professional services practices, effective July 1, 2016.

Please be informed that this State Plan Amendment was approved July 13, 2017 with an effective date of July 1, 2016. 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).

Expenditures for this amendment should be reported on the Form CMS-64.9 Base.

This amendment would affect expenditures reported on Line 5B - Physician and Surgical Services – Supplemental Payments.

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

Sincerely,



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

cc: Gretchen Hammer      John Bartholomew  
David DeNovellis      Amanda Forsythe

|   |  |   |                              |
|---|--|---|------------------------------|
| <b>TRANSMITTAL AND NOTICE OF APPROVAL<br/>OF<br/>STATE PLAN MATERIAL</b>  |  | 1. TRANSMITTAL NUMBER:<br><b>16-0006</b>  | 2. STATE:<br><b>COLORADO</b> |
|   |  | 3. PROGRAM IDENTIFICATION:<br><b>TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)</b>  |                              |
| FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES   |  | 4. PROPOSED EFFECTIVE DATE:<br><b>July 1, 2016</b>  |                              |
| TO: REGIONAL ADMINISTRATOR<br>CENTERS FOR MEDICARE & MEDICAID SERVICES<br>DEPARTMENT OF HEALTH AND HUMAN SERVICES   |  |   |                              |
| 5. TYPE OF PLAN MATERIAL (Check One):<br><br><input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> 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:<br><b>Section 1902(a)30(A) of the Social Security Act</b>   |  | 7. FEDERAL BUDGET IMPACT:<br>a. FFY 2016-17: \$ 15,829,784<br>b. FFY 2017-18: \$ 46,178,001   |                              |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:<br><b>Supplement to Attachment 4.19-B, Pages 1-2 (NEW)</b>  |  | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):<br><b>Not Applicable</b>   |                              |
| 10. SUBJECT OF AMENDMENT:<br><b>Supplemental Payments for Physician and Professional Services at CU School of Medicine Professional Services Practices</b>  |  |   |                              |
| 11. GOVERNOR'S REVIEW (Check One):<br><br><input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED<br><input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <b>Governor's letter dated 15 January, 2015</b><br><input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL |  |   |                              |
| 12. S [REDACTED]  |  | 16. RETURN TO:<br><br><b>Colorado Department of Health Care Policy and Financing<br/>1570 Grant Street<br/>Denver, CO 80203-1818</b><br><br><b>Attn: David DeNovellis</b> |                              |
| 13. TYPED NAME:<br><b>Gretchen Hammer</b>   |  |   |                              |
| 14. TITLE:<br><b>Medicaid Director</b>  |  |   |                              |
| 15. DATE SUBMITTED:<br><b>Initial: 09/30/2016 Revised: June 8, 2017</b>   |  |   |                              |
| FOR REGIONAL OFFICE USE ONLY  |  |   |                              |
| 17. DATE RECEIVED<br><b>September 30, 2016</b>  |  | 18. DATE APPROVED<br><b>July 13, 2017</b>   |                              |
| PLAN APPROVED - ONE COPY ATTACHED   |  |   |                              |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL<br><b>July 1, 2016</b>  |  | 20. [REDACTED] OFFICIAL   |                              |
| 21. TYPED NAME<br><b>Richard C. Allen</b>   |  | 22. TITLE<br><b>ARA, DMCHO</b>  |                              |
| 23. REMARKS   |  |   |                              |

TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

SUPPLEMENT TO ATTACHMENT 4.19-B

State of Colorado

Page 1

**SUPPLEMENTAL PAYMENTS FOR PHYSICIAN AND PROFESSIONAL SERVICES  
AT QUALIFYING COLORADO STATE-OWNED OR OPERATED PROFESSIONAL  
SERVICES PRACTICES**

1. Qualifying Criteria

Physicians and other eligible professional service practitioners as specified in 2. below who are employed by the University of Colorado School of Medicine, which is a state-owned school of medicine.

To qualify for the supplemental payment, the physician or professional service practitioner must be:

- a. licensed by the State of Colorado; and
- b. enrolled as a Colorado Medicaid provider; and
- c. members of an organization established by the University of Colorado School of Medicine pursuant to section 23-20-114, C.R.S.

2. Qualifying Providers Types

For purposes of qualifying for supplemental payments under this section, services provided by the following professional practitioners will be included:

- a. Physicians;
- b. Certified Registered Nurse Anesthetists (CRNA);
- c. Physician Assistants
- d. RN Clinical Nurse Specialists
- e. Nurse Midwives
- f. RN Nurse Practitioners
- g. Psychologists
- h. Licensed Clinical Social Workers
- i. Optometrists
- j. Dentists (For Medicare covered medical codes only)

3. Payment Methodology

The supplemental payment will be limited based on the available upper payment limit, which is the Medicare equivalent of the average commercial rate. The average commercial rate is defined as the rates paid by the five largest commercial payers for the same service. Under this methodology the terms "physician" and "physician services" includes services provided by all qualifying provider types as set forth in "2.", above.

The specific methodology to be used in establishing the supplemental payment for physician services is as follows:

- a. For services provided by physicians meeting the criteria as set forth in "1." above, the state will collect from the providers its current commercial physician fees by CPT code for the provider's top five commercial payers by volume.

TN No. 16-0006

Supersedes

TN No. New

Approval Date 7/13/2017 Effective Date 7/1/2016

TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

SUPPLEMENT TO ATTACHMENT 4.19-B

State of Colorado

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- b. The state will calculate the average commercial fee for each CPT code for qualifying provider types, as defined under "2." above, that are eligible in "1." above.
  - c. The state will extract from its paid claims history file for the preceding fiscal year all paid claims for those qualifying provider types, as defined under "2." above, who will qualify for a supplemental payment. For each CPT code, the state will align the average commercial fee as determined in "b" above to Medicaid payments for qualifying provider types, as defined under "2." above and calculate the average commercial payments for the claims.
  - d. The state will also align the same paid Medicaid claims with the Medicare fees for each CPT code for each qualifying provider type, as defined under "2." above and calculate the Medicare payment amounts for those claims. The Medicare fees will be the most currently available national non-facility fees.
  - e. The state will then calculate an overall Medicare to commercial conversion factor by dividing the total amount of the average commercial payments for the claims by the total Medicare payments for the claims. The commercial to Medicare ratio will be re-determined at least every three years.
  - f. For each quarter the state will query its MMIS system for paid Medicaid claims for qualifying provider types, as defined under "2." above for that quarter.
  - g. The state will then calculate the amount Medicare would have paid for those claims by aligning the claims with the Medicare fee schedule by CPT code. The Medicare fees will be the most currently available Medicare Physician Fee Schedule for MAC Locality 0411201 – Colorado.
  - h. The total amount that Medicare would have paid for those claims is then multiplied by the Medicare equivalent of the average commercial rate and the amount Medicaid actually paid for those claims is subtracted to establish the total allowable supplemental payment amount for the physician or physician practice plan for that quarter.
  - i. In order to allow for adequate claims runout, the payment for Medicaid services in any given quarter will be made one year after the quarter in which the dates of service occurred. Providers will be notified of payment amounts through the Colorado Medicaid Provider Bulletin at least 30 days before the quarterly payment is made.
4. Effective Date of Payment  
The supplemental payment will be made effective for services provided on or after July 1 2016.
5. Payment Amount

| State Fiscal Year | Payment (Total Funds) |
|-------------------|-----------------------|
| SFY 2017-18       | \$123,529,218         |

TN No. 16-0006  
Supersedes  
TN No. New

Approval Date 7/13/2017 Effective Date 7/1/2016