

CHAPTER 205

HEALTH CARE POLICY AND FINANCING

SENATE BILL 09-265

BY SENATOR(S) White, Keller, Tapia, Boyd;
also REPRESENTATIVE(S) Pommer, Ferrandino, Marostica.

AN ACT

**CONCERNING THE TIMING OF PAYMENTS MADE UNDER PUBLIC MEDICAL ASSISTANCE PROGRAMS,
AND MAKING APPROPRIATIONS THEREFOR.**

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

SECTION 1. 25.5-4-201 (1.5), Colorado Revised Statutes, is amended to read:

25.5-4-201. Cash system of accounting - financial administration of medical services premiums - medical programs administered by department of human services - federal contributions - rules. (1.5) (a) The state department shall utilize the cash system of accounting, as enunciated by the governmental accounting standards board, for the contributions required by 42 U.S.C. sec. 1396u-5 (c).

(b) THE CONTRIBUTIONS REQUIRED BY 42 U.S.C. SEC. 1396U-5 (c) SHALL BE MADE IN THE MANNER REQUIRED BY THE FEDERAL CENTERS FOR MEDICARE AND MEDICAID SERVICES, OR ANY SUCCESSOR AGENCY. NOTHING IN THIS PARAGRAPH (b) SHALL REQUIRE THE STATE DEPARTMENT TO MAKE THE CONTRIBUTION BEFORE THE CONTRIBUTION IS DUE.

SECTION 2. 25.5-4-401 (1), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

25.5-4-401. Providers - payments - rules - repeal. (1) (d) (I) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (c) OF THIS SUBSECTION (1), FOR THE FISCAL YEAR COMMENCING JULY 1, 2009, THE STATE DEPARTMENT SHALL DELAY THE LAST NORMAL PROVIDER PAYMENT CYCLE OF THE FISCAL YEAR UNTIL AFTER JULY 1, 2010.

(II) THIS PARAGRAPH (d) IS REPEALED, EFFECTIVE JULY 1, 2011.

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 3. 25.5-5-407.5, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

25.5-5-407.5. Prepaid inpatient health plan agreements - rules. (1.5) EFFECTIVE JUNE 1, 2010, THE STATE DEPARTMENT SHALL MAKE A CAPITATION PAYMENT TO A PIHP FOR EACH ENROLLED CLIENT ENROLLED UNDER A PIHP AGREEMENT NO SOONER THAN THE FIRST DAY OF THE MONTH FOLLOWING THE MONTH THE CLIENT IS ENROLLED WITH THAT PIHP ENTITY.

SECTION 4. 25.5-5-408 (1) (a), Colorado Revised Statutes, is amended to read:

25.5-5-408. Capitation payments - availability of base data - adjustments - rate calculation - capitation payment proposal - preference - assignment of medicaid recipients. (1) (a) (I) The state department shall make ~~prepaid~~ capitation payment PAYMENTS to MCEs based upon a defined scope of services under a risk contract.

(II) EFFECTIVE JUNE 1, 2010, THE STATE DEPARTMENT SHALL MAKE A CAPITATION PAYMENT TO AN MCE FOR EACH ENROLLED CLIENT NO SOONER THAN THE FIRST DAY OF THE MONTH FOLLOWING THE MONTH THE CLIENT IS ENROLLED WITH THAT MCE.

SECTION 5. 25.5-5-411 (1.5), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

25.5-5-411. Medicaid community mental health services - administration - rules. (1.5) (c) EFFECTIVE JUNE 1, 2010, THE STATE DEPARTMENT SHALL MAKE A CAPITATION PAYMENT TO A MEDICAID COMMUNITY MENTAL HEALTH SERVICES MCO FOR EACH MEDICAL ASSISTANCE RECIPIENT NO SOONER THAN THE FIRST DAY OF THE MONTH FOLLOWING THE MONTH THE RECIPIENT IS ENROLLED WITH THAT MCO.

SECTION 6. 25.5-5-412 (12), Colorado Revised Statutes, is amended to read:

25.5-5-412. Program of all-inclusive care for the elderly - legislative declaration - services - eligibility. (12) (a) The general assembly shall make appropriations to the state department to fund services under this section provided at a monthly capitated rate. The state department shall annually renegotiate a monthly capitated rate for the contracted services.

(b) EFFECTIVE JUNE 1, 2010, THE STATE DEPARTMENT SHALL MAKE A CAPITATION PAYMENT TO THE PACE PROGRAM FOR EACH ELIGIBLE PERSON NO SOONER THAN THE FIRST DAY OF THE MONTH FOLLOWING THE MONTH THE ELIGIBLE PERSON IS ENROLLED IN THE PACE PROGRAM.

SECTION 7. 25.5-8-110 (10), Colorado Revised Statutes, is amended to read:

25.5-8-110. Participation by managed care plans. (10) (a) The department shall make a 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 (10). For the purposes of this subsection (10), a "qualified actuary" shall be a person deemed as such under rules promulgated by the commissioner of insurance.

(b) EFFECTIVE JUNE 1, 2010, THE STATE DEPARTMENT SHALL MAKE A CAPITATION PAYMENT TO A MANAGED CARE PLAN UNDER THIS SECTION FOR EACH ENROLLED CLIENT NO SOONER THAN THE FIRST DAY OF THE MONTH FOLLOWING THE MONTH THE CLIENT IS ENROLLED WITH THAT MANAGED CARE PLAN.

SECTION 8. Appropriations - adjustments in 2009 long bill. (1) For the implementation of this act, appropriations made in the annual general appropriation act, to the department of health care policy and financing, for the fiscal year beginning July 1, 2009, shall be adjusted as follows:

(a) The appropriation to medical services premiums, for medical service premiums is decreased by fifty-seven million four hundred forty-eight thousand eighteen dollars (\$57,448,018). Of said sum, twenty-seven million three hundred twenty-three thousand nine hundred fifty-six dollars (\$27,323,956) shall be from the general fund, one million five hundred forty-one thousand three hundred forty-six dollars (\$1,541,346) shall be from the health care expansion fund created in section 24-22-117 (2) (a) (I), Colorado Revised Statutes, and twenty-eight million five hundred eighty-two thousand seven hundred sixteen dollars (\$28,582,716) shall be from federal funds.

(b) The appropriation to medicaid mental health community programs, for mental health capitation payments, is decreased by seventeen million six hundred seventy-one thousand eight hundred sixty-three dollars (\$17,671,863). Of said sum, eight million two hundred eighty-one thousand five hundred ninety-three dollars (\$8,281,593) shall be from the general fund, five hundred fifty-three thousand five hundred eighty-seven dollars (\$553,587) shall be from the health care expansion fund created in section 24-22-117 (2) (a) (I), Colorado Revised Statutes, and eight million eight hundred thirty-six thousand six hundred eighty-four dollars (\$8,836,684) shall be from federal funds.

(c) The appropriation to the indigent care program, children's basic health plan premium costs, is decreased by twelve million two hundred twenty-five thousand three hundred forty-four dollars (\$12,225,344). Of said sum, two million five hundred fifty-four thousand six hundred two dollars (\$2,554,602) shall be from the children's basic health plan trust fund created in section 25.5-8-105 (1), Colorado Revised Statutes, one million seven hundred twenty-four thousand two hundred sixty-nine dollars (\$1,724,269) shall be from the health care expansion fund created in section 24-22-117 (2) (a) (I), Colorado Revised Statutes, and seven million nine hundred forty-six thousand four hundred seventy-three dollars (\$7,946,473) shall be from federal funds.

(d) The appropriation to the indigent care program, children's basic health plan dental costs, is decreased by eight hundred eighty-six thousand one hundred thirteen dollars (\$886,113). Of said sum, two hundred seven thousand eight hundred sixty

dollars (\$207,860) shall be from the children's basic health plan trust fund created in section 25.5-8-105 (1), Colorado Revised Statutes, one hundred two thousand two hundred eighty dollars (\$102,280) shall be from the health care expansion fund created in section 24-22-117 (2) (a) (I), Colorado Revised Statutes, and five hundred seventy-five thousand nine hundred seventy-three dollars (\$575,973) shall be from federal funds.

SECTION 9. 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: May 1, 2009