

CHAPTER 170

HEALTH CARE POLICY AND FINANCING

SENATE BILL 01-052

BY SENATOR(S) Linkhart, Anderson, Hagedorn, Reeves, Taylor, Windels, Hanna, Matsunaka, and Pascoe;
also REPRESENTATIVE(S) Coleman, Borodkin, Boyd, Groff, Hodge, Larson, Mace, Miller, Plant, Romanoff, Sanchez, Tapia,
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AN ACT

CONCERNING CHANGES TO THE CHILDREN'S BASIC HEALTH PLAN, AND, IN CONNECTION THEREWITH,
MAKING CHANGES IN ENROLLMENT FOR THE PLAN AND CHANGING THE ADMINISTRATIVE STRUCTURE
OF THE PLAN.

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

SECTION 1. 26-19-102 (5), Colorado Revised Statutes, is amended 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;

(d) The private sector shall be involved to the greatest possible degree WITH RESPECT TO CONTRACTING FOR MANAGED CARE;

(e) There shall be a strong emphasis on coordination with local and state public health programs and initiatives for children.

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

SECTION 2. 26-19-107 (1) (b), (1) (e), 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:

(b) To design and implement a ~~structure of periodic premiums due to the department or to managed care plans from~~ SYSTEM OF COST-SHARING WITH enrollees USING AN ANNUAL ENROLLMENT FEE that is based on a sliding fee scale. The sliding fee scale shall be developed based on ~~the per capita cost of the plan and~~ the enrollee's family income; EXCEPT THAT NO ENROLLMENT FEE SHALL BE ASSESSED TO AN ENROLLEE WHOSE FAMILY INCOME IS AT OR BELOW ONE HUNDRED FIFTY PERCENT OF THE FEDERAL POVERTY LEVEL. As permitted by federal and state law, enrollees in the plan may use funds from a medical savings account to pay ~~premiums~~ THE ANNUAL ENROLLMENT FEE. On or before November 1 of each year, the department shall submit for approval to the joint budget committee its ANNUAL proposal for ~~a scale for increasing premiums or service~~ cost sharing for the plan based upon a family's income.

(e) To design a procedure whereby a financial sponsor may pay the ~~premium~~ ANNUAL ENROLLMENT FEE or some portion thereof on behalf of a subsidized or nonsubsidized enrollee; except that the payment made on behalf of said enrollee shall not exceed the total ~~premiums~~ ENROLLMENT FEE due from the enrollee;

(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 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 policy board to administer all or a portion of the children's basic health plan according to section 26-19-111.~~ The department 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 3. 26-19-107, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

26-19-107. Duties of the department - schedule of services - premiums - copayments - subsidies. (4) COMMENCING WITH FISCAL YEAR 2001-02, THE ANNUAL ADMINISTRATIVE COSTS FOR THE CHILDREN'S BASIC HEALTH PLAN SHALL NOT

EXCEED TEN PERCENT OF THE TOTAL ANNUAL PROGRAM COSTS.

SECTION 4. 26-19-108 (3), Colorado Revised Statutes, is amended to read:

26-19-108. Financial management. (3) The department may, in addition to any other measure it determines to be necessary, decrease ~~premium~~ subsidies FOR ANNUAL ENROLLMENT FEES or limit enrollment in the plan to ensure that the trust retains sufficient funds pursuant to subsection (1) of this section.

SECTION 5. 26-19-110 (7), Colorado Revised Statutes, is amended to read:

26-19-110. Participation by managed care plans. (7) The department shall make a ~~premium-rate~~ CAPITATION payment to managed care plans based upon a defined scope of services AT AN AGREED UPON RATE. The department shall only use market rate bids that do not discriminate and are adequate to assure quality, network sufficiency, and long-term competitiveness in the children's basic health plan managed care market. The department shall retain a qualified actuary to establish a lower limit for such bids. A certification by such actuary to the appropriate lower limit shall be conclusive evidence of the department's compliance with the requirements of this subsection (7). For the purposes of this subsection (7), a "qualified actuary" shall be a person deemed as such under regulations promulgated by the commissioner of insurance.

SECTION 6. 26-19-111, Colorado Revised Statutes, is amended to read:

26-19-111. Department - administration - privatization. (1) ~~The general assembly finds that the children's basic health plan is a program under which the private sector has a great deal of experience in making various health care plans available to the private sector and serving as the liaison between large employers and health care providers, including but not limited to health maintenance organizations. The general assembly therefore determines that the children's basic health plan involves duties similar to duties currently or previously performed by state employees but is different in scope and policy objectives from the state medical assistance program.~~

(2) (a) ~~Pursuant to section 24-50-504 (2) (a), C.R.S.,~~ The department shall MAY:

(I) ~~PURSUANT TO SECTION 24-50-504 (2) (a), C.R.S., enter into personal services contracts that create an independent contractor relationship for the administration of the children's basic health plan. including outreach, marketing, eligibility determination, and enrollment. The department may enter into additional personal services contracts for other administrative functions required by this article. ANY CONTRACTS ESTABLISHED PURSUANT TO THIS SECTION SHALL CONTAIN PERFORMANCE MEASURES THAT SHALL BE MONITORED BY THE DEPARTMENT.~~

(II) ~~USE COUNTY DEPARTMENTS OF SOCIAL SERVICES TO PERFORM FUNCTIONS RELATING TO THE ADMINISTRATION OF THE CHILDREN'S BASIC HEALTH PLAN;~~

(III) ~~PERFORM ADMINISTRATIVE FUNCTIONS AT THE DEPARTMENT, INCLUDING CONSOLIDATION OF FUNCTIONS WITH OTHER ADMINISTRATIVE FUNCTIONS HANDLED BY THE DEPARTMENT.~~

(b) IN DECIDING HOW TO ALLOCATE FUNCTIONS RELATING TO THE ADMINISTRATION OF THE CHILDREN'S BASIC HEALTH PLAN AS ALLOWED UNDER PARAGRAPH (a) OF THIS SUBSECTION (2), THE DEPARTMENT SHALL DETERMINE AND BASE ITS DECISIONS UPON WHAT IS THE MOST COST-EFFECTIVE METHOD TO HANDLE THE PARTICULAR FUNCTION AND TO DELIVER THE SERVICES.

(3) The implementation OF SUBPARAGRAPH (I) OF PARAGRAPH (a) OF SUBSECTION (2) of this section is contingent upon a finding by the state personnel director that any of the conditions of section 24-50-504 (2), C.R.S., have been met or that the conditions of section 24-50-503 (1), C.R.S., have been met.

SECTION 7. Effective date. This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution; except that, if a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

Approved: May 22, 2001