
Financial Management Group
Division of Financial Operations West

July 29, 2024

Adela Flores-Brennan
Medicaid Director
Health Care Policy & Financing
1570 Grant Street
Denver, Colorado 80203-1818

Subject: Financial Management Review (FMR) of Colorado's Outpatient Hospital Services Supplemental Payments, Federal Fiscal Year 2021, Control Number WD-FM-2024-CO-01-D

Dear Director Flores-Brennan:

The purpose of this letter is to officially close the fiscal year (FY) 2021 review of the outpatient hospital services supplemental payments reported by Colorado on Line 6B of the Form CMS-64.9 Base during FY 2021 (October 1, 2020, through September 30, 2021). The objective of this review was to determine if the state was properly claiming Federal Financial Participation according to federal requirements for outpatient hospital services supplemental payments on the Form CMS-64.

CMS selected a random statistically representative sample of 37¹ hospitals, then reviewed the supporting documentation provided by the state. Based on our sample testing results and discussions with the state, we have no areas of concern at this time.

CMS performed a limited review of the source of the non-federal share for the outpatient hospital services supplemental payments to determine if any provider exceeded the percentage specified in the state's health care-related tax waiver approved by CMS. We acknowledge that a CMCS Informational Bulletin^[2] dated February 17, 2023, provides information regarding health care-related taxes and hold harmless arrangements involving the redistribution of Medicaid payments as a source of non-federal funding. However, due to the limited nature of this FMR, CMS did not perform an in-depth review of non-federal funding arrangements. Additional review may occur at a future time.

¹ The original sample was 40 hospitals; however, three hospitals that reported \$0 in supplemental payments were removed.

²United States Department of Health and Human Services, Centers for Medicare & Medicaid Services, CMCS Informational Bulletin: Health Care-Related Taxes and Hold Harmless Arrangements Involving the Redistribution of Medicaid Payments, Daniel Tsai, Deputy Administrator and Director for CMCS, February 17, 2023. <https://www.medicare.gov/federal-policy-guidance/downloads/cib021723.pdf>

CMS has no findings to report and considers this review closed. No further action from the state is needed. We would like to extend our appreciation to your staff for their cooperation, patience, and time provided to us during the course of our review.

If you have any questions or need additional information, please contact Anh Ta, Branch Chief, (206-615-2340 / Anh.Ta@cms.hhs.gov) or Frank Schneider, Review Team Lead, (206-615-2335 / Frank.Schneider@cms.hhs.gov).

Sincerely,

A handwritten signature in black ink that reads "Dorothy Ferguson". The signature is written in a cursive, flowing style.

Dorothy Ferguson, Director
Division of Financial Operations West