

First Regular Session  
Seventy-first General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 17-1077.04 Brita Darling x2241

HOUSE BILL 17-1353

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HOUSE SPONSORSHIP

Young, Hamner, Rankin

SENATE SPONSORSHIP

Lundberg, Lambert, Moreno

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House Committees

Public Health Care & Human Services

Senate Committees

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A BILL FOR AN ACT

101 CONCERNING IMPLEMENTING MEDICAID INITIATIVES THAT CREATE  
102 HIGHER VALUE IN THE MEDICAID PROGRAM LEADING TO BETTER  
103 HEALTH OUTCOMES FOR MEDICAID CLIENTS, AND, IN  
104 CONNECTION THEREWITH, CONTINUING THE IMPLEMENTATION  
105 OF THE ACCOUNTABLE CARE COLLABORATIVE AND  
106 AUTHORIZING PERFORMANCE-BASED PROVIDER PAYMENTS.

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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://leg.colorado.gov/>.)*

**Joint Budget Committee.** The bill authorizes the department of

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.

health care policy and financing (department) to continue its implementation of the medicaid care delivery system, referred to as the accountable care collaborative (ACC). The bill defines the goals of the ACC and the department's implementation of the ACC, including, in part, establishing primary care medical homes for medicaid clients, providing regional coordination and accountability, and integrating physical and behavioral health care delivery. The medical services board is required to promulgate rules implementing the ACC.

The bill requires the department to submit an annual report concerning the implementation of the ACC to the joint budget committee and to the health care committees of the house of representatives and of the senate that oversee the medicaid program. Among other information listed in the bill, the report must include information on the number of medicaid clients participating in the ACC, performance results, and fiscal impacts of the ACC.

The bill authorizes the department of health care policy and financing (department) to implement performance-based payments for medicaid providers. Prior to implementing performance-based payments, the department shall report to the joint budget committee concerning the performance-based payments, including whether the payments require a budget request, the amount of the payments compared to total reimbursements for the affected service, and a description of the stakeholder process and the department's response to stakeholder feedback. After implementation of performance-based payments, the department shall report to the joint budget committee and the health care committees of the house of representatives and the senate that oversee the medicaid program concerning the design of the performance-based payments, the stakeholder engagement process with respect to the payments, and other information regarding the implementation of the performance-based payments described in the bill.

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

2           **SECTION 1.** In Colorado Revised Statutes, 25.5-4-103, **amend**  
3 the introductory portion; and **add** (1.5) as follows:

4           **25.5-4-103. Definitions.** As used in this ~~article~~ ARTICLE 4 and  
5 articles 5 and 6 of this ~~title~~ TITLE 25.5, unless the context otherwise  
6 requires:

7           (1.5) "ACCOUNTABLE CARE COLLABORATIVE" MEANS A MEDICAID  
8 CARE DELIVERY SYSTEM ESTABLISHED PURSUANT TO SECTION 25.5-5-419.

1           **SECTION 2.** In Colorado Revised Statutes, **add 25.5-5-419** as  
2 follows:

3           **25.5-5-419. Accountable care collaborative - reporting - rules.**

4 (1) IN 2011, THE STATE DEPARTMENT CREATED THE ACCOUNTABLE CARE  
5 COLLABORATIVE, ALSO REFERRED TO IN THIS TITLE 25.5 AS THE MEDICAID  
6 COORDINATED CARE SYSTEM. THE STATE DEPARTMENT SHALL CONTINUE  
7 TO PROVIDE CARE DELIVERY THROUGH THE ACCOUNTABLE CARE  
8 COLLABORATIVE. THE GOALS OF THE ACCOUNTABLE CARE  
9 COLLABORATIVE ARE TO IMPROVE MEMBER HEALTH AND REDUCE COSTS  
10 IN THE MEDICAID PROGRAM. TO ACHIEVE THESE GOALS, THE STATE  
11 DEPARTMENT'S IMPLEMENTATION OF THE ACCOUNTABLE CARE  
12 COLLABORATIVE MUST INCLUDE, BUT NEED NOT BE LIMITED TO:

13           (a) ESTABLISHING PRIMARY CARE MEDICAL HOMES FOR MEDICAID  
14 CLIENTS WITHIN THE ACCOUNTABLE CARE COLLABORATIVE;

15           (b) PROVIDING REGIONAL CARE COORDINATION AND PROVIDER  
16 NETWORK SUPPORT;

17           (c) PROVIDING DATA TO REGIONAL ENTITIES AND PROVIDERS TO  
18 HELP MANAGE CLIENT CARE;

19           (d) INTEGRATING THE DELIVERY OF BEHAVIORAL HEALTH,  
20 INCLUDING MENTAL HEATH AND SUBSTANCE USE DISORDERS, AND  
21 PHYSICAL HEALTH SERVICES FOR CLIENTS;

22           (e) CONNECTING PRIMARY CARE WITH SPECIALTY CARE AND  
23 NONHEALTH COMMUNITY SUPPORTS;

24           (f) PROMOTING MEMBER CHOICE AND ENGAGEMENT;

25           (g) UTILIZING INNOVATIVE CARE MODELS AND PROVIDER PAYMENT  
26 MODELS AS PART OF THE CARE DELIVERY SYSTEM, INCLUDING CAPITATED  
27 MANAGED CARE MODELS WITHIN THE BROADER ACCOUNTABLE CARE

1 COLLABORATIVE;

2 (h) RECEIVING FEEDBACK FROM AFFECTED STAKEHOLDER GROUPS;

3 (i) ESTABLISHING A FLEXIBLE STRUCTURE THAT WOULD ALLOW  
4 FOR THE EFFICIENT OPERATION OF THE ACCOUNTABLE CARE  
5 COLLABORATIVE TO FURTHER INCLUDE MEDICAID POPULATIONS AND  
6 SERVICES, INCLUDING LONG-TERM CARE SERVICES AND SUPPORTS; AND

7 (j) ESTABLISHING A CARE DELIVERY SYSTEM AND PROVIDER  
8 PAYMENT PLATFORM THAT CAN ADAPT TO CHANGING FEDERAL FINANCIAL  
9 PARTICIPATION MODELS OR FUNDING LEVELS.

10 (2) THE STATE DEPARTMENT SHALL FACILITATE TRANSPARENCY  
11 AND COLLABORATION IN THE DEVELOPMENT, PERFORMANCE  
12 MANAGEMENT, AND EVALUATION OF THE ACCOUNTABLE CARE  
13 COLLABORATIVE THROUGH THE CREATION OF STAKEHOLDER ADVISORY  
14 COMMITTEES.

15 (3) ON OR BEFORE DECEMBER 1, 2017, AND ON OR BEFORE  
16 DECEMBER 1 EACH YEAR THEREAFTER, THE STATE DEPARTMENT SHALL  
17 PREPARE AND SUBMIT A REPORT TO THE JOINT BUDGET COMMITTEE, THE  
18 PUBLIC HEALTH CARE AND HUMAN SERVICES COMMITTEE OF THE HOUSE OF  
19 REPRESENTATIVES, AND THE HEALTH AND HUMAN SERVICES COMMITTEE  
20 OF THE SENATE, OR ANY SUCCESSOR COMMITTEES, CONCERNING THE  
21 IMPLEMENTATION OF THE ACCOUNTABLE CARE COLLABORATIVE.  
22 NOTWITHSTANDING THE PROVISIONS OF SECTION 24-1-136 (11)(a)(I), THE  
23 REPORT REQUIRED PURSUANT TO THIS SUBSECTION (3) CONTINUES  
24 INDEFINITELY. AT A MINIMUM, THE STATE DEPARTMENT'S REPORT MUST  
25 INCLUDE THE FOLLOWING INFORMATION CONCERNING THE ACCOUNTABLE  
26 CARE COLLABORATIVE:

27 (a) THE NUMBER OF MEDICAID CLIENTS ENROLLED IN THE

- 1 PROGRAM;
- 2 (b) PERFORMANCE RESULTS WITH AN EMPHASIS ON MEMBER
- 3 HEALTH IMPACTS;
- 4 (c) CURRENT ADMINISTRATIVE FEES AND COSTS FOR THE
- 5 PROGRAM;
- 6 (d) FISCAL PERFORMANCE;
- 7 (e) A DESCRIPTION OF ACTIVITIES THAT PROMOTE ACCESS TO
- 8 SERVICES FOR MEDICAID MEMBERS IN RURAL AND FRONTIER COUNTIES;
- 9 (f) INFORMATION ON ANY ADVISORY COMMITTEES CREATED,
- 10 INCLUDING THE PARTICIPANTS, FOCUS, STAKEHOLDER FEEDBACK, AND
- 11 OUTCOMES OF THE WORK OF THE ADVISORY COMMITTEES;
- 12 (g) FUTURE AREAS OF PROGRAM FOCUS AND DEVELOPMENT,
- 13 INCLUDING, AMONG OTHERS, A PLAN TO STUDY THE COSTS AND BENEFITS
- 14 OF FURTHER COVERAGE OF SUBSTANCE USE DISORDER TREATMENT; AND
- 15 (h) INFORMATION CONCERNING EFFORTS TO REDUCE MEDICAID
- 16 WASTE AND INEFFICIENCIES THROUGH THE ACCOUNTABLE CARE
- 17 COLLABORATIVE, INCLUDING:
- 18 (I) THE SPECIFIC EFFORTS WITHIN THE ACCOUNTABLE CARE
- 19 COLLABORATIVE, INCLUDING A SUMMARY OF TECHNOLOGY-BASED
- 20 EFFORTS, TO IDENTIFY AND IMPLEMENT BEST PRACTICES RELATING TO
- 21 COST CONTAINMENT; REDUCING AVOIDABLE, DUPLICATIVE, VARIABLE,
- 22 AND INAPPROPRIATE USES OF HEALTH CARE RESOURCES; AND THE
- 23 OUTCOME OF THOSE EFFORTS, INCLUDING COST SAVINGS, IF KNOWN;
- 24 (II) ANY STATUTES, POLICIES, OR PROCEDURES THAT PREVENT
- 25 REGIONAL CARE COORDINATORS FROM REALIZING EFFICIENCIES AND
- 26 REDUCING WASTE WITHIN THE MEDICAID SYSTEM; AND
- 27 (III) ANY OTHER EFFORTS BY REGIONAL ENTITIES OR THE STATE

1 DEPARTMENT TO ENSURE THAT THOSE WHO PROVIDE CARE FOR MEDICAID  
2 CLIENTS ARE AWARE OF AND ACTIVELY PARTICIPATE IN REDUCING WASTE  
3 WITHIN THE MEDICAID SYSTEM.

4 (4) ON OR BEFORE DECEMBER 1, 2017, THE STATE DEPARTMENT  
5 SHALL SUBMIT A REPORT TO THE JOINT BUDGET COMMITTEE, THE PUBLIC  
6 HEALTH CARE AND HUMAN SERVICES COMMITTEE OF THE HOUSE OF  
7 REPRESENTATIVES, AND THE HEALTH AND HUMAN SERVICES COMMITTEE  
8 OF THE SENATE, OR ANY SUCCESSOR COMMITTEES, OUTLINING THE  
9 STATUTORY CHANGES NEEDED TO PART 4 OF THIS ARTICLE 5 RELATING TO  
10 THE STATEWIDE MANAGED CARE SYSTEM, AS WELL AS ANY OTHER  
11 SECTIONS OF THE COLORADO REVISED STATUTES, IN ORDER TO ALIGN  
12 COLORADO LAW WITH THE FEDERAL "MEDICAID AND CHIP MANAGED  
13 CARE FINAL RULE", CMS-2390-F.

14 (5) THE STATE BOARD SHALL PROMULGATE RULES IMPLEMENTING  
15 THE ACCOUNTABLE CARE COLLABORATIVE.

16 **SECTION 3.** In Colorado Revised Statutes, **add** 25.5-4-401.2 as  
17 follows:

18 **25.5-4-401.2. Performance-based payments - reporting.** (1) TO  
19 IMPROVE HEALTH OUTCOMES AND LOWER HEALTH CARE COSTS, THE STATE  
20 DEPARTMENT IS AUTHORIZED TO IMPLEMENT PAYMENTS TO PROVIDERS  
21 THAT ARE BASED ON QUANTIFIABLE PERFORMANCE OR MEASURES OF  
22 QUALITY OF CARE. THESE PERFORMANCE-BASED PAYMENTS MAY INCLUDE,  
23 BUT ARE NOT LIMITED TO, PAYMENTS TO:

- 24 (a) PRIMARY CARE PROVIDERS;
- 25 (b) FEDERALLY QUALIFIED HEALTH CENTERS;
- 26 (c) PROVIDERS OF LONG-TERM CARE SERVICES AND SUPPORTS; AND
- 27 (d) BEHAVIORAL HEALTH PROVIDERS, INCLUDING, BUT NOT

1 LIMITED TO:

2 (I) COMMUNITY MENTAL HEALTH CENTERS, AS DEFINED IN SECTION  
3 27-66-101; AND

4 (II) ENTITIES CONTRACTED WITH THE DEPARTMENT TO  
5 ADMINISTER THE MEDICAID COMMUNITY MENTAL HEALTH SERVICES  
6 PROGRAM, ESTABLISHED IN SECTION 25.5-5-411.

7 (2)(a) PRIOR TO IMPLEMENTING PERFORMANCE-BASED PAYMENTS  
8 IN THE MEDICAID PROGRAM PURSUANT TO THIS ARTICLE 4 AND ARTICLES  
9 5 AND 6 OF THIS TITLE 25.5, INCLUDING PERFORMANCE-BASED PAYMENTS  
10 SET FORTH IN THIS SECTION, THE STATE DEPARTMENT SHALL SUBMIT TO  
11 THE JOINT BUDGET COMMITTEE:

12 (I)(A) EVIDENCE THAT THE PERFORMANCE-BASED PAYMENTS ARE  
13 DESIGNED TO ACHIEVE BUDGET SAVINGS; OR

14 (B) A BUDGET REQUEST FOR COSTS ASSOCIATED WITH THE  
15 PERFORMANCE-BASED PAYMENTS;

16 (II) THE ESTIMATED PERFORMANCE-BASED PAYMENTS COMPARED  
17 TO TOTAL REIMBURSEMENTS FOR THE AFFECTED SERVICE; AND

18 (III) A DESCRIPTION OF THE STAKEHOLDER ENGAGEMENT PROCESS  
19 FOR DEVELOPING THE PERFORMANCE-BASED PAYMENTS, INCLUDING THE  
20 PARTICIPANTS IN THE PROCESS AND A SUMMARY OF THE STAKEHOLDER  
21 FEEDBACK, AND THE STATE DEPARTMENT'S RESPONSE TO STAKEHOLDER  
22 FEEDBACK.

23 (b) THE INFORMATION REQUIRED PURSUANT TO SUBSECTION (2)(a)  
24 OF THIS SECTION MUST BE PROVIDED ON OR BEFORE NOVEMBER 1 FOR  
25 PERFORMANCE-BASED PAYMENTS THAT WILL TAKE EFFECT IN THE  
26 FOLLOWING FISCAL YEAR UNLESS THE STATE DEPARTMENT INCLUDES WITH  
27 ITS SUBMISSION AN EXPLANATION OF THE NEED FOR FASTER

1 IMPLEMENTATION OF THE PAYMENT. IF FASTER IMPLEMENTATION IS  
2 REQUESTED, THE STATE DEPARTMENT SHALL PROVIDE THE INFORMATION  
3 AT LEAST THREE MONTHS PRIOR TO THE IMPLEMENTATION OF THE  
4 PERFORMANCE-BASED PAYMENTS UNLESS COMPLIANCE WITH FEDERAL  
5 LAW NECESSITATES SHORTER NOTICE.

6 (3) ON OR BEFORE NOVEMBER 1, 2017, AND ON OR BEFORE  
7 NOVEMBER 1 EACH YEAR THEREAFTER, THE STATE DEPARTMENT SHALL  
8 SUBMIT A REPORT TO THE JOINT BUDGET COMMITTEE, THE PUBLIC HEALTH  
9 CARE AND HUMAN SERVICES COMMITTEE OF THE HOUSE OF  
10 REPRESENTATIVES, AND THE HEALTH AND HUMAN SERVICES COMMITTEE  
11 OF THE SENATE, OR ANY SUCCESSOR COMMITTEES, DESCRIBING RULES  
12 ADOPTED BY THE STATE BOARD AND CONTRACT PROVISIONS APPROVED BY  
13 THE CENTERS FOR MEDICARE AND MEDICAID SERVICES IN THE PRECEDING  
14 CALENDAR YEAR THAT AUTHORIZE PAYMENTS TO PROVIDERS BASED ON  
15 PERFORMANCE. NOTWITHSTANDING THE PROVISIONS OF SECTION 24-1-136  
16 (11)(a)(I), THE REPORT REQUIRED PURSUANT TO THIS SUBSECTION (3)  
17 CONTINUES INDEFINITELY. THE REPORT MUST INCLUDE, AT A MINIMUM:

18 (a) A DESCRIPTION OF PERFORMANCE-BASED PAYMENTS INCLUDED  
19 IN STATE BOARD RULES, INCLUDING WHICH PERFORMANCE STANDARDS  
20 ARE TARGETED WITH EACH PERFORMANCE-BASED PAYMENT;

21 (b) A DESCRIPTION OF THE GOALS AND OBJECTIVES OF THE  
22 PERFORMANCE-BASED PAYMENTS, AND HOW THOSE GOALS AND  
23 OBJECTIVES ALIGN WITH OTHER QUALITY IMPROVEMENT INITIATIVES;

24 (c) A SUMMARY OF THE RESEARCH-BASED EVIDENCE FOR THE  
25 PERFORMANCE-BASED PAYMENTS, TO THE EXTENT SUCH EVIDENCE IS  
26 AVAILABLE;

27 (d) A SUMMARY OF THE ANTICIPATED IMPACT AND CLINICAL AND



1 NONCLINICAL OUTCOMES OF IMPLEMENTING THE PERFORMANCE-BASED  
2 PAYMENTS;

3 (e) A DESCRIPTION OF HOW THE IMPACT OR OUTCOMES WILL BE  
4 EVALUATED;

5 (f) AN EXPLANATION OF STEPS TAKEN BY THE STATE DEPARTMENT  
6 TO LIMIT THE ADMINISTRATIVE BURDEN ON PROVIDERS;

7 (g) A SUMMARY OF THE STAKEHOLDER ENGAGEMENT PROCESS  
8 WITH RESPECT TO EACH PERFORMANCE-BASED PAYMENT, INCLUDING  
9 MAJOR CONCERNS RAISED THROUGH THE STAKEHOLDER PROCESS AND  
10 HOW THOSE CONCERNS WERE REMEDIATED;

11 (h) WHEN AVAILABLE, EVALUATION RESULTS FOR  
12 PERFORMANCE-BASED PAYMENTS THAT WERE IMPLEMENTED IN PRIOR  
13 YEARS; AND

14 (i) A DESCRIPTION OF PROPOSED MODIFICATIONS TO CURRENT  
15 PERFORMANCE-BASED PAYMENTS.

16 **SECTION 4. Safety clause.** The general assembly hereby finds,  
17 determines, and declares that this act is necessary for the immediate  
18 preservation of the public peace, health, and safety.