

HOUSE COMMITTEE OF REFERENCE REPORT

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Chair of Committee

\_\_\_\_\_  
Date

Committee on Health & Human Services.

After consideration on the merits, the Committee recommends the following:

HB26-1432 be amended as follows, and as so amended, be referred to the Committee of the Whole with favorable recommendation:

1 Amend printed bill, strike everything below the enacting clause and  
2 substitute:

3 "SECTION 1. In Colorado Revised Statutes, 25.5-4-402, amend  
4 (3)(a) and (3)(b) as follows:

5 **25.5-4-402. Providers - hospital reimbursement - hospital**  
6 **review program - rules.**

7 (3) (a) (I) In addition to the reimbursement rate process described  
8 in subsection (1) of this section and subject to FEDERAL APPROVAL AND  
9 adequate funding being made available pursuant to section 25.5-4-402.4,  
10 the Colorado healthcare affordability and sustainability enterprise created  
11 in section 25.5-4-402.4 (3) shall pay an additional amount based upon  
12 performance IN THE HOSPITAL QUALITY INCENTIVE PROGRAM to those  
13 hospitals that ~~provide services that improve health-care outcomes for their~~  
14 ~~patients, including~~ DELIVER SAFER, MORE EFFECTIVE CARE THAT  
15 IMPROVES PATIENT OUTCOMES AND REDUCES PREVENTABLE UTILIZATION  
16 TO REDUCE HEALTH-CARE COSTS. THE HOSPITAL QUALITY INCENTIVE  
17 PROGRAM MUST INCLUDE a performance metric related to workplace  
18 violence. ~~The state department shall determine this amount based upon~~  
19 ~~nationally recognized performance measures established in rules adopted~~  
20 ~~by the state board. The state quality standards must be consistent with~~  
21 ~~federal quality standards published by an organization with expertise in~~  
22 ~~health-care quality, including, but not limited to, the federal centers for~~  
23 ~~medicare and medicaid services, the agency for healthcare research and~~  
24 ~~quality, or the national quality forum.~~

25 (II) (A) PRIOR TO IMPLEMENTATION OF THE PROGRAM, THE  
26 COLORADO HEALTHCARE AFFORDABILITY AND SUSTAINABILITY  
27 ENTERPRISE BOARD SHALL APPROVE THE PERCENTAGE OF HOSPITALS'

1 REIMBURSEMENT IN THE HOSPITAL QUALITY INCENTIVE PROGRAM,  
2 PROGRAM STRUCTURE, PERFORMANCE MEASURES, AND SCORING  
3 METHODOLOGY.

4 (B) WHEN APPROVING A PROGRAM PURSUANT TO THIS SUBSECTION  
5 (3)(a), THE BOARD SHALL REQUIRE THAT NEW MEASURES REMAIN IN PLACE  
6 FOR A DEFINED PERIOD OF TIME NOT TO EXCEED THREE YEARS PRIOR TO  
7 MODIFICATION OR REPLACEMENT OF THE NEW MEASURES; EXCEPT THAT  
8 THE BOARD MAY APPROVE MODIFICATIONS OR REPLACEMENTS PRIOR TO  
9 THE END OF THE DEFINED PERIOD OF TIME IF THE BOARD IS PRESENTED  
10 WITH EVIDENCE THAT THE APPROVED MEASURES ARE NOT MEETING THE  
11 GOALS OF THE PROGRAM OR REQUIRE TECHNICAL ADJUSTMENTS. NOTHING  
12 IN THIS SUBSECTION (3)(a) PRECLUDES THE BOARD FROM RENEWING  
13 MEASURES THAT MEET THE GOALS OF THE PROGRAM AFTER THE DEFINED  
14 PERIOD OF TIME NOT TO EXCEED THREE YEARS HAS EXPIRED.

15 (C) ANY MODIFICATIONS TO THE HOSPITAL QUALITY INCENTIVE  
16 PROGRAM MUST BE APPROVED BY THE BOARD PRIOR TO IMPLEMENTATION;  
17 EXCEPT THAT CHANGES NECESSARY TO COMPLY WITH FEDERAL LAW MAY  
18 BE IMPLEMENTED IMMEDIATELY.

19 (III) PERFORMANCE MEASURES AND METHODOLOGIES MUST BE  
20 BASED ON FACTORS THAT ARE REASONABLY WITHIN HOSPITALS' CONTROL,  
21 ALIGNED WITH NATIONALLY RECOGNIZED STANDARDS TO THE MAXIMUM  
22 EXTENT PRACTICABLE, AND DESIGNED TO MINIMIZE ADMINISTRATIVE  
23 BURDEN, INCLUDING BY AVOIDING DUPLICATIVE REPORTING AND  
24 LEVERAGING EXISTING DATA SOURCES WHEN POSSIBLE. THE HOSPITAL  
25 QUALITY INCENTIVE PROGRAM SHOULD ALIGN WITH FEDERAL QUALITY  
26 STANDARDS.

27 (b) (I) ~~The amount of the payments made pursuant to subsection~~  
28 ~~(3)(a) of this section must be computed annually.~~ For each state fiscal  
29 year, the total amount of the payments must be no more than seven  
30 percent of the total reimbursements made to hospitals in the previous state  
31 fiscal year.

32 (II) NOTWITHSTANDING SUBSECTION (3)(b)(I) OF THIS SECTION,  
33 THE MAXIMUM PERCENTAGE OF PAYMENTS MUST NOT EXCEED SEVEN  
34 PERCENT OF THE TOTAL REIMBURSEMENTS MADE TO HOSPITALS IN THE  
35 PREVIOUS STATE FISCAL YEAR UNLESS AND UNTIL THE COLORADO  
36 HEALTHCARE AFFORDABILITY AND SUSTAINABILITY ENTERPRISE BOARD  
37 FORMALLY APPROVES A HOSPITAL QUALITY INCENTIVE PROGRAM  
38 PURSUANT TO SUBSECTION (3)(a) OF THIS SECTION, DEVELOPED WITH  
39 INPUT FROM HOSPITAL REPRESENTATIVES WITH CLINICAL EXPERTISE,  
40 AFTER WHICH THE MAXIMUM PERCENTAGE OF PAYMENTS MUST NOT  
41 EXCEED NINE PERCENT OF THE TOTAL REIMBURSEMENTS MADE TO  
42 HOSPITALS.

43 **SECTION 2.** In Colorado Revised Statutes, 25.5-4-402.4, **amend**

1 (4)(a)(IV)(E), (4)(c)(I) introductory portion,(5)(b)(VIII), (7)(d)(V), and  
2 (7)(e)(VI); and **repeal** (8) as follows:

3 **25.5-4-402.4. Hospitals - healthcare affordability and**  
4 **sustainability hospital provider fee - healthcare affordability and**  
5 **sustainability nursing facility provider fee - healthcare affordability**  
6 **and sustainability intermediate care facility fee - receipt of public**  
7 **funds - Colorado healthcare affordability and sustainability**  
8 **enterprise - federal waiver - funds created - reports - rules -**  
9 **legislative declaration - definitions - repeal.**

10 (4) **Healthcare affordability and sustainability hospital**  
11 **provider fee.**

12 (a) For the fiscal year commencing July 1, 2017, and for each  
13 fiscal year thereafter, the enterprise is authorized to charge and collect a  
14 healthcare affordability and sustainability hospital provider fee, as  
15 described in 42 CFR 433.68 (b), or as otherwise in compliance with 42  
16 CFR 433, on outpatient and inpatient services provided by all licensed or  
17 certified hospitals, and receive public funds as described in 42 CFR  
18 433.51, for the purpose of obtaining federal financial participation under  
19 the state medical assistance program as described in this article 4 and  
20 articles 5 and 6 of this title 25.5, including disproportionate share hospital  
21 payments pursuant to 42 U.S.C. sec. 1396r-4. If the amount of hospital  
22 provider fee revenue collected exceeds the federal net patient  
23 revenue-based limit on the amount of such fee revenue that may be  
24 collected, requiring repayment to the federal government of excess  
25 federal matching money received, hospitals that received such excess  
26 federal matching money are responsible for repaying the excess federal  
27 money and any associated federal penalties to the federal government.  
28 The enterprise shall use the hospital provider fee revenue to:

29 (IV) Provide or contract for or arrange the provision of additional  
30 business services to hospitals by:

31 (E) Providing funding for, and in cooperation with the state  
32 department and hospitals supporting the implementation of ~~a health-care~~  
33 ~~delivery system reform incentive payments program as described in~~  
34 ~~subsection (8) of this section~~ THE HOSPITAL QUALITY INCENTIVE PROGRAM  
35 CREATED IN SECTION 25.5-4-402 (3)(a).

36 (c) (I) In accordance with the redistributive method set forth in 42  
37 CFR 433.68 (e)(1) and (e)(2), the enterprise, acting in concert with or  
38 through an agreement with the state department if required by federal law,  
39 may seek a waiver from the broad-based hospital provider fee  
40 requirement or the uniform hospital provider fee requirement, or both. ~~In~~  
41 ~~addition, the enterprise, acting in concert with or through an agreement~~  
42 ~~with the state department if required by federal law, shall seek any federal~~  
43 ~~waiver necessary to fund and, in cooperation with the state department~~

1 and hospitals, support the implementation of a health-care delivery system  
2 reform incentive payments program as described in subsection (8) of this  
3 section. Subject to federal approval and to minimize the financial impact  
4 on certain hospitals, the enterprise may exempt from payment of the  
5 hospital provider fee certain types of hospitals, including but not limited  
6 to:

7       **(5) Healthcare affordability and sustainability hospital**  
8 **provider fee cash fund.**

9       (b) All money in the hospital provider fee cash fund is subject to  
10 federal matching as authorized under federal law and, subject to annual  
11 appropriation by the general assembly, shall be expended by the  
12 enterprise for the following purposes:

13       (VIII) ~~Subject to any necessary federal waivers being obtained, to~~  
14 ~~provide funding for a health-care delivery system reform incentive~~  
15 ~~payments program as described in subsection (8) of this section~~ SUBJECT  
16 TO FEDERAL APPROVAL, FOR THE HOSPITAL QUALITY INCENTIVE PROGRAM  
17 DESCRIBED IN SECTION 25.5-4-402 (3);

18       **(7) Colorado healthcare affordability and sustainability**  
19 **enterprise board.**

20       (d) The enterprise board has, at a minimum, the following duties:

21       (V) To direct and oversee the enterprise in seeking, in concert  
22 with or through an agreement with the state department if required by  
23 federal law, any federal waiver necessary to fund and, in cooperation with  
24 the state department and hospitals, support the implementation of a  
25 ~~health-care delivery system reform incentive payments program as~~  
26 ~~described in subsection (8) of this section~~ THE HOSPITAL QUALITY  
27 INCENTIVE PROGRAM CREATED IN SECTION 25.5-4-402 (3)(a);

28       (e) On or before January 15, 2018, and on or before January 15  
29 each year thereafter, the enterprise board shall submit a written report to  
30 the health and human services committee of the senate and the health and  
31 human services committee of the house of representatives, or any  
32 successor committees, the joint budget committee of the general  
33 assembly, the governor, and the state board. The report shall include, but  
34 need not be limited to:

35       (VI) A summary of:

36       (A) ~~The efforts made by the enterprise acting in concert with or~~  
37 ~~through an agreement with the state department if required by federal law,~~  
38 ~~to seek any federal waiver necessary to fund and, in cooperation with the~~  
39 ~~state department and hospitals, support the implementation of a~~  
40 ~~health-care delivery system reform incentive payments program as~~  
41 ~~described in subsection (8) of this section~~ TO IMPLEMENT THE HOSPITAL  
42 QUALITY INCENTIVE PROGRAM REQUIRED PURSUANT TO SECTION  
43 25.5-4-402 (3), INCLUDING INFORMATION ABOUT THE STRUCTURE OF THE

1 HOSPITAL QUALITY INCENTIVE PROGRAM AND ANY RESULTS ACHIEVED AS  
2 A RESULT OF THE HOSPITAL QUALITY INCENTIVE PROGRAM; and

3 (B) The progress actually made by the enterprise, in cooperation  
4 with the state department and hospitals, towards the goal of implementing  
5 such a program AND THE ENTERPRISE BOARD'S LEGISLATIVE  
6 RECOMMENDATIONS FOR CHANGES TO THE HOSPITAL QUALITY INCENTIVE  
7 PROGRAM.

8 ~~(8) Health-care delivery system reform incentive payments~~  
9 ~~program - funding and implementation.~~ The enterprise, acting in  
10 concert with or through an agreement with the state department if  
11 required by federal law, shall seek any federal waiver necessary to fund  
12 and, in cooperation with the state department and hospitals, support the  
13 implementation, no earlier than October 1, 2019, of a health-care delivery  
14 system reform incentive payments program that will improve health-care  
15 access and outcomes for individuals served by the state department while  
16 efficiently utilizing available financial resources. Such a program must,  
17 at a minimum:

18 (a) ~~Include an initial planning phase to:~~

19 (I) ~~Assess needs; and~~

20 (H) ~~Develop achievable outcome-based metrics to be used to~~  
21 ~~measure progress towards program goals, including the goals of~~  
22 ~~health-care delivery system integration, improved patient outcomes, and~~  
23 ~~more efficient provision of care; and~~

24 (b) ~~Address the following focus areas:~~

25 (I) ~~Care coordination and care transition management;~~

26 (H) ~~Integration of physical and behavioral health-care services;~~

27 (HH) ~~Chronic condition management;~~

28 (IV) ~~Targeted population health; and~~

29 (V) ~~Data-driven accountability and outcome measurement.~~

30 **SECTION 3. Safety clause.** The general assembly finds,  
31 determines, and declares that this act is necessary for the immediate  
32 preservation of the public peace, health, or safety or for appropriations for  
33 the support and maintenance of the departments of the state and state  
34 institutions."

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