

Second Regular Session  
Seventy-fifth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 26-0786.03 Brita Darling x2241

HOUSE BILL 26-1432

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HOUSE SPONSORSHIP

Soper and Stewart K.,

SENATE SPONSORSHIP

Roberts and Pelton R.,

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House Committees  
Health & Human Services

Senate Committees

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A BILL FOR AN ACT

101 CONCERNING HEALTH-CARE PAYMENT PROGRAMS.

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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>.)*

The bill requires the department of health care policy and financing (HCPF) to formally withdraw, rescind, amend, or suspend the implementation of state plan amendment 24-0043, and any substantially similar state plan amendment submitted to the federal centers for medicare and medicaid services, that authorizes performance-based reductions or redistributions of hospital supplemental medical assistance program payments under the hospital transformation program created through the Colorado healthcare affordability and sustainability

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.

enterprise. HCPF is prohibited from implementing or adopting rules implementing any reduction, recoupment, or redistribution of hospital supplemental medical assistance program payments authorized pursuant to the hospital transformation program.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add 25.5-4-507** as  
3 follows:

4 **25.5-4-507. Federal authorization - hospital transformation**  
5 **program - withdrawal of state plan amendment - legislative**  
6 **declaration.**

7 (1) **Legislative declaration.**

8 (a) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

9 (I) THE HOSPITAL TRANSFORMATION PROGRAM PLACES A  
10 SIGNIFICANT PORTION OF HOSPITALS' EXISTING MEDICAL ASSISTANCE  
11 PROGRAM SUPPLEMENTAL PAYMENTS AT RISK THROUGH A  
12 REDISTRIBUTION METHODOLOGY OSTENSIBLY TIED TO PERFORMANCE  
13 BENCHMARKS;

14 (II) UNDER THE PROGRAM DESIGN, REDUCTIONS IN SUPPLEMENTAL  
15 PAYMENTS MAY OCCUR AFTER SERVICES HAVE ALREADY BEEN PROVIDED  
16 AND FUNDS DISTRIBUTED, WHICH MAY CREATE SIGNIFICANT FINANCIAL  
17 UNCERTAINTY FOR HOSPITALS SERVING MEDICAID POPULATIONS;

18 (III) AN EFFECTIVE QUALITY IMPROVEMENT PROGRAM MUST OFFER  
19 PROVIDERS TIMELY FEEDBACK BASED ON SOUND DATA SO THAT THEY CAN  
20 ASSESS THEIR PERFORMANCE AND MAKE MEANINGFUL AND TIMELY  
21 ADJUSTMENTS TO PRACTICES. THE STATE DEPARTMENT'S HOSPITAL  
22 TRANSFORMATION PROGRAM IS NEITHER TIMELY NOR BASED ON SOUND  
23 DATA.

1 (IV) SUPPLEMENTAL MEDICAL ASSISTANCE PROGRAM PAYMENTS  
2 SUPPORT HOSPITAL ACCESS TO CARE ACROSS COLORADO, INCLUDING IN  
3 RURAL AND UNDERSERVED COMMUNITIES; AND

4 (V) THE STATE DEPARTMENT SUBMITTED STATE PLAN AMENDMENT  
5 24-0043 TO THE FEDERAL CENTERS FOR MEDICARE AND MEDICAID  
6 SERVICES SEEKING APPROVAL TO IMPLEMENT THE HOSPITAL  
7 TRANSFORMATION PROGRAM PERFORMANCE PENALTY AND  
8 REDISTRIBUTION METHODOLOGY.

9 (b) THEREFORE, THE GENERAL ASSEMBLY FURTHER DECLARES  
10 THAT IT IS NECESSARY TO PREVENT THE IMPLEMENTATION OF  
11 RETROSPECTIVE PAYMENT REDUCTIONS ASSOCIATED WITH THE HOSPITAL  
12 TRANSFORMATION PROGRAM TO SECURE HEALTH-CARE STABILITY AND  
13 RURAL ACCESS TO CARE IN COLORADO.

14 (2) **State plan amendment withdrawal.**

15 (a) THE STATE DEPARTMENT SHALL TAKE NO FURTHER ACTION TO  
16 SEEK, ADVANCE, OR OBTAIN FEDERAL APPROVAL OF STATE PLAN  
17 AMENDMENT 24-0043 OR ANY SUBSTANTIALLY SIMILAR AMENDMENT  
18 RELATING TO THE HOSPITAL TRANSFORMATION PROGRAM. THE STATE  
19 DEPARTMENT SHALL NOT SUBMIT ADDITIONAL MATERIALS, RESPONSES,  
20 TECHNICAL CORRECTIONS, OR REVISIONS TO THE AMENDMENT FOR THE  
21 PURPOSE OF FACILITATING FEDERAL APPROVAL.

22 (b) NO LATER THAN TEN BUSINESS DAYS AFTER THE EFFECTIVE  
23 DATE OF THIS SECTION, THE STATE DEPARTMENT SHALL FORMALLY  
24 WITHDRAW STATE PLAN AMENDMENT 24-0043 AND ANY SUBSTANTIALLY  
25 SIMILAR STATE PLAN AMENDMENT SUBMITTED TO THE FEDERAL CENTERS  
26 FOR MEDICARE AND MEDICAID SERVICES THAT AUTHORIZES  
27 PERFORMANCE-BASED REDUCTIONS OR REDISTRIBUTIONS OF HOSPITAL

1 SUPPLEMENTAL MEDICAL ASSISTANCE PROGRAM PAYMENTS UNDER THE  
2 HOSPITAL TRANSFORMATION PROGRAM.

3 (c) IF THE FEDERAL CENTERS FOR MEDICARE AND MEDICAID  
4 SERVICES APPROVE STATE PLAN AMENDMENT 24-0043 PRIOR TO ITS  
5 WITHDRAWAL, THE STATE DEPARTMENT SHALL TAKE ALL NECESSARY  
6 ACTIONS TO RESCIND, AMEND, OR OTHERWISE SUSPEND IMPLEMENTATION  
7 OF THE AMENDMENT.

8 (3) **Prohibition on implementation.** NOTWITHSTANDING ANY  
9 PROVISION OF LAW TO THE CONTRARY, THE STATE DEPARTMENT SHALL  
10 NOT IMPLEMENT ANY REDUCTION, RECOUPMENT, OR REDISTRIBUTION OF  
11 HOSPITAL SUPPLEMENTAL MEDICAL ASSISTANCE PROGRAM PAYMENTS  
12 AUTHORIZED PURSUANT TO THE HOSPITAL TRANSFORMATION PROGRAM  
13 PERFORMANCE METHODOLOGY DESCRIBED IN STATE PLAN AMENDMENT  
14 24-0043 FOR THE HOSPITAL TRANSFORMATION PROGRAM OR ANY  
15 SUCCESSOR QUALITY IMPROVEMENT PROGRAM UNLESS EXPRESSLY  
16 AUTHORIZED BY AN ACT OF THE GENERAL ASSEMBLY.

17 (4) **Reporting requirement.**

18 (a) WITHIN THIRTY DAYS AFTER WITHDRAWING, RESCINDING,  
19 AMENDING, OR SUSPENDING THE IMPLEMENTATION OF THE STATE PLAN  
20 AMENDMENT AS REQUIRED PURSUANT TO SUBSECTION (2) OF THIS  
21 SECTION, THE STATE DEPARTMENT SHALL SUBMIT WRITTEN NOTIFICATION  
22 TO:

23 (I) THE HOUSE OF REPRESENTATIVES HEALTH AND HUMAN  
24 SERVICES COMMITTEE, OR ITS SUCCESSOR COMMITTEE;

25 (II) THE SENATE HEALTH AND HUMAN SERVICES COMMITTEE, OR  
26 ITS SUCCESSOR COMMITTEE; AND

27 (III) THE JOINT BUDGET COMMITTEE.

1 (b) THE WRITTEN NOTIFICATION MUST INCLUDE:

2 (I) CONFIRMATION OF THE REQUEST FOR WITHDRAWAL,  
3 RESCISSION, AMENDMENT, OR SUSPENSION SUBMITTED TO THE FEDERAL  
4 CENTERS FOR MEDICARE AND MEDICAID SERVICES; AND

5 (II) THE STATUS OF ANY FEDERAL REVIEW OR APPROVAL ACTIONS.

6 (5) **Rule-making prohibited.** THE STATE DEPARTMENT SHALL  
7 NOT ADOPT RULES IMPLEMENTING THE PERFORMANCE PENALTY  
8 STRUCTURE OF THE HOSPITAL TRANSFORMATION PROGRAM OR ANY  
9 SUCCESSOR PROGRAM UNLESS AUTHORIZED BY A FUTURE ACT OF THE  
10 GENERAL ASSEMBLY.

11 **SECTION 2. Safety clause.** The general assembly finds,  
12 determines, and declares that this act is necessary for the immediate  
13 preservation of the public peace, health, or safety or for appropriations for  
14 the support and maintenance of the departments of the state and state  
15 institutions.