

## **Table of Contents**

**State/Territory Name: Colorado**

**State Plan Amendment (SPA) #: 21-0021**

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



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**Financial Management Group**

September 28, 2021

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

**RE: Colorado State Plan Amendment (SPA) Transmittal Number 21-0021**

Dear CFO Schneider:

We have reviewed the proposed Colorado State Plan Amendment (SPA) to Attachment 4.19-B of your state plan, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on July 01, 2021. This plan amendment provides a 2.5% rate increase for outpatient hospital services.

Based upon the information provided by the State, we have approved the amendment with an effective date of July 01, 2021. 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 via 214-767-6453 or [lajoshica.smith@cms.hhs.gov](mailto:lajoshica.smith@cms.hhs.gov).

Sincerely,

[Redacted Signature]

Todd McMillion  
Director  
Division of Reimbursement Review

Enclosures

|   |  |   |                                  |
|---|--|---|----------------------------------|
| <b>TRANSMITTAL AND NOTICE OF APPROVAL<br/>OF<br/>STATE PLAN MATERIAL</b><br><br><b>FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>  |  | 1. TRANSMITTAL NUMBER:<br><br><b>21 – 0021</b>  | 2. STATE:<br><br><b>COLORADO</b> |
|   |  | 3. PROGRAM IDENTIFICATION:<br><b>TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)</b>  |                                  |
| TO: REGIONAL ADMINISTRATOR<br>CENTERS FOR MEDICARE & MEDICAID SERVICES<br>DEPARTMENT OF HEALTH AND HUMAN SERVICES   |  | 4. PROPOSED EFFECTIVE DATE:<br><br><b>July 1, 2021</b>  |                                  |
| 5. TYPE OF PLAN MATERIAL ( <i>Check One</i> ):<br><br>NEW STATE PLAN                      AMENDMENT TO BE CONSIDERED AS A NEW PLAN <b>X AMENDMENT</b>   |  |   |                                  |
| COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT ( <i>Separate transmittal for each amendment</i> )  |  |   |                                  |
| 6. FEDERAL STATUTE/REGULATION CITATION:<br><br><b>Social Security Act Title XIX, Section 1905(a)(2); 42 CFR 440.20, 42 CFR 447.321</b>  |  | 7. FEDERAL BUDGET IMPACT:<br><br><b>a. FFY 2021: \$2,355,153</b><br><br><b>b. FFY 2022: \$9,367,291</b>   |                                  |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:<br><br><b>Attachment 4.19-B: Methods and Standards for Establishing Payment Rates – Other Types of Care – 2a. Outpatient Hospital Services (Page 2 of 6)</b>  |  | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ):<br><br><b>Attachment 4.19-B: Methods and Standards for Establishing Payment Rates – Other Types of Care – 2a. Outpatient Hospital Services (Page 2 of 6) (TN 20-0026)</b> |                                  |
| 10. SUBJECT OF AMENDMENT:<br><br><b>2.5% rate increase for outpatient hospital services per state budget bill.</b>  |  |   |                                  |
| 11. GOVERNOR'S REVIEW ( <i>Check One</i> ):<br><br>GOVERNOR'S OFFICE REPORTED NO COMMENT <b>X OTHER, AS SPECIFIED</b><br>COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <b>Governor's letter dated 14 July, 2021</b><br>NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL |  |   |                                  |
| 12. SIGNATURE OF STATE AGENCY OFFICIAL:   |  | 16. RETURN TO:<br><br><b>Colorado Department of Health Care Policy and Financing</b><br><b>1570 Grant Street</b><br><b>Denver, CO 80203-1818</b><br><br><b>Attn: Amy Winterfeld</b>   |                                  |
| 13. TYPED NAME: <b>Bettina Schneider</b>  |  |   |                                  |
| 14. TITLE: <b>Chief Financial Officer</b>   |  |   |                                  |
| 15. DATE SUBMITTED: <u>Initial</u> : July 1, 2021<br><br><u>Update No. 1</u> :  |  |   |                                  |
| FOR REGIONAL OFFICE USE ONLY  |  |   |                                  |
| 17. DATE RECEIVED <b>07/01/2021</b>   |  | 18. DATE APPROVED <b>September 28, 2021</b>   |                                  |
| PLAN APPROVED – ONE COPY ATTACHED   |  |   |                                  |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL<br><b>07/01/2021</b>  |  | 20. SIGNATURE OF REGIONAL OFFICIAL  |                                  |
| 21. TYPED NAME<br><b>Todd McMillion</b>   |  | 22. TITLE<br><b>Director, Division of Reimbursement Review</b>  |                                  |
| 23. REMARKS   |  |   |                                  |



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.
9. Effective July 1, 2020, all hospital-rates as calculated in sections 1-8 of this subsection will be decreased by 1%.
10. Effective July 1, 2021, all hospital-rates as calculated in sections 1-9 of this subsection will be increased by 2.5%.

**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