

CHAPTER 155

HUMAN SERVICES - SOCIAL SERVICES

HOUSE BILL 98-1325

BY REPRESENTATIVES Owen, Grampas, Romero, Bacon, Clarke, Dyer, Gordon, Grossman, Hagedorn, Leyba, Mace, Morrison, Nichol, Reeser, Saliman, Snyder, Takis, Tate, Tupa, Udall, Veiga, S. Williams, and Zimmerman; also SENATORS Rizzuto, Blickensderfer, Lacy, Bishop, Feeley, Hernandez, Hopper, Matsunaka, Norton, Pascoe, Reeves, Rupert, Tanner, Weddig, and Wham.

AN ACT

CONCERNING THE IMPLEMENTATION OF THE NON-MEDICAID STATE SUBSIDIZED INSURANCE PROGRAM KNOWN AS THE "CHILDREN'S BASIC HEALTH PLAN".

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

SECTION 1. 26-19-102, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

26-19-102. Legislative declaration. (5) THE GENERAL ASSEMBLY HEREBY DECLARES THAT THE FOLLOWING PRINCIPLES SHALL BE USED IN IMPLEMENTING THE CHILDREN'S BASIC HEALTH PLAN SET FORTH IN THIS ARTICLE:

(a) THE CHILDREN'S BASIC HEALTH PLAN POLICY BOARD CREATED IN THIS ARTICLE SHALL ESTABLISH AND MAINTAIN A GOAL OF INTER-PROGRAM COMMUNICATION IN ORDER TO MAXIMIZE EXISTING STATE APPROPRIATIONS FOR THE POPULATION SERVED IN THE PROGRAM;

(b) THERE SHALL BE EFFICIENT PROGRAM UTILIZATION THROUGH INTER-PROGRAM COORDINATION AND PROGRAM CONSOLIDATION, AND WHERE APPROPRIATE, THROUGH CONTRACTING WITH THE PRIVATE SECTOR AND WITH ESSENTIAL COMMUNITY PROVIDERS;

(c) THE POLICIES ENACTED IN HOUSE BILL 97-1304 REGARDING A STRONG MANAGED CARE DIRECTION SHALL BE EMPHASIZED;

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

(d) THE PRIVATE SECTOR SHALL BE INVOLVED TO THE GREATEST POSSIBLE DEGREE;

(e) THERE SHALL BE A STRONG EMPHASIS ON COORDINATION WITH LOCAL AND STATE PUBLIC HEALTH PROGRAMS AND INITIATIVES FOR CHILDREN.

SECTION 2. 26-19-103 (1) and (4), Colorado Revised Statutes, are amended, and the said 26-19-103 is further amended BY THE ADDITION OF THE FOLLOWING NEW SUBSECTIONS, to read:

26-19-103. Definitions. As used in this article, unless the context otherwise requires:

(1) "Child" means a person who is less than ~~eighteen~~ NINETEEN years of age.

(4) "Eligible person" means a person who is less than ~~eighteen~~ NINETEEN years of age, whose gross family income does not exceed one hundred eighty-five percent of the federal poverty level, adjusted for family size.

(5.4) "ESSENTIAL COMMUNITY PROVIDER" MEANS A HEALTH CARE PROVIDER THAT:

(a) HAS HISTORICALLY SERVED MEDICALLY NEEDY OR MEDICALLY INDIGENT PATIENTS AND DEMONSTRATES A COMMITMENT TO SERVE LOW-INCOME AND MEDICALLY INDIGENT POPULATIONS WHO MAKE UP A SIGNIFICANT PORTION OF ITS PATIENT POPULATION, OR IN THE CASE OF A SOLE COMMUNITY PROVIDER, SERVES THE MEDICALLY INDIGENT PATIENTS WITHIN ITS MEDICAL CAPABILITY; AND

(b) WAIVES CHARGES OR CHARGES FOR SERVICES ON A SLIDING SCALE BASED ON INCOME AND DOES NOT RESTRICT ACCESS OR SERVICES BECAUSE OF A CLIENT'S FINANCIAL LIMITATIONS.

(6.5) "POLICY BOARD" MEANS THE CHILDREN'S BASIC HEALTH PLAN POLICY BOARD CREATED IN SECTION 26-19-104.5.

SECTION 3. 26-19-104, Colorado Revised Statutes, is amended to read:

26-19-104. Children's basic health plan - implementation required - rules.

The ~~department~~ POLICY BOARD is authorized to adopt rules to implement AND ADMINISTER the children's basic health plan to provide health insurance coverage to children on a statewide basis pursuant to the provisions of this article.

SECTION 4. Article 19 of title 26, Colorado Revised Statutes, is amended BY THE ADDITION OF THE FOLLOWING NEW SECTIONS to read:

26-19-104.5. Policy board -creation - repeal. (1) THERE IS HEREBY CREATED IN THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING THE CHILDREN'S BASIC HEALTH PLAN POLICY BOARD, WHICH SHALL EXERCISE ITS POWERS AND PERFORM ITS DUTIES AND FUNCTIONS AS IF IT WERE TRANSFERRED TO SAID DEPARTMENT BY A **TYPE 1** TRANSFER. THE POLICY BOARD SHALL CONSIST OF ELEVEN MEMBERS. FOUR MEMBERS OF THE POLICY BOARD SHALL BE THE EXECUTIVE DIRECTORS OF THE DEPARTMENTS OF PUBLIC HEALTH AND ENVIRONMENT, HEALTH CARE POLICY AND

FINANCING, EDUCATION, AND HUMAN SERVICES, OR THEIR DESIGNEES. SEVEN MEMBERS OF THE POLICY BOARD SHALL BE APPOINTED BY THE GOVERNOR, WITH THE CONSENT OF THE SENATE, AND SHALL REPRESENT THE FOLLOWING: TWO MEMBERS SHALL REPRESENT SMALL BUSINESS OR OTHER BUSINESSES IN THE STATE; THREE MEMBERS SHALL REPRESENT THE HEALTH CARE INDUSTRY, INCLUDING ONE WHO IS A MANAGED CARE EXPERT NOT AFFILIATED WITH A MANAGED CARE ORGANIZATION UNDER CONTRACT TO PROVIDE SERVICES UNDER THE CHILDREN'S BASIC HEALTH PLAN; ONE MEMBER SHALL BE A REPRESENTATIVE OF AN ESSENTIAL COMMUNITY PROVIDER; AND ONE MEMBER SHALL BE A CONSUMER.

(2) THE APPOINTED MEMBERS OF THE POLICY BOARD SHALL SERVE TERMS OF FOUR YEARS; EXCEPT THAT THE INITIAL TERMS OF ONE OF THE BUSINESS REPRESENTATIVES AND ONE OF THE HEALTH CARE INDUSTRY MEMBERS SHALL BE THREE YEARS. WHENEVER A VACANCY EXISTS, THE GOVERNOR SHALL APPOINT A MEMBER FOR THE REMAINING PORTION OF THE UNEXPIRED TERM CREATED BY THE VACANCY. THE GOVERNOR MAY REMOVE ANY APPOINTED MEMBER OF THE POLICY BOARD FOR ANY CAUSE THAT RENDERS SUCH A MEMBER INCAPABLE OR UNFIT TO DISCHARGE THE DUTIES OF THE OFFICE.

(3) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2000.

26-19-104.6. Policy board - power and duties - reports. (1) IN ADDITION TO ANY OTHER POWERS ENUMERATED IN THIS ARTICLE, THE POLICY BOARD SHALL HAVE THE FOLLOWING POWERS AND DUTIES:

(a) TO REPORT PERIODICALLY TO THE JOINT BUDGET COMMITTEE ON THE PROGRESS MADE IN INTER-PROGRAM COORDINATION AND PROGRAM CONSOLIDATION WITH EXISTING HEALTH CARE PROGRAMS AND ON THE EFFICIENCIES ACHIEVED IN UTILIZING EXISTING HEALTH CARE PROGRAMS PURSUANT TO THIS ARTICLE;

(b) TO REPORT ON MATTERS THE POLICY BOARD DEEMS TO BE OF INTEREST TO THE GENERAL ASSEMBLY REGARDING THE IMPLEMENTATION AND ADMINISTRATION OF THE CHILDREN'S BASIC HEALTH PLAN; AND

(c) TO REPORT ON ENROLLMENT, UTILIZATION, AND QUALITY OF HEALTH CARE SERVICES PROVIDED THROUGH THE CHILDREN'S BASIC HEALTH PLAN, AND IDENTIFY BARRIERS RELATED TO ENROLLMENT, UTILIZATION, AND QUALITY.

(2) IN ADDITION TO THE REPORTS SUBMITTED TO THE JOINT BUDGET COMMITTEE PURSUANT TO SUBSECTION (1) OF THIS SECTION, THE POLICY BOARD SHALL CONDUCT AN EVALUATION OF THE CONTRACTING AND ADMINISTRATIVE FUNCTIONS AND THE METHODOLOGY USED BY THE DEPARTMENT IN IMPLEMENTING THE CHILDREN'S BASIC HEALTH PLAN AND SHALL MAKE RECOMMENDATIONS REGARDING ANY NECESSARY CHANGES TO THE PROGRAM OR THE STATUTES, INCLUDING ANY RECOMMENDATIONS REGARDING FURTHER PRIVATIZATION OF THESE FUNCTIONS. SUCH EVALUATION SHALL INCLUDE STATE FISCAL YEARS 1997-98 AND 1998-99. THE POLICY BOARD SHALL SUBMIT A WRITTEN REPORT OF ITS EVALUATION AND RECOMMENDATIONS ON OR BEFORE OCTOBER 1, 1999, TO THE JOINT BUDGET COMMITTEE AND TO THE HEALTH, ENVIRONMENT, WELFARE, AND INSTITUTIONS COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND THE SENATE.

(3) THE DEPARTMENT SHALL SUBMIT TO THE POLICY BOARD ANY INFORMATION CONCERNING THE IMPLEMENTATION AND ADMINISTRATION OF THE CHILDREN'S BASIC HEALTH PLAN THAT IS REQUESTED BY THE POLICY BOARD IN CONNECTION WITH ITS REPORTING AND EVALUATION DUTIES OUTLINED IN THIS SECTION.

26-19-104.7. Advisory board - appointment - repeal. (1) THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING MAY APPOINT AN ADVISORY BOARD FOR THE PURPOSE OF ADVISING THE POLICY BOARD AND THE DEPARTMENT ON THE IMPLEMENTATION AND ADMINISTRATION OF THE CHILDREN'S BASIC HEALTH PLAN. THE NUMBER OF PERSONS APPOINTED TO SERVE ON THE ADVISORY BOARD SHALL BE DETERMINED BY THE EXECUTIVE DIRECTOR.

(2) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2000.

SECTION 5. 26-19-106 (1) and (2) (b), Colorado Revised Statutes, are amended to read:

26-19-106. Annual savings report. (1) By ~~November 1~~ OCTOBER 1 of each year, the department shall submit to the joint budget committee of the general assembly and to the office of state planning and budgeting an annual savings report stating the cost-savings anticipated in the previous, current, and subsequent fiscal years from health care program reforms, consolidations, and streamlining.

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

(b) **Consolidation of the children's portions of the Colorado indigent care program into the plan.** In calculating the savings accrued and anticipated from consolidation of the children's portions of the Colorado indigent care program, created in article 15 of this title, into the plan, the department shall use the following methodology: Estimate the reduction in expenditures due to the reduction in the number of children under age ~~eighteen~~ NINETEEN served by the Colorado indigent care program for each fiscal year in which children have been enrolled in the children's basic health plan.

SECTION 6. 26-19-107 (1) (a), (1) (d), and (2), Colorado Revised Statutes, are amended to read:

26-19-107. Duties of the department - schedule of services - premiums - copayments - subsidies. (1) In addition to any other duties pursuant to this article, the department shall have the following duties:

(a) To design, on or after ~~July 1, 1998~~, THE EFFECTIVE DATE OF THIS SECTION, and from time to time revise, a schedule of health care services included in the plan ~~including~~, AND TO PROPOSE SAID SCHEDULE TO THE POLICY BOARD FOR APPROVAL OR MODIFICATION. THE SCHEDULE OF HEALTH CARE SERVICES AS PROPOSED BY THE DEPARTMENT AND APPROVED BY THE POLICY BOARD, SHALL INCLUDE, but SHALL NOT BE limited to, preventive care, physician services, inpatient and outpatient hospital services, prescription drugs and medications, and other services that may be medically necessary for the health of enrollees. The department shall design and revise this schedule of health care services included in the plan to be similar to the

basic and standard health benefit plans defined in section 10-16-102 (4) and (42), C.R.S.

(d) To design AND PROPOSE TO THE POLICY BOARD FOR ADOPTION detailed rules of eligibility and enrollment processes for the plan;

(2) The department is authorized to institute a program for competitive bidding pursuant to section 24-103-202 or 24-103-203, C.R.S., for providing medical services on a managed care basis for children under this article. The department ~~is authorized to~~ SHALL select more than one managed care contractor TO SERVE COUNTIES IN WHICH THERE ARE PROVIDERS CONTRACTING WITH MORE THAN ONE MANAGED CARE PLAN. IN COUNTIES WHERE THERE IS ONLY ONE OPERATIONAL MANAGED CARE PLAN, THE DEPARTMENT MAY CONTRACT WITH THAT MANAGED CARE PLAN TO SERVE CHILDREN ENROLLED IN THE PLAN. To the extent that the department determines that there is a unique community-based organization that is able to perform the new functions required under this article, the department may select such contractor pursuant to section 24-103-205, C.R.S., and rules promulgated by the ~~department~~ POLICY BOARD to administer all or a portion of the children's basic health plan according to section 26-19-111. In addition to such contractor, the department may enter into contracts, as necessary, with the administrator of the Colorado children's health plan to carry out the purposes of this article. THE POLICY BOARD SHALL ASSURE THE UTILIZATION OF ESSENTIAL COMMUNITY PROVIDERS FOR THE PROVISION OF SERVICES INCLUDING ELIGIBILITY DETERMINATION, ENROLLMENT, AND OUTREACH WHEN REASONABLE. THE DEPARTMENT SHALL CONTRACT WITH MANAGED CARE ORGANIZATIONS FOR THE DELIVERY OF HEALTH SERVICES PURSUANT TO THIS ARTICLE. THE DEPARTMENT MAY CONTRACT WITH ESSENTIAL COMMUNITY PROVIDERS FOR HEALTH CARE SERVICES IN AREAS OF THE STATE THAT ARE NOT ADEQUATELY SERVED BY MANAGED CARE ORGANIZATIONS.

SECTION 7. 26-19-108 (1), Colorado Revised Statutes, is amended to read:

26-19-108. Financial management. (1) The ~~department~~ POLICY BOARD shall promulgate rules to implement financial management of the plan. PURSUANT TO SUCH RULES, the department shall adjust benefit levels, eligibility guidelines, and any other measure to ensure that sufficient funds are present to implement the provisions of this article.

SECTION 8. 26-19-109 (3), Colorado Revised Statutes, is amended to read:

26-19-109. Eligibility. (3) THE DEPARTMENT MAY ESTABLISH PROCEDURES SUCH THAT children with gross family incomes that exceed one hundred eighty-five percent of the federal poverty guidelines may enroll in the plan, but are not eligible for subsidies from the department.

SECTION 9. 26-19-110, Colorado Revised Statutes, is amended BY THE ADDITION OF THE FOLLOWING NEW SUBSECTIONS to read:

26-19-110. Participation by managed care plans - participation of essential community providers. (3.5) (a) MANAGED CARE PLANS SHALL BE SELECTED BY THE DEPARTMENT TO PARTICIPATE IN THE CHILDREN'S BASIC HEALTH PLAN BASED UPON THE MANAGED CARE PLANS' ASSURANCES AND THE DEPARTMENT'S

VERIFICATION THAT THE MANAGED CARE PLAN IS UTILIZING WITHIN ITS NETWORK ESSENTIAL COMMUNITY PROVIDERS TO THE EXTENT THAT THIS ACTION DOES NOT RESULT IN A NET INCREASE IN THE COST FOR PROVIDING SERVICES TO THE MANAGED CARE PLAN.

(b) THE MANAGED CARE ORGANIZATION SHALL SEEK PROPOSALS FROM EACH ESSENTIAL COMMUNITY PROVIDER IN A COUNTY IN WHICH THE MANAGED CARE ORGANIZATION IS ENROLLING RECIPIENTS FOR THOSE SERVICES THAT THE MANAGED CARE ORGANIZATION PROVIDES OR INTENDS TO PROVIDE AND THAT AN ESSENTIAL COMMUNITY PROVIDER PROVIDES OR IS CAPABLE OF PROVIDING. TO ASSIST MANAGED CARE ORGANIZATIONS IN SEEKING PROPOSALS, THE STATE DEPARTMENT SHALL PROVIDE MANAGED CARE ORGANIZATIONS WITH A LIST OF ESSENTIAL COMMUNITY PROVIDERS IN EACH COUNTY. THE MANAGED CARE ORGANIZATION SHALL CONSIDER SUCH PROPOSALS IN GOOD FAITH AND SHALL, WHEN DEEMED REASONABLE BY THE MANAGED CARE ORGANIZATION BASED ON THE NEEDS OF ITS ENROLLEES, CONTRACT WITH ESSENTIAL COMMUNITY PROVIDERS. EACH ESSENTIAL COMMUNITY PROVIDER SHALL BE WILLING TO NEGOTIATE ON REASONABLY EQUITABLE TERMS WITH EACH MANAGED CARE ORGANIZATION. ESSENTIAL COMMUNITY PROVIDERS MAKING PROPOSALS UNDER THIS SUBSECTION (3.5) SHALL BE ABLE TO MEET THE CONTRACTUAL REQUIREMENTS OF THE MANAGED CARE ORGANIZATION. THE REQUIREMENT OF THIS SUBSECTION (3.5) SHALL NOT APPLY TO A MANAGED CARE ORGANIZATION IN AREAS IN WHICH THE MANAGED CARE ORGANIZATION OPERATES ENTIRELY AS A GROUP MODEL HEALTH MAINTENANCE ORGANIZATION.

(c) ANY DISPUTES BETWEEN A MANAGED CARE ORGANIZATION AND AN ESSENTIAL COMMUNITY PROVIDER THAT CANNOT BE RESOLVED THROUGH GOOD FAITH NEGOTIATIONS MAY BE RESOLVED THROUGH AN INFORMAL REVIEW BY THE STATE DEPARTMENT AT THE REQUEST OF ONE OF THE PARTIES, OR THROUGH THE STATE DEPARTMENT'S AGGRIEVED PROVIDER APPEAL PROCESS IN ACCORDANCE WITH SECTION 25.5-1-107 (2), C.R.S., IF REQUESTED BY ONE OF THE PARTIES.

(d) IN SELECTING MANAGED CARE ORGANIZATIONS THROUGH COMPETITIVE BIDDING, THE STATE DEPARTMENT SHALL GIVE PREFERENCE TO THOSE MANAGED CARE ORGANIZATIONS THAT HAVE EXECUTED CONTRACTS FOR SERVICES WITH ONE OR MORE ESSENTIAL COMMUNITY PROVIDERS. IN SELECTING MANAGED CARE ORGANIZATIONS, THE STATE DEPARTMENT SHALL NOT PENALIZE A MANAGED CARE ORGANIZATION FOR PAYING COST-BASED REIMBURSEMENT TO FEDERALLY QUALIFIED HEALTH CENTERS AS DEFINED IN THE "SOCIAL SECURITY ACT".

(5.5) IN AREAS OF THE STATE IN WHICH A PARTICIPATING MANAGED CARE PLAN DOES NOT HAVE PROVIDERS, THE DEPARTMENT MAY CONTRACT WITH ESSENTIAL COMMUNITY PROVIDERS AND OTHER HEALTH CARE PROVIDERS TO PROVIDE HEALTH CARE SERVICES UNDER THE CHILDREN'S BASIC HEALTH PLAN USING A MANAGED CARE MODEL SO LONG AS SUCH CONTRACT DOES NOT RESULT IN ADDITIONAL COSTS TO THE STATE.

SECTION 10. 26-4-113 (7) (a), Colorado Revised Statutes, is amended to read:

26-4-113. Statewide managed care system - implementation required - repeal. (7) **Annual savings report and use of savings.** (a) By ~~September~~ **OCTOBER** 1 of each year, the state department shall submit to the joint budget

committee, the health, environment, welfare, and institutions committee of the senate, the health, environment, welfare, and institutions committee of the house of representatives, and to the office of state planning and budgeting a savings report stating the cost savings realized or anticipated in the previous, current, and subsequent state fiscal years from enrollment of recipients in managed care programs pursuant to the provisions of this subpart 2. The report shall include an assessment of the extent to which the program described in subsection (8) of this section has reduced providers' uncompensated burdens and an assessment of changes on the financial viability of essential community providers. The report shall also include a recommendation for prioritizing between the subsidized insurance program described in subsection (8) of this section and the grants programs described in subsection (9) of this section, and for prioritizing resources within each of those programs to different populations and regions of the state. These recommendations shall be based upon quantitative and qualitative assessments of needs and on the relative cost-effectiveness of different resource allocations.

SECTION 11. 26-17-102, Colorado Revised Statutes, is amended to read:

26-17-102. Legislative declaration. The general assembly finds that affordable ambulatory HEALTH care for low-income children who are not eligible for medicaid and are not otherwise insured is of vital concern for the welfare of such children. This lack of basic health care coverage is detrimental to the health of low-income children and to the public welfare, and results in substantial expenditures for emergency and remedial health care, often at the expense of health care providers, health care facilities, and all purchasers of health care, including the state. The use of managed health care systems has significant potential to reduce the growth of health care costs incurred by the people of this state. Therefore, the general assembly finds that a more cost-effective and efficient means of providing ambulatory HEALTH care for low-income children is necessary for the preservation of the health of its citizenry. The children's health plan created in this article exists only to the extent of available appropriations, as well as to the extent of the individual provider facility's physical, staff, and financial capabilities.

SECTION 12. 26-17-103 (1), (4), (5), and (7), Colorado Revised Statutes, are amended to read:

26-17-103. Definitions. As used in this article, unless the context otherwise requires:

(1) "Administrator" means the program administrator of the Colorado health sciences center who is responsible for the administration of the ~~medically indigent program pursuant to article 15 of this title~~ CHILDREN'S HEALTH PLAN PURSUANT TO THIS ARTICLE.

(4) "Covered services" means ~~outpatient~~ pediatric medical services, including, but not limited to, well child care checkups, immunizations, screening laboratory tests, visits for acute care for illnesses and injury, ongoing care for chronic illness, MENTAL HEALTH CARE SERVICES, and outpatient ~~surgical~~ AND INPATIENT services. The term does not include ~~hospital services; nursing home or intermediate care facility services; mental health services dental services. or chemical dependency services.~~

(5) "Eligible persons" means children who are less than ~~eighteen~~ NINETEEN years of age, who are eligible under the medically indigent program established in article 15 of this title or are eligible under one of the programs specified in section 26-17-107.5, who are not eligible for medical assistance under the medical assistance program pursuant to article 4 of this title, and who are not otherwise insured for the covered services.

(7) "Enrollment fee" means ~~a one-time annual payment~~ PAYMENTS, based upon the medically indigent program adjusted annual family income, which an eligible person makes to the plan ~~prior to enrollment~~ TO ENROLL in the plan.

SECTION 13. 26-17-104, Colorado Revised Statutes, is amended to read:

26-17-104. Children's health plan established - administration. The children's health plan is established to promote access to appropriate ~~primary~~ health care to assure healthy children. The plan shall provide children's health care services to eligible persons through managed health care systems as provided in this article. The plan shall be administered by the administrator, as defined in section 26-17-103 (1).

SECTION 14. 26-17-107, Colorado Revised Statutes, is amended to read:

26-17-107. Application procedures. Applications and other information shall be made available to provider offices, local human services agencies, head start programs, school districts, public and private elementary schools in which twenty-five percent or more of the students receive free or reduced price lunches, community health offices, and women, infants, and children (WIC) program sites. These sites may accept applications, collect the enrollment ~~fee~~ FEES, and forward the forms and fees to the administrator. Otherwise, applicants may apply directly to the administrator. The administrator may use individuals' social security numbers as identifiers for purposes of administering the plan and conduct data matches to verify income. Applicants shall submit evidence of family income, earned and unearned, that will be used to verify income eligibility. Notwithstanding any other law to the contrary, benefits under this article are secondary to a plan of insurance or benefit program under which an eligible person may have coverage. The administrator shall identify eligible persons who may have coverage or benefits under other plans of insurance or who become eligible for medical assistance.

SECTION 15. 26-17-108 (1), Colorado Revised Statutes, is amended to read:

26-17-108. Enrollment fee - children's health plan cash fund - state contribution - client copayment. (1) ~~An annual enrollment fee of twenty-five dollars for each eligible child, not to exceed one hundred fifty dollars per family, is~~ ENROLLMENT FEES THAT FOLLOW THE PREMIUM SCHEDULES ESTABLISHED BY THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING PURSUANT TO SECTION 26-19-107 ARE required from the family of each eligible person for children's health services. Enrollment fees shall be deposited in the children's health plan cash fund, which fund is hereby established. All moneys in the fund are subject to annual appropriation by the general assembly for the children's health plan. The administrator shall make an annual redetermination of continued eligibility and identify people who may become eligible for medical assistance. In the first year of operation, the state contribution shall be thirteen dollars per month or one hundred

fifty-six dollars per year for enrollment of each eligible person. Subsequent increased state contributions shall be subject to approval by the general assembly. The administrator shall negotiate rates for covered services, subject to the approval of the board.

SECTION 16. 26-17-109 (1) and the introductory portion to 26-17-109 (3), Colorado Revised Statutes, are amended to read:

26-17-109. Participation by managed health care systems. (1) Managed health care systems participating in the plan shall do so by contract with the health sciences center and shall provide, directly or by contract with other health care providers, covered services to each eligible person. NO NEW CONTRACTS FOR THE CHILDREN'S HEALTH PLAN SHALL BE EXECUTED WITH PROVIDERS AND NO NEW ENROLLEES SHALL BE ACCEPTED INTO THE CHILDREN'S HEALTH PLAN ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION (1) AS AMENDED. A participating managed health care system may offer, without additional cost to the patient or state, health care benefits or services not included in the schedule of covered services under the plan. A participating managed health care system shall not give preference in enrollment to eligible persons who accept such additional health care benefits or services. Managed health care systems participating in the plan shall not discriminate against any potential or current eligible person based upon health status, sex, race, ethnicity, or religion. The administrator may receive and act upon complaints from enrollees regarding failure to provide covered services or efforts to obtain payment, other than authorized copayments, for covered services directly from eligible persons, but nothing in this article empowers the administrator to impose any sanctions under any professional or facility licensing statute.

(3) Prior to negotiating with any managed health care system, the administrator shall determine, on an actuarially sound basis, the reasonable cost of providing the schedule of basic health care services, expressed in terms of upper and lower limits, and recognizing variations in the costs of providing the services through the various systems and in different areas of the state. In negotiating with managed health care systems for participation in the plan, the administrator shall adopt a uniform procedure that includes at least all of the following:

SECTION 17. 26-17-115, Colorado Revised Statutes, is amended to read:

26-17-115. Repeal of article. This article is repealed, effective July 1, ~~1998~~ 1999.

SECTION 18. 24-1-119.5, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

24-1-119.5. Department of health care policy and financing - creation.

(7) THE CHILDREN'S BASIC HEALTH PLAN POLICY BOARD CREATED IN SECTION 26-19-104.6, C.R.S., AND ITS POWERS, DUTIES, AND FUNCTIONS ARE TRANSFERRED BY A **TYPE 1** TRANSFER TO THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING.

SECTION 19. Federal funds. The general assembly anticipates that, for the fiscal year beginning July 1, 1997, the department of health care policy and financing

will receive the sum of one million three hundred fifty-seven thousand five hundred two dollars (\$1,357,502) in federal funds for the implementation of this act. Although these funds are not appropriated in this act, they are noted for the purpose of indicating the assumptions used relative to these funds.

SECTION 20. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: April 21, 1998