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State/Territory Name: Colorado

State Plan Amendment (SPA) #: 23-0023

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

September 1, 2023

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

Re: Colorado 23-0023

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) 23-0023. Effective for services on or after July 1, 2023, this amendment provides for a two percent inflationary increase to the per diem rates for both Specialty-Acute and Rehabilitation hospitals.

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 23-0023 is approved effective July 1, 2023. The CMS-179 and the amended plan page 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 <u>2 3</u> — <u>0 0 3 2</u>	2. STATE <u>CO</u>
3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	

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

4. PROPOSED EFFECTIVE DATE
July 1, 2023

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR 447.253

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2023 \$ 509,841
b. FFY 2024 \$ 1,702,204

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-A: Methods and Standards for Establishing Payment Rates – Section 1. Inpatient Hospital Services; Page 10a

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
Attachment 4.19-A: Methods and Standards for Establishing Payment Rates – Section 1. Inpatient Hospital Services; Page 10a (TN 22-0032)

9. SUBJECT OF AMENDMENT
3.0% rate increase for per diem hospitals in accordance with the state budget bill.

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
[Redacted]

12. TYPED NAME
Bettina Schneider

13. TITLE
Chief Financial Officer

14. DATE SUBMITTED

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

Attn: Alex Lyons

FOR CMS USE ONLY

16. DATE RECEIVED: June 5, 2023

17. DATE APPROVED
September 1, 2023

PLAN APPROVED - ONE COPY ATTACHED

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

19. SIGNATURE OF APPROVING OFFICIAL
[Redacted]

20. TYPED NAME OF APPROVING OFFICIAL: Rory Howe

21. TITLE OF APPROVING OFFICIAL: Director, Financial Management Group

22. REMARKS

TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

State of Colorado

ATTACHMENT 4.19A

Page 10a

- iv. percent lower than the second per diem rate.
 - v. The fourth and final per diem rate begins on day fourteen through the remainder of the stay. This rate is five percent lower than the third per diem rate.
1. Spine/Brain Injury Treatment Specialty Hospital (as Defined in Attachment 4.19-A, Section B):
- a. Care provided in Spine/Brain Injury Treatment Specialty Hospital to Medicaid clients is reimbursed using four per diem rates:
 - i. The initial per diem rate is paid during the first twenty-eight days of a client's stay.
 - ii. The second per diem rate begins on day twenty-nine to day forty-nine. This rate is five percent lower than the initial per diem rate.
 - iii. The third per diem rate begins on day fifty to day seventy-seven. This rate is five percent lower than the second per diem rate.
 - iv. The fourth and final per diem rate begins on day seventy-eight through the remainder of the stay. This rate is five percent lower than the third per diem rate.
2. To pay designated Inpatient Hospitals under a Classification per diem as defined above in Attachment 4.19-A, Section G, paragraphs 2-4, pages 10-10a, the Department of Health Care Policy and Financing:
- a. Assign each hospital, Specialty-Acute Hospitals and Rehabilitation Hospitals (Excludes Hospital Distinct Attached Part Units and Hospital Satellite Locations) to one of the following peer groups based on definitions from Attachment 4.19-A, Section B, paragraph 4(b-d), page 2.
 - i. Specialty-Acute Hospital
 - ii. Rehabilitation Hospital
 - iii. Spine/Brain Injury Treatment Specialty Hospital
 - b. Process Medicaid Inpatient hospital claims from state fiscal year 2017, known as the Base Year, though the methodology described in Attachment 4.19-A, Section G, paragraphs 2-4, pages 10-10a. Base per diems Budget Neutral to fiscal year 2017.
 - c. Base per diem additionally adjusted for state fiscal year increase for state fiscal year 2018 (1.4%), state fiscal year 2019 (1%) and state fiscal year 2020 (1%). Furthermore, the Medicaid Per Diem base rate, as determined in Attachment 4.19-A, Section G, paragraph S(a)(i-iii), page 10a, shall be adjusted by an equal percentage.
 - d. The following equation was utilized to calculate the base per diem from Fiscal Year (FY) 2017 (7/1/2016-06/30/2017) data. FY 2017 Total Medicaid FPS Reimbursed Dollars and Per Diem Days (as defined in Attachment 4.19A, Section G paragraphs 2-4) are customized for each of the three categories: Specialty-Acute, Rehabilitation and Spine/Brain Injury Treatment Specialty. Data is pulled from Colorado MMIS.

FY 2017 Total Medicaid FPS Reimbursed Dollars

Initial Per Diem Days+ (0.95* Second Per Diem Days)+(0.95² *Third Per Diem Days)+(0.95³ * Fourth Per Diem Days)

- e. Effective July 1, 2020, all rates as calculated in sections a-d of this subsection will be decreased by 1%.
- f. Effective July 1, 2021, all rates as calculated in sections a-e of this subsection will be increased by 2.5%.
- g. Effective July 1, 2022, all rates as calculated in sections a-f of this subsection will be increased by 2.0%.
- h. Effective July 1, 2023, all rates as calculated in sections a-g of this subsection will be increased by 3.0%.