

Second Regular Session
Sixty-sixth General Assembly
STATE OF COLORADO

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 08-1075.01 Christy Chase

SENATE BILL 08-217

SENATE SPONSORSHIP

Hagedorn, and Johnson

HOUSE SPONSORSHIP

McGihon and Massey, and Roberts

Senate Committees

Health and Human Services
Appropriations

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE FRAMEWORK FOR DEVELOPING THE CENTENNIAL**
102 **CARE CHOICES PROGRAM TO REFORM THE HEALTH CARE**
103 **SYSTEM IN COLORADO, AND MAKING AN APPROPRIATION**
104 **THEREFOR.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Authorizes the creation of the centennial care choices program (program) to reduce the state's uninsured population and improve access to affordable health care, after the following occurs:

! By January 2, 2009, the state department of health care

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.

policy and financing (state department), in coordination with the division of insurance (division) in the department of regulatory agencies and a panel of expert advisors (panel), issues a request for proposals to health insurance companies for the development of value benefit plans (VBPs);

- ! Proposals for VBPs are submitted to the state department by August 1, 2009;
- ! The state department, division, and panel evaluate the proposals and make recommendations to the governor regarding the proposals and any necessary legislation;
- ! The governor submits recommendations for legislation to the general assembly by the 3rd legislative day of the 2010 regular legislative session or notifies the executive committee of the general assembly and the health and human services committees of both houses of the general assembly that no valid proposals were submitted; and
- ! If the governor recommends legislation and the general assembly chooses to pursue such legislation, allows the legislation to be introduced during the 2010 regular legislative session to create the program and implement the governor's recommendations.

Establishes some parameters for the VBPs and the program, including:

- ! A premium subsidy program for low-income individuals;
- ! A mandate that individuals obtain health insurance and a mechanism to enforce the mandate through the state tax code;
- ! The encouragement of evidence-based medicine through creation of a patient safety council to improve patient care and minimize medical care mistakes;
- ! A process to certify VBPs and a mechanism for pairing subsidy-eligible individuals with appropriate VBPs;
- ! Creation of a consumer advisory council for the program; and
- ! Dedication of a revenue source, if necessary, and a ballot question to seek voter approval for the revenue source, if necessary.

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

2 **SECTION 1.** Part 1 of article 1 of title 25.5, Colorado Revised
3 Statutes, is amended BY THE ADDITION OF A NEW SECTION to

1 read:

2 **25.5-1-125. Centennial care choices - value benefit plans -**
3 **request for proposals - report to general assembly - definitions -**
4 **legislative declaration - repeal.** (1) THE GENERAL ASSEMBLY HEREBY

5 FINDS, DETERMINES, AND DECLARES THAT:

6 (a) THE BLUE RIBBON COMMISSION FOR HEALTH CARE REFORM,
7 ESTABLISHED PURSUANT TO SECTION 10-16-131, C.R.S., SUBMITTED ITS
8 RECOMMENDATIONS TO THE GENERAL ASSEMBLY IN JANUARY 2008,
9 REGARDING COMPREHENSIVE PROPOSALS TO REFORM HEALTH CARE IN
10 COLORADO, INCLUDING METHODS TO REDUCE OR ELIMINATE COLORADO'S
11 UNINSURED POPULATION;

12 (b) THE GENERAL ASSEMBLY RECOGNIZES THAT WHILE
13 COMPREHENSIVE HEALTH CARE REFORM IS A LAUDABLE GOAL, THIS STATE
14 LACKS THE FINANCIAL RESOURCES TO FULLY SOLVE ALL THE PROBLEMS
15 FACING THIS STATE'S HEALTH CARE SYSTEM;

16 (c) WHILE UNABLE TO FULLY ADDRESS COMPREHENSIVE HEALTH
17 CARE REFORM AT THIS TIME, IT IS IMPORTANT TO START THE PROCESS NOW
18 AND LAY THE GROUNDWORK FOR ESTABLISHING A SECURE, STABLE
19 PROGRAM THAT REDUCES COLORADO'S UNINSURED POPULATION,
20 PROVIDES ASSISTANCE TO THIS STATE'S LOW-INCOME INDIVIDUALS AND
21 EMPLOYEES IN OBTAINING HEALTH CARE COVERAGE, ENCOURAGES
22 EMPLOYERS TO CONTINUE OFFERING HEALTH CARE COVERAGE TO THEIR
23 EMPLOYEES, AND IS SUSTAINABLE INTO THE FUTURE, EVEN DURING AN
24 ECONOMIC DOWNTURN;

25 (d) IT IS ALSO CRITICAL THAT THIS STATE MAXIMIZE
26 FEDERAL FUNDS FOR MEDICAL ASSISTANCE PROGRAMS SO AS TO PROVIDE
27 SERVICES AND ACCESS TO HEALTH CARE TO THIS STATE'S NEEDY

1 POPULATION; AND

2 (e) COLORADO CANNOT WAIT TO ADDRESS THE CURRENT
3 PROBLEMS RELATED TO THE DELIVERY OF AFFORDABLE HEALTH CARE TO
4 RESIDENTS OF THIS STATE, AND IT IS THEREFORE CRITICAL TO START THE
5 PROCESS TOWARD DEVELOPING A BALANCED PARTNERSHIP BETWEEN
6 PRIVATE AND PUBLIC SECTORS IN COLORADO TO BEGIN TO PROVIDE
7 AFFORDABLE HEALTH INSURANCE TO THOSE WHO ARE UNINSURED.

8 (2) (a) (I) THE STATE DEPARTMENT, IN COORDINATION WITH THE
9 DIVISION OF INSURANCE AND A PANEL OF EXPERT ADVISORS APPOINTED BY
10 THE GOVERNOR, WHICH SHALL INCLUDE PERSONS WITH EXPERTISE IN
11 ACTUARIAL SCIENCES AND PERSONS ENGAGED IN THE CREATION,
12 IMPLEMENTATION, AND MANAGEMENT OF HEALTH BENEFIT PLANS, SHALL
13 PREPARE A REQUEST FOR PROPOSALS TO BE ISSUED TO HEALTH INSURANCE
14 COMPANIES. THE REQUEST FOR PROPOSALS SHALL REQUEST INTERESTED
15 HEALTH INSURANCE COMPANIES TO DESIGN VALUE BENEFIT PLANS,
16 REFERRED TO IN THIS SECTION AS VBPs, THAT APPROXIMATE EIGHTY
17 PERCENT OF THE ACTUARIAL VALUE OF A PREFERRED PROVIDER
18 ORGANIZATION PLAN OFFERED TO EMPLOYEES OF THE STATE OF
19 COLORADO AT THE TIME THE REQUEST FOR PROPOSALS IS ISSUED, AS
20 SPECIFIED IN THE REQUEST FOR PROPOSALS. THE REQUEST FOR PROPOSALS
21 SHALL NOT SPECIFY BENEFITS OR OTHER DETAILS TO BE INCLUDED IN THE
22 PROPOSED VBP.

23 (II) A HEALTH INSURANCE COMPANY SHALL NOT BE REQUIRED TO
24 HAVE A CERTIFICATE OF AUTHORITY ISSUED BY THE COMMISSIONER OF
25 INSURANCE PURSUANT TO SECTION 10-3-105, C.R.S., IN ORDER TO
26 RESPOND TO THE REQUEST FOR PROPOSALS BUT SHALL BE ALLOWED TO
27 OFFER AN APPROVED VBP TO ELIGIBLE COLORADO RESIDENTS ONLY IF THE

1 HEALTH INSURANCE COMPANY OBTAINS A CERTIFICATE OF AUTHORITY TO
2 TRANSACT THE BUSINESS OF INSURANCE IN THIS STATE PRIOR TO OFFERING
3 THE VBP.

4 (III) A HEALTH INSURANCE COMPANY THAT SUBMITS A PROPOSAL
5 IN RESPONSE TO THE REQUEST FOR PROPOSALS SHALL NOT BE OBLIGATED
6 TO OFFER A VBP IF, AFTER SUBMISSION OF ITS PROPOSAL, THE GENERAL
7 ASSEMBLY, BY BILL, MODIFIES THE DESIGN OF THE VBP.

8 (IV) PROPOSALS SUBMITTED BY HEALTH INSURANCE COMPANIES
9 SHALL BUILD ON AND NOT INTERFERE WITH THE EXISTING SMALL GROUP
10 MARKET, SHALL NOT ENCOURAGE BUSINESSES CURRENTLY OFFERING
11 HEALTH CARE COVERAGE TO THEIR EMPLOYEES TO DISCONTINUE SUCH
12 COVERAGE, AND SHALL PROMOTE ADMINISTRATIVE EFFICIENCIES.

13 (b) A VBP DEVELOPED IN RESPONSE TO THE REQUEST FOR
14 PROPOSALS SHALL, AT A MINIMUM:

15 (I) INCLUDE BENEFITS FOR PRIMARY AND PREVENTIVE CARE,
16 PARTICIPATION IN WELLNESS PROGRAMS, AND INCENTIVES FOR PLAN
17 PARTICIPANTS TO ENGAGE IN HEALTHIER BEHAVIOR;

18 (II) ENCOURAGE THE USE OF HEALTH INFORMATION TECHNOLOGY
19 AND TELEMEDICINE, INCLUDING, WITHOUT LIMITATION, HEALTH
20 INFORMATION EXCHANGE, ELECTRONIC HEALTH RECORDS, AND
21 ELECTRONIC PRESCRIPTIONS;

22 (III) ENCOURAGE THE USE OF A PAY-FOR-PERFORMANCE SYSTEM
23 FOR REIMBURSING HEALTH CARE PROVIDERS, WHERE APPROPRIATE;

24 (IV) PROVIDE CONSUMERS WITH EDUCATIONAL MATERIALS
25 REGARDING HOW TO ACCESS INTERNET-BASED HEALTH CARE TOOLS;

26 (V) SPECIFY AN ADEQUATE NETWORK OF PROVIDERS AVAILABLE
27 UNDER THE VBP;

1 (VI) ENCOURAGE THE USE OF REGIONAL NETWORKS OF HOSPITALS,
2 PHYSICIANS, COMMUNITY HEALTH CENTERS AND OTHER SAFETY NET
3 PROVIDERS, AND OTHER HEALTH CARE PROFESSIONALS, WHERE
4 AVAILABLE, AND INNOVATIVE OR COLLABORATIVE EFFORTS WITHIN
5 COMMUNITIES FOR THE PROVISION OF HEALTH CARE SERVICES.

6 (VII) INCLUDE OPTIONAL COVERAGE CHOICES FOR PURCHASE BY
7 CONSUMERS TO ADD TO THEIR VBPs;

8 (VIII) LIMIT THE DEMOGRAPHIC CHARACTERISTICS USED BY
9 HEALTH INSURANCE COMPANIES IN DETERMINING PREMIUM RATES TO THE
10 AGE OF THE INDIVIDUALS TO BE COVERED UNDER THE VBP AND THE
11 GEOGRAPHIC LOCATION OF THE POLICYHOLDER;

12 (IX) SPECIFY PREMIUM LEVELS FOR EACH VBP BY AGE GROUP,
13 REGION BY REGION;

14 (X) BE OFFERED AND ISSUED TO ANY COLORADO RESIDENT
15 ELIGIBLE PURSUANT TO THE TERMS OF THE APPROVED VBP WHO AGREES
16 TO MAKE THE PREMIUM PAYMENTS REQUIRED FOR THAT PERSON;

17 (XI) ALLOW FOR THE PAYMENT OF ALL OR A PORTION OF THE
18 COVERED PERSON'S PREMIUM FROM A STATE-PAID PREMIUM SUBSIDY, IF
19 MADE AVAILABLE BY THIS STATE FOR LOW-INCOME INDIVIDUALS AND
20 FAMILIES; AND

21 (XII) ASSUME THAT ALL COLORADO RESIDENTS WOULD BE
22 REQUIRED TO PURCHASE HEALTH INSURANCE.

23 (3) (a) ON AND AFTER THE EFFECTIVE DATE OF THIS SECTION, THE
24 STATE DEPARTMENT, IN COORDINATION WITH THE DIVISION AND THE
25 PANEL, SHALL ACQUIRE RELEVANT ACTUARIAL PROJECTIONS, RESEARCH
26 POTENTIAL COST SAVINGS, AND DEVELOP THE REQUEST FOR PROPOSALS,
27 WHICH SHALL BE ISSUED BY JANUARY 2, 2009. THE REQUEST FOR

1 PROPOSALS SHALL SPECIFY A DEADLINE OF AUGUST 1, 2009, BY WHICH
2 PROPOSALS SHALL BE SUBMITTED TO THE STATE DEPARTMENT.

3 (b) AFTER RECEIPT OF THE PROPOSALS, THE STATE DEPARTMENT,
4 IN COORDINATION WITH THE DIVISION AND THE PANEL, SHALL EVALUATE
5 THE PROPOSALS AND MAKE RECOMMENDATIONS TO THE GOVERNOR
6 REGARDING THE PROPOSALS AND ANY LEGISLATION THAT MAY BE NEEDED
7 DURING THE 2010 LEGISLATIVE SESSION TO IMPLEMENT ONE OR MORE
8 PROPOSALS.

9 (c) (I) THE GOVERNOR SHALL SUBMIT RECOMMENDATIONS FOR
10 LEGISLATION TO THE GENERAL ASSEMBLY BY THE THIRD LEGISLATIVE DAY
11 OF THE 2010 REGULAR LEGISLATIVE SESSION FOR ITS CONSIDERATION.

12 (II) IF THE GOVERNOR DETERMINES THAT NONE OF THE PROPOSALS
13 SUBMITTED BY HEALTH INSURANCE COMPANIES MEETS THE CRITERIA
14 ESTABLISHED IN THIS SECTION OR THAT THE PROPOSALS ARE OTHERWISE
15 INADEQUATE TO ADDRESS THE HEALTH CARE COVERAGE NEEDS OF THE
16 STATE, THE GOVERNOR MAY REJECT THE PROPOSALS AND SHALL INFORM
17 THE EXECUTIVE COMMITTEE OF THE GENERAL ASSEMBLY AND THE HEALTH
18 AND HUMAN SERVICES COMMITTEES OF THE SENATE AND HOUSE OF
19 REPRESENTATIVES, OR THEIR SUCCESSOR COMMITTEES, IN WRITING, THAT
20 THE PROPOSALS HAVE BEEN REJECTED AND THE REASONS FOR THE
21 REJECTIONS.

22 (d) IF THE GOVERNOR RECOMMENDS LEGISLATION AND THE
23 GENERAL ASSEMBLY CHOOSES TO PURSUE LEGISLATION TO IMPLEMENT
24 THE GOVERNOR'S RECOMMENDATIONS, SUCH LEGISLATION MAY BE
25 INTRODUCED FOR CONSIDERATION BY THE GENERAL ASSEMBLY DURING
26 THE 2010 REGULAR LEGISLATIVE SESSION TO CREATE THE CENTENNIAL
27 CARE CHOICES PROGRAM TO INCLUDE AT LEAST THE FOLLOWING, IF

1 CONSISTENT WITH THE GOVERNOR'S RECOMMENDATIONS:

2 (I) A REQUIREMENT THAT ALL COLORADANS OBTAIN _____
3 CREDITABLE COVERAGE, AS DEFINED IN SECTION 10-16-102, C.R.S.,
4 EITHER THROUGH A STATE-SANCTIONED VBP, ANOTHER HEALTH
5 INSURANCE PRODUCT AVAILABLE IN THE PRIVATE MARKET FOR
6 INDIVIDUALS OR GROUPS, PARTICIPATION IN A STATE OR FEDERAL
7 PROGRAM PROVIDING BENEFITS OR COVERAGE FOR HEALTH CARE, OR ANY
8 OTHER CREDITABLE COVERAGE, AS DEFINED IN SECTION 10-16-102,
9 C.R.S.:

10 (II) A MECHANISM TO ENFORCE THE REQUIREMENT THAT ALL
11 COLORADO RESIDENTS OBTAIN HEALTH INSURANCE THROUGH THE STATE
12 TAX LAWS;

13 (III) STANDARDS THAT VBPs MUST SATISFY IN ORDER TO BE
14 CERTIFIED BY THE STATE DEPARTMENT AND THE DIVISION AND
15 AUTHORIZED TO BE OFFERED TO COLORADO RESIDENTS BY ANY HEALTH
16 INSURANCE COMPANY, REGARDLESS OF WHETHER THE HEALTH INSURANCE
17 COMPANY DEVELOPED THE VBP IN RESPONSE TO THE REQUEST FOR
18 PROPOSALS, AS LONG AS THE HEALTH INSURANCE COMPANY OFFERS A VBP
19 THAT MEETS SUCH STANDARDS AND THE REQUIREMENTS OF PARAGRAPH
20 (b) OF SUBSECTION (2) OF THIS SECTION;

21 (IV) A SLIDING SCALE PREMIUM SUBSIDY PROGRAM TO ASSIST
22 LOW-INCOME INDIVIDUALS AND FAMILIES IN PAYING THE PREMIUM COSTS
23 FOR HEALTH INSURANCE;

24 (V) THE ENCOURAGEMENT OF EVIDENCE-BASED MEDICINE
25 THROUGH CREATION OF A PATIENT SAFETY COUNCIL TO EVALUATE
26 PATIENT CARE WITH THE GOALS OF IMPROVING QUALITY OF CARE AND
27 MINIMIZING MEDICAL CARE MISTAKES;

1 (VI) AUTHORITY FOR THE STATE DEPARTMENT AND THE DIVISION
2 TO ESTABLISH HEALTH MARTS THROUGH WHICH AN INDIVIDUAL ELIGIBLE
3 FOR THE STATE SUBSIDY MAY SELECT A VBP THAT BEST MEETS HIS OR HER
4 NEEDS;

5 (VII) CREATION OF A CONSUMER ADVISORY COUNCIL FOR THE
6 CENTENNIAL CARE CHOICES PROGRAM; ==

7 (VIII) CREATION OF A PROCESS FOR PERIODIC REVIEW OF VBPs;
8 AND

9 (IX) CREATION OF A DEDICATED SOURCE OF REVENUE, IF
10 NECESSARY, TO FUND THE PREMIUM SUBSIDY PROGRAM OR OTHER NEW
11 STATE COSTS AND A BALLOT QUESTION TO SEEK VOTER APPROVAL AT THE
12 GENERAL ELECTION IN 2010 FOR THE REVENUE SOURCE IF IT CONSTITUTES
13 A NEW OR INCREASED TAX OR TAX RATE.

14 (4) AS USED IN THIS SECTION:

15 (a) "DIVISION OF INSURANCE" OR "DIVISION" MEANS THE DIVISION
16 OF INSURANCE IN THE DEPARTMENT OF REGULATORY AGENCIES.

17 (b) "HEALTH INSURANCE COMPANY" MEANS A PRIVATE ENTITY
18 ENGAGED IN THE BUSINESS OF MAKING CONTRACTS OF HEALTH
19 INSURANCE.

20 (c) "PANEL" MEANS THE PANEL OF EXPERT ADVISORS APPOINTED
21 BY THE GOVERNOR PURSUANT TO SUBSECTION (2) OF THIS SECTION.

22 (d) "VALUE BENEFIT PLAN" OR "VBP" MEANS A POLICY,
23 CONTRACT, CERTIFICATE, OR AGREEMENT TO PROVIDE, DELIVER, ARRANGE
24 FOR, PAY FOR, OR REIMBURSE THE COSTS OF HEALTH CARE SERVICES THAT
25 IS DEVELOPED IN RESPONSE TO THE REQUEST FOR PROPOSALS ISSUED
26 PURSUANT TO THIS SECTION.

27 (5) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2011.

1 **SECTION 2. Appropriation - adjustment to the 2008 long bill.**

2 (1) For the implementation of this act, appropriations made in the annual
3 general appropriation act to the department of health care policy and
4 financing, for the fiscal year beginning July 1, 2008, shall be adjusted as
5 follows:

6 (a) The appropriation to the executive director's office, for
7 personal services is increased by the sum of eighty-four thousand five
8 hundred ninety-three dollars (\$84,593) general fund and 3.0 FTE, or so
9 much thereof as may be necessary, for the implementation of this act. In
10 addition to said appropriation, the general assembly anticipates that the
11 department of health care policy and financing will receive eighty-four
12 thousand five hundred ninety-two dollars (\$84,592) federal funds in the
13 fiscal year beginning July 1, 2008, for the implementation of this act.
14 Although the federal funds are not appropriated in this act, they are noted
15 for the purpose of indicating the assumptions used relative to these funds
16 in developing state appropriation amounts.

17 (b) The appropriation to the executive director's office, for
18 operating expenses is increased by the sum of six thousand six hundred
19 seven dollars (\$6,607) general fund, or so much thereof as may be
20 necessary, for the implementation of this act. In addition to said
21 appropriation, the general assembly anticipates that the department of
22 health care policy and financing will receive six thousand six hundred
23 eight dollars (\$6,608) federal funds in the fiscal year beginning July 1,
24 2008, for the implementation of this act. Although the federal funds are
25 not appropriated in this act, they are noted for the purpose of indicating
26 the assumptions used relative to these funds in developing state
27 appropriation amounts.

1 (c) The appropriation to the executive director's office, for general
2 professional services and special projects is increased by the sum of
3 thirty-seven thousand five hundred dollars (\$37,500) general fund, or so
4 much thereof as may be necessary, for the implementation of this act. In
5 addition to said appropriation, the general assembly anticipates that the
6 department of health care policy and financing will receive thirty-seven
7 thousand five hundred dollars (\$37,500) federal funds in the fiscal year
8 beginning July 1, 2008, for the implementation of this act. Although the
9 federal funds are not appropriated in this act, they are noted for the
10 purpose of indicating the assumptions used relative to these funds in
11 developing state appropriation amounts.

12 (2) In addition to any other appropriation, there is hereby
13 appropriated, to the department of regulatory agencies, division of
14 insurance, for the fiscal year beginning July 1, 2008, the sum of fifteen
15 thousand nine hundred dollars (\$15,900) cash funds, or so much thereof
16 as may be necessary, for the implementation of this act. Said sum, shall
17 be from the division of insurance cash fund created in section 10-1-103
18 (3), Colorado Revised Statutes.

19 (3) For the implementation of this act, the general fund
20 appropriation to the controlled maintenance trust fund made in section 23
21 of the annual general appropriation act, for the fiscal year beginning July
22 1, 2008, shall be decreased by one hundred twenty-eight thousand seven
23 hundred dollars (\$128,700).

24 **SECTION 3. Safety clause.** The general assembly hereby finds,
25 determines, and declares that this act is necessary for the immediate
26 preservation of the public peace, health, and safety.