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State/Territory Name: Colorado

State Plan Amendment (SPA) #: 19-0021

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 East 12th Street, Suite 0300
Kansas City, Missouri 64106-2898

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Medicaid and CHIP Operations Group

February 11, 2020

Kim Bimestefer, Executive Director
Department of Health Care Policy & Financing
1570 Grant Street
Denver, CO 80203

Dear Ms. Bimestefer:

We have reviewed the proposed State Plan Amendment (SPA) submitted under transmittal number (TN) 19-0021. This amendment expands Medicaid coverage for free care services rendered to all eligible members in a school setting.

We are pleased to inform you that State Plan Amendment #19-0021 was approved February 9, 2020, with an effective date of October 1, 2020, as requested by the state. Enclosed is a copy of the CMS-179 summary form, as well as the approved pages for incorporation into the Colorado State Plan.

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

Sincerely,

2/11/2020

[redacted]

James G. Scott, Director
Division of Program Operations

Signed by: James G. Scott -S

cc:
Dr. Tracy Johnson, Colorado
Laurel Karabatsos, Colorado
John Bartholomew, Colorado
Russell Ziegler, Colorado
Whitney McOwen, Colorado
Jami Gazarro, Colorado

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: **19 – 0021**

2. STATE: **COLORADO**

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

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

4. PROPOSED EFFECTIVE DATE: **October 1, 2020**

5. TYPE OF PLAN MATERIAL *(Check One)*:

NEW STATE PLAN | AMENDMENT TO BE CONSIDERED AS A NEW PLAN | **X AMENDMENT**

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

6. FEDERAL STATUTE/REGULATION CITATION:

Title XIX of the Social Security Act, Section 1905(a) / 42 CFR 440

7. FEDERAL BUDGET IMPACT:

a. FFY 2020-21: $13, 446, 941
b. FFY 2021-22: $13, 792, 050

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Supplement to Attachment 3.1-A - Limitations to Care and Services – Item 4b – School Health Services Program Benefits – Pages 1-2

Attachment 4.19B – Methods and Standards for Establishing Payment Rates-Other Types of Care – Reimbursement Methodology for School-Based Health and Related Services – Pages 1-8

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

Supplement to Attachment 3.1-A - Limitations to Care and Services – Item 4b – School Health Services Program Benefits – Pages 1-17 (TN 05-006)

Attachment 4.19B – Methods and Standards for Establishing Payment Rates-Other Types of Care – Reimbursement Methodology for School-Based Health and Related Services – Pages 1-8 (TN 05-006)

10. SUBJECT OF AMENDMENT:

The intention of the amendment is to expand Medicaid coverage for Free Care services rendered to all eligible members in a school setting.

11. GOVERNOR'S REVIEW *(Check One)*:

GOVERNOR'S OFFICE REPORTED NO COMMENT | **X OTHER, AS SPECIFIED**

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED | **Governor's letter dated 11 October, 2019**

NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE [redacted]

13. TYPED NAME: **John Bartholomew**

14. TITLE: **Director, Finance Office**

15. DATE SUBMITTED: Initial: November 22, 2019
Update #1: **January 29, 2020**

16. RETURN TO:

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

Attn: Lauren Reveley

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: **November 22, 2019**

18. DATE APPROVED: **February 9, 2020**

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: **October 1, 2020**

20. SIGNATURE OF REGIONAL OFFICIAL [redacted]
Digitally signed by James G. Scott -S
Date: 2020.02.11 18:04:40 -06'00'

21. TYPED NAME: **James G. Scott**

22. TITLE: **Director, Division of Program Operations**

23. REMARKS

SCHOOL HEALTH SERVICES BENEFITS AND ELIGIBLE PROVIDERS

4b.(I) School Health Services Program Benefits

Medicaid 1905(a) benefits can be furnished to Medicaid eligible student beneficiaries that require medical or mental/behavioral health services identified as medically necessary in an Individualized Education Program (IEP), Individualized Family Service Plan (IFSP), 504 Plan, other individualized health or behavioral health plan, or where medical necessity has been otherwise established. Furthermore, any 1905(a) benefit/service covered in the community can be performed in a school-based setting. Services in a school-based setting must be performed by qualified practitioners as set forth in the State Plan for the services they are providing and shall meet applicable qualifications under 42 CFR Part 440 and/or Colorado state law. All eligible recipients must be allowed the freedom of choice to receive services from any willing and qualified practitioner. Beneficiaries shall receive services delivered in the least restrictive environment consistent with the nature of the specific service(s) and the physical and mental condition of the client. Participation by Medicaid-eligible recipients is optional.

A. Personal Care Services

Definition:

Personal care services are available to a Medicaid-eligible beneficiary under the age of 21 for whom the services are medically necessary and documented in an IEP/IFSP, other medical plans of care, or other service plan approved by the state.

Services:

Personal care services are a range of human assistance services provided to persons with disabilities and chronic conditions, which enables them to accomplish tasks that they would normally do for themselves if they did not have a disability. Assistance may be in the form of hands on assistance or cueing so that the person performs the task by him/herself

Providers:

Personal care services must be provided by a qualified provider in accordance with 42 CFR § 440.167, who is 18 years or older and has been trained to provide the personal care services required by the client.

SCHOOL HEALTH SERVICES BENEFITS AND ELIGIBLE PROVIDERS

B. Specialized Transportation

Definition:

Specialized transportation services are available to a Medicaid-eligible beneficiary under the age of 21 for whom the transportation services are medically necessary and documented in an IEP/IFSP.

Services:

Services must be provided on the same date of service that a Medicaid covered service, required by the student's IEP/IFSP, is received. Transportation must be on a specially adapted school bus to and/or from the location where the Medicaid service is received. Transportation services are not covered on a regular school bus unless an Aide for the transported student(s) is present and is required by the student's IEP/IFSP.

All specialized transportation services provided must be documented in a transportation log.

Providers:

Transportation services include direct services personnel, e.g. bus drivers, aides etc. employed or contracted by the school district.

METHODS AND STANDARDS FORESTABLISHING PAYMENT RATES

A. Reimbursement Methodology for School-Based Health and Related Services

School-based services, known as School Health Services (SHS) in Colorado, are delivered by the school districts, Boards of Cooperative Educational Services (BOCES) and K-12 educational institutions (herein after referred to as "providers" for this section of the State Plan), and include the following Medicaid 1905(a) services:

1. Physicians Services
2. Nursing Services
3. Personal Care Services
4. Psychology Services
5. Counseling Services
6. Social Work Services
7. Orientation, Mobility, and Vision Services
8. Speech-Language Services
9. Audiology Services
10. Occupational Therapy (OT)
11. Physical Therapy (PT)
12. Specialized Transportation

All costs described within this methodology are for Medicaid services provided by qualified personnel or a qualified health care professional that have been approved under Attachment 3.1-A of the Medicaid state plan.

B. Direct Medical Payment Methodology

Providers will be paid on a cost basis. Providers will be reimbursed interim rates for SHS direct medical services. On an annual basis a district-specific cost reconciliation and cost settlement for all over and under payments will be processed.

The units of service are defined by each Health Insurance Portability and Accountability Act (HIPAA) compliant current procedural terminology (CPT) or Healthcare Common Procedure Coding System (HCPCS) code. Direct medical services may be encounter-based or in 15-minute unit increments. The provider-specific interim rate is the rate for a specific service for a period that is provisional in nature, pending the completion of cost reconciliation and cost settlement for that period.

Participating SHS districts are reimbursed interim payments based on a monthly rate calculated according to a one-twelfth methodology. The monthly rate shall be based on the districts actual, certified costs identified in their most recently filed annual cost reports from prior fiscal years. For a new participating district, the monthly rate shall be calculated based on statewide historical data. Interim payments shall be tied to claims submissions by the district. Interim payments under the SHS Program are calculated prior to the school year beginning and are divided into twelve equal monthly installments, to be paid July 1 through June 30.

C. Data Capture for the Cost of Providing Health-Related Services

Data capture for the cost of providing health-related services will be accomplished utilizing the following data sources:

1. Total direct and indirect costs, less any federal payments for these costs, will be captured utilizing the following data:
   a. School Health Services cost reports received from school districts, BOCES, and K-12 educational institutions;
   b. Colorado Department of Education (CDE) Unrestricted Indirect Cost Rate (UICR);
   c. Random Moment Time Study (RMTS) Activity Code 4B (Direct Medical Services), Activity Code 4C (Free Care or Direct Medical Service pursuant to other medical plans of care) and Activity Code 10 (General Administration):
      i. Direct Medical Services RMTS percentage
      ii. Free Care RMTS percentage
   d. School district, BOCES, and K-12 educational institutions specific Medicaid Ratios:
      i. Medicaid Individualized Education Program (IEP) or Individualized Family Service Plan (IFSP) Ratio
      ii. Medicaid Ratio for Other Medical Plan(s) of Care

D. Data Sources and Cost Finding Steps

METHODS AND STANDARDS FORESTABLISHING PAYMENT RATES

The following provides a description of the data sources and steps to complete the cost finding and reconciliation:

1. Allowable Costs: Direct costs for direct medical services include unallocated payroll costs and other unallocated costs that can be directly charged to direct medical services. Costs for transportation personnel are reported as defined in Section E. Direct payroll costs include total compensation (i.e., salaries and benefits and contract compensation) of direct services personnel listed in the descriptions of the covered Medicaid services delivered by school districts, BOCES, and K-12 educational institutions in the Code of Colorado Regulations, excluding transportation personnel. These direct costs will be calculated on a district-specific level and will be reduced by any federal payments for these costs, resulting in adjusted direct costs.

   Other direct costs include costs directly related to the approved direct services personnel for the delivery of medical services, such as medically related purchased services, supplies and materials. These direct costs are accumulated on the annual School Health Services Cost Report and are reduced by any federal payments for these costs, resulting in adjusted direct costs. The cost report contains the scope of cost and methods of cost allocation that have been approved by the Centers for Medicare & Medicaid Services (CMS).

   The source of this financial data will be audited Chart of Account records kept at the school district, BOCES, and K-12 educational institutions level. The Chart of Accounts is uniform throughout the state of Colorado. Costs will be reported on an accrual basis.

   a. Direct Medical Services

      Non-federal cost pool for allowable providers consists of:

      i. Salaries;
      ii. Benefits;
      iii. Medically-related purchased services; and
      iv. Medically-related supplies and materials

METHODS AND STANDARDS FORESTABLISHING PAYMENT RATES

2. Indirect Costs: Indirect costs are determined by applying the school district's specific Unrestricted Indirect Cost Rate (UICR) to its adjusted direct costs. Colorado public school districts and BOCES use predetermined fixed rates for indirect costs. Colorado Department of Education (CDE) has, in cooperation with the United States Department of Education (DOE), developed an indirect cost plan to be used by school districts and BOCES in Colorado. Pursuant to the authorization in 34 CFR §75.561(b), CDE approves unrestricted indirect cost rates for school districts for the DOE, which is the cognizant agency for school districts. Providers are permitted only to certify Medicaid-allowable costs and are not permitted to certify any indirect costs that are outside their unrestricted indirect cost rate.

Indirect Cost Rate

a. Apply the Colorado Department of Education Cognizant Agency UICR applicable for the dates of service in the rate year.
b. The UICR is the unrestricted indirect cost rate calculated by the Colorado Department of Education.

3. Time Study Percentages: A CMS-approved time study is used to determine the percentage of time that medical service personnel spend on IEP/IFSP, other medical plans of care, or where medical necessity has been otherwise established direct medical services, general and administrative time and all other activities to account for 100 percent of time to assure that there is no duplicate claiming. The RMTS methodology will utilize one cost pool for direct medical services which includes all eligible staff and other medical services providers. The RMTS will generate the Direct Medical Services time study percentages; one for Direct Medical Services pursuant to an IEP/IFSP and one for Direct Medical Services pursuant to other medical plans of care. The two Direct Medical Service time study percentages will be applied to only those costs associated with direct medical services to generate a Direct Medical Service cost amount for services provided pursuant to an IEP/IFSP and a Direct Medical Services cost amount for services provided pursuant to other medical plans of care for each cost pool. The direct medical services costs and time study results must be aligned to ensure proper cost allocation. The CMS approval letter for the time study will be maintained by the State of Colorado and CMS.

4. Medicaid Ratio Determination: Two distinct Medicaid ratios will be established for each participating school district. When applied, these ratios will discount the associated Direct Medical Service cost pools by the percentage of Medicaid enrolled students.

a. Medicaid IEP Ratio: The Medicaid IEP Ratio will be used in the calculation of the Medicaid Direct Medical Service costs pursuant to an IEP/IFSP. The names, gender, and birthdates of students with an IEP/IFSP will be identified from the December 1 Count Report and matched against the Medicaid enrollment file to determine the percentage of those that are enrolled for Medicaid. The numerator of the rate will be the number of Medicaid enrolled students with an IEP/IFSP and the denominator will be the total number of students with an IEP/IFSP. The IEP ratio will be calculated for each district/BOCES or K-12 educational institutions participating in the SHS program on an annual basis.

b. Medicaid Enrollment Ratio for Other Medical Plans of Care: The Medicaid Enrollment Ratio for Other Medical Plans of Care will be used in the calculation of the Medicaid Direct Medical Service costs pursuant to medical plans of care other than an IEP/IFSP. The names, gender, and birthdates of all students from the October 1 Count Report and matched against the Medicaid enrollment file to determine the percentage of those that are enrolled for Medicaid. The numerator of the rate will be the number of Medicaid enrolled students and the denominator will be the total number of students. The Medicaid Enrollment Ratio for Other Medical Plans of Care will be calculated for each district/BOCES or K-12 educational institutions participating in the SHS program on an annual basis.

5. Total Medicaid Reimbursable Cost: The result of the previous steps will be a total Medicaid reimbursable cost for each school district, BOCES, or K-12 educational institutions for Direct Medical Services.

E. Specialized Transportation Services Payment Methodology

Providers will be paid on a cost basis. Providers will be reimbursed interim rates for SHS Specialized Transportation services at the lesser of the provider's billed charges or the statewide enterprise interim rate. Interim payments are based on a monthly rate calculated according to a one-twelfth methodology further described in section B of this document. Federal matching funds will be available for interim rates paid by the State. On an annual basis a cost reconciliation and cost settlement will be processed for all over and under payments.

Transportation may be claimed as a Medicaid service when the following conditions are met:

1. Special transportation is specifically listed in the IEP as a required service;

2. The child required transportation in a vehicle adapted to serve the needs of an individual with a disability;
3. A Medicaid eligible service is provided on the day that the specialized transportation is billed; and
4. The service billed only represents the costs associated with the one-way trip on the specially adapted transportation for direct medical services as listed in the IEP/IFSP.

Transportation costs included on the cost report worksheet will only include those personnel and non-personnel costs associated with special education reduced by any federal payments for these costs, resulting in adjusted costs for transportation. The cost identified on the cost report includes the following:

1. Bus Drivers
2. Mechanics
3. Substitute Drivers
4. Fuel
5. Repairs & Maintenance
6. Rentals
7. Insurance
8. Contract Use Cost
9. Depreciation

The source of these costs will be audited Chart of Accounts data kept at the school district, BOCES, and K-12 educational institutions level. The Chart of Accounts is uniform throughout the State of Colorado. Costs will be reported on an accrual basis.

Special education transportation costs include those for wheelchair lifts and other special modifications which are necessary to equip a school bus in order to transport children with disabilities (Colorado State Board of Education, Department of Education 2251-R-4 Rules).

When school districts, BOCES, or K-12 educational institutions are not able to discretely identify the special education transportation cost from the general education transportation costs, a special education transportation cost discounting methodology will be applied. A rate will be established and applied to the total transportation cost of the school district, BOCES, or K-12 educational institutions. This rate will be based on the Total IEP Special Education Students in District Receiving Specialized Transportation divided by the Total Students in District Receiving Transportation. The result of this rate (%) multiplied by the Total School District, BOCES, or K-12 Educational Institutions Transportation Cost for each of the categories listed above will be included on the cost report. It is important to note that this cost will be further discounted by the ratio of Medicaid Enrolled Special

Education IEP One-Way Trips divided by the total number of Special Education IEP One-Way Trips. This data will be provided from bus logs. The process will ensure that only one-way trips for Medicaid enrolled Special Education children with IEP's are billed and reimbursed for.

F. Certification of Funds Process

Each provider certifies on an annual basis an amount equal to each interim rate times the units of service reimbursed during the previous federal fiscal year. In addition, each provider certifies on an annual basis through its cost report its total actual, incurred allowable costs/expenditures, including the federal share and the non-federal share.

Providers are permitted only to certify Medicaid-allowable costs and are not permitted to certify any indirect costs that are outside their unrestricted indirect cost rate.

G. Annual Cost Report Process

Each provider will complete an annual cost report for all school health services delivered during the previous state fiscal year covering July 1 through June 30. The cost report is due 120 days after the close of the quarter ending June 30. The primary purposes of the cost report are to:

1. Document the provider's total CMS-approved, Medicaid allowable scope of costs for delivering school health services, including direct costs and indirect costs, based on CMS-approved cost allocation methodology procedures; and

2. Reconcile its interim payments to its total CMS-approved, Medicaid-allowable scope of costs based on CMS-approved cost allocation methodology procedures.

The annual SHS Cost Report includes a certification of funds statement to be completed, certifying the provider's actual, incurred costs/expenditures. All filed annual SHS Cost Reports are subject to a desk review by The Department or its designee.

H. The Cost Reconciliation Process

The cost reconciliation process must be completed within twenty-four months of the end of the reporting period covered by the annual SHS Cost Report. The total CMS-approved, Medicaid allowable scope of costs based on CMS-approved cost allocation methodology procedures are compared to the provider's Medicaid interim payments for school health services delivered during the reporting period as documented in the Medicaid Management Information System (MMIS), resulting in a cost reconciliation.

For the purposes of cost reconciliation, the state may not modify the CMS-approved scope of costs, the CMS-approved cost allocation methodology procedures, or its CMS-approved time study for cost-reporting purposes. Any modification to the scope of cost, cost allocation methodology procedures, or time study for cost reporting purposes requires approval from CMS prior to implementation; however, such approval does not necessarily require the submission of a new state plan amendment.

I. The Cost Settlement Process

For services delivered for a period covering July 1st, through June 30th, the annual SHS Cost Report is due 120 days after the close of the quarter ending June 30, with the cost reconciliation and settlement processes completed no later than September 30th (15 months after the fiscal year end).

If a provider's interim payments exceed the actual, certified costs of the provider for school health services to Medicaid clients, the provider will return an amount equal to the overpayment.

If the actual, certified costs of a provider for school health services exceed the interim Medicaid payments, The Department will pay the federal share of the difference to the provider in accordance with the final actual certification agreement and submit claims to the CMS for reimbursement of that payment in the federal fiscal quarter following payment to the provider.

The Department shall issue a notice of settlement that denotes the amount due to or from the provider.