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State/Territory Name: CO

State Plan Amendment (SPA) CO: 24-0017

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
230 South Dearborn
Chicago, Illinois 60604



Financial Management Group

September 6, 2024

Bettina Schneider, Chief Financial Officer
Attn: Amy Winterfeld
Colorado Department of Health Care Policy and Financing
1570 Grant Street
Denver, CO 80203-1818

RE: TN 24-0017

Dear Ms. Schneider:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Colorado state plan amendment (SPA) to Attachment 4.19-B CO 24-0017, which was submitted to CMS on June 25, 2024. This plan amendment implements a 2.0% rate increase for outpatient hospital services.

We reviewed your SPA submission for compliance with statutory requirements including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of July 1, 2024. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

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

Sincerely,

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

Todd McMillion
Director
Division of Reimbursement Review

Enclosures

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

1. TRANSMITTAL NUMBER <u>2 4</u> — <u>0 0 1 7</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, 2024

5. FEDERAL STATUTE/REGULATION CITATION
SSA Section 1905(a)(2); 42 CFR 440.20, 42 CFR 447.321

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2024 \$ 2,246,369
b. FFY 2025 \$ 8,985,477

7. 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 2-2a of 8)
6

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
Attachment 4.19-B: Methods and Standards for Establishing Payment Rates – Other Types of Care – 2a. Outpatient Hospital Services (Pages 2-2a of 8) (TN 23-0020)
6

9. SUBJECT OF AMENDMENT
2.0% rate increase for outpatient hospital services per state budget bill, effective July 1, 2024.

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
303 E. 17th Avenue, Suite 1100
Denver, CO 80203

Attn: Alex Lyons

FOR CMS USE ONLY

16. DATE RECEIVED 06/25/24	17. DATE APPROVED September 6, 2024
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PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL 07/01/24	19. SIGNATURE OF APPROVING OFFICIAL [Redacted]
20. TYPED NAME OF APPROVING OFFICIAL Todd McMillion	21. TITLE OF APPROVING OFFICIAL Director, Division of Reimbursement Review

22. REMARKS
P&I change authorized for Section 7 & 8 to correct page numbers

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)

4. For Critical Access Hospitals, a weighted average base rate by outpatient hospital visits is calculated. EAPG payments for Critical Access Hospitals under both versions of EAPGs are calculated using this weighted average base rate, then an inflation factor is applied to determine a revenue neutral rate for the Critical Access Hospital group. This inflation factor is then applied to all Critical Access Hospital rates that were in effect prior to January 1, 2022. For all other hospitals, with the exception of Rehabilitation, Long-term Acute Care, and Spine/Brain Injury Hospitals, a revenue neutral rate is calculated which aligns payment under version 3.16 of EAPGs to payments calculated under version 3.10.
 5. For Critical Access Hospitals with a rate above 2 standard deviations of the average of their group is given a rate at 2 standard deviations above the average of their group. For each other hospital group, except Rehabilitation, Long-term Acute Care, and Spine/Brain Injury Hospitals, the average and standard deviation of their rates are calculated. For hospitals that have a rate below 1.5 standard deviations of the average rate of their assigned group, the hospital is assigned a rate at 1.5 standard deviations below the group's average rate. For hospitals that have a rate above 1.5 standard deviations of the average rate of their assigned group, the hospital is assigned a rate at 1.5 standard deviations above the group's average rate.
 6. Each newly enrolled In-State hospital is assigned to a Pediatric, Long-Term Acute Care, or Rehabilitation peer group depending on hospital type as validated through the hospital's CMS Certification Number. If the hospital is not any of these types, then the hospital will be assigned to a rural or urban grouping based on location. The hospital will be assigned a base rate of the average peer group rate based on hospital-type. If the hospital cannot be assigned a base rate due to its type, then it will be assigned a base rate of the average peer group rate based on location.
 - a. Effective September 1, 2022, out of state hospitals will be assigned a base rate that is 90% of the peer group average rate. Such hospitals will have their peer groups assigned based on the same logic as Section 6.
 7. Effective July 1, 2022, all hospital-rates as calculated in sections 1-6 of this subsection will be increased by 2.0%.
 8. Effective July 1, 2023, all hospital-rates as calculated in sections 1-7 of this subsection will be increased by 3.0%.
 9. Effective July 1, 2024, all hospital-rates as calculated in sections 1-8 of this subsection will be increased by 2.0%.
 10. 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 in 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. Behavioral Health and Counseling

TN No. 24-0017

Approval Date September 6, 2024

Supersedes TN No. 23-0020

Effective Date 07/01/2024

TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

STATE OF COLORADO

ATTACHMENT 4.19B
Page 2a of 6

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE
2a. OUTPATIENT HOSPITAL SERVICES (continued)

- d. Dental Procedure
 - e. Radiologic Procedure
 - f. Diagnostic or Therapeutic Significant Procedure
 3. Medical Visit
 4. Ancillary
 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:
0. 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
 1. The assigned EAPG is a Medical Visit and is present with a General Significant Procedure EAPG.
- 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: