

First Regular Session  
Seventy-first General Assembly  
STATE OF COLORADO

**REREVISED**

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

LLS NO. 17-1077.04 Brita Darling x2241

**HOUSE BILL 17-1353**

**HOUSE SPONSORSHIP**

**Young, Hamner, Rankin**

**SENATE SPONSORSHIP**

**Lundberg, Lambert, Moreno**

**House Committees**

Public Health Care & Human Services

**Senate Committees**

Appropriations

**A BILL FOR AN ACT**

101      **CONCERNING IMPLEMENTING MEDICAID INITIATIVES THAT CREATE**  
102            **HIGHER VALUE IN THE MEDICAID PROGRAM LEADING TO BETTER**  
103            **HEALTH OUTCOMES FOR MEDICAID CLIENTS, AND, IN**  
104            **CONNECTION THEREWITH, CONTINUING THE IMPLEMENTATION**  
105            **OF THE ACCOUNTABLE CARE COLLABORATIVE AND**  
106            **AUTHORIZING PERFORMANCE-BASED PROVIDER PAYMENTS.**

**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://leg.colorado.gov/>.)*

**Joint Budget Committee.** The bill authorizes the department of

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  
May 9, 2017

SENATE  
Amended 2nd Reading  
May 8, 2017

HOUSE  
3rd Reading Unamended  
April 28, 2017

HOUSE  
Amended 2nd Reading  
April 27, 2017

health care policy and financing (department) to continue its implementation of the medicaid care delivery system, referred to as the accountable care collaborative (ACC). The bill defines the goals of the ACC and the department's implementation of the ACC, including, in part, establishing primary care medical homes for medicaid clients, providing regional coordination and accountability, and integrating physical and behavioral health care delivery. The medical services board is required to promulgate rules implementing the ACC.

The bill requires the department to submit an annual report concerning the implementation of the ACC to the joint budget committee and to the health care committees of the house of representatives and of the senate that oversee the medicaid program. Among other information listed in the bill, the report must include information on the number of medicaid clients participating in the ACC, performance results, and fiscal impacts of the ACC.

The bill authorizes the department of health care policy and financing (department) to implement performance-based payments for medicaid providers. Prior to implementing performance-based payments, the department shall report to the joint budget committee concerning the performance-based payments, including whether the payments require a budget request, the amount of the payments compared to total reimbursements for the affected service, and a description of the stakeholder process and the department's response to stakeholder feedback. After implementation of performance-based payments, the department shall report to the joint budget committee and the health care committees of the house of representatives and the senate that oversee the medicaid program concerning the design of the performance-based payments, the stakeholder engagement process with respect to the payments, and other information regarding the implementation of the performance-based payments described in the bill.

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

2           **SECTION 1.** In Colorado Revised Statutes, 25.5-4-103, **amend**  
3 the introductory portion; and **add** (1.5) as follows:

4           **25.5-4-103. Definitions.** As used in this ~~article~~ ARTICLE 4 and  
5 articles 5 and 6 of this ~~title~~ TITLE 25.5, unless the context otherwise  
6 requires:

7           (1.5) "ACCOUNTABLE CARE COLLABORATIVE" MEANS A MEDICAID  
8 CARE DELIVERY SYSTEM ESTABLISHED PURSUANT TO SECTION 25.5-5-419.

1           **SECTION 2.** In Colorado Revised Statutes, **add** 25.5-5-419 as  
2 follows:

3           **25.5-5-419. Accountable care collaborative - reporting - rules.**

4 (1) IN 2011, THE STATE DEPARTMENT CREATED THE ACCOUNTABLE CARE  
5 COLLABORATIVE, ALSO REFERRED TO IN THIS TITLE 25.5 AS THE MEDICAID  
6 COORDINATED CARE SYSTEM. THE STATE DEPARTMENT SHALL CONTINUE  
7 TO PROVIDE CARE DELIVERY THROUGH THE ACCOUNTABLE CARE  
8 COLLABORATIVE. THE GOALS OF THE ACCOUNTABLE CARE  
9 COLLABORATIVE ARE TO IMPROVE MEMBER HEALTH AND REDUCE COSTS  
10 IN THE MEDICAID PROGRAM. TO ACHIEVE THESE GOALS, THE STATE  
11 DEPARTMENT'S IMPLEMENTATION OF THE ACCOUNTABLE CARE  
12 COLLABORATIVE MUST INCLUDE, BUT NEED NOT BE LIMITED TO:

13           (a) ESTABLISHING PRIMARY CARE MEDICAL HOMES FOR MEDICAID  
14 CLIENTS WITHIN THE ACCOUNTABLE CARE COLLABORATIVE;

15           (b) PROVIDING REGIONAL CARE COORDINATION AND PROVIDER  
16 NETWORK SUPPORT;

17           (c) PROVIDING DATA TO REGIONAL ENTITIES AND PROVIDERS TO  
18 HELP MANAGE CLIENT CARE;

19           (d) INTEGRATING THE DELIVERY OF BEHAVIORAL HEALTH,  
20 INCLUDING MENTAL HEATH AND SUBSTANCE USE DISORDERS, AND  
21 PHYSICAL HEALTH SERVICES FOR CLIENTS;

22           (e) CONNECTING PRIMARY CARE WITH SPECIALTY CARE AND  
23 NONHEALTH COMMUNITY SUPPORTS;

24           (f) PROMOTING MEMBER CHOICE AND ENGAGEMENT;

25           (g) PROMOTING TELEHEALTH AND TELEMEDICINE;

26           (h) UTILIZING INNOVATIVE CARE MODELS AND PROVIDER PAYMENT  
27 MODELS AS PART OF THE CARE DELIVERY SYSTEM, INCLUDING CAPITATED

1 MANAGED CARE MODELS WITHIN THE BROADER ACCOUNTABLE CARE  
2 COLLABORATIVE;

3 (i) RECEIVING FEEDBACK FROM AFFECTED STAKEHOLDER GROUPS;

4 (j) ESTABLISHING A FLEXIBLE STRUCTURE THAT WOULD ALLOW  
5 FOR THE EFFICIENT OPERATION OF THE ACCOUNTABLE CARE  
6 COLLABORATIVE TO FURTHER INCLUDE MEDICAID POPULATIONS AND  
7 SERVICES, INCLUDING LONG-TERM CARE SERVICES AND SUPPORTS; AND

8 (k) ESTABLISHING A CARE DELIVERY SYSTEM AND PROVIDER  
9 PAYMENT PLATFORM THAT CAN ADAPT TO CHANGING FEDERAL FINANCIAL  
10 PARTICIPATION MODELS OR FUNDING LEVELS.

11 (2) THE STATE DEPARTMENT SHALL FACILITATE TRANSPARENCY  
12 AND COLLABORATION IN THE DEVELOPMENT, PERFORMANCE  
13 MANAGEMENT, AND EVALUATION OF THE ACCOUNTABLE CARE  
14 COLLABORATIVE THROUGH THE CREATION OF STAKEHOLDER ADVISORY  
15 COMMITTEES.

16 (3) ON OR BEFORE DECEMBER 1, 2017, AND ON OR BEFORE  
17 DECEMBER 1 EACH YEAR THEREAFTER, THE STATE DEPARTMENT SHALL  
18 PREPARE AND SUBMIT A REPORT TO THE JOINT BUDGET COMMITTEE, THE  
19 PUBLIC HEALTH CARE AND HUMAN SERVICES COMMITTEE OF THE HOUSE OF  
20 REPRESENTATIVES, AND THE HEALTH AND HUMAN SERVICES COMMITTEE  
21 OF THE SENATE, OR ANY SUCCESSOR COMMITTEES, CONCERNING THE  
22 IMPLEMENTATION OF THE ACCOUNTABLE CARE COLLABORATIVE.  
23 NOTWITHSTANDING THE PROVISIONS OF SECTION 24-1-136 (11)(a)(I), THE  
24 REPORT REQUIRED PURSUANT TO THIS SUBSECTION (3) CONTINUES  
25 INDEFINITELY. AT A MINIMUM, THE STATE DEPARTMENT'S REPORT MUST  
26 INCLUDE THE FOLLOWING INFORMATION CONCERNING THE ACCOUNTABLE  
27 CARE COLLABORATIVE:

1 (a) THE NUMBER OF MEDICAID CLIENTS ENROLLED IN THE  
2 PROGRAM;

3 (b) PERFORMANCE RESULTS WITH AN EMPHASIS ON MEMBER  
4 HEALTH IMPACTS;

5 (c) CURRENT ADMINISTRATIVE FEES AND COSTS FOR THE  
6 PROGRAM;

7 (d) FISCAL PERFORMANCE;

8 (e) A DESCRIPTION OF ACTIVITIES THAT PROMOTE ACCESS TO  
9 SERVICES FOR MEDICAID MEMBERS IN RURAL AND FRONTIER COUNTIES;

10 (f) A DESCRIPTION OF THE STATE DEPARTMENT'S COORDINATION  
11 WITH ENTITIES THAT AUTHORIZE LONG-TERM CARE SERVICES FOR  
12 MEDICAID CLIENTS;

13 (g) INFORMATION ON ANY ADVISORY COMMITTEES CREATED,  
14 INCLUDING THE PARTICIPANTS, FOCUS, STAKEHOLDER FEEDBACK, AND  
15 OUTCOMES OF THE WORK OF THE ADVISORY COMMITTEES;

16 (h) FUTURE AREAS OF PROGRAM FOCUS AND DEVELOPMENT,  
17 INCLUDING, AMONG OTHERS, A PLAN TO STUDY THE COSTS AND BENEFITS  
18 OF FURTHER COVERAGE OF SUBSTANCE USE DISORDER TREATMENT; AND

19 (i) INFORMATION CONCERNING EFFORTS TO REDUCE MEDICAID  
20 WASTE AND INEFFICIENCIES THROUGH THE ACCOUNTABLE CARE  
21 COLLABORATIVE, INCLUDING:

22 (I) THE SPECIFIC EFFORTS WITHIN THE ACCOUNTABLE CARE  
23 COLLABORATIVE, INCLUDING A SUMMARY OF TECHNOLOGY-BASED  
24 EFFORTS, TO IDENTIFY AND IMPLEMENT BEST PRACTICES RELATING TO  
25 COST CONTAINMENT; REDUCING AVOIDABLE, DUPLICATIVE, VARIABLE,  
26 AND INAPPROPRIATE USES OF HEALTH CARE RESOURCES; AND THE  
27 OUTCOME OF THOSE EFFORTS, INCLUDING COST SAVINGS, IF KNOWN;

1 (II) ANY STATUTES, POLICIES, OR PROCEDURES THAT PREVENT  
2 REGIONAL ENTITIES FROM REALIZING EFFICIENCIES AND REDUCING WASTE  
3 WITHIN THE MEDICAID SYSTEM; AND

4 (III) ANY OTHER EFFORTS BY REGIONAL ENTITIES OR THE STATE  
5 DEPARTMENT TO ENSURE THAT THOSE WHO PROVIDE CARE FOR MEDICAID  
6 CLIENTS ARE AWARE OF AND ACTIVELY PARTICIPATE IN REDUCING WASTE  
7 WITHIN THE MEDICAID SYSTEM.

8 (4) ON OR BEFORE DECEMBER 1, 2017, THE STATE DEPARTMENT  
9 SHALL SUBMIT A REPORT TO THE JOINT BUDGET COMMITTEE, THE PUBLIC  
10 HEALTH CARE AND HUMAN SERVICES COMMITTEE OF THE HOUSE OF  
11 REPRESENTATIVES, AND THE HEALTH AND HUMAN SERVICES COMMITTEE  
12 OF THE SENATE, OR ANY SUCCESSOR COMMITTEES, OUTLINING THE  
13 STATUTORY CHANGES NEEDED TO PART 4 OF THIS ARTICLE 5 RELATING TO  
14 THE STATEWIDE MANAGED CARE SYSTEM, AS WELL AS ANY OTHER  
15 SECTIONS OF THE COLORADO REVISED STATUTES, IN ORDER TO ALIGN  
16 COLORADO LAW WITH THE FEDERAL "MEDICAID AND CHIP MANAGED  
17 CARE FINAL RULE", CMS-2390-F.

18 (5) THE STATE BOARD SHALL PROMULGATE RULES IMPLEMENTING  
19 THE ACCOUNTABLE CARE COLLABORATIVE.

20 (6) THE STATE DEPARTMENT SHALL CONSIDER NEW TECHNOLOGIES  
21 AND BUSINESS PRACTICES FOR MEDICAL MANAGEMENT REFORM THAT  
22 WOULD REDUCE MEDICAL COSTS DUE TO MISUSE, OVERUSE, WASTE,  
23 FRAUD, AND ABUSE. BETTER DRUG MANAGEMENT, ESPECIALLY OF  
24 AVOIDABLE PRESCRIPTIONS AND INEFFICIENT USE OF SPECIALTY DRUGS,  
25 WOULD ALLOW THE ENTIRE PRESCRIPTION DRUG COST CONTINUUM TO BE  
26 MANAGED MORE EFFECTIVELY TO CONTAIN COSTS AND ACHIEVE BETTER  
27 PATIENT OUTCOMES. NEW TECHNOLOGIES AND BUSINESS PRACTICES FOR

1 MEDICAL MANAGEMENT REFORM MAY ALSO BENEFIT COLORADO BY  
2 PROVIDING A MORE POWERFUL MEDICAID ENROLLMENT PLATFORM THAT  
3 PROPERLY ENROLLS ONLY THOSE INDIVIDUALS WHO ARE TRULY ELIGIBLE  
4 FOR MEDICAID BENEFITS.

5 **SECTION 3.** In Colorado Revised Statutes, **add** 25.5-4-401.2 as  
6 follows:

7 **25.5-4-401.2. Performance-based payments - reporting.** (1) TO  
8 IMPROVE HEALTH OUTCOMES AND LOWER HEALTH CARE COSTS, THE STATE  
9 DEPARTMENT MAY DEVELOP PAYMENTS TO PROVIDERS THAT ARE BASED  
10 ON QUANTIFIABLE PERFORMANCE OR MEASURES OF QUALITY OF CARE.  
11 THESE PERFORMANCE-BASED PAYMENTS MAY INCLUDE, BUT ARE NOT  
12 LIMITED TO, PAYMENTS TO:

- 13 (a) PRIMARY CARE PROVIDERS;
- 14 (b) FEDERALLY QUALIFIED HEALTH CENTERS;
- 15 (c) PROVIDERS OF LONG-TERM CARE SERVICES AND SUPPORTS; AND
- 16 (d) BEHAVIORAL HEALTH PROVIDERS, INCLUDING, BUT NOT  
17 LIMITED TO:

18 (I) COMMUNITY MENTAL HEALTH CENTERS, AS DEFINED IN SECTION  
19 27-66-101; AND

20 (II) ENTITIES CONTRACTED WITH THE DEPARTMENT TO  
21 ADMINISTER THE MEDICAID COMMUNITY MENTAL HEALTH SERVICES  
22 PROGRAM, ESTABLISHED IN SECTION 25.5-5-411.

23 (2) (a) PRIOR TO IMPLEMENTING PERFORMANCE-BASED PAYMENTS  
24 IN THE MEDICAID PROGRAM PURSUANT TO THIS ARTICLE 4 AND ARTICLES  
25 5 AND 6 OF THIS TITLE 25.5, INCLUDING PERFORMANCE-BASED PAYMENTS  
26 SET FORTH IN THIS SECTION, THE STATE DEPARTMENT SHALL SUBMIT TO  
27 THE JOINT BUDGET COMMITTEE:

1 (I) (A) EVIDENCE THAT THE PERFORMANCE-BASED PAYMENTS ARE  
2 DESIGNED TO ACHIEVE BUDGET SAVINGS; OR

3 (B) A BUDGET REQUEST FOR COSTS ASSOCIATED WITH THE  
4 PERFORMANCE-BASED PAYMENTS;

5 (II) THE ESTIMATED PERFORMANCE-BASED PAYMENTS COMPARED  
6 TO TOTAL REIMBURSEMENTS FOR THE AFFECTED SERVICE; AND

7 (III) A DESCRIPTION OF THE STAKEHOLDER ENGAGEMENT PROCESS  
8 FOR DEVELOPING THE PERFORMANCE-BASED PAYMENTS, INCLUDING THE  
9 PARTICIPANTS IN THE PROCESS AND A SUMMARY OF THE STAKEHOLDER  
10 FEEDBACK, AND THE STATE DEPARTMENT'S RESPONSE TO STAKEHOLDER  
11 FEEDBACK.

12 (b) THE INFORMATION REQUIRED PURSUANT TO SUBSECTION (2)(a)  
13 OF THIS SECTION MUST BE PROVIDED ON OR BEFORE NOVEMBER 1 FOR  
14 PERFORMANCE-BASED PAYMENTS THAT WILL TAKE EFFECT IN THE  
15 FOLLOWING FISCAL YEAR UNLESS THE STATE DEPARTMENT INCLUDES WITH  
16 ITS SUBMISSION AN EXPLANATION OF THE NEED FOR FASTER  
17 IMPLEMENTATION OF THE PAYMENT. IF FASTER IMPLEMENTATION IS  
18 REQUESTED, THE STATE DEPARTMENT SHALL PROVIDE THE INFORMATION  
19 AT LEAST THREE MONTHS PRIOR TO THE IMPLEMENTATION OF THE  
20 PERFORMANCE-BASED PAYMENTS UNLESS COMPLIANCE WITH FEDERAL  
21 LAW NECESSITATES SHORTER NOTICE.

22 (3) ON OR BEFORE NOVEMBER 1, 2017, AND ON OR BEFORE  
23 NOVEMBER 1 EACH YEAR THEREAFTER, THE STATE DEPARTMENT SHALL  
24 SUBMIT A REPORT TO THE JOINT BUDGET COMMITTEE, THE PUBLIC HEALTH  
25 CARE AND HUMAN SERVICES COMMITTEE OF THE HOUSE OF  
26 REPRESENTATIVES, AND THE HEALTH AND HUMAN SERVICES COMMITTEE  
27 OF THE SENATE, OR ANY SUCCESSOR COMMITTEES, DESCRIBING RULES



1 ADOPTED BY THE STATE BOARD AND CONTRACT PROVISIONS APPROVED BY  
2 THE CENTERS FOR MEDICARE AND MEDICAID SERVICES IN THE PRECEDING  
3 CALENDAR YEAR THAT AUTHORIZE PAYMENTS TO PROVIDERS BASED ON  
4 PERFORMANCE. NOTWITHSTANDING THE PROVISIONS OF SECTION 24-1-136  
5 (11)(a)(I), THE REPORT REQUIRED PURSUANT TO THIS SUBSECTION (3)  
6 CONTINUES INDEFINITELY. THE REPORT MUST INCLUDE, AT A MINIMUM:

7 (a) A DESCRIPTION OF PERFORMANCE-BASED PAYMENTS INCLUDED  
8 IN STATE BOARD RULES, INCLUDING WHICH PERFORMANCE STANDARDS  
9 ARE TARGETED WITH EACH PERFORMANCE-BASED PAYMENT;

10 (b) A DESCRIPTION OF THE GOALS AND OBJECTIVES OF THE  
11 PERFORMANCE-BASED PAYMENTS, AND HOW THOSE GOALS AND  
12 OBJECTIVES ALIGN WITH OTHER QUALITY IMPROVEMENT INITIATIVES;

13 (c) A SUMMARY OF THE RESEARCH-BASED EVIDENCE FOR THE  
14 PERFORMANCE-BASED PAYMENTS, TO THE EXTENT SUCH EVIDENCE IS  
15 AVAILABLE;

16 (d) A SUMMARY OF THE ANTICIPATED IMPACT AND CLINICAL AND  
17 NONCLINICAL OUTCOMES OF IMPLEMENTING THE PERFORMANCE-BASED  
18 PAYMENTS;

19 (e) A DESCRIPTION OF HOW THE IMPACT OR OUTCOMES WILL BE  
20 EVALUATED;

21 (f) AN EXPLANATION OF STEPS TAKEN BY THE STATE DEPARTMENT  
22 TO LIMIT THE ADMINISTRATIVE BURDEN ON PROVIDERS;

23 (g) A SUMMARY OF THE STAKEHOLDER ENGAGEMENT PROCESS  
24 WITH RESPECT TO EACH PERFORMANCE-BASED PAYMENT, INCLUDING  
25 MAJOR CONCERNS RAISED THROUGH THE STAKEHOLDER PROCESS AND  
26 HOW THOSE CONCERNS WERE REMEDIATED;

27 (h) WHEN AVAILABLE, EVALUATION RESULTS FOR

1 PERFORMANCE-BASED PAYMENTS THAT WERE IMPLEMENTED IN PRIOR  
2 YEARS; AND

3 (i) A DESCRIPTION OF PROPOSED MODIFICATIONS TO CURRENT  
4 PERFORMANCE-BASED PAYMENTS.

5 **SECTION 4. Safety clause.** The general assembly hereby finds,  
6 determines, and declares that this act is necessary for the immediate  
7 preservation of the public peace, health, and safety.