

Second Regular Session  
Seventieth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 16-0715.01 Kristen Forrestal x4217

HOUSE BILL 16-1326

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HOUSE SPONSORSHIP

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House Committees

Public Health Care & Human Services

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A BILL FOR AN ACT

101 CONCERNING CHANGES IN THE REQUIREMENTS FOR THE COVERAGE OF  
102 HEALTH CARE BENEFITS FOR PHYSICAL REHABILITATION  
103 SERVICES TO ALLOW FOR INCREASED CONSUMER ACCESS TO  
104 SERVICES.

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

The bill requires a health insurance carrier that is providing benefits for physical rehabilitation services and an intermediary who has contracted with the carrier to:

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.*

- ! Base coverage authorization and medical necessity determinations on generally accepted and evidence-based criteria and disclose the criteria to health care providers and policyholders;
- ! Disclose the process that must be followed to obtain coverage authorizations and medical necessity determinations to providers and policyholders;
- ! Ensure that the authorizations and determinations are made by a licensed provider in good standing in the same field or specialty as the requesting provider; and
- ! Categorize care for a recurring condition as a new episode if the same provider has not treated the policyholder within the last 30 days.

The contract between the health care provider and intermediary must not:

- ! Allow for utilization management or utilization review as direct medical care or quality improvement;
- ! Impose different or tiered authorization standards and criteria for participating providers of the same licensed profession in the same network;
- ! Require prior authorization for coverage for the evaluation and management in the initial visit; or
- ! Require a provider to discount billed charges for physical rehabilitation services or products not covered under a health coverage plan unless the carrier or intermediary has disclosed to the provider and the carrier's policyholders in writing that providers are required to give the discount.

The bill prohibits a carrier from providing incentives to an intermediary who has a contract for its coverage authorizations and medical necessity determinations for services provided to a policyholder.

The bill makes a violation of these terms an unfair or deceptive trade practice in the business of insurance.

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

2           **SECTION 1.** In Colorado Revised Statutes, **add** 10-16-143 as  
 3 follows:

4           **10-16-143. Requirements for carriers and participating**  
 5 **providers - rules.** (1) A CARRIER THAT PROVIDES BENEFITS FOR  
 6 PHYSICAL REHABILITATION SERVICES AND AN INTERMEDIARY THAT HAS  
 7 ENTERED INTO A CONTRACT WITH ONE OR MORE SUCH CARRIERS TO

1 CONDUCT UTILIZATION MANAGEMENT, UTILIZATION REVIEW, PROVIDER  
2 CREDENTIALING, ADMINISTRATION OF HEALTH INSURANCE BENEFITS,  
3 SETTING OR NEGOTIATION OF REIMBURSEMENT RATES, PAYMENT TO  
4 PROVIDERS, NETWORK DEVELOPMENT, OR DISEASE MANAGEMENT  
5 PROGRAMS FOR THE PHYSICAL REHABILITATION SERVICES SHALL INCLUDE  
6 AND ENFORCE WITHIN THEIR CONTRACT THE FOLLOWING REQUIREMENTS:

7 (a) A REQUIREMENT THAT THE INTERMEDIARY BASE COVERAGE  
8 AUTHORIZATIONS AND MEDICAL NECESSITY OF HEALTH CARE  
9 DETERMINATIONS ON GENERALLY ACCEPTED AND EVIDENCE-BASED  
10 STANDARDS AND CRITERIA OF CLINICAL PRACTICE;

11 (b) DISCLOSURE TO A CARRIER'S POLICYHOLDERS AND PROVIDERS  
12 OF THE EVIDENCE-BASED STANDARDS AND CRITERIA OF CLINICAL  
13 PRACTICE THAT ARE BEING USED FOR AUTHORIZING COVERAGE OR  
14 DETERMINING THE MEDICAL NECESSITY OF HEALTH CARE SERVICES;

15 (c) DISCLOSURE TO A CARRIER'S POLICYHOLDERS AND PROVIDERS  
16 OF THE PROCESS THAT MUST BE FOLLOWED TO OBTAIN COVERAGE  
17 AUTHORIZATIONS AND MEDICAL NECESSITY DETERMINATIONS;

18 (d) ENSURING THAT COVERAGE AUTHORIZATIONS AND MEDICAL  
19 NECESSITY DETERMINATIONS ARE PERFORMED BY A PROVIDER WHO IS  
20 LICENSED IN GOOD STANDING, WHOSE SCOPE OF PRACTICE INCLUDES  
21 DEVELOPMENT OF A PLAN OF CARE, AND WHO IS ACTIVELY PRACTICING IN  
22 COLORADO IN THE SAME HEALTH FIELD OR SPECIALTY AS THE REQUESTING  
23 PROVIDER; AND

24 (e) CATEGORIZATION OF CARE FOR A RECURRING CONDITION AS A  
25 NEW EPISODE OF CARE IF THE SAME PROVIDER HAS NOT TREATED THE  
26 POLICYHOLDER WITHIN THE PREVIOUS THIRTY DAYS.

27 (2) THE CONTRACT BETWEEN THE CARRIER AND INTERMEDIARY

1 DESCRIBED IN SUBSECTION (1) OF THIS SECTION MUST NOT:

2 (a) ALLOW COSTS FOR UTILIZATION MANAGEMENT OR UTILIZATION  
3 REVIEW TO BE INCLUDED AS DIRECT CLAIM COSTS FOR MEDICAL CARE OR  
4 QUALITY IMPROVEMENT;

5 (b) IMPOSE DIFFERENT OR TIERED AUTHORIZATION STANDARDS  
6 AND CRITERIA FOR PARTICIPATING PROVIDERS OF THE SAME LICENSED  
7 PROFESSION IN THE SAME NETWORK;

8 (c) REQUIRE PRIOR AUTHORIZATION FOR COVERAGE FOR THE  
9 EVALUATION AND MANAGEMENT FOR THE INITIAL VISIT; OR

10 (d) REQUIRE A PROVIDER TO DISCOUNT BILLED CHARGES FOR  
11 PHYSICAL REHABILITATION SERVICES OR PRODUCTS NOT COVERED UNDER  
12 A HEALTH COVERAGE PLAN UNLESS THE CARRIER OR INTERMEDIARY HAS  
13 DISCLOSED TO THE PROVIDER AND THE CARRIER'S POLICYHOLDERS IN  
14 WRITING THAT PROVIDERS ARE REQUIRED TO GIVE THE DISCOUNT.

15 (3) THE CARRIER DESCRIBED IN SUBSECTION (1) OF THIS SECTION  
16 SHALL NOT PROVIDE INCENTIVES TO AN INTERMEDIARY WHO HAS A  
17 CONTRACT IN ACCORDANCE WITH SUBSECTIONS (1) AND (2) OF THIS  
18 SECTION FOR ITS COVERAGE AUTHORIZATIONS AND MEDICAL NECESSITY  
19 DETERMINATIONS FOR SERVICES PROVIDED TO A POLICYHOLDER.

20 (4) A VIOLATION OF THIS SECTION IS AN UNFAIR OR DECEPTIVE  
21 TRADE PRACTICE IN THE BUSINESS OF INSURANCE PURSUANT TO SECTION  
22 10-3-1104.

23 (5) THE COMMISSIONER MAY PROMULGATE RULES TO IMPLEMENT  
24 THIS SECTION.

25 **SECTION 2. Act subject to petition - effective date.** This act  
26 takes effect January 1, 2018; except that, if a referendum petition is filed  
27 pursuant to section 1 (3) of article V of the state constitution against this

1 act or an item, section, or part of this act within the ninety-day period  
2 after final adjournment of the general assembly, then the act, item,  
3 section, or part will not take effect unless approved by the people at the  
4 general election to be held in November 2016 and, in such case, will take  
5 effect on January 1, 2018, or on the date of the official declaration of the  
6 vote thereon by the governor, whichever is later.