

**First Regular Session
Seventy-second General Assembly
STATE OF COLORADO**

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 19-0915.01 Yelana Love x2295

HOUSE BILL 19-1233

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A BILL FOR AN ACT

101 **CONCERNING PAYMENT SYSTEM REFORMS TO REDUCE HEALTH CARE**
102 **COSTS BY INCREASING UTILIZATION OF PRIMARY CARE, AND, IN**
103 **CONNECTION THEREWITH, MAKING AN APPROPRIATION.**

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>.)

The bill:

- ! Establishes a primary care payment reform collaborative in the division of insurance in the department of regulatory agencies;
- ! Requires the commissioner of insurance to establish

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

SENATE
Amended 2nd Reading
April 26, 2019

HOUSE
3rd Reading Unamended
April 16, 2019

HOUSE
Amended 2nd Reading
April 12, 2019

- ! affordability standards for premiums, including adding targets for carrier investments in primary care; and
- ! Requires the department of health care policy and financing and carriers who offer health benefit plans to state employees to set targets for investment in primary care.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 hereby finds and declares that:

4 (a) A highly functioning health care system with a robust primary
5 care foundation delivers quality health care at a lower cost;

6 (b) A primary care system with adequate resources would ensure
7 delivery of the right care, in the right place at the right time;

8 (c) Evidence indicates investments in advanced primary care
9 delivery yield net savings, as demonstrated in the Colorado medicaid
10 accountable care collaborative;

11 (d) Additional investments in primary care should come through
12 evidence-based alternative payment models that:

13 (I) Provide incentives for value rather than volume;

14 (II) Are adequate to sustain infrastructure to deliver advanced
15 primary care that is patient-centered, comprehensive, coordinated, and
16 accessible;

17 (III) Direct resources to the patient and the practice level that
18 expand the capacity of the primary care system to equitably meet the
19 health needs of patients; and

20 (IV) Sustain advanced primary care delivery models, such as the
21 patient-centered medical home, that provide quality and accountable care;

22 (e) The share of health care spending on primary care is a critical
23 measure of the primary care orientation of a health care system; ■

1 (f) The state of Colorado will achieve more affordable care and
2 better outcomes by consistently measuring and sustaining a system-wide
3 investment in primary care; and

4 (g) The health care system is a comprehensive entity that requires
5 the commissioner of insurance to evaluate the total cost of health care as
6 part of the rate review process in order to decrease health care disparities
7 in Colorado and to advance the welfare of the public through overall
8 quality, efficiency, and affordability.

9 **SECTION 2.** In Colorado Revised Statutes, **add** 10-16-148 as
10 follows:

11 **10-16-148. Primary care payment reform collaborative -**
12 **created - powers and duties - report - definition - repeal.** (1) THE
13 COMMISSIONER SHALL CONVENE A PRIMARY CARE PAYMENT REFORM
14 COLLABORATIVE TO:

15 (a) CONSULT WITH THE DEPARTMENT OF PERSONNEL, THE
16 EXECUTIVE DIRECTOR OF THE DEPARTMENT OF HEALTH CARE POLICY AND
17 FINANCING, AND THE ADMINISTRATOR OF THE COLORADO ALL-PAYER
18 HEALTH CLAIMS DATABASE DESCRIBED IN SECTION 25.5-1-204;

19 (b) ADVISE IN THE DEVELOPMENT OF THE AFFORDABILITY
20 STANDARDS AND TARGETS FOR CARRIER INVESTMENTS IN PRIMARY CARE
21 ESTABLISHED IN ACCORDANCE WITH SECTION 10-16-107 (3.5);

22 (c) IN COORDINATION WITH THE ADMINISTRATOR OF THE
23 ALL-PAYER CLAIMS DATABASE DESCRIBED IN SECTION 25.5-1-204,
24 ANALYZE THE PERCENTAGE OF MEDICAL EXPENSES ALLOCATED TO
25 PRIMARY CARE:

26 (I) BY HEALTH INSURERS;

27 (II) UNDER THE "COLORADO MEDICAL ASSISTANCE ACT",

1 ARTICLES 4, 5, AND 6 OF TITLE 25.5; AND
2 (III) UNDER THE "CHILDREN'S BASIC HEALTH PLAN ACT", ARTICLE
3 8 OF TITLE 25.5;
4 (d) DEVELOP A RECOMMENDATION TO THE COMMISSIONER ON THE
5 DEFINITION OF PRIMARY CARE FOR THE PURPOSES OF THIS SECTION;
6 (e) REPORT ON CURRENT HEALTH INSURER PRACTICES AND
7 METHODS OF REIMBURSEMENT THAT DIRECT GREATER HEALTH CARE
8 RESOURCES AND INVESTMENTS TOWARD HEALTH CARE INNOVATION AND
9 CARE IMPROVEMENT IN PRIMARY CARE;
10 (f) IDENTIFY BARRIERS TO THE ADOPTION OF ALTERNATIVE
11 PAYMENT MODELS BY HEALTH INSURERS AND PROVIDERS, AND DEVELOP
12 RECOMMENDATIONS TO ADDRESS THE BARRIERS;
13 (g) DEVELOP RECOMMENDATIONS TO INCREASE THE USE OF
14 ALTERNATIVE PAYMENT MODELS THAT ARE NOT PAID ON A
15 FEE-FOR-SERVICE OR PER-CLAIM BASIS TO:
16 (I) INCREASE THE INVESTMENT IN ADVANCED PRIMARY CARE
17 DELIVERED BY PRACTICES THAT ARE PATIENT-CENTERED MEDICAL HOMES
18 AS DEFINED BY NATIONAL OR STATE-RECOGNIZED CRITERIA OR THAT HAVE
19 DEMONSTRATED THE ABILITY TO PROVIDE HIGH-QUALITY PRIMARY CARE.
20 (II) ALIGN PRIMARY CARE REIMBURSEMENT BY ALL CONSUMERS
21 OF PRIMARY CARE; AND
22 (III) DIRECT INVESTMENT TOWARD HIGHER VALUE PRIMARY CARE
23 SERVICES WITH AN AIM TOWARD REDUCING HEALTH DISPARITIES;
24 (h) CONSIDER HOW TO INCREASE INVESTMENT IN ADVANCED
25 PRIMARY CARE WITHOUT INCREASING COSTS TO CONSUMERS OR
26 INCREASING THE TOTAL COST OF HEALTH CARE; AND
27 (i) DEVELOP AND SHARE BEST PRACTICES AND TECHNICAL

1 ASSISTANCE TO HEALTH INSURERS AND CONSUMERS, WHICH MAY INCLUDE:

2 (I) ALIGNING QUALITY METRICS AS DEVELOPED IN THE STATE
3 INNOVATION MODEL;

4 (II) FACILITATING THE INTEGRATION OF BEHAVIORAL AND
5 PHYSICAL PRIMARY CARE;

6 (III) PRACTICE TRANSFORMATION; AND

7 (IV) THE DELIVERY OF ADVANCED PRIMARY CARE THAT
8 FACILITATES APPROPRIATE UTILIZATION OF SERVICES IN APPROPRIATE
9 SETTINGS.

10 (2) THE COMMISSIONER SHALL INVITE REPRESENTATIVES FROM THE
11 FOLLOWING TO PARTICIPATE IN THE PRIMARY CARE PAYMENT REFORM
12 COLLABORATIVE:

13 (a) HEALTH CARE PROVIDERS, INCLUDING PRIMARY CARE
14 PROVIDERS;

15 (b) HEALTH CARE CONSUMERS;

16 (c) EMPLOYERS THAT PURCHASE HEALTH INSURANCE FOR
17 EMPLOYEES AND EMPLOYERS THAT OFFER SELF-INSURED HEALTH BENEFIT
18 PLANS;

19 (d) HEALTH INSURERS, INCLUDING ENTITIES THAT CONTRACT WITH
20 THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING AS MANAGED
21 CARE ENTITIES;

22 (e) THE FEDERAL CENTERS FOR MEDICARE AND MEDICAID
23 SERVICES;

24 (f) THE PRIMARY CARE OFFICE IN THE DEPARTMENT OF PUBLIC
25 HEALTH AND ENVIRONMENT CREATED PURSUANT TO SECTION 25-1.5-403;

26 (g) THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF HEALTH
27 CARE POLICY AND FINANCING; AND

1 (h) EXPERTS IN HEALTH INSURANCE ACTUARIAL ANALYSIS.

2 (3) THE COMMISSIONER SHALL CONVENE THE PRIMARY CARE
3 PAYMENT REFORM COLLABORATIVE ON OR BEFORE JULY 15, 2019.

4 (4) BY DECEMBER 15, 2019, AND BY EACH DECEMBER 15
5 THEREAFTER, THE PRIMARY CARE PAYMENT REFORM COLLABORATIVE
6 SHALL PUBLISH PRIMARY CARE PAYMENT REFORM RECOMMENDATIONS,
7 INFORMED BY THE PRIMARY CARE SPENDING REPORT PREPARED IN
8 ACCORDANCE WITH SECTION 25.5-1-204 (3)(c). THE COLLABORATIVE
9 SHALL MAKE THE REPORT AVAILABLE ELECTRONICALLY TO THE GENERAL
10 PUBLIC.

11 (5) THE DIVISION MAY SEEK, ACCEPT, AND EXPEND GIFTS, GRANTS,
12 OR DONATIONS FROM PRIVATE OR PUBLIC SOURCES FOR THE PURPOSES OF
13 THIS SECTION.

14 (6) AS USED IN THIS SECTION, "HEALTH INSURER" MEANS:

15 (a) A CARRIER THAT IS SUBJECT TO PART 2, 3, OR 4 OF THIS ARTICLE
16 AND THAT IS OFFERING HEALTH BENEFIT PLANS IN COLORADO; AND

17 (b) A CARRIER THAT PROVIDES OR ADMINISTERS A GROUP BENEFIT
18 PLAN FOR STATE EMPLOYEES PURSUANT TO PART 6 OF ARTICLE 50 OF TITLE
19 24.

20 (7) THIS SECTION IS REPEALED, EFFECTIVE SEPTEMBER 1, 2025.
21 BEFORE THE REPEAL, THE FUNCTIONS OF THE PRIMARY CARE PAYMENT
22 REFORM COLLABORATIVE ARE SCHEDULED FOR REVIEW IN ACCORDANCE
23 WITH SECTION 24-34-104.

24 **SECTION 3.** In Colorado Revised Statutes, 10-1-108, **amend** (7)
25 as follows:

26 **10-1-108. Duties of commissioner - reports - publications - fees**
27 **- disposition of funds - adoption of rules - examinations and**

1 **investigations.** (7) (a) It is the duty and responsibility of the
2 commissioner to supervise the business of insurance in this state to assure
3 that it is conducted in accordance with the laws of this state and in such
4 a manner as to protect policyholders and the general public.

5 (b) IN COMPLYING WITH THIS SUBSECTION (7), THE COMMISSIONER
6 SHALL:

7 (I) ENCOURAGE THE FAIR TREATMENT OF HEALTH CARE
8 PROVIDERS, INCLUDING PRIMARY CARE PROVIDERS;

9 (II) ENCOURAGE POLICIES AND DEVELOPMENTS, INCLUDING
10 INCREASED INVESTMENTS IN PRIMARY CARE, THAT DECREASE HEALTH
11 DISPARITIES AND IMPROVE THE QUALITY, EFFICIENCY, AND AFFORDABILITY
12 OF HEALTH CARE SERVICE DELIVERY AND OUTCOMES; AND

13 (III) VIEW THE HEALTH CARE SYSTEM AS A COMPREHENSIVE
14 ENTITY AND ENCOURAGE AND DIRECT HEALTH INSURERS TOWARD POLICIES
15 THAT ADVANCE THE WELFARE OF THE PUBLIC THROUGH OVERALL
16 EFFICIENCY, AFFORDABILITY, IMPROVED HEALTH CARE QUALITY, AND
17 APPROPRIATE ACCESS.

18 **SECTION 4.** In Colorado Revised Statutes, 10-16-107, **amend**
19 (2)(a)(I); and **add** (3.5) as follows:

20 **10-16-107. Rate filing regulation - benefits ratio - rules.**

21 (2) (a) (I) Rates for an individual health coverage plan issued or
22 delivered to any policyholder, enrollee, subscriber, or member in
23 Colorado by an insurer subject to part 2 of this ~~article~~ ARTICLE 16 or an
24 entity subject to part 3 or 4 of this ~~article~~ ARTICLE 16 shall not be
25 excessive, inadequate, or unfairly discriminatory to assure compliance
26 with the requirements of this section that rates are not excessive in
27 relation to benefits. Rates are excessive if they are likely to produce a

1 long run profit that is unreasonably high for the insurance provided or if
2 expenses are unreasonably high in relation to services rendered. In
3 determining if rates are excessive, the commissioner may consider:

4 (A) The expected filed rates in relation to the actual rates charged;

5 (B) WHETHER THE CARRIER'S PRODUCTS ARE AFFORDABLE; AND

6 (C) WHETHER THE CARRIER HAS IMPLEMENTED EFFECTIVE
7 STRATEGIES TO ENHANCE THE AFFORDABILITY OF ITS PRODUCTS.

8 (3.5) THE COMMISSIONER SHALL PROMULGATE RULES
9 ESTABLISHING AFFORDABILITY STANDARDS. THESE STANDARDS MUST
10 INCLUDE APPROPRIATE TARGETS FOR CARRIER INVESTMENTS IN PRIMARY
11 CARE. IN DEVELOPING THESE STANDARDS, THE COMMISSIONER SHALL
12 CONSIDER THE RECOMMENDATIONS OF THE PRIMARY CARE PAYMENT
13 REFORM COLLABORATIVE CREATED IN SECTION 10-16-148.

14 **SECTION 5.** In Colorado Revised Statutes, **add** 24-50-620 as
15 follows:

16 **24-50-620. Targets for investment in primary care.** A CARRIER
17 SHALL ADOPT APPROPRIATE TARGETS FOR INVESTMENTS IN PRIMARY CARE
18 TO SUPPORT VALUE-BASED HEALTH CARE DELIVERY IN ALIGNMENT WITH
19 THE AFFORDABILITY STANDARDS DEVELOPED IN ACCORDANCE WITH
20 SECTION 10-16-107 (3.5). THE CARRIER SHALL CONSIDER THE
21 RECOMMENDATIONS OF THE PRIMARY CARE PAYMENT REFORM
22 COLLABORATIVE CREATED IN SECTION 10-16-148. TARGETS ESTABLISHED
23 UNDER THIS SECTION DO NOT APPLY IN THE CASE OF A NONPROFIT,
24 NONGOVERNMENTAL HEALTH MAINTENANCE ORGANIZATION WITH
25 RESPECT TO MANAGED CARE PLANS THAT PROVIDE A MAJORITY OF
26 COVERED PROFESSIONAL SERVICES THROUGH A SINGLE CONTRACTED
27 MEDICAL GROUP.

1 **SECTION 6.** In Colorado Revised Statutes, 25.5-1-204, **add**
2 (3)(c) as follows:

3 **25.5-1-204. Advisory committee to oversee the all-payer health**
4 **claims database - creation - members - duties - legislative declaration**
5 **- rules - report.** (3) (c) (I) BY AUGUST 31, 2019, AND BY EACH AUGUST
6 31 THEREAFTER, THE ADMINISTRATOR SHALL PROVIDE A PRIMARY CARE
7 SPENDING REPORT TO THE COMMISSIONER OF INSURANCE FOR USE BY THE
8 PRIMARY CARE PAYMENT REFORM COLLABORATIVE ESTABLISHED IN
9 SECTION 10-16-148 REGARDING PRIMARY CARE SPENDING:

10 (A) BY CARRIERS, AS DEFINED IN SECTIONS 10-16-102 (8) AND
11 24-50-603 (2);

12 (B) UNDER THE "COLORADO MEDICAL ASSISTANCE ACT",
13 ARTICLES 4, 5, AND 6 OF THIS TITLE 25.5; AND

14 (C) UNDER THE "CHILDREN'S BASIC HEALTH PLAN ACT", ARTICLE
15 8 OF THIS TITLE 25.5.

16 (II) THE REPORT PREPARED IN ACCORDANCE WITH THIS
17 SUBSECTION (3)(c) MUST INCLUDE THE PERCENTAGE OF THE MEDICAL
18 EXPENSES ALLOCATED TO PRIMARY CARE, THE SHARE OF PAYMENTS THAT
19 ARE MADE THROUGH NATIONALLY RECOGNIZED ALTERNATIVE PAYMENT
20 MODELS, AND THE SHARE OF PAYMENTS THAT ARE NOT PAID ON A
21 FEE-FOR-SERVICE OR PER-CLAIM BASIS.

22 **SECTION 7.** In Colorado Revised Statutes, **add** 25.5-4-423 as
23 follows:

24 **25.5-4-423. Targets for investments in primary care.** THE
25 STATE DEPARTMENT SHALL ADOPT APPROPRIATE TARGETS FOR
26 INVESTMENTS IN PRIMARY CARE TO SUPPORT VALUE-BASED HEALTH CARE
27 DELIVERY IN ALIGNMENT WITH THE AFFORDABILITY STANDARDS

1 DEVELOPED IN ACCORDANCE WITH SECTION 10-16-107 (3.5). THE STATE
2 DEPARTMENT SHALL CONSIDER THE RECOMMENDATIONS OF THE PRIMARY
3 CARE PAYMENT REFORM COLLABORATIVE CREATED IN SECTION 10-16-148.
4 TARGETS ESTABLISHED UNDER THIS SECTION DO NOT APPLY IN THE CASE
5 OF A NONPROFIT, NONGOVERNMENTAL HEALTH MAINTENANCE
6 ORGANIZATION WITH RESPECT TO MANAGED CARE PLANS THAT PROVIDE
7 A MAJORITY OF COVERED PROFESSIONAL SERVICES THROUGH A SINGLE
8 CONTRACTED MEDICAL GROUP.

9 **SECTION 8.** In Colorado Revised Statutes, 24-34-104, **add**
10 (26)(a)(VIII) as follows:

11 **24-34-104. General assembly review of regulatory agencies**
12 **and functions for repeal, continuation, or reestablishment - legislative**
13 **declaration - repeal.** (26) (a) The following agencies, functions, or both,
14 are scheduled for repeal on September 1, 2025:

15 (VIII) THE PRIMARY CARE PAYMENT REFORM COLLABORATIVE
16 ESTABLISHED IN SECTION 10-16-148.

17 **SECTION 9. Appropriation.** For the 2019-20 state fiscal year,
18 \$109,679 is appropriated to the department of regulatory agencies for use
19 by the division of insurance. This appropriation is from the division of
20 insurance cash fund created in section 10-1-103 (3), C.R.S. To implement
21 this act, the division may use this appropriation as follows:

22 (a) \$109,299 for personal services, which amount is based on an
23 assumption that the division will require an additional 0.4 FTE; and

24 (b) \$380 for operating expenses.

25 **SECTION 10. Safety clause.** The general assembly hereby finds,
26 determines, and declares that this act is necessary for the immediate
27 preservation of the public peace, health, and safety.