

CHAPTER 77

HEALTH AND ENVIRONMENT

HOUSE BILL 02-1279

BY REPRESENTATIVE(S) Stafford, Plant, Saliman, Spradley, Boyd, Mace, Sanchez, and Williams S.;
also SENATOR(S) Hernandez, Anderson, Hagedorn, and Matsunaka.

AN ACT

**CONCERNING THE DESIGNATION OF MANAGED SERVICE ORGANIZATIONS FOR THE PURCHASE OF
TREATMENT SERVICES RELATED TO ALCOHOL AND DRUG ABUSE.**

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

SECTION 1. 25-1-201, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

25-1-201. Definitions. As used in this part 2, unless the context otherwise requires:

(2.5) "DESIGNATED SERVICE AREA" MEANS THE GEOGRAPHICAL SUBSTATE PLANNING AREA SPECIFIED BY THE DIRECTOR OF THE DIVISION TO BE SERVED BY A DESIGNATED MANAGED SERVICE ORGANIZATION, AS DESCRIBED IN SECTION 25-1-206.5.

SECTION 2. 25-1-206, Colorado Revised Statutes, is amended to read:

25-1-206. Purchase of prevention and treatment services. (1) Using funds appropriated for purposes of this section or available from any other governmental or private source, the division may purchase services FOR PREVENTION OR FOR TREATMENT OF ALCOHOL AND DRUG ABUSE OR BOTH TYPES OF SERVICES on a contract basis from any TRIBAL NATION OR ANY public or private agency, organization, or institution approved by the division. The services purchased may be any of those which may be provided through a public program, as set forth in section 25-1-203 (2). In contracting for services, the division shall attempt to obtain services that are in addition to, and not a duplication of, existing available services or services that are of a pilot or demonstration nature. Any agency operating a public program may also purchase such services on a contract basis.

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

(2) (a) IN ADDITION TO THE SERVICES PURCHASED PURSUANT TO SUBSECTION (1) OF THIS SECTION, USING FUNDS APPROPRIATED FOR PURPOSES OF THIS SECTION OR AVAILABLE FROM ANY OTHER GOVERNMENTAL OR PRIVATE SOURCE, THE DIVISION MAY PURCHASE SERVICES FOR THE TREATMENT OF ALCOHOL AND DRUG ABUSE ON A CONTRACT BASIS FROM A DESIGNATED MANAGED SERVICE ORGANIZATION FOR A DESIGNATED SERVICE AREA AS SET FORTH IN SECTION 25-1-206.5.

(b) DESIGNATED MANAGED SERVICE ORGANIZATIONS RECEIVING FUNDS PURSUANT TO THIS SUBSECTION (2) SHALL COMPLY WITH ALL RELEVANT PROVISIONS OF THIS PART 2 AND THE RULES PROMULGATED THEREUNDER.

SECTION 3. Part 2 of article 1 of title 25, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

25-1-206.5. Designation of managed service organizations - purchase of services - revocation of designation. (1) THE DIRECTOR OF THE DIVISION SHALL ESTABLISH DESIGNATED SERVICE AREAS FOR THE PROVISION OF TREATMENT SERVICES FOR ALCOHOL AND DRUG ABUSE IN A PARTICULAR GEOGRAPHICAL REGION OF THE STATE.

(2) IN ORDER TO BE SELECTED AS A DESIGNATED MANAGED SERVICE ORGANIZATION TO PROVIDE SERVICES IN A PARTICULAR DESIGNATED SERVICE AREA, A PRIVATE CORPORATION, FOR PROFIT OR NOT FOR PROFIT, SHALL APPLY TO THE DIVISION FOR SUCH DESIGNATION IN THE FORM AND MANNER SPECIFIED BY THE EXECUTIVE DIRECTOR OR THE EXECUTIVE DIRECTOR'S DESIGNEE. SUCH DESIGNATION PROCESS SHALL BE IN LIEU OF A COMPETITIVE BID PROCESS UNDER THE "PROCUREMENT CODE", ARTICLES 101 TO 112 OF TITLE 24, C.R.S. THE DIRECTOR OF THE DIVISION SHALL MAKE THE DESIGNATION BASED ON FACTORS ESTABLISHED BY THE EXECUTIVE DIRECTOR OR THE EXECUTIVE DIRECTOR'S DESIGNEE. THE FACTORS FOR DESIGNATION ESTABLISHED BY THE EXECUTIVE DIRECTOR OR THE EXECUTIVE DIRECTOR'S DESIGNEE SHALL INCLUDE, BUT SHALL NOT BE LIMITED TO, THE FOLLOWING:

(a) WHETHER THE MANAGED SERVICE ORGANIZATION HAS EXPERIENCE WORKING WITH PUBLIC TREATMENT AGENCIES AND COLLABORATING WITH OTHER PUBLIC AGENCIES;

(b) WHETHER THE MANAGED SERVICE ORGANIZATION HAS EXPERIENCE WORKING WITH PUBLICLY FUNDED CLIENTS, INCLUDING EXPERTISE IN TREATING PRIORITY POPULATIONS DESIGNATED BY THE DIVISION;

(c) WHETHER THE MANAGED SERVICE ORGANIZATION HAS OFFICES IN AND PROVIDES SERVICES IN THE SUBSTATE PLANNING AREA OR IS WILLING TO RELOCATE TO THE SUBSTATE PLANNING AREA;

(d) WHETHER THE MANAGED SERVICE ORGANIZATION HAS EXPERIENCE USING THE COST-SHARE PRINCIPALS USED BY THE DIVISION IN ITS CONTRACTS WITH PROVIDERS AND IS WILLING TO COST-SHARE;

(e) WHETHER THE MANAGED SERVICE ORGANIZATION HAS DEVELOPED AN EFFECTIVE, INTEGRATED INFORMATION AND FISCAL REPORTING SYSTEM AND HAS

EXPERIENCE WORKING WITH AND IS ABLE TO COMPLY WITH STATE AND FEDERAL REPORTING REQUIREMENTS;

(f) WHETHER THE MANAGED SERVICE ORGANIZATION HAS EXPERIENCE ENGAGING IN A CLINICAL QUALITY IMPROVEMENT PROCESS;

(g) WHETHER THE MANAGED SERVICE ORGANIZATION HAS EXPERIENCE WITH PUBLIC FUNDING REQUIREMENTS AND STATE CONTRACTING REQUIREMENTS.

(3) THE DESIGNATION OF A MANAGED SERVICE ORGANIZATION BY THE DIRECTOR OF THE DIVISION AS DESCRIBED IN SUBSECTION (2) OF THIS SECTION SHALL BE CONSIDERED AN INITIAL DECISION OF THE DEPARTMENT WHICH MAY BE REVIEWED BY THE EXECUTIVE DIRECTOR IN ACCORDANCE WITH THE PROVISIONS OF SECTION 24-4-105, C.R.S. REVIEW BY THE EXECUTIVE DIRECTOR IN ACCORDANCE WITH SECTION 24-4-105, C.R.S., SHALL CONSTITUTE FINAL AGENCY ACTION FOR PURPOSES OF JUDICIAL REVIEW.

(4) THE TERMS AND CONDITIONS FOR PROVIDING TREATMENT SERVICES SHALL BE SPECIFIED IN THE CONTRACT ENTERED INTO BETWEEN THE DIVISION AND THE DESIGNATED MANAGED SERVICE ORGANIZATION.

(5) THE CONTRACT MAY INCLUDE A PROVISIONAL DESIGNATION FOR NINETY DAYS. AT THE CONCLUSION OF THE NINETY-DAY PROVISIONAL PERIOD, THE DIRECTOR OF THE DIVISION MAY CHOOSE TO REVOKE THE CONTRACT OR, SUBJECT TO MEETING THE TERMS AND CONDITIONS SPECIFIED IN THE CONTRACT, MAY CHOOSE TO EXTEND THE CONTRACT FOR A STATED TIME PERIOD.

(6) A MANAGED SERVICE ORGANIZATION THAT IS DESIGNATED TO SERVE A DESIGNATED SERVICE AREA MAY SUBCONTRACT WITH A NETWORK OF SERVICE PROVIDERS TO PROVIDE TREATMENT SERVICES FOR ALCOHOL AND DRUG ABUSE WITHIN THE PARTICULAR DESIGNATED SERVICE AREA.

(7) (a) THE DIRECTOR OF THE DIVISION MAY REVOKE THE DESIGNATION OF A DESIGNATED MANAGED SERVICE ORGANIZATION UPON A FINDING THAT THE MANAGED SERVICE ORGANIZATION IS IN VIOLATION OF THE PERFORMANCE OF THE PROVISIONS OF THIS PART 2 OR THE RULES PROMULGATED THEREUNDER. SUCH REVOCATION SHALL CONFORM TO THE PROVISIONS AND PROCEDURES SPECIFIED IN ARTICLE 4 OF TITLE 24, C.R.S., AND SHALL BE MADE ONLY AFTER NOTICE AND AN OPPORTUNITY FOR A HEARING IS PROVIDED AS SPECIFIED IN THAT ARTICLE. A HEARING TO REVOKE A DESIGNATION AS A DESIGNATED MANAGED SERVICE ORGANIZATION SHALL CONSTITUTE FINAL AGENCY ACTION FOR PURPOSES OF JUDICIAL REVIEW.

(b) ONCE A DESIGNATION HAS BEEN REVOKED PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (7), THE DIRECTOR OF THE DIVISION MAY DESIGNATE ONE OR MORE SERVICE PROVIDERS TO PROVIDE THE TREATMENT SERVICES PENDING DESIGNATION OF A NEW DESIGNATED MANAGED SERVICE ORGANIZATION OR MAY ENTER INTO CONTRACTS WITH SUBCONTRACTORS TO PROVIDE THE TREATMENT SERVICES.

(c) FROM TIME TO TIME, THE DIRECTOR OF THE DIVISION MAY SOLICIT APPLICATIONS FROM APPLICANTS FOR MANAGED SERVICE ORGANIZATION DESIGNATION TO PROVIDE TREATMENT SERVICES FOR A SPECIFIED PLANNING AREA OR AREAS.

SECTION 4. 25-1-207 (1) (c), Colorado Revised Statutes, is amended, and the said 25-1-207 (1) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

25-1-207. Rules. (1) The state board of human services, created in section 26-1-107, C.R.S., has the power to promulgate rules governing the provisions of this part 2. Such rules may include, but shall not be limited to:

(c) Requirements for public and private agencies, organizations, and institutions from which the division may purchase services under section ~~25-1-206~~ 25-1-206 (1);

(c.5) REQUIREMENTS FOR MANAGED SERVICE ORGANIZATIONS WHICH ARE DESIGNATED BY THE DIRECTOR OF THE DIVISION TO PROVIDE SERVICES IN A DESIGNATED SERVICE AREA UNDER SECTION 25-1-206 (2);

SECTION 5. 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: April 3, 2002