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State/Territory Name: Colorado

State Plan Amendment (SPA) #: 17-0035

This file contains the following documents in the order listed:

1) Approval Letter
2) 179
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

CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Financial Management Group

APR 16 2018

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

Re: Colorado: 17-0035

Dear Mr. Bartholomew:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 17-0035. Effective for services on or after July 1, 2017, this amendment updates the reimbursement methodology for the Public High Volume Medicaid and CICP Hospital Supplemental Payment. Specifically, this amendment calculates certified uncompensated Medicaid costs to occur on a Federal Fiscal Year basis for qualifying governmental providers.

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 17-0035 is approved effective July 1, 2017. The CMS-179 and the plan pages are attached.

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

Sincerely,

[redacted]

Kristin Fan
Director

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: 17 – 0035

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, 2017

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:
Section 1902(a)30(A) of the Social Security Act

7. FEDERAL BUDGET IMPACT:
a. FFY 2016-17: $ 0
b. FFY 2017-18: $ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19A – Methods and Standards for Establishing Prospective Payment Rates – Inpatient Hospital Services, Pages58-62

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
Attachment 4.19A – Methods and Standards for Establishing Prospective Payment Rates – Inpatient Hospital Services, Page 58 (TN 14-052), Pages 59-62 (TN 14-043)

10. SUBJECT OF AMENDMENT:
This Amendment would allow calculation of certified uncompensated Medicaid costs for the Public High Volume Medicaid and CICP Hospital Supplemental Payment on a Federal Fiscal Year basis. This will align this supplemental payment with all other supplemental Medicaid payments subject to the Inpatient Hospital Services Upper Payment Limit.

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

GOVERNOR'S OFFICE REPORTED NO COMMENT | X 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:
[redacted]

13. TYPED NAME:
Gretchen Hammer

14. TITLE:
Medicaid Director

15. DATE SUBMITTED:
9/14/17

16. RETURN TO:
Colorado Department of Health Care Policy and Financing
1570 Grant Street
Denver, CO 80203-1818

Attn: David DeNovellis

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

18. DATE APPROVED APR 16 2018

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL JUL 01 2017

20. S[redacted]

21. TYPED NAME
Kristin Fan

22. TITLE
Director, FMCO

23. REMARKS

FORM CMS-179 (07/92)

Instructions on Back

Q. Public High Volume Medicaid and CICP Hospital Payment

Effective July 1, 2010, Colorado public hospitals that meet the definition of a High Volume Medicaid and CICP Hospital shall qualify to receive an additional supplemental Medicaid reimbursement for uncompensated inpatient hospital care for Medicaid clients. This additional supplemental shall commonly be referred to as the "Public High Volume Medicaid and CICP Hospital Payment."

Effective July 1, 2017, Colorado public hospitals that meet the definition of a High Volume Medicaid and CICP Hospital shall qualify to receive an additional supplemental Medicaid reimbursement for uncompensated inpatient hospital care for Fee-For-Service (FFS) Medicaid clients, to qualify for the Public High Volume Medicaid and CICP Hospital Payment, a hospital shall meet the following criteria:

1. Licensed as a General Hospital by the Colorado Department of Public Health and Environment.
2. Classified as a state-owned government or non-state owned government hospital.
3. Have at least 27,000 Medicaid Inpatient Days per year that provide over 30% of total inpatient days to Medicaid and CICP patients.

The Public High Volume Medicaid and CICP Hospital Payments will only be made if uncompensated Medicaid costs for inpatient hospital services calculated on a federal fiscal year basis is available for a qualified Hospital provider. Uncompensated Medicaid inpatient costs for a qualified Hospital provider is calculated as the available Medicaid inpatient Hospital costs less Medicaid reimbursement (as defined in this attachment as a Diagnosis Related Group and/or per diem reimbursement paid under the Medicaid program and payments defined in Attachment 4.19A pgs. 30-57c). Total Public High Volume Medicaid and CICP Hospital Payments will not exceed the Upper Payment Limit that has been demonstrated for the same federal fiscal year in which the uncompensated Medicaid inpatient costs has been calculated.

The Interim Payment to qualified providers will be calculated using the filed CMS 2552-10 Medicare Cost Report, or its successor, for the actual expenditure period that corresponds to the federal fiscal year used in demonstrating the Upper Payment Limit for inpatient hospital services. The Interim Payment will be disbursed annually after the actual expenditure period. Interim Payments for uncompensated Medicaid inpatient hospital costs will be calculated each federal fiscal year and paid by the following September 30th of each federal fiscal year. Uncompensated costs for providing inpatient hospital services for Medicaid clients will be calculated according to the methodology outlined below, using the filed CMS 2552-10 Medicare Cost Report, or its successor.

Final payments will be made for qualified hospitals within six months after all eligible providers have submitted their audited CMS 2552-10 Medicare Cost Report, or its successor, for the actual expenditure period.

Prior to making the Final Payment, the Department will present a demonstration of the uncompensated Medicaid costs calculations performed for each provider for purposes of authorizing certification. Each qualified provider shall sign an acknowledgment of agreement to the uncompensated costs being certified for purposes of the Public High Volume Medicaid and CICP Hospital Payment. The Public High Volume Medicaid and CICP Hospital Payment will be distributed to qualified providers based on each provider's proportion of uncompensated costs for qualified providers in the class, multiplied by the available Upper Payment Limit for the class. A qualified provider shall not receive aggregated inpatient hospital Medicaid payments that exceed its certified uncompensated costs.

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 lower of the Payment amount calculated based on uncompensated costs calculated through audited cost reports or the available amount remaining of the Medicare Upper Payment Limit for inpatient hospital services for that provider class. If payments are made in excess of a provider's uncompensated care costs. The Federal share of Final Payments made in excess of the cost of Medicaid services will be returned to CMS in accordance with 42 CFR Part 433, Subpart F.

Methodology for Calculating Uncompensated Costs for Medicaid Inpatient Hospital Services Using CMS 2552-10:

Calculating Total Inpatient Hospital Costs

Total Inpatient Hospital Routine Costs equal costs as reported on CMS 2552-10 Worksheet C, Part I, Column 1, lines 30 – 43, plus allowable costs for interns and residents costs reported on Columns 21 and 22 of Worksheet B, Part I. For hospitals that use the Special Title XIX Worksheet, which adds back the allowable interns and residents costs from Columns 21 and 22 of Worksheet B, Part I to the costs reported on the regular Worksheet C, Part I, Column 1, only the costs as reported on Special Title XIX Worksheet C, Part 1, Column 1 are used. Costs recorded on lines 44 – 46 are excluded because they pertain to nursing facilities, skilled nursing facilities and long term care—none of which are inpatient hospital services.

Total Inpatient Days by Routine Cost Center are reported on Worksheet S-3, Part 1, Column 8. Observation Bed Daysare to be reclassified to be included in Adults and Pediatrics. Labor and Deliver Days are also to be reclassified to be included in Adults and Pediatrics.

The Cost Per-Diem by Routine Cost Center equals Total Inpatient Hospital Routine Costs divided by Total Inpatient Days. The Adult and Pediatric Routine Center Cost Per Diem includes Observation Bed Days. Swing Beds, Nursing Facility Costs and non-medically necessary Private Room Differential Costs are excluded.

Total Inpatient Hospital Ancillary Costs are reported on Worksheet C, Part 1, Column 1, lines 50 - 92. For hospitals that use the Special Title XIX Worksheet, which adds back the allowable interns and residents costs from Columns 21 and 22 of Worksheet B, Part I to the costs reported on the regular Worksheet C, Part I, Column 1, only the costs as reported on Special Title XIX Worksheet C, Part 1, Column 1 are used.

Total Inpatient Hospital Ancillary Charges are reported on Worksheet C, Part 1, Column 8, lines 50 – 92.

The Cost-to Charge Ratio by Inpatient Hospital Ancillary Cost Center is calculated by dividing each cost center's Inpatient Hospital Ancillary Costs by its Inpatient Hospital Ancillary Charges.

Calculating Medicaid Costs

Medicaid Patient Days for Inpatient Hospital Services are defined as paid Header Number of Service Days as reported in the MMIS for dates of service that correspond to the hospital's cost report period. The Total Header Number of Service Days is then multiplied by the percentage of Total Inpatient Days by Routine Cost Center for each cost center using Title XIX Days, Worksheet S-3, Pt. 1, Column 7, from CMS 2552-10, or its successor, to allocate inpatient days to the appropriate cost centers. University Hospital is on a State Fiscal Year, Denver Health is on a calendar year, and University of Colorado Health – Memorial Health System (UCH-MHS) is on a State Fiscal Year. Secondary Medicaid Days are defined as those days paid for Medicaid clients with a non-Medicare third party payer and are included for allowed Medicaid services under State Plan Amendment Attachment 4.19A. Medicare-Medicaid Dual Eligible Days are excluded for those days for which Medicaid reimburses only its share of the Medicare coinsurance or deductible.

Medicaid Allowable Charges for Inpatient Hospital Services are as reported in the MMIS for dates of service that correspond to the hospital's cost report period for paid charges for allowable inpatient hospital services under State Plan Amendment Attachment 4.19A. Medicaid allowable charges for Observation Beds are included in line 92. Charges for outpatient hospital services, professional services or non-hospital component services such as hospital-based providers are excluded. Allowable charges are mapped from the revenue code identified in the MMIS to the CMS cost report ancillary cost center. Medicaid Observation Bed outpatient charges that have been inaccurately recorded in inpatient cost centers are to be reclassified under Observation Bed (cost center 92) outpatient charges.

Medicaid Routine Cost Center Costs are calculated by multiplying Medicaid Patient Days by the Cost Per-Diem by Routine Cost Center.

Medicaid Ancillary Cost Center Costs are calculated by multiplying the Cost-to-Charge Ratio by Inpatient Hospital Ancillary Cost Center by the Medicaid Allowable Charges.

Medicaid Organ Acquisition Costs

Medicaid Usable Organs are identified in the provider's records as the number of Medicaid recipients who received an organ transplant.

Total Usable Organs are as reported from Worksheet D-4, Part III under the Part B cost column line 62.

Medicaid Usable Organs Ratio is calculated by dividing Medicaid Usable Organs by the hospital's Total Usable Organs.

Total Organ Acquisition Costs are from Worksheet D-4, Part III, under the Part A cost column line 61.

Medicaid Organ Acquisition Costs equal the Medicaid Usable Organs Ratio multiplied by Total Organ Acquisition Costs.

Medicaid Inpatient Hospital Provider Fee Costs

For those hospitals that do not include hospital provider fees as an expense in their CMS 2552-10 Medicare Cost Report, or its successor, Medicaid Inpatient Provider Fee Costs are calculated separately by multiplying the total inpatient hospital provider fees collected by the State from the qualified provider multiplied by the ratio of Medicaid Patient Days for Inpatient Hospital Services as reported in the MMIS to Total Inpatient Days by Routine Cost Center as reported on Worksheet S-3, Part 1, Column 8.

Medicaid Uncompensated Inpatient Hospital Costs

Total Medicaid Inpatient Hospital Costs are the sum of Medicaid Routine Cost Center Costs, Medicaid Ancillary Cost Center Costs, Medicaid Organ Acquisition Costs, and Medicaid Inpatient Hospital Provider Fee Costs. Medicaid Inpatient Hospital Provider Fee Costs are calculated separately only for those hospitals that do not include hospital provider fees as an expense in their CMS 2552-10 Medicare Cost Report, or its successor.

Medicaid Uncompensated Inpatient Hospital Costs equal Total Medicaid Inpatient Hospital Costs less Medicaid payments from the MMIS, Medicaid supplemental payments referenced in this Attachment 4.19A, third party liability reported in the MMIS, client payments reported in the MMIS, and patient Medicaid copayments reported in the MMIS.

Federal Fiscal Year Realignment Methodology for Reported Costs

Realigns a PHV hospital's costs submitted on their Medicare Cost Report (CMS 2552-10 Form, or its successor) to a Federal Fiscal Year schedule (October 1st to September 30th). This realignment is dependent upon the PHV hospital's stated fiscal year. The following three examples will illustrate this realignment:

Example 1: Realigning PHV Hospital Costs from a Calendar Year Schedule

Suppose a PHV hospital's Cost Report Year follows a Calendar Year Schedule, as defined by January 1st to December 31st. Also, suppose the following two Cost Reports are given for this provider: Cost Report Year End (CRYE) 12/31/16 and CRYE 12/31/17.

To calculate the total costs for this PHV hospital for the Federal Fiscal Year (FFY) 2016-17. Take ¼ (October – December) of the total costs from the Cost Report for CRYE 12/31/16 and add this to ¾ (January – September) of the total costs from the Cost Report for CRYE 12/31/17. The resulting sum is the total costs for FFY 2016-17.

Example 2: Realigning PHV Hospital Costs from a State Fiscal Year Schedule

Suppose a PHV hospital's Cost Report Year follows a State Fiscal Year Schedule, as defined by July 1st to June 30th. Also, suppose the following two Cost Reports are given for this provider: CRYE 06/30/17 and 06/30/18.

To calculate the total costs for this PHV hospital for FFY 2016-17. Take ¾ (October – June) of the total costs from the Cost Report for CRYE 06/30/17 and add this to ¼ (July – September) of the total costs from the Cost Report for CRYE 06/30/18. The resulting sum is the total costs for FFY 2016-17.

Example 3: Realigning PHV Hospital Costs from a Non-Familiar Fiscal Year Schedule

Suppose we have a PHV hospital whose Cost Report Year follows a Non-Familiar Fiscal Year Schedule, as defined as neither following a Calendar Year, State Fiscal Year, or Federal Fiscal Year Schedule. In this example, we'll be using a PHV hospital with a CRYE 04/30. Suppose the following two Cost Reports are given for this provider: CRYE 04/30/17 and CRYE 04/30/18.

To calculate the total costs for this PHV hospital for FFY 2016-17. Take 7/12 (October – April) of the total costs from the Cost Report for CRYE 04/30/17 and add this to 5/12 (May – September) of the total costs from Cost Report for CRYE 04/30/18. The resulting sum is the total costs for FFY 2016-17.