Table of Contents

State/Territory Name: CO

State Plan Amendment (SPA) #: 25-0024

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
230 South Dearborn
Chicago, Illinois 60604

Financial Management Group

July 21, 2026

Adela Flores-Brennan
State Medicaid Director
Colorado Department of Health Care Policy and Financing
303 E. 17th Avenue, Suite 1100
Denver, CO 80203

RE: TN 25-0024

Dear Director Flores-Brennan,

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Colorado State Plan Amendment (SPA) to Attachment 4.19-B TN: #25-0024, which was submitted to CMS on August 7, 2025. This plan amendment reduces the payment percentage for 340B drugs paid through the outpatient hospital payment program to align state legislature.

We reviewed your SPA submission for compliance with statutory requirements including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903 as it relates to the identification of anadequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the State, we have approved the amendment with an effective date of July 1, 2025. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Matthew Klein at 214-767-4625 or matthew.klein@cms.hhs.gov

Sincerely,

[redacted]

Todd McMillion
Director
Division of Reimbursement Review

Enclosures

DEPARTMENT OF HEALTH ANDHUMAN 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: 25-0024

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
July 1, 2025

5. FEDERAL STATUTE/REGULATION CITATION
Social Security Act, Section 1905(a)(2) / 42 CFR 440.20

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2025 $ (2,033,053)
b. FFY 2026 $ (8,284,406)

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-B: Methods and Standards for Establishing Payment Rates -- Other Types of Care -- 2.a Outpatient Hospital Services, Page ~~2c of 8~~ 2c of 6

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 -- 2.a Outpatient Hospital Services, Page ~~2c of 8~~ 2c of 6 (TN CO-22-0020)

9. SUBJECT OF AMENDMENT
Colorado Senate Bill 21-205 (SB21-205) included a reduction in payment for 340B drugs paid through the Department's outpatient hospital payment program, to be effective July 1, 2021 and ongoing. However, the implementation of this rate change was not completed. This amendment reduces the 340B payment percentage to align with SB 21-205.

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
[redacted]

12. TYPED NAME
Bettina Schneider

13. TITLE
Chief Financial Officer

14. DATE SUBMITTED
August 7, 2025

15. RETURN TO
Colorado Department of Health Care Policy and Financing
303 E. 17th Avenue, Suite 1100
Denver, CO 80203

Attn: Jessica Farmen

FOR CMS USE ONLY

16. DATE RECEIVED
August 7, 2025

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
July 1, 2025

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Todd McMillion

21. TITLE OF APPROVING OFFICIAL
Director, Division of Reimbursement Review

22. REMARKS
6/16/26: State authorizes a Pen and Ink change to items 7 and 8 to provide the correct page number of "2c of 6."

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE
2a. OUTPATIENT HOSPITAL SERVICES (continued)

iii. Payment for all remaining occurrences will be calculated using an EAPG Adjusted Relative Weight of 25% of the EAPG Relative Weight.

4. Terminated Procedures - 50%

a. Payment for lines describing terminated procedures may be calculated using an EAPG Adjusted Relative Weight of 50% of that EAPG's Relative Weight. Terminated procedures cannot be considered bilateral procedures for the purpose of discounting. Terminated procedures are not subject to other types of discounting.

5. 340B Drug Discounting - 65%

a. Payment for lines describing 340B drugs may be calculated using an EAPG Adjusted Relative Weight of 65% of that EAPG's Relative Weight.

ii. Uses the EAPG software to determine if multiple visits are present on the claim. Visits are differentiated based on the date of service of each line item. Claims with revenue codes describing emergency room or specialty services may be considered single visits.

b. Outpatient physical therapy services shall be reimbursed under the EAPG methodology.

c. Outpatient occupational therapy services shall be reimbursed under the EAPG methodology.

d. Outpatient speech/language therapy services shall be reimbursed under the EAPG methodology.

e. Outpatient laboratory/pathology services shall be reimbursed under the EAPG methodology.

f. Outpatient radiology services shall be reimbursed under the EAPG methodology.