

## **Table of Contents**

**State/Territory Name: Colorado**

**State Plan Amendment (SPA) #: 23-0031**

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
601 E. 12th St., Room 355  
Kansas City, Missouri 64106



**Medicaid and CHIP Operations Group**

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December 11, 2023

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

RE: Colorado State Plan Amendment 23-0031

Dear Director Bimestefer:

The Centers for Medicare & Medicaid Services (CMS) has completed its review of Colorado's State Plan Amendment (SPA) Transmittal #23-0031, submitted on September 21, 2023. The SPA will allow reimbursement at the all-inclusive rate on a per-prescription basis for payment to Indian health facilities.

CMS approved SPA #23-0031 on December 7, 2023, with an effective date of November 1, 2023. 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 regarding this amendment, please contact Mandy Strom at [Mandy.Strom@cms.hhs.gov](mailto:Mandy.Strom@cms.hhs.gov) or (303) 844-7068.

Sincerely,

A large black rectangular redaction box covers the signature of Ruth A. Hughes.

Ruth A. Hughes, Acting Director  
Division of Program Operations

Enclosures

cc: Adela Flores-Brennan, CO State Medicaid Director  
Erica Schaler, Colorado Medicaid  
Janelle Gonzalez, Colorado Medicaid

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 3 — 0 0 3 1

2. STATE

CO

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL

SECURITY ACT  XIX  XXI

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

November 1, 2023

5. FEDERAL STATUTE/REGULATION CITATION

~~42 U.S.C. 248 and 249(b); 42 U.S.C. 2001(a)\*~~; 25 U.S.C. 1601

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2024 \$ 4,294,950  
b. FFY 2025 \$ 4,685,400

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-B – Item 12 - Methods and Standards for  
Establishing Payment Rates – Other Types of Care – Page 2 of 3\*

Attachment 4.19-B - Methods and Standards for Establishing  
Payment Rates - Indian Health Services Page 1 o-f 2 and  
Page 2 of 2\*

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  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

Attachment 4.19-B – Methods and Standards for  
Establishing Payment Rates – Other Types of Care –  
Page 2 (TN CO-21-0017) Item 12 Page 2 of 3\*  
Attachment 4.19-B - Methods for Establishing Payment  
Rates - Indian Health Services (TN CO-12-028)\*  
(TN CO-21-0001) Page 1 of 2 and 2 of 2\*

9. SUBJECT OF AMENDMENT

This amendment would allow reimbursement at the All-Inclusive Rate on a per-prescription basis instead of the current per-visit basis limited to a maximum of one encounter payment per client per date of service for pharmacy claim.

10. GOVERNOR'S REVIEW (Check One)

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

OTHER, AS SPECIFIED:

Governor's letter dated  
5 April 2023

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME  
Adela Flores-Brennan

13. TITLE  
State Medicaid Director

14. DATE SUBMITTED  
9/24/23 9/21/23\*

15. RETURN TO

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

Attn: Alex Lyons

**FOR CMS USE ONLY**

16. DATE RECEIVED

September 21, 2023

17. DATE APPROVED

December 7, 2023

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

November 1, 2023

19. SIGNATURE OF

20. TYPED NAME OF APPROVING OFFICIAL

Ruth A. Hughes

21. TITLE OF APPROVING OFFICIAL

Acting Director, Division of Program Operations

22. REMARKS

\* State requested pen & ink change on November 30, 2023, for boxes 5, 7, and 8.

\* State requested pen & ink change on December 8, 2023, for box 14.

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM**

**STATE OF COLORADO**

Attachment 4.19-B

Page 1 of 2

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES –  
INDIAN HEALTH SERVICES

Payments to Indian health facilities that are federally recognized and either tribally-operated or operated by the Indian Health Service shall be made according to the following categories of service:

A. Outpatient Hospital, Clinic, Independent Laboratory, Outpatient Pharmacy and EPSDT  
Categories of Service –

Payments to Indian health facilities under these categories of service shall be per visit/encounter and based upon the approved All-Inclusive Rates (AIR) published each year in the *Federal Register* by the U.S. Department of Health and Human Services' Indian Health Service, under the authority of Sections 321(a) and 322(b) of the Public Health Service Act (42 U.S.C. 248 and 249(b)), Public Law 83-568 (42 U.S.C. 2001(a)), and the Indian Health Care Improvement Act (25 U.S.C. 1601 et seq.). The Department shall accept submission of and make payments for multiple visit/encounter claims for different types of service provided to a client on the same date of service by the same Indian health facility only if the services provided are different or are for different diagnosis codes. One AIR reimbursement shall be made for each pharmacy claim and is not limited to a certain number of prescriptions per day. Submission of a pharmacy claim means that the Medicaid recipient received at least one drug item dispensed from the pharmacy, whether a new item or a refill. Different types of service shall include but not be limited to general practitioner services, mental health services, podiatry services, optometry services, radiology services, laboratory services, and dental services.

B. Inpatient Hospital Category of Service –

Payments to Indian health facilities under this category of service shall be per date of inpatient stay and based upon the approved rates published each year in the *Federal Register* by the U.S. Department of Health and Human Services' Indian Health Service, under the authority of Sections 321(a) and 322(b) of the Public Health Service Act (42 U.S.C. 248 and 249(b)), Public Law 83-568 (42 U.S.C. 2001(a)), and the Indian Health Care Improvement Act (25 U.S.C. 1601 et seq.). The Department shall  
Page 2 of 2  
payment per date of service per client.

C. Under section 1905(l)(2)(B) of the Social Security Act (42 U.S.C. 1396d) and the Indian Self-Determination Act (Public Law 93-638), facilities operated by a tribe or tribal organization, or by an urban Indian organization receiving funds under title V of the Indian Health Care Improvement Act (Public Law 94-437, 25 U.S.C. 1665 et seq.) for the provision of primary health services are, by definition, Federally Qualified Health Centers

TN No. 23-0031  
Supersedes TN No. 21-0001

Approval Date: 12/7/23  
Effective Date: 11/1/23

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM**

**STATE OF COLORADO**

Attachment 4.19-B

(tribal FQHC). A tribal FQHC may bill Colorado Medicaid (Health First Colorado) for covered services on a per-visit basis whether those services are furnished at the facility, outside the facility, or provided by off-site providers, whether tribal or non-tribal providers, under contract to the tribal FQHC. Tribal FQHCs are responsible for contracting the care of their tribal clients with the non-tribal provider.

**D.** Under the authority of section 1902(bb)(6) of the Social Security Act, IHS/tribal facilities that are enrolled with Colorado Medicaid (Health First Colorado) as a tribal FQHC have agreed through tribal consultation to be paid using an Alternative Payment Methodology (APM) that is the Indian Health Service all-inclusive rate (AIR) published annually in the Federal Register. Urban Indian organizations operated FQHCs are ineligible for this payment. Tribal FQHCs may bill the appropriate number of payable daily encounters based on the services that clients receive. **Tribal FQHCs will receive reimbursement for the same services that are currently reimbursable as an IHS/tribal facility.**

**E.** Colorado Medicaid (Health First Colorado) will establish a Prospective Payment System (PPS) methodology for the tribal FQHC so that the agency can determine on an annual basis that the published Indian Health Service all-inclusive rate (AIR) is higher than the PPS rate. The PPS rate will be established by reference to payments to one or more other FQHCs in the same or adjacent areas with similar caseloads. If such an FQHC is not available, the PPS rate will be established by comparing the average PPS rate currently paid to all non-tribal FQHCs to determine if the all-inclusive rate is higher. Tribal FQHCs will not be required to report costs for purposes of establishing the PPS rate.

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MEDICAL ASSISTANCE PROGRAM

STATE OF COLORADO

Attachment 4.19-B  
Page 2 of 3

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

- G. The Department shall update AAC on a regular basis based on changes in pharmacies' acquisition costs and national pricing benchmarks such as WAC. The AAC price list is available through the Department's website ([colorado.gov/hcpf](http://colorado.gov/hcpf)). Drugs acquired through the Federal Supply Schedule (FSS) shall be reimbursed at their actual acquisition cost, plus a professional dispensing fee.
- H. Drugs acquired at Nominal Price (as defined in 42 CFR §447.502) outside of FSS or the 340B Pricing Program shall be reimbursed at their actual acquisition cost plus a professional dispensing fee.
- I. Drugs dispensed by Indian Health Service/Tribal pharmacies shall be reimbursed at the all-inclusive rate published annually in the Federal Register.
- J. Drugs dispensed by 340B Covered Entities purchasing drugs through the 340B Pricing Program will be reimbursed at their actual acquisition cost, plus a professional dispensing fee.
- K. Drugs dispensed by Covered Entities (as defined in the Social Security Act, Section 1927(a)(5)(B)) not purchased through the 340B Pricing Program shall be reimbursed as defined in A.
- L. Drugs acquired through the federal 340B drug pricing program and dispensed by 340B contract pharmacies are not covered.
- M. Physician-administered drugs are reimbursed at the published Medicare Average Sales Price (ASP) Drug Pricing File minus 3.3 percent for drugs included in that file. Physician administered drugs that are not included in the Medicare ASP Drug Pricing File will be reimbursed at Wholesale Acquisition Cost (WAC). Covered entities using drugs purchased at the prices authorized under Section 340B of the Public Health Services Act for Medicaid members must bill Medicaid the 340B purchase price. No professional dispensing fee is applied.
  - 1. Effective November 26, 2019, injectable opioid antagonists are reimbursed at the published Medicare ASP Drug Pricing File plus 2.2%.
- N. Experimental or investigational drugs will not be allowed for reimbursement.