

Table of Contents

State/Territory Name: Colorado

State Plan Amendment (SPA) #: 26-0006

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



Medicaid and CHIP Operations Group

June 25, 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: Colorado State Plan Amendment (SPA) – 26-0006

Dear Director Flores-Brennan:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN)#26-0006. This amendment clarifies language, adds additional categorical exemptions for PASRR Level II and amends language related to the definition of Specialized Services.

We conducted our review of your submittal according to statutory requirements in sections 42 CFR 483.120 (specialized services), 483.130 (categorical determinations) and statute found in section 1919(e)(7). This letter informs you that Colorado's Medicaid SPA TN CO-26-0006 is approved on June 23, 2026, with an effective date of January 1, 2026.

Enclosed are copies of Form CMS-179 and approved SPA pages to be incorporated into the Colorado State Plan.

If you have any additional questions or need further assistance, please contact Keri Rosenbloom Toback at (312)- 353-1754 or by email at Keri.Toback@cms.hhs.gov.

Sincerely,

NICOLE M.
MCKNIGHT -S

Digitally signed by NICOLE
M. MCKNIGHT -S
Date: 2026.06.25 14:29:37
-04'00'

Nicole McKnight
Acting Director, Division of Program Operations

Enclosures

cc: Erica Schale, HCPF
Rachel Larson, HCPF
Julie Masters, HCPF
Jennifer Swaisgood, HCPF
Russell Zigler, HCPF
Jessica Farnen, HCPF

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

1. TRANSMITTAL NUMBER <u>2 6</u> — <u>0 0 0 6</u>	2. STATE <u>CO</u>
3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	

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

4. PROPOSED EFFECTIVE DATE
01/01/2026

5. FEDERAL STATUTE/REGULATION CITATION
Social Security Act, Section XXXXX / 42 CFR XXXX
42 CFR 483.120 and 483.130. Statute: 919(e)(7). (Added by KRT 6/22/26)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY <u>2026</u>	\$ <u>0</u>
b. FFY <u>2027</u>	\$ <u>0</u>

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.39-A – Methods and Standards for Establishing Payment Rates – Preadmission Screening and Resident Review (PASRR) – Pages 1-7

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
Attachment 4.39-A – Methods and Standards for Establishing Payment Rates – Preadmission Screening and Resident Review (PASRR) – Pages 1-7

9. SUBJECT OF AMENDMENT
Clarifying language and adding additional categorical exemptions for PASRR Level II.
and amends language related to the definition of Specialized Services (Added by KRT 6/22/26)

10. GOVERNOR'S REVIEW (Check One)

<input type="radio"/> GOVERNOR'S OFFICE REPORTED NO COMMENT	<input checked="" type="radio"/> OTHER, AS SPECIFIED:
<input type="radio"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED	Governor's letter dated 5 April 2023
<input type="radio"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	

11. SIGNATURE OF STATE AGENCY OFFICIAL
Colin Laughlin

12. TYPED NAME
Colin Laughlin

13. TITLE
Deputy Office Director

14. DATE SUBMITTED
03/30/2026

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 March 30, 2026	17. DATE APPROVED June 23, 2026
-------------------------------------	------------------------------------

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
January 1, 2026

20. TYPED NAME OF APPROVING OFFICIAL
Nicole McKnight

19. SIGNATURE OF APPROVING OFFICIAL
NICOLE M. MCKNIGHT -S
Date: 2026.06.25 14:30:02 -04'00'

21. TITLE OF APPROVING OFFICIAL
Acting Director, Division of Program Operations

22. REMARKS
Pen and ink changes approved by State made by Keri Rosenbloom Toback on 6/22/26 to sections 5 and 9 of CMS-179. Added to section 5: "and amends language related to the definition of Specialized Services"; Added to section 9: "and amends language related to the definition of Specialized Services"

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

STATE OF COLORADO

Attachment 4.39 A
Page 1 of 7

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

Definition Of Specialized Services

For individuals with intellectual disability or related conditions, specialized services mean the services specified by the State which, when combined with services provided by the nursing facility or other service providers, result in treatment that meets the requirements of 42 CFR 483.440(a)(1).

Specialized Mental Health Services for individuals with serious mental illness (SMI) mean the services specified by the State which, when combined with services provided by the nursing facility, result in the continuous and aggressive implementation of an individualized Plan of Care that is developed and supervised by an interdisciplinary team, which includes a physician, qualified mental health professionals, and, as appropriate, other professionals.

The Plan of Care prescribes specific therapies and activities for the treatment of persons experiencing an acute episode of serious mental illness, the primary purpose of which is to lessen or eliminate the symptoms of serious mental illness or other mental disability and to assist the individual in achieving his or her highest practicable level of physical, mental, and psychosocial well-being.

The Plan is directed toward diagnosing and reducing the individuals' behavioral symptoms that necessitated nursing facility placement, improving the individual's level of independent functioning, and achieving a functioning level that permits reduction in the intensity of mental health services to below the level of specialized services at the earliest possible time.

Specialized services are individualized services identified through the PASRR process that exceed the amount, duration, and/or scope of services that nursing facilities are otherwise required to provide under federal nursing facility participation requirements.

Specialized services are provided in accordance with 42 CFR 483.120(a)(1) and 42 CFR 483.120(a)(2), as applicable.

1. Enhanced mental health program:

- a. A continuous program designed for the specific needs of each individual

TN No.: 26-0006

Approval Date: June 23, 2026

Supersedes TN No.: 93-012

Effective Date: January 1, 2026

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

STATE OF COLORADO

Attachment 4.39 A
Page 2 of 7

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

- with serious mental illness who requires those services.
- b. The implementation of specialized behavioral health interventions, individualized therapies, psychiatric supports, crisis prevention and response planning, therapeutic activities, health services, and other related services identified through the PASRR process and individualized plan of care to meet the individual needs of residents requiring specialized services beyond routine nursing facility services.
 - c. Specialized services and treatment plans are developed and supervised by an interdisciplinary team which includes a physician, a qualified mental health professional and other, as appropriate, professionals trained and experienced in treatment of serious mental illness.
 - d. Individuals who do not require inpatient psychiatric care, but require mental health interventions, clinical oversight, behavioral stabilization support, or coordinated psychiatric services at a level more intense than can be provided through general mental health services routinely available in the nursing facility setting.
 - e. Services must be provided by trained mental health professionals.
 - f. Services are provided less than 24 hours per day on-site; however, enhanced clinical intervention, crisis response, and escalation procedures are available when clinically indicated.

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

STATE OF COLORADO

Attachment 4.39 A
Page 3 of 7

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

PASRR Level II Preadmission Screening by Categorical Determination

The following categories developed by the State Mental Health Authority (SMHA) or State Intellectual/Developmental Disability Authority (SIDA) and approved by the State Medicaid Agency may be made applicable to individuals identified by PASRR Level I as possibly having serious mental illness / intellectual disability / related condition when existing data on the individual appear to be current and accurate and are sufficient to allow the reviewer readily to determine that the individual fits the category. The data available includes physical, mental, and functional assessments as required by 42 CFR 483.132(c).

An adequate inspection of records for a categorical determination takes the place of the individualized Level II evaluation for nursing facility level of services and/or the individualized Level II evaluation for specialized services, as indicated below. Categorical evaluation and determination reports as required by 42 CFR 483.128 and .130, are produced, prior to admission, for all categorical determinations.

When existing data is not adequate, or any judgment is required about the presence of serious mental illness / intellectual disability / related condition, the individual is referred for individualized Level II evaluation. The SMHA or SIDA is responsible for: 1. assuring that the categorical determinations meet requirements; 2. assuring that the determinations are in the best interests of the residents; 3. retaining copies of the categorical evaluation and determination reports, and 4. maintaining a tracking system for all categorical determinations.

For time limited categories — individuals are either discharged, or evaluated by individualized Level II Resident Review, within the specified time limits. FFP is not available for days of NF care after the time limit expires and before a Level II Resident Review is completed in accordance with 42 CFR Part 483, Subpart C, including 42 CFR §§ 483.114, 483.122, and 483.128, as applicable.

(Check each that applies, and supply definitions and time limits as required.)

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

STATE OF COLORADO

Attachment 4.39 A
Page 4 of 7

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

I. Categorical Determination that NF placement is appropriate. (Level II Specialized Services evaluation and determination by the SMHA/SIDA is individualized. A new, individualized, Level II Resident Review is required if at any time the resident demonstrates need for services related to serious mental illness, intellectual/developmental disability, or a related condition, or the admission exceeds the specified time limit.)

Unless otherwise specified, all timeframes referenced in this attachment are calendar days.

NF services are needed for **Convalescent Care** as provided in [§483.130\(d\)\(1\)](#)

Additional Definition (<i>optional</i>)	Time limit
<ul style="list-style-type: none">• §483.130(d)(1) provides for categorical decisions for Convalescent care from an acute physical illness which: required hospitalization for treatment; and does not meet all the criteria for an exempted hospital discharge, which is not subject to preadmission screening, as specified in Sec. 483.106(b)(2).<ul style="list-style-type: none">○ The expected length of stay is not expected to exceed 60 calendar days.○ The discharging hospital physician must document in writing that the NF stay is expected to be 60 calendar days or less.○ If the stay is expected to exceed 60 calendar days, the NF must request a resident review before continuation of the stay may be permitted and payment made for days of NF care beyond the State's time limit.	Up to 60 calendar days

NF Services are needed for **Terminal Illness** as provided in [§483.130\(d\)\(2\)](#)

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

STATE OF COLORADO

Attachment 4.39 A
Page 5 of 7

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

Additional Definition (*optional*)

Terminal Illness Categorical

- [§483.130\(d\)\(2\)](#) provides for categorical decisions for **Terminal Illness** as defined for hospice purposes in 42 CFR Sec. 418.3 as a medical prognosis of life expectancy of 6 months or less if the illness runs its normal course.
 - A physician has documented the prognosis in writing.

II. Categorical Determination that NF placement is appropriate, and that Specialized Services are not needed. (Determination that Specialized Services are needed is individualized, not categorical.)NF services are needed for **Severe Physical Illness** as provided for in: [§483.130\(d\)\(3\)](#)

Additional Definition (*optional*)

Severe Physical Illness Categorical

- [§483.130\(d\)\(3\)](#) provides for severe physical illness such as coma, ventilator dependence, functioning at brain stem level or diagnoses which result in a level of impairment so severe that the individual could not be expected to benefit from specialized services.
 - A physician has documented the diagnosis and condition in writing.

TN No.: 26-0006

Approval Date: June 23, 2026

Supersedes TN No.: NEW

Effective Date: January 1, 2026

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

STATE OF COLORADO

Attachment 4.39 A
Page 6 of 7

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

- If the condition improves such that the person might benefit from specialized services a Level II assessment referral must be made.

III. Provisional admissions. Categorical Determination that NF placement is appropriate for a brief period. Option to also categorically determine by the SMHA/SIDA that Specialized Services are not needed because the stay is expected to be brief and the individual does not have a history of need for intensive MI or DD services. (Determination that Specialized Services are needed is individualized, not categorical.)

Provisional admission pending further assessment in case of **delirium** where an accurate diagnosis cannot be made until the delirium clears.

Additional Definition (<i>optional</i>)	SS Not Needed Categorical	Time limit
The following conditions apply: an accurate diagnosis cannot be made until the delirium clears; and a physician documents the diagnosis and condition in writing.		≤7 calendar days

Provisional admission pending further assessment in **emergency** situations requiring protective services, with placement in the nursing facility not to exceed 7 calendar days.

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

STATE OF COLORADO

Attachment 4.39 A
Page 7 of 7

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

Additional Definition <i>(optional)</i>	SS Not Needed Categorical	Time limit
A brief stay not to exceed 7 calendar days while pending further assessment in emergency situations requiring protective services.		≤7 calendar days

Very brief and finite stays of up to 30 calendar days to provide **respite** to caregivers and in-home care providers to whom the individual Serious Mental Illness or Intellectual Disability, Developmental Disability and/or Related Condition is expected to return following the brief NF stay.

Additional Definition <i>(optional)</i>	SS Not Needed Categorical	Time limit
The person is expected to return to the in-home caregivers following the respite stay. If the stay is expected to exceed 30 calendar days, the NF must request a resident review before continuation of the stay may be permitted and payment made for days of NF care beyond the State's time limit.		Up to 30 calendar days per stay