
Table of Contents

State/Territory Name: Colorado

State Plan Amendment (SPA) #: 18-0039

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



Denver Regional Operations Group

July 29, 2019

Kim Bimestefer, Executive Director
Department of Health Care Policy & Financing
1570 Grant Street
Denver, CO 80203

Dear Ms. Bimestefer:

We have reviewed the proposed State Plan Amendment (SPA) submitted under transmittal number (TN) 18-0039. The Department implemented the Enhanced Ambulatory Patient Grouping system for the calculation of payments for outpatient hospital claims beginning October 31, 2016. In response to stakeholder concerns regarding inadequate reimbursement for certain specialty drugs provided in the outpatient hospital setting, the proposed SPA alters the methodology by which such drugs are reimbursed, which will allow hospital providers to continue providing these drugs to Colorado's Medicaid population.

Please be informed that this State Plan Amendment was approved today with an effective date of August 11, 2018. We are enclosing the CMS-179 and the amended plan page(s).


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


Sincerely,



Richard C. Allen
Director, Western Regional Operations Group
Denver Regional Office
Centers for Medicaid and CHIP Services

cc: Laurel Karabatsos, Colorado
John Bartholomew, Colorado
Russell Ziegler, Colorado
Whitney McOwen, Colorado
Jami Gazarro, Colorado

<p align="center">TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</p> <p>FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES</p>		1. TRANSMITTAL NUMBER: 18 - 0039	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: August 11, 2018	
5. TYPE OF PLAN MATERIAL (<i>Check One</i>): NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS A NEW PLAN X AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (<i>Separate transmittal for each amendment</i>)			
6. FEDERAL STATUTE/REGULATION CITATION: Social Security Act Section 1927 (42 USC 1396r-8) / 42 CFR 440.20, 440.120		7. FEDERAL BUDGET IMPACT: a. FFY 2017-18: \$758,970 b. FFY 2018-19: \$9,249,947	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B: Methods and Standards for Establishing Payment Rates – Other Types of Care – Section 2a. Outpatient Hospital Services – Page 2d of 6 Attachment 4.19-B: Methods and Standards for Establishing Payment Rates – Other Types of Care – Section 12.a – Pharmaceutical Services – Pages 2-3 of 3		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachment 4.19-B: Methods and Standards for Establishing Payment Rates – Other Types of Care – Section 2a. Outpatient Hospital Services – Page 2d of 6 (TN 17-0011) Attachment 4.19-B: Methods and Standards for Establishing Payment Rates – Other Types of Care – Section 12.a – Pharmaceutical Services – Page 2 of 3 (TN 17-0004 and 18-0003)	
10. SUBJECT OF AMENDMENT: The Department implemented the Enhanced Ambulatory Patient Grouping system for the calculation of payments for outpatient hospital claims beginning October 31, 2016. In response to stakeholder concerns regarding inadequate reimbursement for certain specialty drugs provided in the outpatient hospital setting, the proposed SPA alters the methodology by which such drugs are reimbursed, which will allow hospital providers to continue providing these drugs to Colorado's Medicaid population.			
11. GOVERNOR'S REVIEW (<i>Check One</i>): GOVERNOR'S OFFICE REPORTED NO COMMENT X OTHER, AS SPECIFIED COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Governor's letter dated 29 March, 2018 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: David DeNovellis	
13. TYPED NAME: Laurel Karabatsos			
14. TITLE: Interim Medicaid Director			
15. DATE SUBMITTED: <u>Initial</u> : September 17, 2018 <u>Update #1</u> : November 16, 2018 <u>Update #2</u> : March 5, 2019 <u>Update #3</u> : July 17, 2019			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED		18. DATE APPROVED	

September 18, 2018	July 29, 2019
PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL August 11, 2018	20. SIGNATURE OF REGIONAL OFFICIAL
21. TYPED NAME Richard C. Allen	22.  Director, WROG
23. REMARKS	

FORM CMS-179 (07/92)

Instructions on Back

TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM
STATE OF COLORADO

ATTACHMENT 4.19B
Page 2d of 6

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

- 2a. OUTPATIENT HOSPITAL SERVICES (continued)
- e. Outpatient laboratory/pathology services shall be reimbursed under the EAPG methodology.
 - f. Outpatient radiology services shall be reimbursed under the EAPG methodology.
 - g. Outpatient nuclear medicine/computerized tomography scans shall be reimbursed under the EAPG methodology.
 - h. Any service not listed here is reimbursed under the existing state plan methodology elsewhere in this section.
2. Effective August 11, 2018, for services meeting the criteria of select Outpatient Hospital Physician Administered Drugs, as defined by the list of drugs included in the Colorado Department of Health Care Policy and Financing's billing manual accessed through the Department's web site, that would have otherwise been compensated through the EAPG methodology, a hospital must submit a request for authorization to the Department prior to administration of the drug. If the request is approved and the drug is administered to the patient, then the hospital must submit an invoice showing the actual acquisition cost of the drug before payment will rendered by the Department. The Department will pay the provider 72% of the net invoice cost.
- 3-6. These sections are reserved for future use.

TN No. **18-0039**

Approval Date 7/29/2019

Supersedes TN No. 17-0011

Effective Date 8/11/2018

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

STATE OF COLORADO

Attachment 4.19-B

Page 2 of 3

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES –
OTHER TYPES OF CARE

- H. Drugs dispensed by Covered Entities (as defined in the Social Security Act, Section 1927(a)(5)(B)) not purchased through the 340B Pricing Program shall be reimbursed as defined in A.
- I. Drugs acquired through the federal 340B drug pricing program and dispensed by 340B contract pharmacies are not covered.
- J. Physician-administered drugs are reimbursed at the published Medicare Average Sales Price (ASP) Drug Pricing File minus 3.3 percent for drugs included in that file. Physician administered drugs that are not included in the Medicare ASP Drug Pricing File will be reimbursed at Wholesale Acquisition Cost (WAC). Covered entities using drugs purchased at the prices authorized under Section 340B of the Public Health Services Act for Medicaid members must bill Medicaid the 340B purchase price. No professional dispensing fee is applied.
 - 1. Reimbursement for select Outpatient Hospital Physician Administered Drugs, as defined by the list of drugs included in the Colorado Department of Health Care Policy and Financing's billing manual accessed through the Department's web site, is made pursuant to Attachment 4.19-B – Methods and Standards for Establishing Payment Rates – Other Types of Care – Item 2.a Outpatient Hospital Services – Page 2d – Part 2.
- K. Clotting factor dispensed by specialty pharmacies or Hemophilia Treatment Centers shall be reimbursed the lesser of the provider's usual and customary charge to the general-public, or the submitted ingredient cost plus the professional dispensing fee, or the wholesale acquisition cost plus the professional dispensing fee.
- L. Experimental or investigational drugs will not be allowed for reimbursement, except for Stiripentol. Stiripentol may be covered if the coverage has been ordered by the member's physician, has been deemed medically necessary by the Department, and has been authorized for the specific member's use by the U.S. Food & Drug Administration. Investigational drugs are reimbursed at invoice pricing which includes the cost of the drug, and the international regulatory, shipping and handling fees.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

STATE OF COLORADO

Attachment 4.19-B
Page 3 of 3

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES –
OTHER TYPES OF CARE

- M. Any pharmacy, except a mail order pharmacy, that is the only pharmacy enrolled with the Medical Assistance Program within a twenty-mile radius, may submit a written request to the Department requesting the designation of a rural pharmacy.
- N. In the aggregate, the Medical Assistance Program expenditures for outpatient drugs shall be in compliance with the federal upper limits as set forth in 42 CFR §§447.512 and 447.514.
- O. Dispensing fees shall be established based upon reported dispensing costs provided through the Cost of Dispensing (COD) survey completed every two state fiscal years. The professional dispensing fees for all pharmacies except government and rural pharmacies shall be tiered based upon annual total prescription volume. The dispensing fees shall be tiered at:
- Less than 60,000 total prescriptions filled per year = \$13.40
 - Between 60,000 and 90,000 total prescriptions filled per year = \$11.49
 - Between 90,000 and 110,000 total prescriptions filled per year = \$10.25
 - Greater than 110,000 total prescriptions filled per year = \$9.31

The determination of total prescription volume shall be completed by surveying pharmacies on an annual basis. Pharmacies failing to respond to the survey shall be reimbursed the \$9.31 dispensing fee.

The tiered dispensing fee shall not apply to government pharmacies which shall instead be reimbursed a \$0.00 dispensing fee.

The tiered dispensing fee shall not apply to rural pharmacies, as defined in M, which shall instead be reimbursed a \$14.14 dispensing fee.