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State/Territory Name: **Colorado**

State Plan Amendment (SPA) #: **CO-22-0040**

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop: S2-26-12
Baltimore, Maryland 21244-1850

Financial Management Group
Division of Financial Policy & Oversight

March 15, 2023

Kim Bimestefer
Executive Director
Colorado Department of Health Care Policy & Financing
1570 N Grant St.
Denver, Colorado 80203

Dear Ms. Bimestefer:

Enclosed for your records is an approved copy of the following state plan amendment (SPA).

Transmittal CO-22-0040:

- This SPA authorizes increased federal financial participation (FFP) for newly-eligible individuals receiving postpartum coverage and further includes the addition of Attachment D, which describes the special circumstances and other proxy adjustments that are applied to account for the proportion of individuals covered under the extended postpartum coverage option who would otherwise be eligible for coverage in the adult group and for the newly eligible FFP under section 1905(y) of the Social Security Act;
- This SPA is effective July 1, 2022

The state will be responsible for tracking and aggregating the extended postpartum population claims, which should be based on the population used to derive the proxy percentage. The extended postpartum claims will be a portion of the claims ("affected expenditures") reported across many Categories of Service (COS) lines and integrated with claims from other populations. The state will need to apply the proxy percentage to the affected expenditures by COS line outside the Form CMS-64. Ultimately, the state will claim the portion of the expenditures at the newly eligible FMAP, as determined under the proxy methodology, on the Form CMS-64.9VIII series by COS line, and the non-VIII Group portion on the Form CMS-64.9 series by COS line. The state should make available all documentation to support expenditures calculated based on the proxy methodology at the time it files the Form CMS-64.

If you would like to discuss further, please contact either financial analyst, Yvette Moore at (667) 290-9825 or Medicaid financial branch chief, Stuart Goldstein at (410) 786-0694.

Sincerely,

Charlie Arnold
Director
Division of Financial Policy & Oversight

DEPARTMENT OF HEALTH AND HUMAN 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: 22 — 0040

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, 2022

5. FEDERAL STATUTE/REGULATION CITATION
Social Security Act, Section 1905(b) / 42 CFR 433.206(g)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2022 $ 0
b. FFY 2023 $ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Supplement 18 to Attachment 2.6A – Pages 4 and 6 of 6, and NEW Attachment D

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Supplement 18 to Attachment 2.6A – Pages 4 and 6 of 6 (TN CO-14-035)

9. SUBJECT OF AMENDMENT
Adds Attachment D to the Supplement 18 to Attachment 2.6A, which applies additional adjustments to the adult group federal medical assistance percentage (FMAP) proxy methodology for 12 months postpartum.

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 14 July 2021

11. SIGNATURE OF STATE AGENCY OFFICIAL
[redacted]

12. TYPED NAME
Bettina Schneider

13. TITLE
Chief Financial Officer

14. DATE SUBMITTED
September 23, 2022

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

Attn: Amy Winterfeld

FOR CMS USE ONLY

16. DATE RECEIVED
September 26, 2022

17. DATE APPROVED
March 15, 2023

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
July 1, 2022

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Charlie Arnold

21. TITLE OF APPROVING OFFICIAL
Director of Financial Policy

22. REMARKS
Pen/Ink Authorization: BOX #7 - (New Attachment D includes 1 - 4 pages)

Instructions on Back

2. Attachment C describes any enrollment caps authorized in section 1115 demonstrations as of December 1, 2009 that are applicable to populations that the state covers in the eligibility group described at 42 CFR 435.119 and received full benefits, benchmark benefits, or benchmark equivalent benefits as determined by CMS. The enrollment cap or caps are as specified in the applicable section 1115 demonstration special terms and conditions as confirmed by CMS, or in alternative authorized cap or caps as confirmed by CMS. Attach CMS correspondence confirming the applicable enrollment cap(s).

3. The state applies a combined enrollment cap adjustment for purposes of claiming FMAP in the adult group:

☐ Yes. The combined enrollment cap adjustment is described in Attachment C

☐ No.

4. Enrollment Cap Methodology: Attachment C describes the methodology for calculating the enrollment cap adjustment, including the use of combined enrollment caps, if applicable.

C. Special Circumstances (42 CFR 433.206(g)) and Other Adjustments to the Adult Group FMAP Methodology

1. The state:

☒ Applies a special circumstances adjustment(s).

☐ Does not apply a special circumstances adjustment.

2. The state:

☒ Applies additional adjustment(s) to the adult group FMAP methodology (complete item 3).

☐ Does not apply any additional adjustment(s) to the adult group FMAP methodology (skip item 3 and go to Part 3).

3. Attachment D describes the special circumstances and other proxy adjustment(s) that are applied, including the population groups to which the adjustments apply and the methodology for calculating the adjustments.

Part 5 - State Attestations

The State attests to the following:

A. The application of the adult group FMAP methodology will not affect the timing or approval of any individual's eligibility for Medicaid.

B. The application of the adult group FMAP methodology will not be biased in such a manner as to inappropriately establish the numbers of, or medical assistance expenditures for, individuals determined to be newly or not newly eligible.

ATTACHMENTS

Not all of the attachments indicated below will apply to all states; some attachments may describe methodologies for multiple population groups within the new adult group. Indicate those of the following attachments which are included with this SPA:

☒ Attachment A -- Conversion Plan Standards Referenced in Table 1

☒ Attachment B -- Resource Criteria Proxy Methodology

☐ Attachment C -- Enrollment Cap Methodology

☒ Attachment D -- Special Circumstances Adjustment and Other Adjustments to the Adult Group FMAP Methodology

☒ Attachment E -- Transition Methodologies

Attachment D

12 Months Postpartum Proxy Methodology for Adult Group

Table 1: Current State

Table 1-A: Member Months and Expenditure	Pregnancy (Includes Delivery)	0-2 Months Postpartum	3-12 Months Postpartum	Total
Covered Member Months				
Number of Member Months	113,544	45,591	209,859	368,994
Per Member Per Month Expenditure	$1,146.01	$605.26	$387.32	$647.70
Total Paid	**$130,122,277**	**$27,594,321**	**$81,281,860**	**$238,998,458**
Member Months with Coverage Gaps				
Number of Member Months	-	-	66,286	66,286
Per Member Per Month Expenditure	-	-	$0.00	$0.00
Total Paid	**$0**	**$0**	**$0**	**$0**
Total Paid	**$130,122,277**	**$27,594,321**	**$81,281,860**	**$238,998,458**

Table 1-B: FMAP Bucket	Pregnancy (Includes Delivery)	0-2 Months Postpartum	3-12 Months Postpartum	Total
Covered Member Months				
Standard FMAP	$130,122,277	$27,594,321	$69,176,084	$226,892,682
ACA Expansion FMAP	$0	$0	$12,105,776	$12,105,776
Total Paid	**$130,122,277**	**$27,594,321**	**$81,281,860**	**$238,998,458**
Member Months with Coverage Gaps				
Standard FMAP	$0	$0	$0	$0
ACA Expansion FMAP	$0	$0	$0	$0
Total Paid	**$0**	**$0**	**$0**	**$0**
Total				
Standard FMAP	$130,122,277	$27,594,321	$69,176,084	**$226,892,682**
ACA Expansion FMAP	$0	$0	$12,105,776	**$12,105,776**
Total Paid	**$130,122,277**	**$27,594,321**	**$81,281,860**	**$238,998,458**

Attachment D

12 Months Postpartum Proxy Methodology for Adult Group

Table 2: Future State

Table 2-A: Member Months and Expenditure	Pregnancy (Includes Delivery)	0-2 Months Postpartum	3-12 Months Postpartum	Total
Covered Member Months				
Number of Member Months	113,544	45,591	209,859	368,994
Per Member Per Month Expenditure	$1,146.01	$605.26	$387.32	$647.70
Total Paid	**$130,122,277**	**$27,594,321**	**$81,281,860**	**$238,998,458**
Member Months with Coverage Gaps				
Number of Member Months	-	-	66,286	66,286
Per Member Per Month Expenditure	$1,146.01	$605.26	$387.32	$647.70
Total Paid	**$0**	**$0**	**$25,673,664**	**$25,673,664**
Total Paid	**$130,122,277**	**$27,594,321**	**$106,955,524**	**$264,672,122**

Table 2-B: FMAP Bucket	Pregnancy (Includes Delivery)	0-2 Months Postpartum	3-12 Months Postpartum	Total
Covered Member Months				
Standard FMAP	$130,122,277	$27,594,321	$69,176,084	$226,892,682
ACA Expansion FMAP	$0	$0	$12,105,776	$12,105,776
Total Paid	**$130,122,277**	**$27,594,321**	**$81,281,860**	**$238,998,458**
Member Months with Coverage Gaps				
Standard FMAP	$0	$0	$25,673,664	$25,673,664
ACA Expansion FMAP	$0	$0	$0	$0
Total Paid	**$0**	**$0**	**$25,673,664**	**$25,673,664**
Total				
Standard FMAP	$130,122,277	$27,594,321	$94,849,748	**$252,566,346**
ACA Expansion FMAP	$0	$0	$12,105,776	**$12,105,776**
Total Paid	**$130,122,277**	**$27,594,321**	**$106,955,524**	**$264,672,122**

Table 3: Calculated Allocation by FMAP Type

Allocation by FMAP	Pregnancy (Includes Delivery)	0-2 Months Postpartum	3-12 Months Postpartum	Percent of Total
Standard FMAP	100.00%	100.00%	88.68%	**95.43%**
ACA Expansion FMAP	0.00%	0.00%	11.32%	**4.57%**

The Department calculated the proxy using the following steps:

1. The Department identified members eligible for Medicaid as pregnant adults whose pregnancy eligibility spans ended in FY 2018-19. The Department counted each month that the member was eligible during their pregnancy span and up to 12 months following delivery as a "member month," regardless of whether the member utilized services during that month.The Department used MMIS data to find all of the claims incurred by the members during their pregnancy spans and up to 12 months following delivery, as well as all capitation payments paid on behalf of the members during that timeframe. *Note: Colorado is a predominantly fee-for-service state, so most claims are paid on a FFS basis. However, some programs (such as behavioral health) are capitated, and a subset of members are enrolled in regional physical health HMO plans.* The Department also identified the members who had a gap in coverage during the 12 month postpartum period and the number of months of that gap.

2. In Table 1-A, the Department parsed the eligibility and expenditure data from Step 1 above based on the applicable time period of the pregnancy event, including the Pregnancy (Including Delivery), 0-2 Months Postpartum, and 3-12 Months Postpartum. This data was further parsed in Table 1-B to show how much was claimed at the standard FMAP and the ACA expansion FMAP. This shows the Current State prior to implementing the 12 month postpartum benefit. In the Current State, the Department claimed $12.1 million at the ACA expansion match, out of a total cost of $239.0 million. There was $0 in expenditure for months in which members had gaps in coverage.

3. In Table 2-A, the Department adds in the anticipated incremental cost of keeping members on Medicaid for the full 12 month period without coverage gaps. This is projected to cost $25.7 million. The Department will claim this expenditure at the standard FMAP, as shown in Table 2-B. This shows the Future State after implementing the 12 month postpartum benefit. In the Future State, the Department projects that it would have claimed $12.1 million at the ACA expansion match, out of a total cost of $264.7 million. This includes the projected increase to fill the months in which members previously would have had gaps in coverage.

4. In Table 3, the Department calculates the resulting proxy based on the percentage of expenditure that would be claimed at the ACA expansion match in the Future State. The Department projects that it would have claimed $12.1 million at the ACA expansion match, out of a total cost of $264.7 million. This equates to a proxy of 4.57% claimed to ACA expansion and 95.43% to the standard FMAP. The Department would apply the proxy to claims incurred by members eligible as pregnant adults for the duration of their pregnancy eligibility span, which would include the ~9 months of pregnancy, the month of delivery, and the 12 month postpartum period.

Department Assurances:

The Departments assures that all individuals enrolled in the 12-month postpartum eligibility group will receive all of the services that meet the requirements in Section 1937 of the Social Security Act in accordance with Section 1903(i)(26) of the Social Security Act, including but not limited to:

a. Services that could be categorized under the 10 essential health benefit categories, plus federally qualified health centers/ rural health clinic services, family planning services and supplies, non-emergency medical transportation and early and periodic screening diagnostic and treatment requirements;
b. Habilitative services;
c. No application of cost sharing on preventive services;
d. Adherence to mental health services parity requirements for fee-for-service (parity is required under managed care).