

Table of Contents

State/Territory Name: Colorado

State Plan Amendment (SPA) #: 20-0020

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
Center for Medicaid & CHIP Services
233 North Michigan Ave., Suite 600
Chicago, Illinois 60601



Financial Management Group

September 22, 2020

John Bartholomew, Chief Financial Officer
Department of Health Care Policy & Financing
1570 Grant Street
Denver, CO 80203

RE: TN 20-0020

Dear Chief Financial Officer Bartholomew:

We have reviewed the proposed Colorado State Plan Amendment (SPA) to Attachment 4.19-B 20-0020, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on June 30, 2020. This plan amendment updates drug reimbursement for outpatient hospital services, as of June 1, 2020.

Based upon the information provided by the State, we have approved the amendment with an effective date of June 1, 2020. We are enclosing the approved CMS-179 and a copy of the new state plan page.


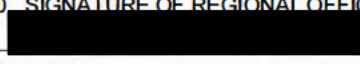
If you have any additional questions or need further assistance, please contact LaJoshica (Josh) Smith at 214-767-6453 or Lajoshica.Smith@cms.hhs.gov.

Sincerely,

A solid black rectangular box redacting the signature of Todd McMillion.

Todd McMillion
Director
Division of Reimbursement Review

Cc: Whitney McOwen

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 20 - 0020	2. STATE: COLORADO
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		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: June 1, 2020	
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 Title XIX, Section 1905(a)(2); 42 CFR 447.321		7. FEDERAL BUDGET IMPACT: a. FFY 2019-20: \$0 Please refer to box 23 (Remarks) b. FFY 2020-21: \$0	
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 (Page 2 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 (Page 2 of 6) (TN 19-0008)	
10. SUBJECT OF AMENDMENT: Update drug reimbursement for outpatient hospitals by decreasing drug payment for non-independent urban hospitals while increasing drug payment for Critical Access Hospitals and Medicare Dependent Hospitals to ensure that rates more closely align with each group's cost experiences.			
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 11 October, 2019 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIG: 		16. RETURN TO: Colorado Department of Health Care Policy and Financing 1570 Grant Street Denver, CO 80203-1818 Attn: Lauren Reveley	
13. TYPED NAME: John Bartholomew			
14. TITLE: Chief Financial Officer			
15. DATE SUBMITTED: June 30, 2020			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED		18. DATE APPROVED 9/22/2020	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL 6/1/2020		20. SIGNATURE OF REGIONAL OFFICIAL 	
21. TYPED NAME Todd McMillion		22. TITLE Director, Division of Reimbursement Review	
23. REMARKS On 09/04/20, the State authorized a pen & ink change to box 7 correcting the FFYs year to FFY 2020 & FFY 2021			

TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

STATE OF COLORADO

ATTACHMENT 4.19B

Page 2 of 6

**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%.
8. Effective June 1, 2020, by the modification of the EAPG Weights, the allowed reimbursement of outpatient hospital drugs shall be increased by 42.93% for drugs provided at Critical Access Hospitals and Medicare Dependent Hospitals and decreased by 3.47% for drugs provided at non-independent urban hospitals.

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