

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
1600 Broadway, Suite 700
Denver, CO 80202-4967



Region VIII

June 23, 2010

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Medicaid Director
Department of Health Care Policy and Financing
Medical & CHP+ Administration Office
1570 Grant Street
Denver, CO 80203-1818

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I am pleased to inform you that the Centers for Medicare & Medicaid Services (CMS) has completed its review of Colorado's "Health Services Program Time Study Implementation Guide for Direct Services, Targeted Case Management, and Administrative Claiming," as revised and submitted on March 8, 2010, and it is hereby approved, effective with the date of this letter, subject to the conditions stipulated below.

The conditions of this approval are as follows:

- 1) In accordance with 45 Code of Federal Regulation (CFR) 95.507 (b) (6), the State of Colorado will submit an amendment to the Division of Cost Allocation to its cost allocation plan (CAP) referencing the methodology approved herein.
- 2) The State agrees that any regulations or national guidelines issued by CMS, relating to the use of time study codes, methodologies for conducting time studies or other elements of claims for school based administrative activities and direct services, will be promptly incorporated into its program on a prospective basis.
- 3) The State agrees to provide an opportunity for CMS review any forms and/or documents that are subsequently developed or modified for use by this program, prior to modification or execution.
- 4) The State agrees that all direct service providers included in the time study must be in the approved State plan, and only those qualified providers that participate in the time may be included in the cost pool.
- 5) The State agrees to monitor the overall implementation process including, but not limited to, review of training materials, observation of training, interviews with time study participants and review and verification of the claims submitted.

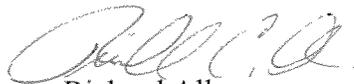
- 6) The State agrees to monitor the time study to assure proper use of the time study codes by school staff and proper application of the methodology.
- 7) The State agrees to provide summary reports to the CMS Regional Office detailing the results and issues/concerns identified in the monitoring process on a quarterly basis.
- 8) The State agrees to provide oversight of any outside entity contracted to operate or monitor the time study process.
- 9) The State agrees to submit any changes to the approved plan to CMS for review and approval prior to implementation.
- 10) The State agrees that any costs claimed under the approved program are subject to review or audit.

This approval letter does not relieve the State of its responsibility to comply with changes in federal laws and regulations, and to ensure that claims for federal funding are consistent with all applicable requirements.

We appreciate the work and time your staff devoted to developing the time study methodology.

If you have any questions about this conditional approval letter, please call me or have your staff contact Diane Dunstan-Murphy at (303)844.7040.

Sincerely,



Richard Allen

Associate Regional Administrator

Division of Medicaid and Children's Health