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State/Territory Name: Colorado

State Plan Amendment (SPA) #: 23-0002

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 AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

June 13, 2023

Adela Flores-Brennan
Medicaid Director
Colorado Department of Health Care
Policy and Financing
1570 Grant Street
Denver, CO 80203-1818

Re: Colorado 23-0002

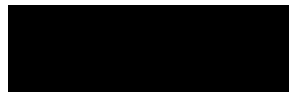
Dear Ms. Flores-Brennan,

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State Plan submitted under transmittal number (TN) 23-0002. Effective for services on or after January 1, 2023, this amendment authorizes payment for take home Naloxone dispensed by a hospital upon discharge to members deemed at risk of opioid related overdoses. Naloxone is excluded from the Diagnostic Related Group (DRG) relative weight calculation and will be paid according to the physician administered drugs payment methodology under the Attachment 4.19-B authority.

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 and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment TN 23-0002 is approved effective January 1, 2023. The CMS-179 and the amended plan pages are attached.

If you have any questions, please contact Christine Storey at Christine.storey@cms.hhs.gov.

Sincerely,



Rory Howe
Director

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 3 — 0 0 0 2

2. STATE

CO

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT

XIX XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

January 1, 2023

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 447.253

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2023 \$ 42,647
b. FFY 2024 \$ 56,863

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A -- I. Methods and Standards for Establishing Prospective Payment Rates -- Inpatient Hospital Services -- Pages 8-9 of 64

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Attachment 4.19-A -- I. Methods and Standards for Establishing Prospective Payment Rates -- Inpatient Hospital Services -- Pages 8-9 of 64 (TN CO-19-0025, CO-04-007)

9. SUBJECT OF AMENDMENT

Authorizes payment for take-home Naloxone (opioid antagonist) dispensed by a hospital upon discharge to members deemed at risk of opioid-related overdoses are excluded from the DRG relative weight calculation and will be paid according to the Fee Schedule.

10. GOVERNOR'S REVIEW (Check One)

- GOVERNOR'S OFFICE REPORTED NO COMMENT
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME
Bettina Schneider

13. TITLE
Chief Financial Officer

14. DATE SUBMITTED

15. RETURN TO

Colorado Department of Health Care Policy & Financing
303 East 17th Avenue
Denver, CO, 80203

Attn: Alex Lyons

FOR CMS USE ONLY

16. DATE RECEIVED: March 27, 2023

17. DATE APPROVED
June 13, 2023

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL: January 1, 2023

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL: Rory Howe

21. TITLE OF APPROVING OFFICIAL: FMG Director

22. REMARKS

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MEDICAL ASSISTANCE PROGRAM

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- f. Effective July 1, 2003 all adjustments outlined in number 2. of this section (Adjustments To The Payment Formula) are suspended.
3. Effective January 1, 2020, long-acting reversible contraceptive (LARC) devices, inserted following a delivery, will be excluded from the DRG relative weight calculation and will be paid according to Fee Schedule as determined by the Department of Health Care Policy and Financing. All rates can be found on the official website www.colorado.gov/hcpf.
4. Effective January 1, 2023, payment for take-home Naloxone (opioid antagonist) dispensed by a hospital upon discharge to members deemed at risk of opioid-related overdoses are excluded from the DRG relative weight calculation and will be paid according to the physician administered drugs payment methodology under subsection M of the Pharmaceutical Services reimbursement pages, at Attachment 4.19-B -- Methods and Standards for Establishing Payment Rates – Item 12.a.M -- Pharmaceutical Services. All rates can be found on the official Department website www.colorado.gov/hcpf.

E. Adjustments For Exempt Providers

1. Exempt hospitals will receive annual modifications to per diem rates based on inflationary adjustments as determined by the Medicare Economic Index. In no case shall the per diem rate granted to an exempt hospital exceed the facility's allowable Medicaid cost per day.
2. Effective October 1, 2001, government-owned mental health institutes shall receive annual modifications to the per diem rates. The rates shall be established to cover 100 percent of the total allowable cost to treat Medicaid clients. Payments are calculated using interim rates and later adjusted to a final rate, as described below:
 - a. Interim Rates. The Colorado Department of Human Services (CDHS) files by November 30 of each year (5 months before the end of the fiscal year) the Medicare cost report for the state mental health institutes. CDHS calculates the interim per diem rates using a 9-month cost report that is identical to the first portion of the Medicare cost report. CDHS divides the total allowable costs (contained in the report) by the number of patient days for each unit in the mental health institutes. Once the CDHS Director of Hospital Services approves this report, the rates are sent to the Department, where the educational component of the rate is "carved out" and the resulting interim rates are put into the MMIS with an effective date of July 1.
 - b. Final Rates and Reconciliation. A Medicare audit is initiated after the Medicare cost report is submitted. Once the Medicare audit is complete, CDHS files the Medicaid cost report, a state-developed report based on the 2552 with some minor adjustments. The state mental health institutes must file the Medicaid cost report four months after the Medicare audit is finalized. The Department initiates the Medicaid audit once the Medicaid cost report has been filed and the Department

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ATTACHMENT 4.19-A

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- c. has access to the necessary expenditure summary data from the MMIS. After the Medicaid audit has been completed, the Department calculates retroactive per diem rates for each of the units in the mental health institutes. These are the state's final rates and are used to complete the cost settlements.
3. Exempt hospitals are eligible for the Major Teaching Hospital and Disproportionate Share Payments.
- F. Adjustments For Out-of-State Providers
1. Non-emergent inpatient medical care rendered at an out-of-state hospital to a Colorado Medicaid patient must be prior authorized by the Department, based upon review and recommendation by the Peer Review Organization (PRO).
 2. Payment for out-of-state and non-participating Colorado Hospital inpatient services shall be at a rate equal to 90% of the average Colorado Urban or Rural DRG payment rate. Out-of State urban hospitals are those hospitals located within the Metropolitan Statistical Areas (MSA) as designated by the U.S. Department of Health and Human Services.
 3. Effective January 1, 1992: When needed inpatient transplant services are not available at a Colorado Hospital, payment can be made at a higher rate (than 90% of the average Colorado Urban or Rural DRG payment rate) for non-emergent services if the provider chooses this payment method. When not reimbursed at a DRG payment rate the out-of-state hospital will be paid based upon the following criteria:
 - a. Payment shall be 100% of audited Medicaid costs.
 - b. In no case shall payment exceed \$1,000,000 per admission.
 4. All hospitals participating in the Medicaid program will submit Medicaid and total hospital utilization, statistical, and financial data to the Colorado Hospital Association Date Bank Program. If a hospital does not report to the Colorado Hospital Association Data Bank, the State agency will send the required format for reporting this data.