

Second Regular Session
Seventieth General Assembly
STATE OF COLORADO

REVISED

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

LLS NO. 16-0586.01 Brita Darling x2241

HOUSE BILL 16-1081

HOUSE SPONSORSHIP

Ransom and Esgar,

SENATE SPONSORSHIP

Lundberg and Newell,

House Committees

Health, Insurance, & Environment

Senate Committees

Health & Human Services

A BILL FOR AN ACT

101 CONCERNING REMOVING OBSOLETE REPORTING PROVISIONS IN TITLE
102 25.5 OF THE COLORADO REVISED STATUTES.

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://www.leg.state.co.us/billsummaries>.)

The bill repeals certain requirements of the department of health care policy and financing (department) and other providers, including:

- ! Reporting on data relating to clinical performance to assess health outcomes;
- ! Reporting on the number and dollar value of medical services coding errors identified through the correct coding

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.

Capital letters indicate new material to be added to existing statute.

Dashes through the words indicate deletions from existing statute.

SENATE
2nd Reading Unamended
February 23, 2016

HOUSE
3rd Reading Unamended
February 9, 2016

HOUSE
2nd Reading Unamended
February 8, 2016

- system;
- ! The collection of health data and outcomes and reporting relating to a 1998 quality assurance analysis concerning the cost-effectiveness of each managed care program that was not undertaken;
- ! Reporting on the implementation of the prescription drug utilization review process;
- ! Quarterly reports from personal services contractors who contract with the department for the children's basic health plan;
- ! An annual evaluation and reporting on the comprehensive medical plan for expanding services in the medical assistance program;
- ! A report relating to an actuarial study and fiscal analysis in order to implement the medicaid buy-in program; and
- ! Reporting related to cost savings anticipated in previous, current, and subsequent fiscal years from health care program reforms, consolidation, and streamlining in the children's basic health plan.

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

2 **SECTION 1.** In Colorado Revised Statutes, 25.5-1-109.5, **repeal**
 3 (2) (b) as follows:

4 **25.5-1-109.5. Clinical standards - development.** (2) (b) ~~The~~
 5 ~~state department shall review data collected pursuant to paragraph (a) of~~
 6 ~~this subsection (2) and assess the health outcomes for programs~~
 7 ~~administered by the state department. On or before July 1, 2008, and on~~
 8 ~~or before each July 1 thereafter, based on the review of this data, the state~~
 9 ~~department shall recommend to the health and human services~~
 10 ~~committees of the senate and the house of representatives, or any~~
 11 ~~successor committees, strategies to improve health outcomes.~~

12 **SECTION 2.** In Colorado Revised Statutes, 25.5-4-300.7, **repeal**
 13 (2) as follows:

14 **25.5-4-300.7. Prevention of coding errors - prepayment review**

1 **of claims.** (2) ~~On or before January 31, 2011, and on or before January~~
2 ~~31 each year thereafter, the state department shall submit to the joint~~
3 ~~budget committee of the general assembly and to the health and human~~
4 ~~services committees of the house of representatives and senate, or any~~
5 ~~successor committees, a report concerning the system implemented and~~
6 ~~maintained by the state department pursuant to subsection (1) of this~~
7 ~~section. The report shall include, at a minimum, the number and dollar~~
8 ~~value of medical services coding errors identified during the previous~~
9 ~~year through the use of the system.~~

10 **SECTION 3.** In Colorado Revised Statutes, 25.5-5-410, **amend**
11 **(2); and repeal (1)** as follows:

12 **25.5-5-410. Data collection for managed care programs.** (1) ~~In~~
13 ~~addition to any other data collection or reporting requirements set forth~~
14 ~~in this article and articles 4 and 6 of this title, the state department shall~~
15 ~~access and compile data concerning health data and outcomes. In~~
16 ~~addition, no later than July 1, 1998, the state department shall conduct or~~
17 ~~shall contract with an independent evaluator to conduct a quality~~
18 ~~assurance analysis of each managed care program in the state for medical~~
19 ~~assistance recipients. No later than July 1, 1999, and each fiscal year~~
20 ~~thereafter, the state department, using the compiled data and results from~~
21 ~~the quality assurance analysis, shall submit a report to the house and~~
22 ~~senate committees on health and human services, or any successor~~
23 ~~committees, on the cost-efficiency of each managed care program or~~
24 ~~component thereof, with recommendations concerning statewide~~
25 ~~implementation of the respective programs or components. For the~~
26 ~~purposes of this subsection (1), "quality assurance" means costs weighed~~
27 ~~against benefits provided to consumers, health outcomes or maintenance~~

1 of the individual's highest level of functioning, and the overall change in
2 the health status of the population served. The state department's report
3 shall address capitation, including methods for adjusting rates based on
4 risk allocations, fees-for-services, copayments, chronically ill
5 populations, long-term care, community-supported services, and the
6 entitlement status of medical assistance. The state department's report
7 shall include a comparison of the effectiveness of the MCE program and
8 the PCCM program based upon common performance standards that shall
9 include but not be limited to recipient satisfaction.

10 (2) ~~In addition,~~ The state department of human services, in
11 conjunction with the state department, shall continue its existing efforts,
12 which include obtaining and considering consumer input, to develop
13 managed care systems for the developmentally disabled population and
14 to consider a pilot program for a certificate system to enable the
15 developmentally disabled population to purchase managed care services
16 or fee-for-service care, including long-term care community services. The
17 department of human services shall not implement any managed care
18 system for developmentally disabled services without the express
19 approval of the joint budget committee. Any proposed implementation of
20 fully capitated managed care in the developmental disabilities community
21 service system shall require legislative review.

22 **SECTION 4.** In Colorado Revised Statutes, 25.5-5-506, **repeal**
23 (3) (b) as follows:

24 **25.5-5-506. Prescribed drugs - utilization review.** (3) (b) ~~The~~
25 ~~state department shall report to the health and human services committees~~
26 ~~for the house of representatives and the senate, or any successor~~
27 ~~committees, and the joint budget committee no later than December 1,~~

1 2003, and each December 1 thereafter, on plan utilization mechanisms
2 that have been implemented or that will be implemented by the state
3 department, the time frames for implementation, the expected savings
4 associated with each utilization mechanism, and any other information
5 deemed appropriate by the health and human services committees, or any
6 successor committees, or the joint budget committee.

7 **SECTION 5.** In Colorado Revised Statutes, **repeal** 25.5-8-113 as
8 follows:

9 **25.5-8-113. Reports by contractors to medical services board.**
10 ~~Any personal services contractor that contracts with the department to~~
11 ~~provide services under this article shall provide quarterly reports to the~~
12 ~~medical services board relating to the functions performed by the~~
13 ~~contractor, including reports on enrollment, utilization, marketing, and~~
14 ~~any concerns or recommendations relating to improving the~~
15 ~~administration of or the quality of the program. In addition, any contractor~~
16 ~~shall submit any data requested by the medical services board relating to~~
17 ~~the children's basic health plan and the functions provided by that~~
18 ~~contractor.~~

19 **SECTION 6.** In Colorado Revised Statutes, **repeal** 25.5-4-202 as
20 follows:

21 **25.5-4-202. Comprehensive plan for other services and**
22 **benefits.** ~~In accordance with federal requirements pertaining to the~~
23 ~~development of a broad-based medical care program for low-income~~
24 ~~families, the state department shall prepare a comprehensive medical plan~~
25 ~~for consideration by the house and senate committees on health and~~
26 ~~human services, or any successor committees. The comprehensive plan~~
27 ~~shall include alternate means of expanding the medical care benefits and~~

1 coverage provided in this article and articles 5 and 6 of this title. The
2 comprehensive plan shall be reevaluated annually and shall be based upon
3 a documented review of medical needs of low-income families in
4 Colorado, a detailed analysis of priorities of service, coverage, and
5 program costs, and an evaluation of progress. The medical advisory
6 council appointed pursuant to this article shall assist the state department
7 in the preparation of the comprehensive plan.

8 **SECTION 7.** In Colorado Revised Statutes, 25.5-6-1403, **amend**
9 (2); and **repeal** (1) as follows:

10 **25.5-6-1403. Waivers and amendments.** (1) ~~On or before~~
11 ~~January 1, 2010, the state department shall submit to the joint budget~~
12 ~~committee of the general assembly a report on the actuarial study and the~~
13 ~~fiscal analysis of the premiums based on the study and the rules adopted~~
14 ~~pursuant to this section.~~

15 (2) If approved by the joint budget committee following its review
16 of the report and subject to available appropriations, the state department
17 shall submit to the federal centers for medicare and medicaid services an
18 amendment to the state medical assistance plan, and shall request any
19 necessary waivers from the secretary of the federal department of health
20 and human services, to permit the state department to expand medical
21 assistance eligibility as provided in this part 14 for the purpose of
22 implementing a medicaid buy-in program for people with disabilities who
23 are in the basic coverage group or the medical improvement group. In
24 addition, the state department shall apply to the secretary of the federal
25 department of health and human services for a medicaid infrastructure
26 grant, if available, to develop and implement the federal "Ticket to Work
27 and Work Incentives Improvement Act of 1999", Pub.L. 106-170.

1 **SECTION 8.** In Colorado Revised Statutes, **repeal** 25.5-8-106 as
2 follows:

3 **25.5-8-106. Annual savings report.** ~~(1) By October 1 of each~~
4 ~~year, the department shall submit to the joint budget committee of the~~
5 ~~general assembly, to the health and human services committees of the~~
6 ~~house of representatives and the senate, or any successor committees, and~~
7 ~~to the office of state planning and budgeting an annual savings report~~
8 ~~stating the cost-savings anticipated in the previous, current, and~~
9 ~~subsequent fiscal years from health care program reforms, consolidations,~~
10 ~~and streamlining.~~

11 ~~(2) The annual savings report shall include a description of net~~
12 ~~savings factoring in increased administrative expenses from the~~
13 ~~following:~~

14 ~~(a) **Enrollment of medicaid clients in medicaid managed care**~~
15 ~~**programs.** In calculating savings from enrollment of medicaid clients~~
16 ~~into medicaid managed care programs, the department shall calculate the~~
17 ~~total annual savings from growth in managed care enrollment subsequent~~
18 ~~to June 30, 1997.~~

19 ~~(b) **Consolidation of the children's portions of the Colorado**~~
20 ~~**indigent care program into the plan.** In calculating the savings accrued~~
21 ~~and anticipated from consolidation of the children's portions of the~~
22 ~~Colorado indigent care program, created in part 1 of article 3 of this title,~~
23 ~~into the plan, the department shall use the following methodology:~~
24 ~~Estimate the reduction in expenditures due to the reduction in the number~~
25 ~~of children under age nineteen served by the Colorado indigent care~~
26 ~~program for each fiscal year in which children have been enrolled in the~~
27 ~~children's basic health plan.~~

1 (3) ~~As reported in the annual savings report, the total savings from~~
2 ~~consolidation of the children's portions of the Colorado indigent care~~
3 ~~program, created in part 1 of article 3 of this title, into the plan shall not~~
4 ~~reduce the reimbursement rate of expenditures made on behalf of children~~
5 ~~to the Colorado indigent care program enrolled providers below the~~
6 ~~reimbursement rates used in the fiscal year prior to the first child~~
7 ~~enrolling in the plan.~~

8 (4) ~~The department shall modify total savings calculated in~~
9 ~~paragraph (b) of subsection (2) of this section according to the geographic~~
10 ~~residence of subsidized enrollees and to the probable location of their~~
11 ~~health care providers under the Colorado indigent care program, created~~
12 ~~in part 1 of article 3 of this title.~~

13 **SECTION 9.** In Colorado Revised Statutes, 25.5-5-406, **amend**
14 (1) (f) (I) as follows:

15 **25.5-5-406. Required features of managed care system.**

16 (1) **General features.** All medicaid managed care programs shall contain
17 the following general features, in addition to others that the state
18 department and the state board consider necessary for the effective and
19 cost-efficient operation of those programs:

20 (f) **Access to prescription drugs.** (I) The state department shall
21 encourage an MCE to solicit competitive bids for the prescription drug
22 benefit and discourage an MCE that has prescription drugs as a covered
23 benefit from contracting for the prescription drug benefit with a sole
24 source provider as much as possible. ~~The state department's reports~~
25 ~~required by section 25.5-5-410 shall include a summary of each MCE's~~
26 ~~pharmacy network by geographic catchment area.~~

27 **SECTION 10.** In Colorado Revised Statutes, 25.5-8-105, **amend**

1 (6) as follows:

2 **25.5-8-105. Trust - created.** (6) As part of its annual savings
3 report to the general assembly on November 1 of each year, the
4 department may identify efficiencies and consolidations that produce
5 savings in the department's annual budget request that result in actual
6 reductions in administrative and programmatic costs associated with the
7 implementation of this article and not decreases in the number of
8 caseloads of such programs. ~~These identified savings shall not duplicate~~
9 ~~the savings reported in the annual savings report described in section~~
10 ~~25.5-8-106.~~

11 **SECTION 11. Act subject to petition - effective date.** This act
12 takes effect at 12:01 a.m. on the day following the expiration of the
13 ninety-day period after final adjournment of the general assembly (August
14 10, 2016, if adjournment sine die is on May 11, 2016); except that, if a
15 referendum petition is filed pursuant to section 1 (3) of article V of the
16 state constitution against this act or an item, section, or part of this act
17 within such period, then the act, item, section, or part will not take effect
18 unless approved by the people at the general election to be held in
19 November 2016 and, in such case, will take effect on the date of the
20 official declaration of the vote thereon by the governor.