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State/Territory Name: Colorado

State Plan Amendment (SPA) #: 21-0022

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 AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

September 23, 2021

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

Re: Colorado 21-0022

Dear Ms. Johnson,

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 21-0022. Effective for services on or after July 1, 2021, this amendment provides for a 2.5 percent inflationary increase to the Medicaid base rate for inpatient hospital services.


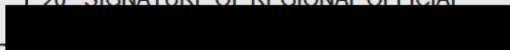
We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment TN 21-0022 is approved effective July 1, 2021. The CMS-179 and the amended plan page are attached.

If you have any questions, please contact Christine Storey at (303) 844-7044.

Sincerely,

A solid black rectangular box used to redact the signature of the Acting Director.

For
Rory Howe
Acting Director

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER: 21-0022	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: July 1, 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 Title XIX, Section 1905(a)(1); 42 CFR 447.272		7. FEDERAL BUDGET IMPACT: a. FFY 2020-21: \$3,976,751 b. FFY 2021-22: \$15,834,356	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A: Methods and Standards for Establishing Payment Rates – Section 1. Inpatient Hospital Services; Page 3		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-A: Methods and Standards for Establishing Payment Rates – Section 1. Inpatient Hospital Services; Page 3 (TN 20-0027)	
10. SUBJECT OF AMENDMENT: 2.5% rate increase for inpatient hospital services.			
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 OF STATE AGENCY OFFICIAL:  Digitally signed by John Bartholomew Date: 2021.06.30 14:59:53 -06'00'		16. RETURN TO: Colorado Department of Health Care Policy and Financing 1570 Grant Street Denver, CO 80203-1818 Attn: Amy Winterfeld	
13. TYPED NAME: John Bartholomew			
14. TITLE: Chief Financial Officer			
15. DATE SUBMITTED: July 1, 2021			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED July 6, 2021		18. DATE APPROVED September 23, 2021	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL July 1, 2021		20. SIGNATURE OF REGIONAL OFFICIAL  For	
21. TYPED NAME Rory Howe		22. TITLE Acting Director, Financial Management Group	
23. REMARKS			

TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

State of Colorado

ATTACHMENT 4.19A

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7. Budget Neutrality: Budget Neutrality for PPS Hospitals is defined as no change in the summation of estimated payments to the PPS Hospital providers between State Fiscal Year 2003 and the State Fiscal Year for which the rates are being calculated. The estimated hospital specific payment is calculated by using hospital specific expected discharges, multiplied by the hospital specific average Medicaid case mix, multiplied by the Medicaid base rate. Effective July 1, 2020 Budget Neutrality is defined as a 1.1308% increase in the summation of estimated payments to the PPS Hospital providers between State Fiscal Year 2003 and the State Fiscal Year for which the rates are being calculated. For State Fiscal Year 2021, the Medicaid Inpatient Base Rates from State Fiscal Year 2020 will be increased by 2.5%.
8. Medicaid Base Rate or Base Rate: An estimated cost per Medicaid discharge.

For PPS Hospitals, the hospital specific Medicaid base rate is derived from the hospital specific Medicare base rate minus any Disproportionate Share Hospital factors. The hospital specific Medicaid base rate will be calculated by modifying the Medicare base rate by a set percentage equally to all PPS Hospitals. This percentage will be determined to maintain Budget Neutrality for all PPS Hospitals.

For Critical Access Hospitals, as defined by Medicare, and for those hospitals with less than twenty-one Medicaid discharges in the previous fiscal year, the Medicaid base rate used will be the average Medicaid base rate of their respective peer group, excluding the Critical Access Hospitals and those hospitals with less than twenty-one Medicaid discharges in the previous fiscal year.

Medicaid hospital specific cost add-ons are added to the adjusted Medicare base rate to determine the Medicaid base rate. The Medicaid specific add-ons are calculated from the most recently audited Medicare/Medicaid cost report (CMS 2552) available as of March 1 of each fiscal year. Ten percent of the Medicaid cost add-ons will be applied to determine the Medicaid base rate. The hospital specific Medicaid cost add-ons will be an estimate of the cost per discharge amount for Nursery, Neo-Natal, Intensive Care Units, and Graduate Medical Education obtained directly from the most recently audited Medicare/Medicaid cost report. Ten percent of each of these cost per discharge amounts will be added on to the base rate.

Effective May 23, 2008, the Graduate Medical Education add-on will not be applied directly to the Medicaid inpatient base rate for Denver Health Medical Center and University of Colorado Hospital. These hospitals will receive reimbursement for Graduate Medical Education costs through a direct payment as they qualify to receive