

  
*Colorado Legislative Council Staff Fiscal Note*  
**STATE**  
**FISCAL IMPACT**

**Drafting Number:** LLS 10-0264  
**Prime Sponsor(s):** Rep. Miklosi  
 Sen. Romer

**Date:** February 24, 2010  
**Bill Status:** House Health and Human Services  
**Fiscal Analyst:** Clare Pramuk (303-866-2677)

**TITLE:** CONCERNING THE CREATION OF THE "MEDICAL CLEAN CLAIMS TRANSPARENCY AND UNIFORMITY ACT".

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
<b>State Revenue</b>		
<b>State Expenditures</b>		
General Fund	\$65,000	\$65,000
<b>FTE Position Change</b>		
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2010-2011:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

This bill creates the Medical Clean Claims Transparency and Uniformity Act. It requires the executive director of the Department of Health Care Policy and Financing to organize a task force of industry and government representatives to develop a standardized set of payment rules and claim edits to be used by payers and health care providers in Colorado. The task force is to work in tandem with a national effort known as the American Society for Quality Initiative (ASQ initiative).

The task force is to report its recommendations by December 31, 2011, to the executive director of the Department of Health Care Policy and Financing and the General Assembly by January 31, 2012. If the ASQ initiative is successful in developing a complete or partial set of standardized payment rules and claim edits that the task force determines to be in the best interests of Colorado, the task force shall recommend that they be implemented in Colorado. Commercial health plans will have until December 31, 2012, and nonprofit health plans will have until December 31, 2013, to implement the rules and edits. If the ASQ initiative fails to reach consensus, the task force will continue to develop rules and edits to be implemented by December 31, 2013, by commercial health plans and December 31, 2014, by nonprofit health plans.

As part of its recommendations, the task force is to address implementation, updating, and dissemination of the standardized set of payment rules and claim edits, including identifying who is responsible for establishing a central repository for the rules and edits.

## **Background**

A health care provider submits a clean claim when all the information required by the payer is reported in the proper format and correctly coded. A clean claim is expected to result in a timely payment.

## **State Expenditures**

*General Fund expenditures will increase by \$65,000 in both FY 2010-11 and FY 2011-12 for the Department of Health Care Policy and Financing.* The department will require \$130,000 in contract services to support the task force. This will include \$100,000 for a contractor to perform the research and analysis, and \$30,000 for a project coordinator to attend task force meetings and communicate with all the parties. Implementation is over 2 fiscal years so costs are divided equally between the years. The task force, project contractor, and project coordinator will:

- review state and federal regulations;
- identify states with uniform payment rules and claims edits;
- monitor the progress of the ASQ initiative;
- analyze proposed payment rules and edits;
- solicit input from providers and payers; and
- develop and deliver recommendations.

If the ASQ initiative does not result in consensus, the task force will need an additional year of resources to develop a uniform set of rules and edits. Should this occur, the fiscal note assumes this will be addressed in the annual budget process for FY 2012-13.

## **State Appropriations**

For FY 2010-11, the Department of Health Care Policy and Financing requires a General Fund appropriation of \$65,000.

## **Departments Contacted**

Health Care Policy and Financing  
Regulatory Agencies

Personnel and Administration