

An Act

HOUSE BILL 24-1086

BY REPRESENTATIVE(S) Holtorf and Amabile, Bacon, Bird, Boesenecker, Brown, Clifford, deGruy Kennedy, Duran, Epps, Froelich, Hamrick, Hernandez, Herod, Jodeh, Lieder, Lindsay, Lindstedt, Mabrey, Martinez, Mauro, McCormick, Ortiz, Rutinel, Sirota, Snyder, Soper, Taggart, Titone, Valdez, Vigil, Weissman, Young, McCluskie; also SENATOR(S) Michaelson Jenet, Buckner, Danielson, Priola, Rodriguez.

CONCERNING THE OPERATION OF THE DENVER HEALTH AND HOSPITAL AUTHORITY.

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

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

(a) Safety net hospitals are experiencing significant financial hardships due to uncompensated care, increased staffing costs, inflation, and federal money that is no longer available. Hospitals are seeing more uninsured, underinsured, and medicaid patients. Safety net hospitals are caring for patients longer, with less revenue and increased expenses, and they are struggling with how to provide care for their communities. Rural

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

safety net hospitals and Denver health are the mostly heavily burdened by these increasing financial hardships.

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

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

(d) In 2023, Denver health is projected to provide more than \$135 million in uncompensated care;

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

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

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

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

SECTION 2. In Colorado Revised Statutes, 25.5-5-402, **amend** (7.5)(a) and (7.5)(b)(II) as follows:

25.5-5-402. Statewide managed care system - rules - definitions

- **repeal.** (7.5) (a) The state department shall offer to enter into a direct contract FOR PHYSICAL HEALTH-CARE SERVICES with the MCO operated by or under the control of Denver health and hospital authority, created pursuant to article 29 of title 25, ~~until the MCO ceases to operate a medicaid managed care program or until June 30, 2025, unless sooner reprocured~~ FROM JULY 1, 2025, UNTIL JUNE 30, 2032, AS LONG AS THE MCO MEETS ALL MCO CRITERIA REQUIRED BY THE STATE DEPARTMENT. If the state department designates an MCE OTHER THAN THE MCO OPERATED BY OR UNDER THE CONTROL OF DENVER HEALTH AND HOSPITAL AUTHORITY to manage behavioral ~~health~~ HEALTH-CARE services pursuant to this article 5, Denver health and hospital authority, or any subsidiary, ~~thereof~~, shall collaborate with the ~~MCO~~ MCE during the term of contract.

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

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

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

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

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

SECTION 4. Safety clause. The general assembly finds, determines, and declares that this act is necessary for the immediate

preservation of the public peace, health, or safety or for appropriations for the support and maintenance of the departments of the state and state institutions.

Julie McCluskie
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Steve Fenberg
PRESIDENT OF
THE SENATE

Robin Jones
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

Cindi L. Markwell
SECRETARY OF
THE SENATE

APPROVED _____
(Date and Time)

Jared S. Polis
GOVERNOR OF THE STATE OF COLORADO