

.Second Regular Session  
Seventieth General Assembly  
STATE OF COLORADO

**REREVISED**

*This Version Includes All Amendments  
Adopted in the Second House*

LLS NO. 16-1083.01 Brita Darling x2241

**HOUSE BILL 16-1407**

---

**HOUSE SPONSORSHIP**

**Young, Hamner, Rankin**

**SENATE SPONSORSHIP**

**Steadman, Grantham, Lambert**

---

**House Committees**  
Appropriations

**Senate Committees**  
Appropriations

---

**A BILL FOR AN ACT**

101      **CONCERNING THE CONTINUATION OF THE MEDICAID PAYMENT**  
102            **REFORM AND INNOVATION PILOT PROGRAM, AND, IN**  
103            **CONNECTION THEREWITH, CHANGING THE TIME FRAMES,**  
104            **ELIMINATING THE REPEAL DATE OF THE PILOT PROGRAM,**  
105            **ENHANCING THE REPORTING REQUIREMENTS OF THE**  
106            **DEPARTMENT OF HEALTH CARE POLICY AND FINANCING, AND**  
107            **MAKING AN APPROPRIATION.**

---

**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/bills summaries>.)*

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

SENATE  
3rd Reading Unamended  
April 7, 2016

SENATE  
2nd Reading Unamended  
April 6, 2016

HOUSE  
3rd Reading Unamended  
April 1, 2016

HOUSE  
Amended 2nd Reading  
March 31, 2016

**Joint Budget Committee.** The bill removes the date by which the department of health care policy and financing (department) must select payment projects to be included in the medicaid payment reform and innovation pilot program (pilot program), allowing the department to continue selecting new payment projects for the pilot program. Further, the bill removes the date for completion of pilot projects.

The bill amends the department's ongoing reporting requirements to specify information that must be included in the annual report. The bill also includes issues relating to the department's evaluation of the payment projects that are part of the pilot program.

---

1 *Be it enacted by the General Assembly of the State of Colorado:*

2           **SECTION 1.** In Colorado Revised Statutes, 25.5-5-415, **amend**  
3 (1) (a) (V), (2) (c) (I), (2) (c) (III), (2) (d) (I), (4) (a) (II), and (4) (a) (III);  
4 and **add** (1) (a) (VI), (4) (a) (IV), and (4) (a.5) as follows:

5           **25.5-5-415. Medicaid payment reform and innovation pilot**  
6 **program - legislative declaration - creation - selection of payment**  
7 **projects - report - rules.** (1) (a) The general assembly finds that:

8           (V) The state department should explore how these new payment  
9 methodologies may result in improved health outcomes and patient  
10 satisfaction and support the financial sustainability of the medicaid  
11 program; AND

12           (VI) THE STATE DEPARTMENT SHALL EVALUATE HOW SUCCESSFUL  
13 PAYMENT PROJECTS COULD BE REPLICATED AND INCORPORATED WITHIN  
14 THE STATE DEPARTMENT'S CURRENT MEDICAID COORDINATED CARE  
15 SYSTEM.

16           (2) (c) (I) ~~On or before July 1, 2013,~~ The state department shall  
17 ~~complete its review of payment projects and shall~~ select payment projects  
18 to be included in the pilot program.

19           (III) For payment projects not selected by the state department, the

1 state department shall respond to the contractor of the state department's  
2 current medicaid coordinated care system, in writing, ~~on or before July 1,~~  
3 ~~2013,~~ stating the reason or reasons why the payment project was not  
4 selected. The state department shall send a copy of the response to the  
5 joint budget committee of the general assembly, the health and human  
6 services committee of the senate, or any successor committee, and the  
7 health and environment committee of the house of representatives, or any  
8 successor committee.

9 (d) (I) The payment projects selected for the program shall be for  
10 a period of at least ~~two years,~~ but ONE YEAR AND shall not extend beyond  
11 ~~June 30, 2016~~ THE LENGTH OF THE CONTRACT WITH THE CONTRACTOR OF  
12 THE STATE DEPARTMENT'S CURRENT MEDICAID COORDINATED CARE  
13 SYSTEM. The provider contract shall specify the payment methodology  
14 utilized in the payment project.

15 (4) (a) The state department shall submit a report to the joint  
16 budget committee of the general assembly, the health and human services  
17 committee of the senate, or any successor committee, and the health and  
18 environment committee of the house of representatives, or any successor  
19 committee, as follows:

20 (II) On or before September 15, 2014, concerning the pilot  
21 program as implemented, including but not limited to an analysis of the  
22 initial data and information concerning the utilization of the payment  
23 methodology, quality measures, and the impact of the payment  
24 methodology on health outcomes, cost, provider participation and  
25 satisfaction, and patient satisfaction; ~~and~~

26 (III) On or before September 15, 2015, ~~and each September 15~~  
27 ~~that the program is being implemented,~~ concerning the program as

1 implemented, including but not limited to an analysis of the data and  
2 information concerning the utilization of the payment methodology,  
3 including an assessment of how the payment methodology drives provider  
4 performance and participation and the impact of the payment  
5 methodology on quality measures, health outcomes, cost, provider  
6 satisfaction, and patient satisfaction, comparing those outcomes across all  
7 patients utilizing existing state department data.

8 (IV) ON OR BEFORE APRIL 15, 2017, AND EACH APRIL 15 THAT THE  
9 PROGRAM IS BEING IMPLEMENTED, CONCERNING THE PROGRAM AS  
10 IMPLEMENTED, INCLUDING BUT NOT LIMITED TO AN ANALYSIS OF THE  
11 DATA AND INFORMATION CONCERNING THE UTILIZATION OF THE PAYMENT  
12 METHODOLOGY, INCLUDING AN ASSESSMENT OF HOW THE PAYMENT  
13 METHODOLOGY DRIVES PROVIDER PERFORMANCE AND PARTICIPATION AND  
14 THE IMPACT OF THE PAYMENT METHODOLOGY ON QUALITY MEASURES,  
15 HEALTH OUTCOMES, COST, PROVIDER SATISFACTION, AND PATIENT  
16 SATISFACTION, COMPARING THOSE OUTCOMES ACROSS PATIENTS UTILIZING  
17 EXISTING STATE DEPARTMENT DATA. SPECIFICALLY, THE REPORT MUST  
18 INCLUDE:

19 (A) AN EVALUATION OF ALL CURRENT PAYMENT PROJECTS AND  
20 WHETHER THE STATE DEPARTMENT INTENDS TO EXTEND ANY CURRENT  
21 PAYMENT PROJECT INTO THE NEXT FISCAL YEAR;

22 (B) THE STATE DEPARTMENT'S PLANS TO INCORPORATE ANY  
23 PAYMENT PROJECT INTO THE LARGER MEDICAID PAYMENT FRAMEWORK;

24 (C) A DESCRIPTION OF ANY PAYMENT PROJECT PROPOSALS  
25 RECEIVED BY THE STATE DEPARTMENT SINCE THE PRIOR YEAR'S REPORT,  
26 AND WHETHER THE STATE DEPARTMENT INTENDS TO IMPLEMENT ANY NEW  
27 PAYMENT PROJECTS IN THE UPCOMING FISCAL YEAR; AND

1 (D) THE RESULTS OF THE STATE DEPARTMENT'S EVALUATION OF  
2 PAYMENT PROJECTS PURSUANT TO PARAGRAPH (a.5) OF THIS SUBSECTION  
3 (4).

4 (a.5) THE STATE DEPARTMENT SHALL EVALUATE EACH PAYMENT  
5 PROJECT TO DETERMINE:

6 (I) WHETHER THE PAYMENT PROJECT OFFERS THE POTENTIAL FOR  
7 BETTER PATIENT OUTCOMES OR IMPROVED CARE AND THE IMPACT OF  
8 BETTER OUTCOMES AND IMPROVED CARE ON MEDICAID COSTS;

9 (II) WHETHER THE PAYMENT PROJECT CREATES THE OPPORTUNITY  
10 FOR ADMINISTRATIVE EFFICIENCY IN THE MEDICAID PROGRAM;

11 (III) WHETHER THE PAYMENT PROJECT IS BUDGET NEUTRAL OR  
12 GENERATES SAVINGS FOR THE MEDICAID PROGRAM; AND

13 (IV) WHETHER THE PAYMENT PROJECT RESULTED IN CHANGES IN  
14 PROVIDER PARTICIPATION IN THE MEDICAID PROGRAM, AND THE NATURE  
15 OF THOSE CHANGES.

16 **SECTION 2. Appropriation.** (1) For the 2016-17 state fiscal  
17 year, \$245,639 is appropriated to the department of health care policy and  
18 financing for use by the executive director's office. This appropriation is  
19 from the general fund. To implement this act, the office may use this  
20 appropriation as follows:

21 (a) \$37,495 for personal services, which amount is based on an  
22 assumption that the office will require an additional 1.0 FTE;

23 (b) \$635 for operating expenses;

24 (c) \$75,000 for general professional services and special projects;

25 (d) \$81,795 for customer outreach, which amount is subject to the  
26 "(M)" notation as defined in the annual general appropriation act for the  
27 same fiscal year; and

1 (e) \$50,714 for professional services contracts, which amount is  
2 subject to the "(M)" notation as defined in the annual general  
3 appropriation act for the same fiscal year.

4 (2) For the 2016-17 state fiscal year, the general assembly  
5 anticipates that the department of health care policy and financing will  
6 receive \$347,064 in federal funds to implement this act. The  
7 appropriation in subsection (1) of this section is based on the assumption  
8 that the department will receive this amount of federal funds to be used  
9 as follows:

10 (a) \$37,495 for personal services;

11 (b) \$632 for operating expenses;

12 (c) \$75,000 for general professional services and special projects;

13 (d) \$81,795 for customer outreach; and

14 (e) \$152,142 for professional services contracts.

15 **SECTION 3. Safety clause.** The general assembly hereby finds,  
16 determines, and declares that this act is necessary for the immediate  
17 preservation of the public peace, health, and safety.