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State/Territory Name: Colorado

State Plan Amendment (SPA) #: 19-0008

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

June 3, 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) 19-0008. This amendment revises the methods and standards for establishing payment rates for Attachment 4.19-B outpatient hospital services.

Please be informed that this State Plan Amendment was approved today with an effective date of July 1, 2019. We are enclosing the CMS-179 and the amended plan page(s).

If you have any questions regarding claiming on the CMS 64 for this service, please contact Jay Maitri at 303-844-2682.



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

Sincerely,



Mary Marchioni
Acting Deputy Director

cc: Laurel Karabatsos
John Bartholomew
David DeNovellis
Russell Ziegler
Whitney McOwen
Jami Gazarro

<p align="center">TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</p> <p>FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES</p>		1. TRANSMITTAL NUMBER: 19-0008	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, 2019	
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: Social Security Act Title XIX, Section 1905(a)(2); 42 CFR 440.20, 42 CFR 447.321		7. FEDERAL BUDGET IMPACT: a. FFY 2018-19: \$572,727 b. FFY 2019-20: \$2,347,712	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B: Methods and Standards for Establishing Payment Rates-Other Types of Care – 2a. Outpatient Hospital Services (Pages 2-2a of 6)		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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (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 – 2a. Outpatient Hospital Services (Pages 2-2a of 6) (TN 17-0011, 18-0025)	
10. SUBJECT OF AMENDMENT: Methods and standards for establishing payment rates for Outpatient Hospital Services, reflecting the rate increases effective July 1, 2019.			
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 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: John Bartholomew			
14. TITLE: Chief Financial Officer			
15. DATE SUBMITTED: <i>Initial</i> : May 22, 2019 Update #1: June 3, 2019			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED May 22, 2019		18. DATE APPROVED June 3, 2019	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL July 1, 2019		20. SIGNATURE OF REGIONAL OFFICIAL 	
21. TYPED NAME Mary Marchioni		22. TITLE Acting Deputy Director, DROG	
23. REMARKS			

TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

STATE OF COLORADO

ATTACHMENT 4.19B

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

2a. OUTPATIENT HOSPITAL SERVICES (continued)

weight development process. For lines with incomplete data, estimations of EAPG Adjusted Relative Weights will be used.

3. Calculate costs from hospital charge data obtained from Colorado's MMIS using the computation of the ratio of costs to charges from the CMS-2552-10 Cost Report. After the application of inflation factors to account for the difference in cost and caseload from state fiscal year 2015 to the implementation period, costs and EAPG Adjusted Relative Weights are aggregated by peer group and are used to form peer group base rates.
4. For each hospital, calculate the projected EAPG payment by multiplying its peer group base rate by its hospital-specific EAPG Adjusted Relative Weights. If the projected payment exceeds a +/-10% difference from the proportion of that hospital's costs to peer group costs applied to the outpatient budget, the hospital will receive an adjustment to their base rate to cap its resulting gains or losses in projected EAPG payments to 10%.
 - a. Out of State hospitals will be designated to a Rural or Urban peer group depending on location and will receive a base rate of 90% of the respective peer group base rate. No cost-dependent cap will be applied.
5. Effective July 1, 2017, all hospital-rates as calculated in sections 1-4 of this subsection will be increased by 1.4%.
6. Effective July 1, 2018, all hospital-rates as calculated in sections 1-5 of this subsection will be increased by 1%.
7. Effective July 1, 2019, all hospital-rates as calculated in sections 1-6 of this subsection will be increased by 1%.

iii. Uses the EAPG software to assign line items to EAPGs. EAPGs can have the following types:

1. Per Diem
2. Significant Procedure. Subtypes of Significant Procedures are:
 - a. General Significant Procedures
 - b. Physical Therapy and Rehabilitation
 - c. Mental Health and Counseling
 - d. Dental Procedure
 - e. Radiologic Procedure
 - f. Diagnostic Significant Procedure
3. Medical Visit
4. Ancillary

TITLE XIX OF THE SOCIAL SECURITY ACT
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ATTACHMENT 4.19B
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**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - OTHER
TYPES OF CARE**

2a. OUTPATIENT HOSPITAL SERVICES (continued)

5. Incidental
 6. Drug
 7. Durable Medical Equipment
 8. Unassigned
- iv. Uses the EAPG software to determine when payment for a line assigned a Significant Procedure EAPG type should be consolidated. A consolidated payment will be calculated using an EAPG Adjusted Relative Weight of 0. Payment may not be consolidated when a procedure or service is distinct or independent from other services performed on the same day. Otherwise, a payment is consolidated when:
1. The same Significant Procedure EAPG is present on another line for that visit, or
 2. The procedure is determined to be clinically similar to another EAPG present for that visit on the claim.
- v. Uses the EAPG software to determine when payment should be packaged. A packaged payment will be calculated using an EAPG Adjusted Relative Weight of 0. A payment for a line is packaged when:
1. The assigned EAPG is considered an ancillary service to a Significant Procedure or Medical Visit EAPG present on the claim for that visit and its cost is included into the EAPG Relative Weight, except for instances of additional undifferentiated medical visits/services present on the claim, or
 2. The assigned EAPG is a Medical Visit and is present with a Significant Procedure EAPG.
 - a. Lines assigned a Medical Visit EAPG are not packaged when only Physical Therapy and Rehabilitation or Radiologic Significant Procedure EAPG types are present on other lines for that visit.
- vi. Uses the EAPG software to calculate the following discounts for any non-packaged or non-consolidated payments. The types of discounting and percentages are as follows:
1. Multiple Surgery / Significant Procedure – 100%, 50%, then 25%
 - a. For Multiple Significant Procedures of the same subtype on the same visit: