

Second Regular Session  
Seventy-first General Assembly  
STATE OF COLORADO

**ENGROSSED**

*This Version Includes All Amendments Adopted  
on Second Reading in the House of Introduction*

LLS NO. 18-0170.01 Brita Darling x2241

**HOUSE BILL 18-1431**

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**HOUSE SPONSORSHIP**

**Ginal,**

**SENATE SPONSORSHIP**

**Smallwood,**

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**House Committees**

Health, Insurance, & Environment

**Senate Committees**

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**A BILL FOR AN ACT**

101      **CONCERNING UPDATING MANAGED CARE PROVISIONS IN THE MEDICAL**  
102                    **ASSISTANCE PROGRAM, AND, IN CONNECTION THEREWITH,**  
103                    **ALIGNING MANAGED CARE PROVISIONS WITH NEW FEDERAL**  
104                    **MANAGED CARE REGULATIONS, REMOVING OBSOLETE OR**  
105                    **DUPLICATIVE STATUTORY LANGUAGE AND PROGRAMS, AND**  
106                    **UPDATING AND ALIGNING STATUTORY PROVISIONS TO REFLECT**  
107                    **THE CURRENT STATEWIDE MANAGED CARE SYSTEM.**

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**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>.)*

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

HOUSE  
2nd Reading Unamended  
May 4, 2018

The bill amends, repeals, and relocates provisions of part 4 of article 5 of title 25.5, Colorado Revised Statutes, relating to managed care provisions under the medical assistance program to align with the federal "Medicaid and CHIP Managed Care Final Rule of 2016", and to reflect the implementation of the accountable care collaborative as the statewide managed care system.

The bill:

- ! Updates the definition of the statewide managed care system and makes conforming amendments throughout the statutes;
- ! Integrates medicaid community mental health services into the statewide managed care system;
- ! Includes capitated rates specifically for community mental health services;
- ! Establishes the medical home model of care for the statewide managed care system;
- ! Relocates provisions relating to graduate medical education;
- ! Clarifies that the statewide managed care system is authorized to provide services under a single managed care entity (MCE) or a combination of MCE types, including primary care case management entities authorized under federal law;
- ! Removes duplicate provisions relating to the medicaid reform and innovation pilot program;
- ! Relocates provisions relating to the requirement that MCEs certify capitation payments as sufficient;
- ! Removes outdated language referencing behavioral health organizations;
- ! Updates the definitions for "managed care" and "managed care entities" and adds definitions for "medical home" and "primary care case management entities";
- ! Aligns provisions in statutes relating to the features of MCEs with new and existing federal managed care regulations that require:
  - ! Criteria for accepting enrollees and protecting enrollees from discrimination;
  - ! Provisions relating to network adequacy standards;
  - ! Revised communication standards;
  - ! Updated provisions relating to grievances and appeals;
  - ! Participation in a comprehensive quality assessment and performance improvement program; and
  - ! Administration of a program integrity system;

- ! Removes certain provisions from statute relating to prescription drug contracting practices that were relevant to a competitive managed care organization model or that duplicated provisions established in rule;
- ! Removes references to the obsolete primary care physician program;
- ! Increases the timeline for the rate setting process for capitation rates to meet new federal review requirements;
- ! Repeals statutory sections that contain provisions that are relocated or revised and included in other statutory sections in the bill, and repeals statutory sections that include obsolete programs or policies; and
- ! Updates statutory references to reflect the relocated, revised, or repealed provisions.

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

2 **SECTION 1.** In Colorado Revised Statutes, **amend with**  
 3 **amended and relocated provisions** 25.5-5-402 as follows:

4 **25.5-5-402. Statewide managed care system - definition.**

5 (1) The state board shall adopt rules to implement a STATEWIDE managed  
 6 care system for Colorado medical assistance ~~clients~~ RECIPIENTS pursuant  
 7 to the provisions of this ~~article~~ ARTICLE 5 and articles 4 and 6 of this ~~title~~  
 8 TITLE 25.5. The statewide managed care system shall be implemented to  
 9 the extent possible.

10 (2) The STATEWIDE managed care system implemented pursuant  
 11 to this ~~article shall~~ ARTICLE 5 DOES not include:

12 (a) The services delivered under the residential child health care  
 13 program described in section 25.5-5-306, except in those counties in  
 14 which there is a written agreement between the county department of  
 15 HUMAN OR social services, the designated and contracted ~~behavioral~~  
 16 ~~health organization selected pursuant to section 25.5-5-411~~ MCE  
 17 RESPONSIBLE FOR COMMUNITY BEHAVIORAL HEALTH CARE, and the state

1 department;

2 (b) Long-term care services and the program of all-inclusive care  
3 for the elderly, as described in section 25.5-5-412. For purposes of this  
4 subsection (2), "long-term care services" means nursing facilities and  
5 home- and community-based services provided to eligible clients who  
6 have been determined to be in need of such services pursuant to the  
7 "Colorado Medical Assistance Act" and the state board's rules.

8 (3) **Bidding.** ~~The state department is authorized to institute a~~  
9 ~~program for competitive bidding pursuant to section 24-103-202 or~~  
10 ~~24-103-203, C.R.S., for managed care entities seeking to provide medical~~  
11 ~~services for medicaid clients eligible to be enrolled in managed care. The~~  
12 ~~state department is authorized to award contracts to more than one~~  
13 ~~offeror. The state department procedures shall seek to use competitive~~  
14 ~~bidding procedures to maximize the number of managed care choices~~  
15 ~~available to medicaid clients over the long term that meet the~~  
16 ~~requirements of sections 25.5-5-404 and 25.5-5-406. THE STATEWIDE~~  
17 ~~MANAGED CARE SYSTEM MUST INCLUDE A STATEWIDE SYSTEM OF~~  
18 ~~COMMUNITY BEHAVIORAL HEALTH CARE THAT MUST:~~

19 (a) **[Formerly 25.5-5-411 (1)(a)]** ~~There is an urgent need to~~  
20 ~~Address the economic, social, and personal costs to the state of Colorado~~  
21 ~~and its citizens of untreated BEHAVIORAL HEALTH DISORDERS, INCLUDING~~  
22 ~~mental health and substance use disorders;~~

23 (b) **[Formerly 25.5-5-411 (1)(b)]** ~~APPROACH behavioral health~~  
24 ~~disorders including mental health and substance use disorders, are AS~~  
25 ~~treatable conditions not unlike other chronic health issues that require a~~  
26 ~~combination of behavioral change and medication or other treatment;~~  
27 ~~When individuals receive appropriate prevention, early intervention,~~

1 ~~treatment, and recovery services, they can live full, productive lives.~~

2 (c) ~~[Formerly 25.5-5-411 (1)(f)]~~ OFFER timely access through  
3 multiple points of entry to a full continuum of culturally responsive  
4 BEHAVIORAL HEALTH services, including prevention, early intervention,  
5 crisis response, treatment, and recovery ~~is necessary for an effective~~  
6 ~~integrated system~~ SERVICES, THAT SUPPORT INDIVIDUALS LIVING FULL,  
7 PRODUCTIVE LIVES;

8 (d) ~~[Formerly 25.5-5-411 (1)(e)]~~ ~~Adult and youth consumers and~~  
9 ~~their families need~~ FEATURE A COMPREHENSIVE AND INTEGRATED SYSTEM  
10 OF quality behavioral health care that is individualized and coordinated  
11 to meet ~~their~~ INDIVIDUALS' changing needs; ~~through a comprehensive and~~  
12 ~~integrated system;~~ AND

13 (e) BE PAID FOR BY THE STATE DEPARTMENT ESTABLISHING  
14 CAPITATED RATES SPECIFICALLY FOR COMMUNITY MENTAL HEALTH  
15 SERVICES THAT ACCOUNT FOR A COMPREHENSIVE CONTINUUM OF NEEDED  
16 SERVICES SUCH AS THOSE PROVIDED BY COMMUNITY MENTAL HEALTH  
17 CENTERS AS DEFINED IN SECTION 27-66-101;

18 (f) ~~[Formerly 25.5-5-411 (1)(j)]~~ ~~The overarching goal of this~~  
19 ~~behavioral health system transformation shall be to~~ Make the behavioral  
20 health system's administrative processes, service delivery, and funding  
21 more effective and efficient to improve outcomes for Colorado citizens.

22 (4) ~~Waivers.~~ The implementation of this part 4 is conditioned, to  
23 ~~the extent applicable,~~ on the issuance of necessary waivers by the federal  
24 ~~government.~~ The provisions of this part 4 shall be implemented to the  
25 ~~extent authorized by federal waiver, if so required by federal law~~ THE  
26 STATEWIDE MANAGED CARE SYSTEM MUST PROMOTE THE UTILIZATION OF  
27 THE MEDICAL HOME MODEL OF CARE FOR ALL ENROLLED MEMBERS. THE

1 MEDICAL HOME MODEL OF CARE ESTABLISHES A FOCAL POINT OF CARE FOR  
2 COMPREHENSIVE PRIMARY CARE AND EFFICIENT COORDINATION WITH  
3 SPECIALTY CARE PROVIDERS AND OTHER HEALTH CARE SYSTEMS. THE  
4 MEDICAL HOME MODEL HAS PROVEN EFFECTIVE IN PROMOTING EARLY  
5 INTERVENTION AND PREVENTION, IMPROVING INDIVIDUALS' HEALTH, AND  
6 REDUCING HEALTH CARE COSTS.

7 (5) ~~Graduate medical education.~~ The state department shall  
8 continue the graduate medical education, referred to in this subsection (5)  
9 as "GME", funding to teaching hospitals that have graduate medical  
10 education expenses in their medicare cost report and are participating as  
11 providers under one or more MCEs with a contract with the state  
12 department under this part 4. GME funding for recipients enrolled in an  
13 MCE shall be excluded from the premiums paid to the MCE and shall be  
14 paid directly to the teaching hospital. The state board shall adopt rules to  
15 implement this subsection (5) and establish the rate and method of  
16 reimbursement THE STATEWIDE MANAGED CARE SYSTEM BUILDS UPON  
17 THE LESSONS LEARNED FROM PREVIOUS MANAGED CARE AND COMMUNITY  
18 BEHAVIORAL HEALTH CARE PROGRAMS IN THE STATE IN ORDER TO REDUCE  
19 BARRIERS THAT MAY NEGATIVELY IMPACT MEDICAID RECIPIENT  
20 EXPERIENCE, MEDICAID RECIPIENT HEALTH, AND EFFICIENT USE OF STATE  
21 RESOURCES. THE STATEWIDE MANAGED CARE SYSTEM IS AUTHORIZED TO  
22 PROVIDE SERVICES UNDER A SINGLE MCE TYPE OR A COMBINATION OF  
23 MCE TYPES.

24 (6) (a) ~~For requests for proposals occurring on and after January~~  
25 ~~1, 2015, the state department shall allow for payment proposals that~~  
26 ~~include, but need not be limited to, global payment, risk adjustment, risk~~  
27 ~~sharing, and aligned payment incentives, including, but not limited to,~~

1 ~~gainsharing, for health benefits and services provided to medical~~  
2 ~~assistance clients pursuant to sections 25.5-5-404 (1)(k) and (1)(l),~~  
3 ~~25.5-5-406 (2), and paragraph (b) of subsection (2) of this section.~~

4 ~~(b) The state department shall have the discretion to determine~~  
5 ~~which proposals satisfy the request for proposal, including:~~

6 ~~(I) Whether the proposals are appropriate for the state's~~  
7 ~~coordinated care system; and~~

8 ~~(II) The state department's ability to ensure inpatient and~~  
9 ~~outpatient hospital reimbursements are maximized up to the upper limits,~~  
10 ~~as defined in 42 CFR 447.272 and 42 CFR 447.321 and calculated by the~~  
11 ~~state department periodically.~~

12 ~~(c) The state department may seek any federal waiver necessary~~  
13 ~~to ensure that the effect of the request for proposals does not adversely~~  
14 ~~impact upper payment limits and considerations shall include, but are not~~  
15 ~~limited to, the establishment of an uncompensated care cost pool or a~~  
16 ~~hospital incentive program.~~

17 ~~(6) [Formerly 25.5-5-406 (1)(a)(I) introductory portion] The~~  
18 ~~state department shall, to the extent it determines feasible, provide~~  
19 ~~medicaid-eligible recipients a choice among competing MCEs. MCEs~~  
20 ~~shall provide enrollees a choice among providers within the MCE.~~  
21 ~~Consistent with federal requirements and rules promulgated by the state~~  
22 ~~board, the state department is authorized to assign a medicaid recipient to~~  
23 ~~a particular MCE, or PCCM if: CONSISTENT WITH FEDERAL~~  
24 ~~REQUIREMENTS AND RULES PROMULGATED BY THE STATE BOARD.~~

25 ~~(7) THE STATE DEPARTMENT IS AUTHORIZED TO ENTER INTO A~~  
26 ~~CONTRACT WITH MCOs, PCCM ENTITIES, PREPAID AMBULATORY HEALTH~~  
27 ~~PLANS, AND PREPAID INPATIENT HEALTH PLANS, SUBJECT TO THE RECEIPT~~

1 OF ANY REQUIRED FEDERAL AUTHORIZATIONS AND PURSUANT TO THE  
2 REQUIREMENTS OF THIS SECTION.

3 (8) [Formerly 25.5-5-402 (4)] **Waivers.** The implementation of  
4 this part 4 is conditioned, to the extent applicable, on the issuance of  
5 necessary waivers by the federal government. The provisions of this part  
6 4 ~~shall~~ MUST be implemented to the extent authorized by federal waiver,  
7 if so required by federal law.

8 (9) [Formerly 25.5-5-402 (3)] **Bidding.** The state department is  
9 authorized to institute a program for competitive bidding pursuant to  
10 section 24-103-202 or 24-103-203 ~~C.R.S.~~, for ~~managed care entities~~  
11 MCEs seeking to provide, ~~medical~~ ARRANGE FOR, OR OTHERWISE BE  
12 RESPONSIBLE FOR THE PROVISION OF services for ~~medicaid clients eligible~~  
13 ~~to be enrolled in managed care~~ to its ENROLLEES. The state department is  
14 authorized to award contracts to more than one offeror. The state  
15 department ~~procedures shall seek to~~ use competitive bidding procedures  
16 to ~~maximize the number of managed~~ ENCOURAGE COMPETITION AND  
17 IMPROVE THE QUALITY OF care ~~choices~~ available to medicaid ~~clients~~  
18 RECIPIENTS over the long term that ~~meet~~ MEETS the requirements of  
19 sections ~~25.5-5-404 and 25.5-5-406~~ 25.5-5-402 AND 25.5-5-406.1.

20 (10) [Formerly 25.5-5-404 (1)(k)] ~~Except as provided in~~  
21 ~~paragraph (m) of this subsection (1), for capitation payments effective on~~  
22 ~~and after July 1, 2003,~~ An MCE that is contracting for a defined scope of  
23 services under a risk contract shall certify the financial stability of the  
24 MCE pursuant to criteria established by the division of insurance. ~~and~~  
25 ~~shall certify, as a condition of entering into a contract with the state~~  
26 ~~department, that the capitation payments set forth in the contract between~~  
27 ~~the MCE and the state department are sufficient to ensure the financial~~



1 stability of the MCE with respect to delivery of services to the medicaid  
2 recipients covered in the contract.

3 (11) THE STATE DEPARTMENT SHALL CONDUCT A REVIEW OF EACH  
4 MCE, IN ACCORDANCE WITH FEDERAL REQUIREMENTS, PRIOR TO THE  
5 IMPLEMENTATION OF A CONTRACT TO ASSESS THE ABILITY AND CAPACITY  
6 OF THE MCE TO SATISFACTORILY PERFORM THE OPERATIONAL  
7 REQUIREMENTS OF THE CONTRACT.

8 (12) [Formerly 25.5-5-402 (5)] **Graduate medical education.**  
9 The state department shall continue the graduate medical education,  
10 referred to in this subsection ~~(5)~~ (12) as "GME", funding to teaching  
11 hospitals that have graduate medical education expenses in their medicare  
12 cost report and are participating as providers under one or more MCEs  
13 with a contract with the state department under this part 4. GME funding  
14 for recipients enrolled in an MCE ~~shall be~~ IS excluded from the premiums  
15 paid to the MCE and ~~shall~~ MUST be paid directly to the teaching hospital.  
16 The state board shall adopt rules to implement this subsection ~~(5)~~ (12) and  
17 establish the rate and method of reimbursement.

18 (13) [Formerly 25.5-5-404 (5)] Nothing in this part 4 ~~shall be~~  
19 ~~construed to create~~ CREATES an exemption from the applicable provisions  
20 of title 10. ~~C.R.S.~~

21 (14) [Formerly 25.5-5-404 (6)] Nothing in this part 4 ~~shall be~~  
22 ~~construed to create~~ CREATES an entitlement to an MCE to contract with  
23 the state department.

24 **SECTION 2.** In Colorado Revised Statutes, 25.5-5-403, **amend**  
25 (2.5), (3)(a), (4), and (8); **repeal** (1); and **add** (5.5) and (7.5) as follows:

26 **25.5-5-403. Definitions.** As used in this part 4, unless the context  
27 otherwise requires:

1 (1) ~~"Behavioral health organization", referred to in this part 4 as~~  
2 ~~a "BHO", means an entity contracting with the state department to~~  
3 ~~provide only behavioral health services.~~

4 (2.5) "Global payment" means a population-based payment  
5 mechanism that is constructed on a per-member, per-month calculation.  
6 Global payments ~~shall~~ MUST account for prospective local community or  
7 health system cost trends and value, as measured by quality and  
8 satisfaction metrics, and ~~shall~~ incorporate community cost experience and  
9 reported encounter data to the greatest extent possible to address regional  
10 variation and improve longitudinal performance. Risk adjustments,  
11 risk-sharing, and aligned payment incentives may be utilized to achieve  
12 performance improvement. The rate calculations for global payment are  
13 exempt from the provisions of section 25.5-5-408. An entity that uses  
14 global payment pursuant to section ~~25.5-5-404~~ 25.5-5-402 shall meet the  
15 applicable financial solvency requirements of ~~section 25.5-5-404 (1)(k)~~  
16 ~~and (1)(l)~~ SECTIONS 25.5-5-402 (10) AND 25.5-5-408 (1)(f) and the  
17 essential community provider requirements of ~~section 25.5-5-404 (2) and~~  
18 ~~(3)~~ SECTIONS 25.5-5-406.1 (1)(f)(II) AND 25.5-5-408 (1)(d).

19 (3) (a) "Managed care" means

20 ~~(f) a predefined set of services to recipients delivered by a~~  
21 ~~managed care entity as defined in subsection (4) of this section; or~~  
22 HEALTH CARE DELIVERY SYSTEM ORGANIZED TO MANAGE COSTS,  
23 UTILIZATION, AND QUALITY. MEDICAID MANAGED CARE PROVIDES FOR THE  
24 DELIVERY OF MEDICAID HEALTH BENEFITS AND ADDITIONAL SERVICES  
25 THROUGH CONTRACTED ARRANGEMENTS BETWEEN STATE MEDICAID  
26 AGENCIES AND MCES.

27 ~~(H) The delivery of services provided by the primary care~~

1 ~~physician program established in section 25.5-5-407, which is a primary~~  
2 ~~care case manager as defined in subsection (8) of this section.~~

3 ~~(HH) (Deleted by amendment, L. 2008, p. 390, § 2, effective~~  
4 ~~August 5, 2008.)~~

5 (4) "Managed care entity", referred to in this part 4 as an "MCE",  
6 means an entity that enters into a contract to provide services in a THE  
7 STATEWIDE managed care system, including ~~managed care organizations~~  
8 MCOs, prepaid inpatient health plans, ~~and~~ prepaid ambulatory health  
9 plans, ~~but excluding primary care case managers, as defined in subsection~~  
10 ~~(8) of this section~~ AND PCCM ENTITIES.

11 (5.5) "MEDICAL HOME" MEANS AN APPROPRIATELY QUALIFIED  
12 MEDICAL HEALTH CARE PRACTICE THAT VERIFIABLY ENSURES CONTINUOUS  
13 ACCESS TO COMPREHENSIVE, ACCESSIBLE, AND COORDINATED  
14 COMMUNITY-BASED PRIMARY CARE. ALL MEDICAL HOMES MAY HAVE, BUT  
15 ARE NOT LIMITED TO, THE FOLLOWING:

- 16 (a) HEALTH MAINTENANCE AND PREVENTIVE CARE;
- 17 (b) ANTICIPATORY GUIDANCE AND HEALTH EDUCATION;
- 18 (c) ACUTE AND CHRONIC ILLNESS CARE;
- 19 (d) COORDINATION OF MEDICATIONS, SPECIALISTS, AND  
20 THERAPIES;
- 21 (e) PROVIDER PARTICIPATION IN HOSPITAL CARE; AND
- 22 (f) MENTAL HEALTH CARE, ORAL HEALTH CARE, AND OTHER  
23 RELATED SERVICES, AS APPROPRIATE.

24 (7.5) "PRIMARY CARE CASE MANAGEMENT ENTITY", REFERRED TO  
25 IN THIS PART 4 AS A "PCCM ENTITY", MEANS AN ENTITY CONTRACTING  
26 WITH THE STATE DEPARTMENT THAT MEETS THE DEFINITION OF PRIMARY  
27 CARE CASE MANAGEMENT ENTITY AS DEFINED IN 42 CFR 438.2.

1 (8) "Primary care case manager", referred to in this part 4 as a  
2 "PCCM", means ~~an entity contracting with the state department~~ A  
3 PHYSICIAN, A PHYSICIAN GROUP PRACTICE, OR OTHER PRACTITIONER AS  
4 IDENTIFIED BY THE STATE that meets the definition of primary care case  
5 manager as defined in 42 CFR 438.2.

6 **SECTION 3.** In Colorado Revised Statutes, **add with amended**  
7 **and relocated provisions** 25.5-5-406.1 as follows:

8 **25.5-5-406.1. Required features of statewide managed care**  
9 **system. (1) [Formerly 25.5-5-406 (1) introductory portion] General**  
10 **features.** All medicaid managed care programs ~~shall~~ MUST contain the  
11 following general features, in addition to others that the FEDERAL  
12 GOVERNMENT, state department, and ~~the~~ state board consider necessary  
13 for the effective and cost-efficient operation of those programs:

14 (a) **[Formerly 25.5-5-404 (1)(q)]** The MCE shall accept all  
15 enrollees THAT THE STATE DEPARTMENT ASSIGNS TO THE MCE IN THE  
16 ORDER IN WHICH THEY ARE ASSIGNED, WITHOUT RESTRICTION, regardless  
17 of health status OR NEED FOR HEALTH CARE SERVICES;

18 (b) THE MCE SHALL NOT DISCRIMINATE AGAINST ENROLLED  
19 MEMBERS ON THE BASIS OF RACE, COLOR, ETHNIC OR NATIONAL ORIGIN,  
20 ANCESTRY, AGE, SEX, GENDER, SEXUAL ORIENTATION, GENDER IDENTITY  
21 AND EXPRESSION, DISABILITY, RELIGION, CREED, OR POLITICAL BELIEFS,  
22 AND SHALL NOT USE ANY POLICY OR PRACTICE THAT HAS THE EFFECT OF  
23 DISCRIMINATING ON THE BASIS OF RACE, COLOR, ETHNIC OR NATIONAL  
24 ORIGIN, ANCESTRY, AGE, SEX, GENDER, SEXUAL ORIENTATION, GENDER  
25 IDENTITY AND EXPRESSION, DISABILITY, RELIGION, CREED, OR POLITICAL  
26 BELIEFS;

27 (c) THE MCE SHALL ALLOW EACH ENROLLED MEMBER TO CHOOSE

1 HIS OR HER NETWORK PROVIDER TO THE EXTENT POSSIBLE AND  
2 APPROPRIATE;

3 (d) [Formerly 25.5-5-404 (4)(a)] Notwithstanding any waivers  
4 authorized by the federal department of health and human services, or any  
5 successor agency, each contract between the state department and an  
6 MCE selected to participate in the statewide managed care system under  
7 this part 4 shall comply with the requirements of 42 U.S.C. sec. 1396a  
8 (a)(23)(B);

9 (e) THE MCE SHALL ENSURE ACCESS TO CARE FOR ALL ENROLLED  
10 MEMBERS IN NEED OF MEDICALLY NECESSARY SERVICES COVERED IN THE  
11 CONTRACT;

12 (f) THE MCE SHALL CREATE, ADMINISTER, AND MAINTAIN A  
13 NETWORK OF PROVIDERS, BUILDING ON THE CURRENT NETWORK OF  
14 MEDICAID PROVIDERS, TO SERVE THE HEALTH CARE NEEDS OF ITS  
15 MEMBERS. IN DOING SO, THE MCE SHALL:

16 (I) SUPPORT PROVIDERS IN SERVING THE MEDICAID POPULATION  
17 AND IMPLEMENT VALUE-BASED PAYMENT METHODOLOGIES FOR NETWORK  
18 PROVIDERS THAT INCENTIVIZE AND REWARD PROVIDERS FOR THE  
19 EFFECTIVE AND EFFICIENT DELIVERY OF HIGH-QUALITY SERVICES TO  
20 ENROLLED MEMBERS;

21 (II) [Formerly 25.5-5-404 (2)] (A) ~~The MCE shall~~ Seek proposals  
22 from each ECP in a county in which the MCE is enrolling recipients for  
23 those services that the MCE provides or intends to provide and that an  
24 ECP provides or is capable of providing. ~~To assist MCEs in seeking~~  
25 ~~proposals, the state department shall provide MCEs with a list of ECPs~~  
26 ~~in each county.~~ The MCE shall consider such proposals in good faith and  
27 shall, when deemed reasonable by the MCE based on the needs of its

1 enrollees, contract with ECPs. Each ECP shall be willing to negotiate on  
2 reasonably equitable terms with each MCE. ECPs making proposals  
3 under this subsection ~~(2)~~ (1)(f)(II) must be able to meet the contractual  
4 requirements of the MCE. The requirements of this subsection ~~(2)~~ shall  
5 (1)(f)(II) DO not apply to an MCE in areas in which the MCE operates  
6 entirely as a group ~~model~~ health maintenance organization.

7 (B) [Formerly 25.5-5-404 (3)] In selecting MCEs, the state  
8 department shall not penalize an MCE for paying cost-based  
9 reimbursement to federally qualified health centers as defined in the  
10 FEDERAL "Social Security Act".

11 (III) DEMONSTRATE THAT THERE ARE SUFFICIENT INDIAN HEALTH  
12 CARE PROVIDERS PARTICIPATING IN THE PROVIDER NETWORK TO ENSURE  
13 TIMELY ACCESS TO SERVICES AVAILABLE UNDER THE CONTRACT FROM  
14 SUCH PROVIDERS FOR INDIAN ENROLLEES WHO ARE ELIGIBLE TO RECEIVE  
15 SERVICES.

16 (g) THE MCE SHALL ENSURE THAT ITS CONTRACTED NETWORK  
17 PROVIDERS ARE CAPABLE OF SERVING ALL MEMBERS, INCLUDING  
18 CONTRACTING WITH PROVIDERS WITH SPECIALIZED TRAINING AND  
19 EXPERTISE ACROSS ALL AGES, LEVELS OF ABILITY, GENDER IDENTITIES,  
20 AND CULTURAL IDENTITIES;

21 (h) THE MCE SHALL MEET THE NETWORK ADEQUACY STANDARDS,  
22 AS ESTABLISHED BY THE STATE DEPARTMENT, DESCRIBING THE MAXIMUM  
23 TIME AND DISTANCE AN ENROLLED MEMBER IS EXPECTED TO TRAVEL IN  
24 ORDER TO ACCESS THE PROVIDER TYPES COVERED UNDER THE STATE  
25 CONTRACT;

26 (i) THE MCE SHALL MEET, AND REQUIRE ITS NETWORK PROVIDERS  
27 TO MEET, STANDARDS AS ESTABLISHED BY THE STATE DEPARTMENT FOR

1 TIMELY ACCESS TO CARE AND SERVICES, TAKING INTO ACCOUNT THE  
2 URGENCY OF THE NEED FOR SERVICES;

3 (j) [Formerly 25.5-5-404 (1)(a)] The MCE shall not interfere with  
4 appropriate medical care decisions rendered by ~~the provider nor penalize~~  
5 ~~the provider for requesting medical services outside the standard~~  
6 ~~treatment protocols developed by the MCE or its contractors.~~ ITS  
7 CONTRACTED NETWORK PROVIDERS;

8 (k) THE MCE SHALL COMPLY WITH THE STATE DEPARTMENT'S  
9 TRANSITION OF CARE POLICY TO ENSURE CONTINUED ACCESS TO SERVICES  
10 DURING A TRANSITION FROM FEE-FOR-SERVICE TO AN MCE OR TRANSITION  
11 FROM ONE MCE TO ANOTHER WHEN AN ENROLLEE, IN THE ABSENCE OF  
12 CONTINUED ACCESS TO SERVICES, WOULD SUFFER SERIOUS DETRIMENT TO  
13 HIS OR HER HEALTH OR BE AT RISK OF HOSPITALIZATION OR  
14 INSTITUTIONALIZATION;

15 (l) THE MCE SHALL PROVIDE AND FACILITATE THE DELIVERY OF  
16 SERVICES IN A CULTURALLY COMPETENT MANNER TO ALL MEMBERS,  
17 INCLUDING THOSE WITH LIMITED ENGLISH PROFICIENCY, DIVERSE  
18 CULTURAL AND ETHNIC BACKGROUNDS, AND DISABILITIES, AND  
19 REGARDLESS OF GENDER, SEXUAL ORIENTATION, OR GENDER IDENTITY;

20 (m) THE MCE SHALL PROVIDE COMMUNICATIONS IN A MANNER  
21 AND FORMAT THAT MAY BE EASILY UNDERSTOOD AND IS READILY  
22 ACCESSIBLE BY MEMBERS;

23 (n) **Grievances and appeals.** (I) (A) EACH MCE SHALL  
24 ESTABLISH A GRIEVANCE AND APPEAL SYSTEM THAT COMPLIES WITH  
25 RULES ESTABLISHED BY THE STATE BOARD AND FEDERAL GOVERNMENT.

26 (B) [Similar to 25.5-5-406 (1)(b)] AN ENROLLEE IS ENTITLED TO  
27 DESIGNATE A REPRESENTATIVE, INCLUDING BUT NOT LIMITED TO AN

1 ATTORNEY, THE OMBUDSMAN FOR MEDICAID MANAGED CARE, A LAY  
2 ADVOCATE, OR THE ENROLLEE'S PHYSICIAN, TO FILE AND PURSUE A  
3 GRIEVANCE OR APPEAL ON BEHALF OF THE ENROLLEE. THE PROCEDURE  
4 MUST ALLOW FOR THE UNENCUMBERED PARTICIPATION OF PHYSICIANS.

5 (II) [Formerly 25.5-5-404 (1)(o)] The MCE ~~has~~ SHALL HAVE AN  
6 established a grievance ~~procedure pursuant to the provisions in section~~  
7 ~~25.5-5-406 (1)(b)~~ SYSTEM that allows for ~~the~~ CLIENT EXPRESSION OF  
8 DISSATISFACTION AT ANY TIME ABOUT ANY MATTER RELATED TO THE  
9 MCE'S CONTRACTED SERVICES, OTHER THAN AN ADVERSE BENEFIT  
10 DETERMINATION. THE GRIEVANCE SYSTEM MUST PROVIDE timely  
11 resolution of ~~disputes regarding the quality of care, services to be~~  
12 ~~provided, and other issues raised by the recipient.~~ OF SUCH matters shall  
13 ~~be resolved~~ in a manner consistent with the medical needs of the  
14 individual recipient. ~~The MCE shall notify all recipients involved in a~~  
15 ~~dispute with the MCE of their right to seek an administrative review of~~  
16 ~~an adverse decision made by the MCE pursuant to section 25.5-1-107.~~

17 (III) (A) THE MCE SHALL HAVE AN APPEAL SYSTEM FOR REVIEW  
18 OF ANY DETERMINATION BY THE MCE TO DENY A SERVICE  
19 AUTHORIZATION REQUEST OR TO AUTHORIZE A SERVICE IN AN AMOUNT,  
20 DURATION, OR SCOPE THAT IS LESS THAN REQUESTED.

21 (B) [Similar to 25.5-5-406 (1)(b)] EACH MCE SHALL UTILIZE AN  
22 APPEAL PROCESS FOR EXPEDITED REVIEWS THAT COMPLIES WITH RULES  
23 ESTABLISHED BY THE STATE BOARD. THE APPEAL PROCESS FOR EXPEDITED  
24 REVIEWS MUST PROVIDE A MEANS BY WHICH AN ENROLLEE MAY COMPLAIN  
25 AND SEEK RESOLUTION CONCERNING ANY ACTION OR FAILURE TO ACT IN  
26 AN EMERGENCY SITUATION THAT IMMEDIATELY IMPACTS THE ENROLLEE'S  
27 ACCESS TO QUALITY HEALTH CARE SERVICES, TREATMENTS, OR



1 PROVIDERS.

2 (C) [Formerly 25.5-5-406 (1)(b)] Each MCE or PCCM shall  
3 utilize a complaint and grievance procedure and a process for expedited  
4 reviews that comply with rules established by the state board. The  
5 complaint and grievance procedure shall provide a means by which  
6 enrollees may complain about or grieve any action or failure to act that  
7 impacts an enrollee's access to, satisfaction with, or the quality of health  
8 care services, treatments, or providers. The state department shall establish  
9 the position of ombudsman for medicaid managed care WHO SHALL, IF  
10 THE ENROLLEE REQUESTS, ACT AS THE ENROLLEE'S REPRESENTATIVE IN  
11 RESOLVING APPEALS WITH THE MCE. It is the intent of the general  
12 assembly that the ombudsman for medicaid managed care be independent  
13 from the state department and selected through a competitive bidding  
14 process. In the event the state department is unable to contract with an  
15 independent ombudsman, an employee of the state department may serve  
16 as the ombudsman for medicaid managed care. The ombudsman shall, if  
17 the enrollee requests, act as the enrollee's representative in resolving  
18 complaints and grievances with the MCE or PCCM. The process for  
19 expedited reviews shall provide a means by which an enrollee may  
20 complain and seek resolution concerning any action or failure to act in an  
21 emergency situation that immediately impacts the enrollee's access to  
22 quality health care services, treatments, or providers. An enrollee shall be  
23 entitled to designate a representative, including but not limited to an  
24 attorney, the ombudsman for medicaid managed care, a lay advocate, or  
25 the enrollee's physician, to file and pursue a grievance or expedited  
26 review on behalf of the enrollee. The procedure shall allow for the  
27 unencumbered participation of physicians. An enrollee whose complaint

1 ~~or grievance~~ APPEAL is not resolved to his or her satisfaction by a  
2 procedure described in this ~~paragraph (b) or who chooses to forego a~~  
3 ~~procedure described in this paragraph (b) shall be~~ SUBSECTION (1)(n), OR  
4 WHOSE APPEAL IS DEEMED EXHAUSTED, IS entitled to request a  
5 ~~second-level review~~ STATE FAIR HEARING by an independent hearing  
6 officer, further judicial review, or both, as provided for by federal law and  
7 any state statute or rule. ~~The state department may also provide by rule for~~  
8 ~~arbitration as an optional alternative to the complaint and grievance~~  
9 ~~procedure set forth in this paragraph (b) to the extent that such rules do~~  
10 ~~not violate any other state or federal statutory or constitutional~~  
11 ~~requirements.~~

12 (o) **[Similar to 25.5-5-405]** THE MCE SHALL MAINTAIN AND  
13 PARTICIPATE IN AN ONGOING COMPREHENSIVE QUALITY ASSESSMENT AND  
14 PERFORMANCE IMPROVEMENT PROGRAM THAT MUST INCLUDE BUT NOT BE  
15 LIMITED TO THE FOLLOWING:

16 (I) PERFORMANCE IMPROVEMENT PROJECTS DESIGNED TO ACHIEVE  
17 SIGNIFICANT IMPROVEMENT, SUSTAINED OVER TIME, IN CLINICAL CARE  
18 AND NONCLINICAL CARE AREAS THAT ARE EXPECTED TO HAVE A  
19 FAVORABLE EFFECT ON HEALTH OUTCOMES AND MEMBER SATISFACTION;

20 (II) THE COLLECTION AND SUBMISSION OF PERFORMANCE  
21 MEASUREMENT DATA AS REQUIRED BY THE STATE DEPARTMENT;

22 (III) THE IMPLEMENTATION AND MAINTENANCE OF MECHANISMS  
23 TO DETECT OVERUTILIZATION AND UNDERUTILIZATION OF SERVICES AND  
24 TO ASSESS THE QUALITY AND APPROPRIATENESS OF CARE FURNISHED TO  
25 ITS MEMBERS, INCLUDING MEMBERS WITH SPECIAL HEALTH CARE NEEDS;  
26 AND

27 (IV) THE MCE SHALL PARTICIPATE ANNUALLY IN AN

1 INDEPENDENT QUALITY REVIEW AND VALIDATION OF PERFORMANCE  
2 IMPROVEMENT PROJECTS, PERFORMANCE MEASURES, AND OTHER  
3 CONTRACT REQUIREMENTS;

4 (p) THE MCE SHALL ADMINISTER A PROGRAM INTEGRITY SYSTEM  
5 TO ENSURE COMPLIANCE WITH ALL REQUIREMENTS ESTABLISHED BY THE  
6 FEDERAL GOVERNMENT, STATE OF COLORADO, STATE DEPARTMENT, AND  
7 STATE BOARD THAT INCLUDES, BUT IS NOT LIMITED TO:

8 (I) PROCEDURES TO DETECT AND PREVENT FRAUD, WASTE, AND  
9 ABUSE;

10 (II) SCREENING AND DISCLOSURE PROCESSES TO PREVENT  
11 RELATIONSHIPS WITH INDIVIDUALS OR ENTITIES THAT ARE DEBARRED,  
12 SUSPENDED, OR OTHERWISE EXCLUDED FROM PARTICIPATING IN ANY  
13 FEDERAL HEALTH CARE PROGRAM, PROCUREMENT ACTIVITIES, OR  
14 NONPROCUREMENT ACTIVITIES; AND

15 (III) TREATMENT OF RECOVERIES OF OVERPAYMENT TO  
16 PROVIDERS;

17 (q) **[Formerly 25.5-5-406 (1)(c)] Billing medicaid recipients.**  
18 Notwithstanding any federal regulations or the general prohibition of  
19 section 25.5-4-301 against providers billing medicaid recipients, a  
20 provider may bill a medicaid recipient who is enrolled with a specific  
21 medicaid PCCM or MCE and, in circumstances defined by the rules of  
22 the state board, receives care from a medical provider outside that  
23 organization's network or without referral by the recipient's PCCM;

24 (r) **[Formerly 25.5-5-406 (1)(d)] Marketing.** In marketing  
25 coverage to medicaid recipients, all MCEs shall comply with all  
26 applicable provisions of title 10 ~~C.R.S.~~, regarding health plan marketing.  
27 The state board is authorized to promulgate rules concerning the

1 permissible marketing of medicaid managed care. The purposes of such  
2 rules ~~shall~~ MUST include but not be limited to the avoidance of biased  
3 selection among the choices available to medicaid recipients.

4 (s) [Formerly 25.5-5-406 (1)(e)] **Prescription drugs.** All MCEs  
5 that have prescription drugs as a covered benefit shall provide  
6 prescription drug coverage in accordance with the provisions of section  
7 25.5-5-202 (1)(a) as part of a comprehensive health benefit and with  
8 respect to any formulary or other access restrictions:

9 (I) The MCE shall supply participating providers who may  
10 prescribe prescription drugs for MCE enrollees with a current copy of  
11 such formulary or other access restrictions, including information about  
12 coverage, payment, or any requirement for prior authorization; ~~and~~

13 (II) The MCE shall provide to all medicaid recipients at periodic  
14 intervals, and prior to and during enrollment upon request, clear and  
15 concise information about the prescription drug program in language  
16 understandable to the medicaid recipients, including information about  
17 such formulary or other access restrictions and procedures for gaining  
18 access to prescription drugs, including off-formulary products; AND

19 (III) THE MCE SHALL FOLLOW STATE DEPARTMENT POLICIES FOR  
20 PRESCRIBING ANY PRESCRIPTION DRUGS THAT ARE NOT COVERED UNDER  
21 THE MCE CONTRACT.

22 **SECTION 4.** In Colorado Revised Statutes, 25.5-5-408, **amend**  
23 (1), (6), (7), and (9); and **add with amended and relocated provisions**  
24 (13) as follows:

25 **25.5-5-408. Capitation payments - availability of base data -**  
26 **adjustments - rate calculation - capitation payment proposal -**  
27 **preference - assignment of medicaid recipients - definition.**

1 (1) (a) ~~(f)~~ The state department shall make capitation payments to MCEs  
2 based upon a defined scope of services under a risk contract.

3 ~~(H) Repealed.~~

4 (b) A certification by a qualified actuary retained by the state  
5 department ~~shall be~~ IS conclusive evidence that the state department has  
6 correctly calculated the direct health care cost of providing these same  
7 services on an actuarially equivalent Colorado medicaid population  
8 group. ~~consisting of unassigned recipients and recipients in the primary  
9 care physician program provided in section 25.5-5-407.~~

10 (c) Except as otherwise provided in ~~paragraph (d) of this~~  
11 ~~subsection (1)~~ SUBSECTION (1)(d) OF THIS SECTION and where the state  
12 department has instituted a program of competitive bidding provided in  
13 section 25.5-5-402 ~~(3)~~ (9), the state department may utilize a market rate  
14 set through the competitive bid process for a set of defined services. The  
15 state department shall only use market rate bids that do not discriminate  
16 and are adequate to assure quality and network sufficiency. A certification  
17 of a qualified actuary, retained by the state department, to the appropriate  
18 lower limit ~~shall be~~ IS conclusive evidence of the state department's  
19 compliance with the requirements of this ~~paragraph (c)~~ SUBSECTION  
20 (1)(c). For the purposes of this subsection (1), a "qualified actuary" ~~shall~~  
21 ~~be~~ MEANS a person deemed as such under rules promulgated by the  
22 commissioner of insurance.

23 (d) A federally qualified health center, as defined in the federal  
24 "Social Security Act", ~~shall~~ MUST be reimbursed by the state department  
25 for the total reasonable costs incurred by the center in providing health  
26 care services to all recipients of medical assistance.

27 (e) **[Similar to 25.5-5-404 (1)(k)]** AN MCE SHALL CERTIFY, AS A

1       CONDITION OF ENTERING INTO A CONTRACT WITH THE STATE DEPARTMENT,  
2       THAT THE CAPITATION PAYMENTS SET FORTH IN THE CONTRACT BETWEEN  
3       THE MCE AND THE STATE DEPARTMENT ARE SUFFICIENT TO ENSURE THE  
4       FINANCIAL STABILITY OF THE MCE WITH RESPECT TO DELIVERY OF  
5       SERVICES TO THE MEDICAID RECIPIENTS COVERED IN THE CONTRACT.

6           (f) (I) **[Formerly 25.5-5-404 (1)(I)]** Except as provided in  
7       ~~paragraph (m) of this subsection (1)~~ SUBSECTION (1)(f)(II) OF THIS  
8       SECTION, for capitation payments effective on and after July 1, 2003, an  
9       MCE that is contracting for a defined scope of services under a risk  
10      contract shall certify, through a qualified actuary retained by the MCE,  
11      that the capitation payments set forth in the contract between the MCE  
12      and the state department comply with all applicable federal and state  
13      requirements that govern ~~said~~ THE capitation payments. For purposes of  
14      this ~~paragraph (1)~~ SUBSECTION (1)(f)(I), a "qualified actuary" means a  
15      person deemed as such by rule promulgated by the commissioner of  
16      insurance.

17           (II) **[Formerly 25.5-5-404 (1)(m)]** An MCO providing services  
18      under the PACE program as described in section 25.5-5-412 shall certify  
19      that the capitation payments are in compliance with applicable federal and  
20      state requirements that govern said capitation payments and that the  
21      capitation payments are sufficient to ensure the financial viability of the  
22      MCO with respect to the delivery of services to the PACE program  
23      participants covered in the contract.

24           (6) Within ~~thirty~~ TWO HUNDRED TEN days from the beginning of  
25      each fiscal year, the state department, in cooperation with the MCEs, shall  
26      set a timeline for the rate-setting process for the following fiscal year's  
27      rates and for the provision of base data to the MCEs that is used in the

1 calculation of the rates, which ~~shall~~ MUST include but not be limited to the  
2 information included in subsection (7) of this section.

3 (7) The state department shall identify and make available to the  
4 MCEs the base data used in the calculation of the direct health care cost  
5 of providing these same services on an actuarially equivalent Colorado  
6 medicaid population group. ~~consisting of unassigned recipients and~~  
7 ~~recipients in the primary care physician program provided in section~~  
8 ~~25.5-5-407.~~ The state department shall consult with the MCEs regarding  
9 any and all adjustments in the base data made to arrive at the capitation  
10 payments.

11 (9) The rate-setting process referenced in subsection (6) of this  
12 section ~~shall~~ MUST include a time period after the MCEs have received  
13 the direct health care cost of providing these same services on an  
14 actuarially equivalent Colorado medicaid population group ~~consisting of~~  
15 ~~unassigned recipients and recipients in the primary care physician~~  
16 ~~program provided in section 25.5-5-407,~~ for each MCE to submit to the  
17 state department the MCE's capitation payment proposal, which ~~shall~~  
18 MUST not exceed one hundred percent of the direct health care cost of  
19 providing these same services on an actuarially equivalent Colorado  
20 medicaid population group. ~~consisting of unassigned recipients and~~  
21 ~~recipients in the primary care physician program provided in section~~  
22 ~~25.5-5-407.~~ The state department shall provide to the MCEs the MCE's  
23 specific adjustments to be included in the calculation of the MCE's  
24 proposal. Each MCE's capitation payment proposal ~~shall~~ MUST meet the  
25 requirements of ~~section 25.5-5-404 (1)(k) and (1)(l)~~ SUBSECTIONS (1)(e)  
26 AND (1)(f) OF THIS SECTION AND SECTION 25.5-5-402 (10).

27 (13) **[Formerly 25.5-5-407.5 (2)(a)]** A PIHP agreement may

1 include a provision for a quality incentive payment that is distributed to  
2 the contractor within a reasonable period of time, as specified in the  
3 contract, following the end of each fiscal year if the contractor  
4 substantially exceeds predetermined quality indicators. The quality  
5 indicators ~~shall~~ MUST be based upon broadly accepted measures of  
6 performance adopted by rule of the state board and agreed upon at the  
7 outset of the contract period, and ~~shall~~ MUST include, but need not be  
8 limited to, the health plan employers data and information set measures.  
9 The quality incentive payment may be made proportional if the state  
10 board establishes multiple quality measurements. The quality incentive  
11 payments ~~shall~~ MUST not exceed the total cost savings created under the  
12 PIHP agreement, as determined by comparison of the PIHP members with  
13 an actuarially equivalent fee-for-service population, and the quality  
14 incentive payment ~~shall~~ MUST not exceed five percent of the total  
15 medicaid payments received by the contractor during the performance  
16 period of the PIHP agreement.

17 **SECTION 5.** In Colorado Revised Statutes, 25.5-5-414, **amend**  
18 (3), (5), and (6); and **repeal** (4) as follows:

19 **25.5-5-414. Telemedicine - legislative intent.** (3) On or after  
20 January 1, 2002, face-to-face contact between a health care provider and  
21 a patient ~~shall~~ IS not ~~be~~ required under the STATEWIDE managed care  
22 system created in this part 4 for services appropriately provided through  
23 telemedicine, subject to reimbursement policies developed by the state  
24 department to compensate providers who provide health care services  
25 covered by the program created in section 25.5-4-104. Telemedicine  
26 services may only be used in areas of the state where the technology  
27 necessary for the provision of telemedicine exists. The audio and visual



1 telemedicine system used ~~shall~~ MUST, at a minimum, have the capability  
2 to meet the procedural definition of the most recent edition of the current  
3 procedural terminology that represents the service provided through  
4 telemedicine. The telecommunications equipment ~~shall~~ MUST be of a level  
5 of quality to adequately complete all necessary components to document  
6 the level of service for the current procedural terminology fourth edition  
7 codes that are billed. If a peripheral diagnostic scope is required to assess  
8 the patient, it ~~shall~~ MUST provide adequate resolution or audio quality for  
9 decision-making.

10 (4) ~~The state department shall report to the health and human~~  
11 ~~services committees of the house of representatives and the senate, or any~~  
12 ~~successor committees, no later than January 1, 2006, on the application~~  
13 ~~of telemedicine to provide home health care; emergency care; critical and~~  
14 ~~intensive care, including, but not limited to, neonatal care; psychiatric~~  
15 ~~evaluation; psychotherapy; and medical management as potential~~  
16 ~~managed care system benefits. Such report shall take into account the~~  
17 ~~availability of technology as of the time of the report to use telemedicine~~  
18 ~~for home health care, emergency care, and critical and intensive care and~~  
19 ~~the availability of broadband access within the state.~~

20 (5) The STATEWIDE managed care system ~~shall~~ IS not be required  
21 to pay for consultation provided by a provider by telephone or facsimile  
22 machines.

23 (6) The state department may accept and expend gifts, grants, and  
24 donations from any source to conduct the valuation of the  
25 cost-effectiveness and quality of health care provided through  
26 telemedicine by those providers who are reimbursed for telemedicine  
27 services by the STATEWIDE managed care system.

1           **SECTION 6.** In Colorado Revised Statutes, 25.5-5-415, **amend**  
2 (1)(a)(VI), (1)(b), (2)(b), (2)(c)(II), (2)(c)(III), (2)(d)(I), and (2)(d)(III);  
3 and **repeal** (2)(d)(II) as follows:

4           **25.5-5-415. Medicaid payment reform and innovation pilot**  
5 **program - legislative declaration - creation - selection of payment**  
6 **projects - report - rules.** (1) (a) The general assembly finds that:

7           (VI) The state department shall evaluate how successful payment  
8 projects could be replicated and incorporated within the state department's  
9 ~~current medicaid coordinated~~ STATEWIDE MANAGED care system.

10           (b) Therefore, the general assembly declares that Colorado should  
11 build upon ongoing reforms of health care delivery in the medicaid  
12 program by implementing a pilot program within the structure of the state  
13 department's ~~current medicaid coordinated~~ STATEWIDE MANAGED care  
14 system that encourages the use of new and innovative payment  
15 methodologies, including global payments.

16           (2) (b) (I) The state department shall create a process for  
17 interested contractors of the state department's ~~current medicaid~~  
18 ~~coordinated~~ STATEWIDE MANAGED care system to submit payment  
19 projects for consideration under the pilot program. Payment projects  
20 submitted pursuant to the pilot program may include, but need not be  
21 limited to, global payments, risk adjustment, risk sharing, and aligned  
22 payment incentives, including but not limited to gainsharing, to achieve  
23 improved quality and to control costs.

24           (II) The design of the payment project or projects ~~shall~~ **MUST**  
25 address the client population of the state department's ~~current medicaid~~  
26 ~~coordinated~~ STATEWIDE MANAGED care system and be tailored to the  
27 region's health care needs and the resources of the state department's

1 ~~current medicaid coordinated~~ STATEWIDE MANAGED care system.

2 (III) A contractor of the state department's ~~current medicaid~~  
3 ~~coordinated~~ STATEWIDE MANAGED care system shall work in coordination  
4 with the providers and ~~managed care entities~~ MCES contracted with the  
5 contractor of the state department's ~~current medicaid coordinated~~  
6 STATEWIDE MANAGED care system in developing the payment project or  
7 projects.

8 (c) (II) For purposes of selecting payment projects for the pilot  
9 program, the state department shall consider, at a minimum:

10 (A) The likely effect of the payment project on quality measures,  
11 health outcomes, and client satisfaction;

12 (B) The potential of the payment project to reduce the state's  
13 medicaid expenditures;

14 (C) **[Similar to 25.5-5-402 (6)(b)(II)]** The state department's  
15 ability to ensure that inpatient and outpatient hospital reimbursements are  
16 maximized up to the upper payment limits, as defined in 42 CFR 447.272  
17 and 42 CFR 447.321 and calculated by the state department periodically;

18 (D) The client population served by the state department's ~~current~~  
19 ~~medicaid coordinated~~ STATEWIDE MANAGED care system and the  
20 particular health needs of the region;

21 (E) The business structure or structures likely to foster  
22 cooperation, coordination, and alignment and the ability of the contractor  
23 of the state department's ~~current medicaid coordinated~~ STATEWIDE  
24 MANAGED care system to implement the payment project, including the  
25 resources available to the contractor of the state department's ~~current~~  
26 ~~medicaid coordinated~~ STATEWIDE MANAGED care system and the  
27 technological infrastructure required; and

1 (F) The ability of the contractor of the state department's ~~current~~  
2 ~~medicaid-coordinated~~ STATEWIDE MANAGED care system to coordinate  
3 among providers of physical health care, behavioral health care, oral  
4 health care, and the system of long-term care services and supports.

5 (III) For payment projects not selected by the state department, the  
6 state department shall respond to the contractor of the state department's  
7 ~~current medicaid-coordinated~~ STATEWIDE MANAGED care system, in  
8 writing, stating the reason or reasons why the payment project was not  
9 selected. The state department shall send a copy of the response to the  
10 joint budget committee of the general assembly, the health and human  
11 services committee of the senate, ~~or any successor committee~~, and the  
12 health, INSURANCE, and environment committee of the house of  
13 representatives, or any successor ~~committee~~ COMMITTEES.

14 (d) (I) The payment projects selected for the program ~~shall~~ MUST  
15 be for a period of at least one year and ~~shall~~ MUST not extend beyond the  
16 length of the contract with the contractor of the state department's ~~current~~  
17 ~~medicaid-coordinated~~ STATEWIDE MANAGED care system. The provider  
18 contract ~~shall~~ MUST specify the payment methodology utilized in the  
19 payment project.

20 (II) ~~The requirements of section 25.5-5-408 do not apply to the~~  
21 ~~rate-calculation process for payments made to MCEs pursuant to this~~  
22 ~~section.~~

23 (III) MCEs participating in the pilot program are subject to the  
24 requirements of ~~section 25.5-5-404 (1)(k) and (1)(l)~~ SECTIONS 25.5-5-402  
25 (10) AND 25.5-5-408 (1)(e) AND (1)(f), as applicable.

26 **SECTION 7.** In Colorado Revised Statutes, **repeal** 25.5-5-404,  
27 25.5-5-405, 25.5-5-406, 25.5-5-407, 25.5-5-407.5, 25.5-5-409,

1 25.5-5-411, 25.5-5-413, and 10-3-903 (2)(k).

2 **SECTION 8.** In Colorado Revised Statutes, 10-16-122, **amend**  
3 (1) as follows:

4 **10-16-122. Access to prescription drugs.** (1) Except as provided  
5 in section ~~25.5-5-404 (1)(u)~~, C.R.S. 25.5-5-406.1 (1)(s), any pharmacy  
6 benefit management firm or intermediary whose contract with a carrier  
7 includes an open network shall allow participation by each pharmacy  
8 provider in the contract service area. If a pharmacy benefit management  
9 firm or intermediary offers an open network, the pharmacy benefit  
10 management firm or intermediary may offer such network on a regional  
11 or local basis.

12 **SECTION 9.** In Colorado Revised Statutes, 25.5-4-103, **amend**  
13 (12) as follows:

14 **25.5-4-103. Definitions.** As used in this article 4 and articles 5  
15 and 6 of this title 25.5, unless the context otherwise requires:

16 (12) "Managed care system" means a HEALTH CARE system ~~for~~  
17 ~~providing health care services which integrates both the delivery and the~~  
18 ~~financing of health care services in an attempt to provide access to~~  
19 ~~medical services while containing the cost and use of medical care~~  
20 ORGANIZED TO MANAGE COSTS, UTILIZATION, AND QUALITY. THE  
21 STATEWIDE MANAGED CARE SYSTEM PROVIDES FOR THE DELIVERY OF  
22 HEALTH BENEFITS AND ADDITIONAL SERVICES THROUGH CONTRACTED  
23 ARRANGEMENTS BETWEEN STATE MEDICAID AGENCIES AND MCES.

24 **SECTION 10.** In Colorado Revised Statutes, 25.5-4-401.2,  
25 **amend** (1)(d)(II) as follows:

26 **25.5-4-401.2. Performance-based payments - reporting.** (1) To  
27 improve health outcomes and lower health care costs, the state department

1 may develop payments to providers that are based on quantifiable  
2 performance or measures of quality of care. These performance-based  
3 payments may include, but are not limited to, payments to:

4 (d) Behavioral health providers, including, but not limited to:

5 (II) Entities contracted with the STATE department to administer  
6 the ~~medicaid community mental health services program~~, STATEWIDE  
7 SYSTEM OF COMMUNITY BEHAVIORAL HEALTH CARE established in section  
8 ~~25.5-5-411~~ 25.5-5-402.

9 **SECTION 11.** In Colorado Revised Statutes, 27-67-103, **amend**  
10 (1) as follows:

11 **27-67-103. Definitions.** As used in this article 67, unless the  
12 context otherwise requires:

13 (1) "Behavioral health organization" ~~shall have the same meaning~~  
14 ~~as provided in section 25.5-5-403 (1), C.R.S.~~ MEANS THE MANAGED CARE  
15 ENTITY RESPONSIBLE FOR COMMUNITY BEHAVIORAL HEALTH CARE  
16 PURSUANT TO PART 4 OF ARTICLE 5 OF TITLE 25.5.

17 **SECTION 12.** In Colorado Revised Statutes, 27-67-104, **amend**  
18 (1)(a) as follows:

19 **27-67-104. Provision of mental health treatment services for**  
20 **youth.** (1) (a) A parent or guardian may apply to a mental health agency  
21 on behalf of his or her minor child for mental health treatment services  
22 for the child pursuant to this section, whether the child is categorically  
23 eligible for medicaid under the capitated mental health system described  
24 in section ~~25.5-5-411~~, C.R.S. 25.5-5-402, or whether the parent believes  
25 his or her child is a child at risk of out-of-home placement. In such  
26 circumstances, it ~~shall be~~ IS the responsibility of the mental health agency  
27 to evaluate the child and to clinically assess the child's need for mental

1 health services and, when warranted, to provide treatment services as  
2 necessary and in the best interests of the child and the child's family.  
3 Subject to available state appropriations, the mental health agency ~~shall~~  
4 ~~be~~ IS responsible for the provision of the treatment services and care  
5 management, including any in-home family mental health treatment, other  
6 family preservation services, residential treatment, or any post-residential  
7 follow-up services that may be appropriate for the child's or family's  
8 needs. For the purposes of this section, the term "care management"  
9 includes, but is not limited to, consideration of the continuity of care and  
10 array of services necessary for appropriately treating the child and the  
11 decision-making authority regarding a child's placement in and discharge  
12 from mental health services. A dependency or neglect action pursuant to  
13 article 3 of title 19 ~~C.R.S.~~, ~~shall~~ IS not ~~be~~ required in order to allow a  
14 family access to residential mental health treatment services for a child.

15 **SECTION 13.** In Colorado Revised Statutes, 27-67-105, **amend**  
16 (1)(a) introductory portion and (1)(b) as follows:

17 **27-67-105. Monitoring - report.** (1) On or before September 1,  
18 2009, and by September 1 of each year thereafter, each community mental  
19 health center shall report to the state department the following  
20 information, and each behavioral health organization, for those children  
21 eligible to receive medicaid benefits whose parent or legal guardian  
22 requests residential treatment, shall report to the department of health care  
23 policy and financing the following information:

24 (a) The number of children, both those children who are  
25 categorically eligible for medicaid under the capitated mental health  
26 system described in section ~~25.5-5-411~~, ~~C.R.S.~~ 25.5-5-402, and those  
27 children who are at risk of out-of-home placement, to whom the

1 following services were provided:

2 (b) The number of children, both those children who are  
3 categorically eligible for medicaid under the capitated mental health  
4 system described in section ~~25.5-5-411~~, C.R.S. 25.5-5-402, and those  
5 children who are at risk of out-of-home placement, referred to the county  
6 department for a dependency or neglect investigation pursuant to section  
7 27-67-104 (2), and the reasons therefor;

8 **SECTION 14. Safety clause.** The general assembly hereby finds,  
9 determines, and declares that this act is necessary for the immediate  
10 preservation of the public peace, health, and safety.