

## CHAPTER 152

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**HEALTH CARE POLICY AND FINANCING**


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**HOUSE BILL 16-1407**

BY REPRESENTATIVE(S) Young, Hamner, Rankin, Becker K., Duran, Fields, Kraft-Tharp, Lontine, Mitsch Bush, Pettersen, Rosenthal, Hullinghorst;  
also SENATOR(S) Steadman, Grantham, Lambert, Aguilar, Heath, Kefalas, Martinez Humenik, Merrifield, Newell, Roberts.

**AN ACT**

**CONCERNING THE CONTINUATION OF THE MEDICAID PAYMENT REFORM AND INNOVATION PILOT PROGRAM, AND, IN CONNECTION THEREWITH, CHANGING THE TIME FRAMES, ELIMINATING THE REPEAL DATE OF THE PILOT PROGRAM, ENHANCING THE REPORTING REQUIREMENTS OF THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING, AND MAKING AN APPROPRIATION.**

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

**SECTION 1.** In Colorado Revised Statutes, 25.5-5-415, **amend** (1) (a) (V), (2) (c) (I), (2) (c) (III), (2) (d) (I), (4) (a) (II), and (4) (a) (III); and **add** (1) (a) (VI), (4) (a) (IV), and (4) (a.5) as follows:

**25.5-5-415. Medicaid payment reform and innovation pilot program - legislative declaration - creation - selection of payment projects - report - rules.**  
(1) (a) The general assembly finds that:

(V) The state department should explore how these new payment methodologies may result in improved health outcomes and patient satisfaction and support the financial sustainability of the medicaid program; AND

(VI) THE STATE DEPARTMENT SHALL EVALUATE HOW SUCCESSFUL PAYMENT PROJECTS COULD BE REPLICATED AND INCORPORATED WITHIN THE STATE DEPARTMENT'S CURRENT MEDICAID COORDINATED CARE SYSTEM.

(2) (c) (I) ~~On or before July 1, 2013,~~ The state department shall ~~complete its~~ review of payment projects and shall select payment projects to be included in the pilot program.

(III) For payment projects not selected by the state department, the state

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

department shall respond to the contractor of the state department's current medicaid coordinated care system, in writing, ~~on or before July 1, 2013,~~ stating the reason or reasons why the payment project was not selected. The state department shall send a copy of the response to the joint budget committee of the general assembly, the health and human services committee of the senate, or any successor committee, and the health and environment committee of the house of representatives, or any successor committee.

(d) (I) The payment projects selected for the program shall be for a period of at least ~~two years, but~~ ONE YEAR AND shall not extend beyond ~~June 30, 2016~~ THE LENGTH OF THE CONTRACT WITH THE CONTRACTOR OF THE STATE DEPARTMENT'S CURRENT MEDICAID COORDINATED CARE SYSTEM. The provider contract shall specify the payment methodology utilized in the payment project.

(4) (a) The state department shall submit a report to the joint budget committee of the general assembly, the health and human services committee of the senate, or any successor committee, and the health and environment committee of the house of representatives, or any successor committee, as follows:

(II) On or before September 15, 2014, concerning the pilot program as implemented, including but not limited to an analysis of the initial data and information concerning the utilization of the payment methodology, quality measures, and the impact of the payment methodology on health outcomes, cost, provider participation and satisfaction, and patient satisfaction; ~~and~~

(III) On or before September 15, 2015, ~~and each September 15 that the program is being implemented,~~ concerning the program as implemented, including but not limited to an analysis of the data and information concerning the utilization of the payment methodology, including an assessment of how the payment methodology drives provider performance and participation and the impact of the payment methodology on quality measures, health outcomes, cost, provider satisfaction, and patient satisfaction, comparing those outcomes across ~~all~~ patients utilizing existing state department data;

(IV) ON OR BEFORE APRIL 15, 2017, AND EACH APRIL 15 THAT THE PROGRAM IS BEING IMPLEMENTED, CONCERNING THE PROGRAM AS IMPLEMENTED, INCLUDING BUT NOT LIMITED TO AN ANALYSIS OF THE DATA AND INFORMATION CONCERNING THE UTILIZATION OF THE PAYMENT METHODOLOGY, INCLUDING AN ASSESSMENT OF HOW THE PAYMENT METHODOLOGY DRIVES PROVIDER PERFORMANCE AND PARTICIPATION AND THE IMPACT OF THE PAYMENT METHODOLOGY ON QUALITY MEASURES, HEALTH OUTCOMES, COST, PROVIDER SATISFACTION, AND PATIENT SATISFACTION, COMPARING THOSE OUTCOMES ACROSS PATIENTS UTILIZING EXISTING STATE DEPARTMENT DATA. SPECIFICALLY, THE REPORT MUST INCLUDE:

(A) AN EVALUATION OF ALL CURRENT PAYMENT PROJECTS AND WHETHER THE STATE DEPARTMENT INTENDS TO EXTEND ANY CURRENT PAYMENT PROJECT INTO THE NEXT FISCAL YEAR;

(B) THE STATE DEPARTMENT'S PLANS TO INCORPORATE ANY PAYMENT PROJECT INTO THE LARGER MEDICAID PAYMENT FRAMEWORK;

(C) A DESCRIPTION OF ANY PAYMENT PROJECT PROPOSALS RECEIVED BY THE STATE DEPARTMENT SINCE THE PRIOR YEAR'S REPORT, AND WHETHER THE STATE DEPARTMENT INTENDS TO IMPLEMENT ANY NEW PAYMENT PROJECTS IN THE UPCOMING FISCAL YEAR; AND

(D) THE RESULTS OF THE STATE DEPARTMENT'S EVALUATION OF PAYMENT PROJECTS PURSUANT TO PARAGRAPH (a.5) OF THIS SUBSECTION (4).

(a.5) THE STATE DEPARTMENT SHALL EVALUATE EACH PAYMENT PROJECT TO DETERMINE:

(I) WHETHER THE PAYMENT PROJECT OFFERS THE POTENTIAL FOR BETTER PATIENT OUTCOMES OR IMPROVED CARE AND THE IMPACT OF BETTER OUTCOMES AND IMPROVED CARE ON MEDICAID COSTS;

(II) WHETHER THE PAYMENT PROJECT CREATES THE OPPORTUNITY FOR ADMINISTRATIVE EFFICIENCY IN THE MEDICAID PROGRAM;

(III) WHETHER THE PAYMENT PROJECT IS BUDGET NEUTRAL OR GENERATES SAVINGS FOR THE MEDICAID PROGRAM; AND

(IV) WHETHER THE PAYMENT PROJECT RESULTED IN CHANGES IN PROVIDER PARTICIPATION IN THE MEDICAID PROGRAM, AND THE NATURE OF THOSE CHANGES.

**SECTION 2. Appropriation.** (1) For the 2016-17 state fiscal year, \$245,639 is appropriated to the department of health care policy and financing for use by the executive director's office. This appropriation is from the general fund. To implement this act, the office may use this appropriation as follows:

(a) \$37,495 for personal services, which amount is based on an assumption that the office will require an additional 1.0 FTE;

(b) \$635 for operating expenses;

(c) \$75,000 for general professional services and special projects;

(d) \$81,795 for customer outreach, which amount is subject to the "(M)" notation as defined in the annual general appropriation act for the same fiscal year; and

(e) \$50,714 for professional services contracts, which amount is subject to the "(M)" notation as defined in the annual general appropriation act for the same fiscal year.

(2) For the 2016-17 state fiscal year, the general assembly anticipates that the department of health care policy and financing will receive \$347,064 in federal funds to implement this act. The appropriation in subsection (1) of this section is based on the assumption that the department will receive this amount of federal funds to be used as follows:

(a) \$37,495 for personal services;

- (b) \$632 for operating expenses;
- (c) \$75,000 for general professional services and special projects;
- (d) \$81,795 for customer outreach; and
- (e) \$152,142 for professional services contracts.

**SECTION 3. 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 4, 2016