Table of Contents

State/Territory Name: Colorado

State Plan Amendment (SPA) #: 21-0032

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
December 23, 2021

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

Re: Colorado 21-0032

Dear Ms. Johnson,

We have reviewed the proposed amendment to Attachment 4.19-A and 4.19B of your Medicaid State plan submitted under transmittal number (TN) 21-0032. Effective for services on or after October 1, 2021, this amendment adds clarifying language specific in how Graduate Medical Education (GME) payments are made to hospitals for inpatient and outpatient hospital services provided to Medicaid managed care clients under the authority of 42 CFR 438.60.

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 21-0032 is approved effective October 1, 2021. The CMS-179 and the amended plan pages are attached.

If you have any questions, please contact Christine Storey at Christine.storey@cms.hhs.gov or Lajoshica Smith at lajoshica.smith@cms.hhs.gov.

Sincerely,

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

**FOR:** CENTERS FOR MEDICARE & MEDICAID SERVICES

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

**STATE:** COLORADO

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

**PROPOSED EFFECTIVE DATE:**
October 1, 2021

**TYPE OF PLAN MATERIAL (Check One):**
- NEW STATE PLAN
- AMENDMENT TO BE CONSIDERED AS A NEW PLAN
  - **X** AMENDMENT

**FEDERAL STATUTE/REGULATION CITATION:**
42 CFR §§ 438.60, 413 Subpart F

**FEDERAL BUDGET IMPACT:**
- FFY 2021-22: $0
- FFY 2022-23: $0

**PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:**
- Attachment 4.19A – Methods and Standards for Establishing Payment Rates-Inpatient Hospital Services – Page 10b
- Attachment 4.19B – Methods and Standards for Establishing Payment Rates-Other Types of Care – Item 2a. Outpatient Hospital Services – Page 6 of 8

**PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT:**
- Attachment 4.19A – Methods and Standards for Establishing Payment Rates-Inpatient Hospital Services – Page 10b (TN 19-0018)
- Attachment 4.19B – Methods and Standards for Establishing Payment Rates-Other Types of Care – Item 2a. Outpatient Hospital Services – Page 6 of 8 (TN 19-0018)

**SUBJECT OF AMENDMENT:**
Address how Managed Care Graduate Medical Education payments will be computed in years when hospital base rates are updated using the State Budget Action/Long Bill. The change is being made so the Department may compute the payments in accordance with the State Budget Action/Long Bill in any given year.

**GOVERNOR’S REVIEW (Check One):**
- GOVERNOR’S OFFICE REPORTED NO COMMENT
- X OTHER, AS SPECIFIED
  - Governor’s letter dated 14 July, 2021

**TATE AGENCY OFFICIAL:**
[Signature]

**TYPE TEXT NAME:**
Bettina Schneider

**TITLE:**
Chief Financial Officer

**DATE SUBMITTED:**
October 11, 2021

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

Attn: Amy Winterfeld

**DATE RECEIVED:**
October 11, 2021

**DATE APPROVED:**
December 23, 2021

**SIGNATURE OF REGIONAL OFFICIAL:**
[Signature]

**TITLE:**
Director, Financial Management Group

**EFFECTIVE DATE OF APPROVED MATERIAL:**
October 1, 2021

**TATE TYPED NAME:**
Rory Howe
| 23. REMARKS |

FORM CMS-179 (07/82)  

Instructions on Back
H. Public Process for Hospital Rate-Setting

The State has in place a public process which complies with the requirements of Section 1902(a)(13)(A) of the Social Security Act.

I. Graduate Medical Education (GME) Payments to Hospitals for Medicaid Managed Care

GME costs incurred by an individual hospital for Medicaid managed care clients are carved out of managed care payments and shall be paid directly to Hospitals with a Graduate Medical Education program rather than to managed care organizations (MCOs) and regional accountable entities (RAEs) for Inpatient Services. GME, like other allowable costs, is a component of the hospital base rate. State University Teaching Hospitals’ GME Inpatient costs are also carved out of managed care payments and paid through Family Medicine Program’s State University Teaching Hospital Payment.

1. The most recently audited Hospital Medicare/Medicaid Cost Report (CMS 2552) available as of March 1 each fiscal year shall be used to determine the Medicaid Inpatient GME cost per day for each Hospital that has GME costs in its fee-for-service base rate, excluding State University Teaching Hospitals. Each Hospital’s GME cost per day shall be computed when Hospital rates are rebased according to the schedule outlined in Item I.B.7 (“Budget Neutrality” definition). Years when rates are updated with the State Budget Action (annual state Long Bill) as set by the Colorado General Assembly, GME cost per day will remain the same from the cost report rebasing.

2. MCOs and RAEs shall provide reports to the Department consisting of Inpatient day utilization by Hospital for discharges (net of adjustments) on a quarterly basis. To provide more time for claim runout, these reports shall be provided to the Department no later than 120 days after the close of each calendar year quarter (see table below for exact dates).

<table>
<thead>
<tr>
<th>Calendar Year - Quarter</th>
<th>Reports contain utilization for</th>
<th>Due Date: (120 days after end of quarter)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calendar Year-Q1</td>
<td>January - March</td>
<td>July 31st</td>
</tr>
<tr>
<td>Calendar Year-Q2</td>
<td>April - June</td>
<td>October 31st</td>
</tr>
<tr>
<td>Calendar Year-Q3</td>
<td>July - September</td>
<td>January 31st</td>
</tr>
<tr>
<td>Calendar Year-Q4</td>
<td>October - December</td>
<td>April 30th</td>
</tr>
</tbody>
</table>

3. The Medicaid managed care Inpatient days for each Hospital shall be the total of the Inpatient days for each Hospital received from the MCOs and RAEs for each quarter. That total shall be multiplied by the GME cost per day to determine the Inpatient GME reimbursement for each Hospital per quarter. Please see tables 1 and 2 which identify the data sources and calculations used to create GME MCO hospital payments.

The GME reimbursement will be paid at least annually through a lump sum payment to each Hospital by June 30th of each year.
9. Supplemental Medicaid Outpatient High-Volume Small Rural Hospital Payment

Effective October 1, 2011, the Supplemental Medicaid Outpatient High-Volume Small Rural Hospital Payment is suspended.

10. Graduate Medical Education (GME) Payments to Hospitals for Medicaid Managed Care

GME costs incurred by an individual hospital for Medicaid managed care clients are carved out of managed care payments and shall be paid directly to Hospitals with a Graduate Medical Education program rather than to regional accountable entities (RAEs) and managed care organizations (MCOs) for Outpatient Services. GME, like other allowable costs, is a component of the hospital base rate.

a. The most recently audited Hospital Medicare/Medicaid Cost Report (CMS 2552) available as of March 1 each fiscal year shall be used to determine the Outpatient GME cost-to-charge ratio for each Hospital that has a graduate medical education program. Each Hospital’s Outpatient cost-to-charge ratio shall be computed when Hospital rates are rebased according to the schedule outlined in Item I.B.7 (“Budget Neutrality” definition). Years when rates are updated with the State Budget Action (annual state Long Bill) as set by Colorado General Assembly, the Outpatient GME cost-to-charge per day will remain the same from the cost report rebasing.

b. MCOs and RAEs shall provide reports to the Department consisting of Outpatient charges for Medicaid clients by Hospital for Outpatient dates of service on a quarterly basis. To provide more time for claim runout, these reports shall be provided to the Department no later than 120 days after the close of each calendar year quarter (see table below for exact dates).

<table>
<thead>
<tr>
<th>Calendar Year - Quarter</th>
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</tr>
<tr>
<td>Calendar Year-Q4</td>
<td>October - December</td>
<td>April 30th</td>
</tr>
</tbody>
</table>

c. The Medicaid managed care Outpatient charges for each Hospital shall be the total of the Outpatient charges for each Hospital received from the MCOs and RAEs for each quarter. That total shall be multiplied by the cost-to-charge ratio and reduced by 28 percent to determine the Outpatient GME reimbursement for each Hospital per quarter. Please see tables 1 and 2 which identify the data sources and calculations used to create GME MCO hospital payments.

The GME reimbursement shall be paid at least annually through a lump sum payment to each Hospital by June 30th of each year.