

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 24-0802.01 Shelby Ross x4510

HOUSE BILL 24-1086

HOUSE SPONSORSHIP

Holtorf and Amabile,

SENATE SPONSORSHIP

(None),

House Committees
Health & Human Services

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE OPERATION OF THE DENVER HEALTH AND HOSPITAL
102 AUTHORITY.

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>.)

Current law requires the department of health care policy and financing (department) to offer to enter into a direct contract with the managed care organization (MCO) operated by or under the control of the Denver health and hospital authority (Denver health) until Denver health ceases to operate a medicaid managed care program or until June 30, 2025. The bill removes the option for the department to enter into a direct

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

contract until June 30, 2025, and instead requires the department to enter into the contract until Denver health ceases to operate a managed care program.

The bill prohibits the MCO from reimbursing contracted medicaid providers at rates that are higher than the department's medicaid fee for service rates unless the provider enters into a quality incentive agreement with the MCO. The bill requires the MCO's contract to provide physical and behavioral health-care services to the population it serves.

For the 2023-24 state fiscal year, the department distributed money appropriated for a supplemental state payment to Denver health. The bill authorizes the department to continually distribute any money appropriated for payment to Denver health.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds that:

4 (a) Safety net hospitals are experiencing significant financial
5 hardships due to uncompensated care, increased staffing costs, inflation,
6 and federal money that is no longer available. Hospitals are seeing more
7 uninsured, underinsured, and medicaid patients. Safety net hospitals are
8 caring for patients longer, with less revenue and increased expenses, and
9 they are struggling with how to provide care for their communities. Rural
10 safety net hospitals and Denver health are the mostly heavily burdened by
11 these increasing financial hardships.

12 (b) Denver health and hospital authority is the largest safety net
13 hospital in Colorado, serving patients from 63 out of the 64 counties in
14 the state;

15 (c) From 2020 to 2023, uncompensated care at Denver health has
16 increased 127% due to underpayment from public insurance companies
17 and increases in uninsured patients, including migrants and people
18 experiencing homelessness;

19 (d) In 2023, Denver health is projected to provide more than \$135

1 million in uncompensated care;

2 (e) Increased demand for services among uninsured and
3 underinsured patients and increases in the number of homeless patients
4 and those with a mental health diagnosis, together with the increasing
5 expenses and stagnating public funding from federal, state, and local
6 governments, have created an unsustainable financial situation for Denver
7 health;

8 (f) As a safety net hospital on the front line of providing
9 health-care services statewide, it is important for the health of Coloradans
10 that Denver health is financially stable and remains a valuable health-care
11 resource; and

12 (g) As the largest safety net hospital in Colorado, Denver health
13 maintains and invests in administrative infrastructure necessary to carry
14 out the responsibilities of serving a disproportionate share of medicaid
15 members and uninsured individuals. Because of this, Denver health is
16 unable to generate sufficient revenue to fulfill the ongoing investment
17 need.

18 (2) Therefore, the general assembly declares it is important to
19 provide authority to the department of health care policy and financing to
20 assist safety net hospitals, such as Denver health, in becoming financially
21 stable.

22 **SECTION 2.** In Colorado Revised Statutes, 25.5-5-402, **amend**
23 (7.5) as follows:

24 **25.5-5-402. Statewide managed care system - rules -**
25 **definitions - repeal.** (7.5) (a) The state department shall offer to enter
26 into a direct contract with the MCO operated by or under the control of
27 Denver health and hospital authority, created pursuant to article 29 of title

1 25, until the MCO ceases to operate a medicaid managed care program.
2 ~~or until June 30, 2025, unless sooner reprocured. If the state department~~
3 ~~designates an MCO to manage behavioral health services pursuant to this~~
4 ~~article 5, Denver health and hospital authority, or any subsidiary thereof,~~
5 ~~shall collaborate with the MCO during the term of contract.~~

6 (b) The MCO operated by or under the control of Denver health
7 and hospital authority shall:

8 (I) Maintain adequate financials to ensure proper solvency as a
9 risk manager;

10 (II) Accept rates determined by the state department, through
11 standard methodologies, to cover the population it is serving. RATES PAID
12 BY THE MCO TO CONTRACTED PROVIDERS MUST NOT BE HIGHER THAN THE
13 STATE DEPARTMENT'S MEDICAID FEE FOR SERVICE RATES UNLESS THE
14 PROVIDER ENTERS INTO A QUALITY INCENTIVE AGREEMENT WITH THE
15 MCO.

16 (III) Maintain service and quality metrics, as determined by the
17 state department; ~~and~~

18 (IV) Meet statewide managed care system standards and operate
19 as part of the overall managed care system; AND

20 (V) PROVIDE PHYSICAL AND BEHAVIORAL HEALTH-CARE SERVICES
21 TO THE POPULATION IT SERVES.

22 **SECTION 3.** In Colorado Revised Statutes, **amend** 25.5-4-427
23 as follows:

24 **25.5-4-427. State payment to the Denver health and hospital**
25 **authority.** (1) The state department shall distribute money appropriated
26 for a ~~supplemental~~ payment to the Denver health and hospital authority
27 created in section 25-29-103.

1 (2) ~~This section is repealed, effective July 1, 2024.~~

2 **SECTION 4. Act subject to petition - effective date.** This act
3 takes effect at 12:01 a.m. on the day following the expiration of the
4 ninety-day period after final adjournment of the general assembly; except
5 that, if a referendum petition is filed pursuant to section 1 (3) of article V
6 of the state constitution against this act or an item, section, or part of this
7 act within such period, then the act, item, section, or part will not take
8 effect unless approved by the people at the general election to be held in
9 November 2024 and, in such case, will take effect on the date of the
10 official declaration of the vote thereon by the governor.