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State/Territory Name:  Colorado

State Plan Amendment (SPA) #:  21-0016

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
Financial Management Group

January 27, 2022

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

Re: Colorado 21-0016

Dear Ms. Johnson,

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 21-0016. Effective for services on or after May 14, 2021, this amendment establishes authority to negotiate a higher inpatient hospital payment rate for circumstances where the inpatient methodology is insufficient for the high acuity, all other placement options have been exhausted, and the service has received prior authorization from the Department’s medical consultant.

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 21-0016 is approved effective May 14, 2021. 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 or (303) 844-7044.

Sincerely,

Rory Howe
Director
TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

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

1. TRANSMITTAL NUMBER: 21-0016
2. STATE: COLORADO
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)
4. PROPOSED EFFECTIVE DATE: May 14, 2021
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:
   SOCIAL SECURITY ACT 1905(a)(1) / 42 CFR 440.10

7. FEDERAL BUDGET IMPACT:
   a. FFY 2021: $281,432
   b. FFY 2022: $466,772

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
   Attachment 4.19A – Methods and Standards for Establishing Payment Rates – Inpatient Hospital Services Page 9

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):
   Attachment 4.19A – Methods and Standards for Establishing Payment Rates – Inpatient Hospital Services Page 9 (TN 04-007)

10. SUBJECT OF AMENDMENT:
   Establishes authority to negotiate a higher inpatient hospital payment rate for circumstances where the inpatient payment methodology is insufficient for the high acuity, all other placement options have been exhausted, and the service has been reviewed and authorized by the Department’s medical consultant.

11. GOVERNOR’S REVIEW (Check One):
   GOVERNOR’S OFFICE REPORTED NO COMMENT
   X OTHER, AS SPECIFIED
   COMMENTS OF GOVERNOR’S OFFICE ENCLOSED
   NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
   Governor’s letter dated 11 October, 2019

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
   John Bartholomew

14. TITLE:
   Chief Financial Officer

15. DATE SUBMITTED: June 3, 2021

FOR REGIONAL OFFICE USE ONLY

16. RETURN TO:
   Colorado Department of Health Care Policy and Financing
   1570 Grant Street
   Denver, CO 80203-1818
   Attn: Amy Winterfeld

17. DATE RECEIVED: June 3, 2021
18. DATE APPROVED: January 27, 2022

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: May 14, 2021

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
   Rory Howe

22. REMARKS

FORM CMS-179 (07/92) Instructions on Back
F. Adjustments For In-State and Out-of-State Providers

1. Out-of-State Providers
   a. Non-emergent inpatient medical care rendered at an out-of-state hospital to a Colorado Medicaid patient must be prior authorized by the Department, based upon review and recommendation by the Peer Review Organization (PRO).
   b. Payment for out-of-state and non-participating Colorado Hospital inpatient services shall be at a rate equal to 90% of the average Colorado Urban or Rural DRG payment rate. Out-of-State urban hospitals are those hospitals located within the Metropolitan Statistical Areas (MSA) as designated by the U.S. Department of Health and Human Services.
   c. Effective January 1, 1992: When needed inpatient transplant services are not available at a Colorado Hospital, payment can be made at a higher rate (than 90% of the average Colorado Urban or Rural DRG payment rate) for non-emergent services if the provider chooses this payment method. When not reimbursed at a DRG payment rate the out-of-state hospital will be paid based upon the following criteria.
      i. Payment shall be 100% of audited Medicaid costs.
      ii. In no case shall payment exceed $1,000,000 per admission.
   d. All hospitals participating in the Medicaid program will submit Medicaid and total hospital utilization, statistical, and financial data to the Colorado Hospital Association Data Bank Program. If a hospital does not report to the Colorado Hospital Association Data Bank, the State agency will send the required format for reporting this data.

2. In-State Providers
   a. The Department will negotiate a higher reimbursement rate—no greater than 100% of the costs anticipated by the hospital—for in-state inpatient hospital services regardless of ownership (public or private) where, as determined by the Department, all of the following conditions are fulfilled:
      i. The in-state inpatient payment methodology insufficiently accounts for the level of acuity. Hospitals must provide evidence demonstrating the inpatient methodology is insufficient, including but not limited to an anticipated cost report for Department review. The Department will negotiate a higher reimbursement up to, but no more than, 100% of the hospital’s anticipated costs.
      ii. All other placement options have been exhausted.
      iii. The service has been reviewed and prior authorized by the medical consultant for the Department.