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**State/Territory Name: Colorado**

**State Plan Amendment (SPA) #: CO-13-037**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) 179
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
1600 Broadway, Suite 700  
Denver, CO 80202-4967



## **Region VIII**

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March 6, 2014

Susan E. Birch, MBA, BSN, RN, Executive Director  
Department of Health Care Policy & Financing  
303 East 17<sup>th</sup> Avenue, 7<sup>th</sup> floor  
Denver, CO 80203

RE: Colorado #13-037

Dear Ms. Birch:

We have reviewed the proposed State Plan Amendment (SPA) submitted under transmittal number (TN) 13-037. This amendment applies to reimbursement for Outpatient Hospital Services, reflecting a 2% rate increase as of July 1, 2013.

Please be informed that this State Plan Amendment was approved today with an effective date of July 1, 2013. We are enclosing the CMS-179 and the amended plan page(s).

If you have any questions concerning this amendment, please contact Curtis Volesky at (303) 844-7033.

Sincerely,

/s/

Richard C. Allen  
Associate Regional Administrator  
Division for Medicaid & Children's Health Operations

cc: Suzanne Brennan  
Pat Connally  
Barb Prehmus  
John Bartholomew  
Max Salazar

# TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER:

13 - 037

2. STATE:

COLORADO

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

July 1, 2013

TO: REGIONAL ADMINISTRATOR  
CENTERS FOR MEDICARE & MEDICAID SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN

AMENDMENT TO BE CONSIDERED AS A NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION

42 CFR 447.200-447.205

7. FEDERAL BUDGET IMPACT

a. FFY 2012-2013 \$ 677,279

b. FFY 2013-2014 \$ 2,815,575

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Pages 1, 2 and 2.a - Attachment 4.19B

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Pages 1, 2 - Attachment 4.19B; TN 11-032

10. SUBJECT OF AMENDMENT

Outpatient Hospital Reimbursement Methodology

11. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT

☒ OTHER, AS SPECIFIED

Governor's letter dated 01 September 2011

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

12. SIGNATURE OF STATE AGENCY OFFICIAL

16. RETURN TO

13. TYPED NAME

John Bartholomew

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

14. TITLE

Budget and Finance Office Director

Attn: Barbara Prehmus

15. DATE SUBMITTED

9/9/13

## FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

September 9, 2013

18. DATE APPROVED

March 6, 2014

## PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

July 1, 2013

20. SIGNATURE OF REGIONAL OFFICIAL

/s/

21. TYPED NAME

Richard C. Allen

22. TITLE

ARA, DMCHO

23. REMARKS

TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

STATE OF COLORADO

ATTACHMENT 4.19B

Page 1 of 6

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - OTHER  
TYPES OF CARE**

**2a. OUTPATIENT HOSPITAL SERVICES**

**1. Medicaid Outpatient Hospital Reimbursements for Colorado Providers.**

Effective July 1, 2013, outpatient hospital services are reimbursed on an interim basis at actual billed charges times the Medicare cost-to-charge ratio less 29.8 percent (29.8%). A cost audit is done and any necessary retrospective adjustment is made to bring reimbursement to the lower of actual audited cost less 29.8 percent (29.8%) or billed charges less 29.8 percent (29.8%).

For interim payments, the Medicare cost-to-charge ratio is provided by the hospital from the Medicare fiscal intermediary. When the Department determines that the Medicare cost-to-charge ratio is not representative of a hospital's outpatient costs, the cost-to-charge ratio may be calculated using historical data.

The cost audit corresponding to the hospital's fiscal year is initiated when the audited CMS-2552-96 or CMS-2252-10 Cost Report and the applicable billed charges and payment information from the MMIS are available. Actual audited costs are determined by using the computation of the ratio of costs to charges from the CMS-2552-96, or CMS-2552-10, Cost Report, Special Title XIX Worksheet C Part 1, column 9 which flows to Title XIX - O/P Worksheet D, Part V, Column 1. Actual Medicaid billed charges from the MMIS are input into Worksheet D, Part V, Column 5. Medicaid actual costs are computed in Worksheet D, Part V, Column 9.

2. Effective July 1, 2013, border-state Hospitals and out-of-network Hospitals, including out-of-state Hospitals, shall be paid 30% of billed charges for Outpatient Hospital Services, excluding items that are reimbursed according to the Department's fee schedule. Consideration of additional reimbursement shall be made on a case-by-case basis in accordance with supporting documentation submitted by the Hospital.
3. Outpatient laboratory services shall be reimbursed at the lower of the following:
  1. Submitted charges or
  2. Fee schedule as determined by the Department of Health Care Policy and Financing.
4. Outpatient physical therapy and occupational therapy services shall be reimbursed at the lower of the following:
  - a. Submitted charges or
  - b. Fee schedule as determined by the Department of Health Care Policy and Financing.

TN No. 13-037

Approval Date 3/6/14

Supersedes TN No. 11-032

Effective Date 7/1/2013

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)

5. Non-brokered emergent medical transportation provided by hospitals shall be reimbursed at the lower of the following:
  - a. Submitted charges or
  - b. Fee schedule as determined by the Department of Health Care Policy and Financing.
6. Except as otherwise noted in the State Plan, state-developed fee schedule rates are the same for both governmental and private providers. Reimbursement rates by date of service for these services can be found on the official Web site of the Department of Health Care Policy and Financing at [www.colorado.gov/hcpf](http://www.colorado.gov/hcpf).

TN No. 13-037

Approval Date 3/6/14

Supersedes TN No. 11-032

Effective Date 7/1/2013