



**Colorado
Legislative
Council
Staff**

HB16-1326

**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0715	Date: August 19, 2016
Prime Sponsor(s): Rep. Primavera; Willett Sen. Crowder	Bill Status: Postponed Indefinitely
	Fiscal Analyst: Bill Zepernick (303-866-4777)

BILL TOPIC: CONSUMER ACCESS TO PHYSICAL REHABILITATION SERVICES

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures		Minimal workload increase.
Appropriation Required: None.		
Future Year Impacts: Minimal ongoing workload increase.		

NOTE: This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

This bill sets various requirements for contracts between health insurance carriers that provide benefits for physical rehabilitation services and intermediaries that are contracted to perform certain cost and utilization management duties on behalf of a carrier. The requirements include basing coverage authorizations and medical necessity of health care determinations on generally accepted and evidence-based standards and criteria of clinical practice and disclosing that requirement and process to the carrier's policyholders. Authorizations and medical necessity determinations must be performed by a provider who is licensed and actively practicing in Colorado, and whose scope of practice includes development of a plan of care. The bill requires that care for a recurring condition only be categorized as a new episode if the same provider has not treated the policyholder within 30 days. In addition, the bill prohibits the inclusion of certain provisions in contracts between a carrier and an intermediary.

Background

Health insurance carriers may require prior authorization or medical necessity determinations for certain services before the policyholder can receive services or the provider receive payment, including for physical rehabilitation services. Physical rehabilitation services include physical therapy, occupational therapy, or chiropractic services. Under Colorado law, policyholders may receive a standing referral for medically necessary treatment from their primary care provider in consultation with a specialist. The time period for the standing referral may be up to one year.

State Expenditures

The bill may result in a minimal workload increase in the Division of Insurance in the Department of Regulatory Agencies beginning in FY 2017-18 in two areas. First, the division may be required to conduct rulemaking to reflect the changes in the bill. Second, the division may receive additional complaints or public inquiries concerning the authorization of physical rehabilitation services by health insurers and intermediaries. Overall, the impact is assumed to be minimal and no increase in appropriations is required.

Effective Date

The bill was postponed indefinitely by the Senate State, Veterans, and Military Affairs Committee on May 4, 2016.

State and Local Government Contacts

Health Care Policy and Financing
Law

Human Services
Personnel

Information Technology
Regulatory Agencies

Research Note Available

An LCS Research Note for House Bill 16-1326 is available online and through the iLegislate app. Research notes provide additional policy and background information about the bill and summarize action taken by the General Assembly concerning the bill.