

Second Regular Session
Sixty-seventh General Assembly
STATE OF COLORADO

ENGROSSED

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

LLS NO. 10-0264.01 Christy Chase

HOUSE BILL 10-1332

HOUSE SPONSORSHIP

Miklosi, Apuan, Gagliardi, Kefalas, Primavera, Tyler

SENATE SPONSORSHIP

Romer,

House Committees

Health and Human Services
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF THE "MEDICAL CLEAN CLAIMS**
102 **TRANSPARENCY AND UNIFORMITY ACT", AND MAKING AN**
103 **APPROPRIATION THEREFOR.**

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://www.leg.state.co.us/billsummaries>.)

The bill creates the "Medical Clean Claims Transparency and Uniformity Act" (act), which requires the executive director of the department of health care policy and financing (department) to establish a task force of industry and government representatives to develop a

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.

HOUSE
Am ended 2nd Reading
March 23, 2010

standardized set of payment rules and claim edits to be used by payers and health care providers in Colorado. The task force is to track the progress of the national initiative, known as the American society for quality initiative (ASQ initiative), in the development of a national uniform, standardized set of rules and edits and avoid duplication of conflict with the ASQ initiative.

The task force is to develop a base set of rules and edits using existing national industry sources and work with the ASQ initiative to develop a complete set of uniform, standardized payment rules and claim edits applicable to all types of professional services.

The task force is required to report its recommendations by December 31, 2012, including recommendations to:

- ! Adopt any standardized rules and edits developed by the ASQ initiative if appropriate for Colorado, for implementation by commercial payers by the end of 2012, and by nonprofit payers by the end of 2013; or
- ! Adopt the rules and edits sets established by the task force if the ASQ initiative has not come to consensus.

If the task force is required to develop its own standard rules and edits, the task force is to do so by December 31, 2012, and payers are to implement the standard rules and edits by the end of 2013 for commercial payers and by the end of 2014 for nonprofit payers.

The bill precludes the use of any proprietary or other claims edits to modify the payment of the charges for covered services once the standard payment rules and claim edits are implemented.

Contractual provisions between contracting persons or entities and health care providers regarding actual contracted reimbursement rates for procedures and other contractual arrangements negotiated by the parties would be preserved under the bill.

The bill reorganizes provisions pertaining to health care contracts, without making any substantive changes to those provisions.

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

2 **SECTION 1.** Article 37 of title 25, Colorado Revised Statutes, is
3 amended, WITH THE RELOCATION OF PROVISIONS, to read:

4 **25-37-101. [Formerly 25-37-101 (1)] Applicability of article.**
5 ~~(1) Effective January 1, 2008~~ EXCEPT AS PROVIDED IN SECTION
6 25-37-106, a person or entity that contracts with a health care provider
7 shall comply with this article and shall include the provisions required by

1 this article in the contract. ~~A contract in existence prior to January 1,~~
2 ~~2008, that is renewed or renews by its terms shall comply with this article~~
3 ~~no later than December 31, 2008.~~

4 **25-37-102. [Formerly 25-37-101 (2)] Definitions.** ~~(2)~~ As used
5 in this article, unless the context otherwise requires:

6
7 ~~(a)~~ (1) "Category of coverage" means one of the following types
8 of coverage offered by a person or entity:

- 9 ~~(I)~~ (a) Health maintenance organization plans;
- 10 ~~(II)~~ (b) Any other commercial plan or contract that is not a health
11 maintenance organization plan;
- 12 ~~(III)~~ (c) Medicare;
- 13 ~~(IV)~~ (d) Medicaid; or
- 14 ~~(V)~~ (e) Workers' compensation.

15 (2) "CMS" MEANS THE FEDERAL CENTERS FOR MEDICARE AND
16 MEDICAID SERVICES IN THE UNITED STATES DEPARTMENT OF HEALTH AND
17 HUMAN SERVICES.

18 (3) "CPT CODE SET" MEANS THE CURRENT PROCEDURAL
19 TERMINOLOGY CODE, OR ITS SUCCESSOR CODE, AS DEVELOPED BY THE
20 AMERICAN MEDICAL ASSOCIATION, OR ITS SUCCESSOR ENTITY, AND
21 ADOPTED BY THE CMS AS A HIPAA CODE SET.

22 ~~(b)~~ (4) "Edit" means a practice or procedure, CONSISTENT WITH
23 THE STANDARDIZED SET OF PAYMENT RULES AND CLAIM EDITS DEVELOPED
24 PURSUANT TO SECTION 25-37-106, pursuant to which one or more
25 adjustments are made regarding procedure codes, including the ~~American~~
26 ~~medical association's current procedural terminology code, also known as~~
27 ~~a "CPT code", CPT CODE SETS and the centers for medicare and medicaid~~

1 ~~services health care common procedure coding system, also known as~~
2 ~~"HCPCS"~~ HCPCS, that results in:

- 3 ~~(I)~~ (a) Payment for some, but not all, of the codes;
- 4 ~~(II)~~ (b) Payment for a different code;
- 5 ~~(III)~~ (c) A reduced payment as a result of services provided to a
6 patient that are claimed under more than one code on the same service
7 date;
- 8 ~~(IV)~~ (d) A ~~reduced~~ MODIFIED payment related to a PERMISSIBLE
9 AND LEGITIMATE modifier used with a procedure code, AS SPECIFIED IN
10 SECTION 25-37-106 (2); or
- 11 ~~(V)~~ (e) A reduced payment based on multiple units of the same
12 code billed for a single date of service.

13 (5) "HCPCS" MEANS THE HEALTH CARE COMMON PROCEDURE
14 CODING SYSTEM DEVELOPED BY THE CMS FOR IDENTIFYING HEALTH CARE
15 SERVICES IN A CONSISTENT AND STANDARDIZED MANNER.

16 ~~(e)~~ (6) "Health care contract" or "contract" means a contract
17 entered into or renewed between a person or entity and a health care
18 provider for the delivery of health care services to others.

19 ~~(d)~~ (7) "Health care provider" means a person licensed or certified
20 in this state to practice medicine, pharmacy, chiropractic, nursing,
21 physical therapy, podiatry, dentistry, optometry, occupational therapy, or
22 other healing arts. "Health care provider" also means an ambulatory
23 surgical center, a licensed pharmacy or provider of pharmacy services,
24 and a professional corporation or other corporate entity consisting of
25 licensed health care providers as permitted by the laws of this state.

26 (8) "HIPAA CODE SET" MEANS THE COMPOSITE OF A PROCEDURE
27 AND A MODIFIER AND IS A VALID CODE SET REGARDLESS OF WHETHER A

1 MODIFIER IS USED.

2 ~~(e)~~~~(f)~~ (9) (a) "Material change" means a change to a contract that
3 decreases the health care provider's payment or compensation, changes
4 the administrative procedures in a way that may reasonably be expected
5 to significantly increase the provider's administrative expense, replaces
6 the maximum allowable cost list used with a new and different maximum
7 allowable cost list by a person or entity for reimbursement of generic
8 prescription drug claims, or adds a new category of coverage. A

9 (b) "Material change" does not include:

10 ~~(A)~~ (I) A decrease in payment or compensation resulting solely
11 from a change in a published fee schedule upon which the payment or
12 compensation is based and the date of applicability is clearly identified in
13 the contract;

14 ~~(B)~~ (II) A decrease in payment or compensation resulting from a
15 change in the fee schedule specified in a contract for pharmacy services
16 such as a change in a fee schedule based on average wholesale price or
17 maximum allowable cost;

18 ~~(C)~~ (III) A decrease in payment or compensation that was
19 anticipated under the terms of the contract, if the amount and date of
20 applicability of the decrease is clearly identified in the contract;

21 ~~(D)~~ (IV) An administrative change that may significantly increase
22 the provider's administrative expense, the specific applicability of which
23 is clearly identified in the contract;

24 ~~(E)~~ (V) Changes to an existing prior authorization,
25 precertification, notification, or referral program that do not substantially
26 increase the provider's administrative expense; or

27 ~~(F)~~ (VI) Changes to an edit program or to specific edits; however,

1 THE PERSON OR ENTITY SHALL PROVIDE NOTICE OF THE CHANGES TO the
2 health care provider ~~shall be provided notice of the changes pursuant to~~
3 ~~subparagraph (H) of this paragraph (e)~~ IN ACCORDANCE WITH PARAGRAPH
4 (c) OF THIS SUBSECTION (9), and the notice shall include information
5 sufficient for the health care provider to determine the effect of the
6 change.

7 ~~(H)~~ (c) If a change to the contract is administrative only and is not
8 a material change, the change shall be effective upon at least fifteen days'
9 notice to the health care provider. All other notices shall be provided
10 pursuant to the contract.

11 (10) "NATIONAL CORRECT CODING INITIATIVE" OR "NCCI" MEANS
12 THE SYSTEM DEVELOPED BY THE CMS TO PROMOTE CONSISTENCY IN
13 NATIONAL CORRECT CODING METHODOLOGIES AND TO CONTROL IMPROPER
14 CODING LEADING TO INAPPROPRIATE PAYMENT IN MEDICARE PART B
15 CLAIMS FOR PROFESSIONAL SERVICES.

16 (11) "NATIONAL INITIATIVE" MEANS A NATIONAL INITIATIVE BY A
17 NEUTRAL PARTY IN THE INDUSTRY THAT BRINGS TOGETHER DIVERSE
18 STAKEHOLDERS TO CREATE A LEVEL OF UNDERSTANDING OF THE IMPACT
19 OF CODING EDITS ON THE INDUSTRY AND A UNIFORM, STANDARDIZED SET
20 OF CLAIM EDITS THAT MEETS THE NEEDS OF THE STAKEHOLDERS IN THE
21 INDUSTRY.

22 ~~(f)~~ (12) "Person or entity" means a person or entity that has a
23 primary business purpose of contracting with health care providers for the
24 delivery of health care services.

25 **25-37-103. [Formerly 25-37-101 (3), (4), (6), (9), and**
26 **(19)] Health care contracts - required provisions - permissible**
27 **provision.** ~~(3)~~ (1) (a) A PERSON OR ENTITY SHALL PROVIDE, WITH each

1 HEALTH CARE contract, ~~shall have provided with it~~ a summary disclosure
2 form disclosing, in plain language, the following:

3 (I) The terms governing compensation and payment;

4 (II) Any category of coverage for which the health care provider
5 is to provide service;

6 (III) The duration of the contract and how the contract may be
7 terminated;

8 (IV) The identity of the person or entity responsible for the
9 processing of the health care provider's claims for compensation or
10 payment;

11 (V) Any internal mechanism required by the person or entity to
12 resolve disputes that arise under the terms or conditions of the contract;

13 and

14 (VI) The subject and order of addenda, if any, to the contract.

15 (b) The summary disclosure form required by paragraph (a) of this
16 subsection ~~(3)~~ (1) shall be for informational purposes only and shall not
17 be a term or condition of the contract; however, such disclosure shall
18 reasonably summarize the applicable contract provisions.

19 (c) If the contract provides for termination for cause by either
20 party, the contract shall state the reasons that may be used for termination
21 for cause, which terms shall not be unreasonable, and the contract shall
22 state the time by which notice of termination for cause shall be provided
23 and to whom the notice shall be given.

24 (d) The person or entity shall identify any utilization review or
25 management, quality improvement, or similar program the person or
26 entity uses to review, monitor, evaluate, or assess the services provided
27 pursuant to a contract. The policies, procedures, or guidelines of such

1 program applicable to a provider shall be disclosed upon request of the
2 health care provider within fourteen days after the date of the request.

3 ~~(4)~~ (2) (a) The disclosure of payment and compensation terms
4 pursuant to subsection ~~(3)~~ (1) of this section shall include information
5 sufficient for the health care provider to determine the compensation or
6 payment for the health care services and shall include the following:

7 (I) The manner of payment, such as fee-for-service, capitation, or
8 risk sharing;

9 (II) (A) The methodology used to calculate any fee schedule, such
10 as relative value unit system and conversion factor, percentage of
11 medicare payment system, or percentage of billed charges. As applicable,
12 the methodology disclosure shall include the name of any relative value
13 system; its version, edition, or publication date; any applicable conversion
14 or geographic factor; and any date by which compensation or fee
15 schedules may be changed by such methodology if allowed for in the
16 contract.

17 (B) The fee schedule for codes reasonably expected to be billed
18 by the health care provider for services provided pursuant to the contract,
19 and, upon request, the fee schedule for other codes used by or which may
20 be used by the health care provider. Such fee schedule shall include ~~as~~
21 ~~may be applicable, service or procedure codes such as current procedural~~
22 ~~terminology (CPT) ONLY CPT OR HCPCS SERVICE OR PROCEDURE codes~~
23 ~~or health care common procedure coding system codes~~ and the associated
24 payment or compensation for each service code.

25 (C) The fee schedule required in sub-subparagraph (B) of this
26 subparagraph (II) may be provided electronically.

27 (D) A fee schedule for the codes described by sub-subparagraph

1 (B) of this subparagraph (II) shall be provided when a material change
2 related to payment or compensation occurs. Additionally, a health care
3 provider may request that a written fee schedule be provided up to twice
4 per year, and the person or entity must provide such fee schedule
5 promptly.

6 (III) The person or entity shall state the effect of edits, if any, on
7 payment or compensation. A person or entity may satisfy this
8 requirement by providing a clearly understandable, readily available
9 mechanism, such as through a web site, that allows a health care provider
10 to determine the effect of edits on payment or compensation before
11 service is provided or a claim is submitted.

12 (b) Notwithstanding any provision of this subsection ~~(4)~~ (2) to the
13 contrary, disclosure of a fee schedule or the methodology used to
14 calculate a fee schedule is not required:

15 (I) From a person or entity if the fee schedule is for a plan for
16 dental services, its providers include licensed dentists, the fee schedule
17 is based upon fees filed with the person or entity by dental providers, and
18 the fee schedule is revised from time to time based upon such filings.
19 Specific numerical parameters are not required to be disclosed.

20 (II) If the fee schedule is for pharmacy services or drugs such as
21 a fee schedule based on use of national drug codes.

22 ~~(6)~~ (3) When a proposed contract is presented by a person or
23 entity for consideration by a health care provider, the person or entity
24 shall provide in writing or make reasonably available the information
25 required in subsections ~~(3)~~ (1) and ~~(4)~~ (2) of this section. If the
26 information is not disclosed in writing, it shall be disclosed in a manner
27 that allows the health care provider to timely evaluate the payment or

1 compensation for services under the proposed contract. The disclosure
2 obligations in this article shall not prevent a person or entity from
3 requiring a reasonable confidentiality agreement regarding the terms of
4 a proposed contract.

5 ~~(9)~~ (4) Nothing in this article shall be construed to require the
6 renegotiation of a contract in existence before the applicable compliance
7 date in this article, and any disclosure required by this article for such
8 contracts may be by notice to the health care provider.

9 ~~(19)~~ (5) A contract subject to this article may include an
10 agreement for binding arbitration.

11 **25-37-104. [Formerly 25-37-101 (7)] Material change in health**
12 **care contract - written advance notice.** ~~(7)~~ ~~(a)~~ (1) A material change
13 to a contract shall occur only if the person or entity provides in writing to
14 the health care provider the proposed change and gives ninety days' notice
15 before the effective date of the change. The writing shall be
16 conspicuously entitled "notice of material change to contract".

17 ~~(b)~~ (2) If the health care provider objects in writing to the material
18 change within fifteen days and there is no resolution of the objection,
19 either party may terminate the contract upon written notice of termination
20 provided to the other party not later than sixty days before the effective
21 date of the material change.

22 ~~(c)~~ (3) If the health care provider does not object to the material
23 change pursuant to ~~paragraph (b) of this subsection~~ ~~(7)~~ SUBSECTION (2)
24 OF THIS SECTION, the change shall be effective as specified in the notice
25 of material change to the contract.

26 ~~(d)~~ (4) If a material change is the addition of a new category of
27 coverage and the health care provider objects, the addition shall not be

1 effective as to the health care provider, and the objection shall not be a
2 basis upon which the person or entity may terminate the contract.

3 **25-37-105. [Formerly 25-37-101 (8)] Contract modification**
4 **by operation of law.** ~~(8) Notwithstanding subsection (6) of this section~~
5 SECTION 25-37-103 (3), a contract may be modified by operation of law
6 as required by any applicable state or federal law or regulation, and the
7 person or entity may disclose this change by any reasonable means.

8 **25-37-106. Clean claims - development of standardized**
9 **payment rules and code edits - task force to develop - legislative**
10 **recommendations - short title - applicability.** (1) THIS SECTION SHALL
11 BE KNOWN AND MAY BE CITED AS THE "MEDICAL CLEAN CLAIMS
12 TRANSPARENCY AND UNIFORMITY ACT".

13 (2) (a) FOR PURPOSES OF FACILITATING THE DEVELOPMENT OF A
14 STANDARDIZED SET OF PAYMENT RULES AND CLAIM EDITS FOR USE BY
15 HEALTH CARE PROVIDERS AND PAYERS IN THE PROCESSING OF MEDICAL
16 CLAIMS, THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF HEALTH CARE
17 POLICY AND FINANCING SHALL ESTABLISH A TASK FORCE, WITHIN
18 FORTY-FIVE BUSINESS DAYS AFTER THE EFFECTIVE DATE OF THIS SECTION,
19 CONSISTING OF REPRESENTATIVES OF ALL INDUSTRY SEGMENTS,
20 INCLUDING HEALTH CARE PROVIDERS, PERSONS OR ENTITIES THAT PAY FOR
21 HEALTH CARE SERVICES, REFERRED TO IN THIS SECTION AS "PAYERS",
22 PRACTICE MANAGEMENT SYSTEM VENDORS, BILLING AND REVENUE CYCLE
23 MANAGEMENT SERVICE COMPANIES, AND STATE AND FEDERAL
24 GOVERNMENT ENTITIES AND AGENCIES THAT PAY FOR OR ARE OTHERWISE
25 INVOLVED IN THE PAYMENT OR PROVISION OF HEALTH CARE SERVICES.
26 THE TASK FORCE SHALL WORK TO DEVELOP A STANDARDIZED SET OF
27 PAYMENT RULES AND CLAIM EDITS AS REQUIRED BY THIS SUBSECTION (2)

1 AND, WHILE FULFILLING ITS DUTIES, SHALL MONITOR AND STAY INFORMED
2 OF THE NATIONAL INITIATIVE SO AS TO AVOID DUPLICATION OR CREATION
3 OF COMPETING OR CONFLICTING PAYMENT RULES AND CLAIM EDITS.

4 (b) WITHIN ONE YEAR AFTER THE TASK FORCE IS ESTABLISHED,
5 THE TASK FORCE SHALL DEVELOP A BASE SET OF STANDARDIZED PAYMENT
6 RULES AND CLAIM EDITS TO BE USED BY PAYERS AND HEALTH CARE
7 PROVIDERS IN THE PROCESSING OF MEDICAL CLAIMS THAT CAN BE
8 IMPLEMENTED INTO COMPUTERIZED MEDICAL CLAIMS PROCESSING
9 SYSTEMS. THE BASE SET OF RULES AND EDITS SHALL BE IDENTIFIED
10 THROUGH EXISTING NATIONAL INDUSTRY SOURCES THAT ARE
11 REPRESENTED BY THE FOLLOWING:

- 12 (I) THE NCCI;
- 13 (II) CMS DIRECTIVES, MANUALS, AND TRANSMITTALS;
- 14 (III) THE MEDICARE PHYSICIAN FEE SCHEDULE;
- 15 (IV) THE CMS NATIONAL CLINICAL LABORATORY FEE SCHEDULE;
- 16 (V) THE HCPCS CODING SYSTEM AND DIRECTIVES;
- 17 (VI) THE CPT CODING GUIDELINES AND CONVENTIONS; AND
- 18 (VII) NATIONAL MEDICAL SPECIALTY SOCIETY CODING
19 GUIDELINES.

20 (c) (I) AS THE BASE SET OF RULES AND EDITS DEVELOPED
21 PURSUANT TO PARAGRAPH (b) OF THIS SUBSECTION (2) MAY NOT ADDRESS
22 EVERY TYPE OF HEALTH CARE SERVICE INVOLVED IN A MEDICAL CLAIM,
23 THE TASK FORCE SHALL WORK TO DEVELOP A COMPLETE SET OF UNIFORM,
24 STANDARDIZED PAYMENT RULES AND CLAIM EDITS TO COVER ALL TYPES
25 OF PROFESSIONAL SERVICES. IN WORKING TO DEVELOP A COMPLETE SET
26 OF RULES AND EDITS, THE TASK FORCE SHALL REQUEST TO PARTICIPATE IN
27 THE NATIONAL INITIATIVE OR WORK WITH NATIONAL EXPERTS TO IDENTIFY

1 ANY RULES AND EDITS THAT ARE NOT ENCOMPASSED BY THE NATIONAL
2 INDUSTRY SOURCES IDENTIFIED IN PARAGRAPH (b) OF THIS SUBSECTION (2)
3 OR THAT POTENTIALLY CONFLICT WITH EACH OTHER. ADDITIONALLY, THE
4 TASK FORCE SHALL CONSIDER THE CMS MEDICALLY UNLIKELY EDITS AND
5 COMMERCIAL CLAIMS EDITING SYSTEMS THAT SOURCE THEIR EDITS TO
6 NATIONAL INDUSTRY SOURCES ON A CODE AND CODE EDIT PAIR LEVEL IN
7 ORDER TO CREATE A COMPLETE SET OF PAYMENT RULES AND CLAIM EDITS.

8 (II) IN DEVELOPING A COMPLETE SET OF UNIFORM, STANDARDIZED
9 PAYMENT RULES AND CLAIM EDITS, THE TASK FORCE SHALL CONSIDER
10 STANDARDIZING THE FOLLOWING TYPES OF EDITS, WITHOUT LIMITATION:

- 11 (A) UNBUNDLE;
- 12 (B) MUTUALLY EXCLUSIVE;
- 13 (C) MULTIPLE PROCEDURE REDUCTION;
- 14 (D) AGE;
- 15 (E) GENDER;
- 16 (F) MAXIMUM FREQUENCY PER DAY;
- 17 (G) GLOBAL SURGERY DAYS;
- 18 (H) PLACE OF SERVICE;
- 19 (I) TYPE OF SERVICE;
- 20 (J) ASSISTANT AT SURGERY;
- 21 (K) CO-SURGEON;
- 22 (L) TEAM SURGEONS;
- 23 (M) TOTAL, PROFESSIONAL, OR TECHNICAL SPLITS;
- 24 (N) BILATERAL PROCEDURES;
- 25 (O) ANESTHESIA SERVICES; AND
- 26 (P) THE EFFECT OF CPT AND HCPCS MODIFIERS ON THESE EDITS
27 AS APPLICABLE.

1 (d) (I) THE TASK FORCE SHALL SUBMIT A REPORT AND
2 RECOMMENDATIONS CONCERNING THE SET OF UNIFORM, STANDARDIZED
3 PAYMENT RULES AND CLAIM EDITS TO THE EXECUTIVE DIRECTOR OF THE
4 DEPARTMENT OF HEALTH CARE POLICY AND FINANCING AND THE HEALTH
5 AND HUMAN SERVICES COMMITTEES OF THE SENATE AND HOUSE OF
6 REPRESENTATIVES, OR THEIR SUCCESSOR COMMITTEES, BY DECEMBER 31,
7 2011, AND SHALL PRESENT ITS REPORT AND RECOMMENDATIONS TO A
8 JOINT MEETING OF THE SAID HEALTH AND HUMAN SERVICES COMMITTEES
9 BY JANUARY 31, 2012.

10 (II) IF, AT THE TIME THE TASK FORCE SUBMITS ITS REPORT, THE
11 NATIONAL INITIATIVE HAS REACHED CONSENSUS ON A COMPLETE OR
12 PARTIAL SET OF STANDARDIZED PAYMENT RULES AND CLAIM EDITS THAT
13 THE TASK FORCE DETERMINES TO BE IN THE BEST INTERESTS OF
14 COLORADO, THE TASK FORCE SHALL RECOMMEND THAT STANDARDIZED
15 SET OF PAYMENT RULES AND CLAIM EDITS FOR USE BY ALL PAYERS DOING
16 BUSINESS IN COLORADO, WHICH SHALL BE IMPLEMENTED BY PAYERS AS
17 FOLLOWS:

18 (A) PAYERS THAT ARE COMMERCIAL HEALTH PLANS SHALL
19 IMPLEMENT THESE STANDARDIZED SET OF PAYMENT RULES AND CLAIM
20 EDITS WITHIN THEIR CLAIMS PROCESSING SYSTEMS ACCORDING TO A
21 SCHEDULE OUTLINED UNDER THE NATIONAL INITIATIVE OR BY JANUARY 1,
22 2014, WHICHEVER OCCURS FIRST; AND

23 (B) PAYERS THAT ARE DOMESTIC, NONPROFIT HEALTH PLANS
24 SHALL IMPLEMENT THESE STANDARDIZED SET OF PAYMENT RULES AND
25 CLAIM EDITS WITHIN THEIR CLAIMS PROCESSING SYSTEMS BY JANUARY
26 1, 2015.

27 (III) IF, AT THE TIME THE TASK FORCE SUBMITS ITS REPORT, THE

1 NATIONAL INITIATIVE WORK GROUP HAS NOT REACHED CONSENSUS ON A
2 COMPLETE OR PARTIAL SET OF STANDARDIZED PAYMENT RULES AND CLAIM
3 EDITS:

4 (A) THE BASE SET OF STANDARDIZED PAYMENT RULES AND CLAIM
5 EDITS DEVELOPED PURSUANT TO PARAGRAPH (b) OF THIS SUBSECTION (2)
6 SHALL BECOME THE STANDARDS USED IN COLORADO BY PAYERS AND
7 HEALTH CARE PROVIDERS; AND

8 (B) THE TASK FORCE SHALL CONTINUE WORKING TO DEVELOP A
9 COMPLETE SET OF UNIFORM, STANDARDIZED PAYMENT RULES AND CLAIM
10 EDITS AND, BY DECEMBER 31, 2012, SHALL SUBMIT A REPORT AND
11 RECOMMENDATIONS CONCERNING A SET OF UNIFORM, STANDARDIZED
12 PAYMENT RULES AND CLAIM EDITS TO BE USED BY PAYERS AND HEALTH
13 CARE PROVIDERS.

14 (IV) AS PART OF ITS RECOMMENDATIONS PURSUANT TO THIS
15 PARAGRAPH (d), THE TASK FORCE SHALL MAKE RECOMMENDATIONS
16 CONCERNING THE IMPLEMENTATION, UPDATING, AND DISSEMINATION OF
17 THE STANDARDIZED SET OF PAYMENT RULES AND CLAIM EDITS, INCLUDING
18 IDENTIFYING WHO IS RESPONSIBLE FOR ESTABLISHING A CENTRAL
19 REPOSITORY FOR ACCESSING THE RULES AND EDITS SET AND ENABLING
20 ELECTRONIC ACCESS, INCLUDING DOWNLOADING CAPABILITY, TO THE
21 RULES AND EDITS SET.

22 (V) THE STANDARDIZED PAYMENT RULES AND CLAIM EDITS
23 DEVELOPED PURSUANT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH (d)
24 SHALL BE IMPLEMENTED BY PAYERS AS FOLLOWS:

25 (A) PAYERS THAT ARE COMMERCIAL HEALTH PLANS SHALL
26 IMPLEMENT THE STANDARDIZED SET OF PAYMENT RULES AND CLAIM EDITS
27 WITHIN THEIR CLAIMS PROCESSING SYSTEMS ACCORDING TO A

1 SCHEDULE OUTLINED IN THE TASK FORCE RECOMMENDATIONS OR BY
2 JANUARY 1, 2015, WHICHEVER OCCURS FIRST; AND

3 (B) PAYERS THAT ARE DOMESTIC, NONPROFIT HEALTH PLANS
4 SHALL IMPLEMENT THE STANDARDIZED SET OF PAYMENT RULES AND
5 CLAIM EDITS WITHIN THEIR CLAIMS PROCESSING SYSTEMS BY JANUARY
6 1, 2016.

7 (3) ONCE THE STANDARDIZED SET OF PAYMENT RULES AND CLAIM
8 EDITS IS ESTABLISHED AND IMPLEMENTED, NO OTHER PROPRIETARY OR
9 OTHER CLAIMS EDITS, OTHER THAN THOSE EDITS DESCRIBED IN
10 PARAGRAPH (c) OF SUBSECTION (4) OF THIS SECTION, SHALL BE APPLIED TO
11 MODIFY THE PAYMENT OF CHARGES FOR COVERED SERVICES; EXCEPT
12 THAT, IF NATIONAL STANDARDS ARE LATER IDENTIFIED FOR
13 STANDARDIZED PAYMENT RULES AND CLAIM EDITS, COLORADO PAYERS
14 SHALL COMPLY WITH THE NATIONAL STANDARDS WITHIN TWENTY-FOUR
15 MONTHS AFTER THOSE STANDARDS ARE PUBLISHED.

16 (4) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO:

17 (a) INTERFERE WITH OR MODIFY THE ACTUAL CONTRACTED RATE
18 THAT IS REIMBURSED BY A CONTRACTING PERSON OR ENTITY TO A HEALTH
19 CARE PROVIDER FOR ANY PROCEDURE OR GROUPING OF PROCEDURES;

20 (b) LIMIT CONTRACTUAL ARRANGEMENTS OR TERMS NEGOTIATED
21 BETWEEN THE CONTRACTING PERSON OR ENTITY AND THE HEALTH CARE
22 PROVIDER; OR

23 (c) LIMIT THE ABILITY OF THE CONTRACTING PERSON OR ENTITY TO
24 APPLY PROPRIETARY OR OTHER CLAIMS EDITS USED TO DETERMINE
25 WHETHER OR NOT A COVERED SERVICE IS REASONABLE AND NECESSARY
26 FOR THE PATIENT'S CONDITION OR TREATMENT. THE EDITS PERMISSIBLE
27 PURSUANT TO THIS PARAGRAPH (c) ARE THOSE USED IN UTILIZATION

1 REVIEW, COST CONTAINMENT, OR MONITORING FOR SUSPECTED CASES OF
2 ABUSE OR FRAUD, AND THE EDITS MAY LIMIT COVERAGE BASED ON THE
3 DIAGNOSIS OR FREQUENCY REPORTED ON THE CLAIM. INFORMATION
4 PERTAINING TO THESE EDITS SHALL BE DISCLOSED WITHIN FOURTEEN DAYS
5 AFTER THE REQUEST OF THE HEALTH CARE PROVIDER IN ACCORDANCE
6 WITH SECTION 25-37-103 (1) (d).

7 (5) NOTHING IN THIS SECTION REQUIRES THE DEPARTMENT OF
8 HEALTH CARE POLICY AND FINANCING TO PROVIDE ADMINISTRATIVE OR
9 RESEARCH SUPPORT OR ASSISTANCE TO THE TASK FORCE IN CARRYING OUT
10 ITS DUTIES UNDER THIS SECTION.

11 (6) THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING IS
12 AUTHORIZED TO SEEK AND ACCEPT GIFTS, GRANTS, OR DONATIONS FROM
13 PRIVATE OR PUBLIC SOURCES FOR THE PURPOSES OF THIS SECTION; EXCEPT
14 THAT THE DEPARTMENT SHALL NOT ACCEPT A GIFT, GRANT, OR DONATION
15 IF IT IS SUBJECT TO CONDITIONS THAT ARE INCONSISTENT WITH THIS
16 SECTION OR ANY OTHER LAW OF THE STATE. THE DEPARTMENT SHALL
17 TRANSMIT ALL PRIVATE AND PUBLIC MONEYS RECEIVED THROUGH GIFTS,
18 GRANTS, OR DONATIONS TO THE STATE TREASURER, WHO SHALL CREDIT
19 THE SAME TO THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
20 CASH FUND CREATED PURSUANT TO SECTION 25.5-1-109, C.R.S.

21 (7) UNLESS THE DEPARTMENT OF HEALTH CARE POLICY AND
22 FINANCING RECEIVES SUFFICIENT MONEYS FROM GIFTS, GRANTS, AND
23 DONATIONS MADE PURSUANT TO SUBSECTION (6) OF THIS SECTION, THE
24 DEPARTMENT SHALL NOT BE REQUIRED TO IMPLEMENT THE REQUIREMENTS
25 OF THIS SECTION.

26 **25-37-107. [Formerly 25-37-101 (5)] Claim adjudication**
27 **information - balance owing.** (5) Upon completion of processing of a

1 claim, the person or entity shall provide information to the health care
2 provider stating how the claim was adjudicated and the responsibility for
3 any outstanding balance of any party other than the person or entity.

4 **25-37-108. [Formerly 25-37-101 (10)] Assignment of rights -**
5 **requirements.** ~~(10)~~ (1) A person or entity shall not assign, allow access
6 to, sell, rent, or give the person's or entity's rights to the health care
7 provider's services pursuant to the person's or entity's contract unless ~~he~~
8 ~~or she~~ THE PERSON OR ENTITY complies with ~~paragraph (a), (b), or (c) of~~
9 ~~this subsection (10) and also complies with paragraphs (d) and (e) of this~~
10 ~~subsection (10) as follows:~~ THE REQUIREMENTS OF THIS SECTION.

11 (2) A PERSON OR ENTITY MAY ASSIGN, ALLOW ACCESS TO, SELL,
12 RENT, OR GIVE HIS, HER, OR ITS RIGHTS TO THE HEALTH CARE PROVIDER'S
13 SERVICES PURSUANT TO THE PERSON'S OR ENTITY'S CONTRACT IF ONE OF
14 THE FOLLOWING SITUATIONS EXISTS:

15 (a) The third party accessing the health care provider's services
16 under the contract is an employer or other entity providing coverage for
17 health care services to its employees or members and such employer or
18 entity has, with the person or entity contracting with the health care
19 provider, a contract for the administration or processing of claims for
20 payment or service provided pursuant to the contract with the health care
21 provider;

22 (b) The third party accessing the health care provider's services
23 under the contract is an affiliate of, subsidiary of, or is under common
24 ownership or control with the person or entity; or, is providing or
25 receiving administrative services from the person or entity or an affiliate
26 of, or subsidiary of, or is under common ownership or control with the
27 person or entity; OR

1 (c) The health care contract specifically provides that it applies to
2 network rental arrangements and states that it is for the purpose of
3 assigning, allowing access to, selling, renting, or giving the person's or
4 entity's rights to the health care provider's services.

5 (3) IN ADDITION TO SATISFYING THE REQUIREMENTS OF
6 SUBSECTION (2) OF THIS SECTION, A PERSON OR ENTITY MAY ASSIGN,
7 ALLOW ACCESS TO, SELL, RENT, OR GIVE HIS, HER, OR ITS RIGHTS UNDER
8 THE CONTRACT TO THE SERVICES OF THE HEALTH CARE PROVIDER ONLY IF:

9 ~~(d)~~ (a) The individuals receiving services under the health care
10 provider's contract are provided with appropriate identification stating
11 where claims should be sent and where inquiries should be directed; and

12 ~~(e)~~ (b) The third party accessing the health care provider's services
13 through the health care provider's contract is obligated to comply with all
14 applicable terms and conditions of the contract; except that a self-funded
15 plan receiving administrative services from the person or entity or its
16 affiliates shall be solely responsible for payment to the provider.

17 **25-37-109. [Formerly 25-37-101 (11)] Waiver of rights**
18 **prohibited.** ~~(H)~~ Except as permitted by this article, a person or entity
19 shall not require, as a condition of contracting, that a health care provider
20 waive or forego any right or benefit to which the health care provider may
21 be entitled under state or federal law, RULE, or regulation that provides
22 legal protections to a person solely based on the person's status as a health
23 care provider providing services in this state.

24 **25-37-110. [Formerly 25-37-101 (12)] Provider declining**
25 **service to new patients - notice - definition.** ~~(I2)~~ (1) Upon sixty days'
26 notice, a health care provider may decline to provide service pursuant to
27 a contract to new patients covered by the person or entity. The notice

1 shall state the reason or reasons for this action.

2 (2) ~~For the purposes of this subsection (12)~~ AS USED IN THIS
3 SECTION, "new patients" means those patients who have not received
4 services from the health care provider in the immediately preceding three
5 years. A patient shall not become a "new patient" solely by changing
6 coverage from one person or entity to another person or entity.

7 **25-37-111. [Formerly 25-37-101 (13), (15), and**
8 **(17)] Termination of contract - effect on payment terms - right to**
9 **terminate - termination of pharmacy contracts.** ~~(13)~~ (1) A term for
10 compensation or payment shall not survive the termination of a contract,
11 except for a continuation of coverage required by law or with the
12 agreement of the health care provider.

13 ~~(15)~~ (2) In addition to the ~~provisions of paragraph (e) of~~
14 ~~subsection (2) of this section~~ RIGHT TO TERMINATE A CONTRACT IN
15 ACCORDANCE WITH SECTION 25-37-104 (2) BASED ON A MATERIAL
16 CHANGE TO THE CONTRACT, a contract with a duration of less than two
17 years shall provide to each party a right to terminate the contract without
18 cause, which termination shall occur with at least ninety days' written
19 notice. For contracts with a duration of two or more years, termination
20 without cause may be as specified in the contract.

21 ~~(17)~~ (3) A contract between a pharmacist or a pharmacy and a
22 pharmacy benefit manager, such as a pharmacy benefit management firm
23 as defined in section 10-16-102, C.R.S., shall be terminated if the federal
24 drug enforcement agency or other federal law enforcement agency ceases
25 the operations of the pharmacist or pharmacy due to alleged or actual
26 criminal activity.

27 **25-37-112. [Formerly 25-37-101 (14)] Disclosure to third**

1 **parties - confidentiality.** ~~(14)~~ A contract shall not preclude its use or
2 disclosure to a third party for the purpose of enforcing the provisions of
3 this article or enforcing other state or federal law. The third party shall
4 be bound by the confidentiality requirements set forth in the contract or
5 otherwise.

6 **25-37-113. [Formerly 25-37-101 (16) and (18)] Article**
7 **inapplicable - when.** ~~(16)~~ (1) This article shall not apply to:

8 (a) An exclusive contract with a single medical group in a specific
9 geographic area to provide or arrange for health care services; however,
10 this article shall apply to contracts for health care services between the
11 medical group and other medical groups;

12 (b) A contract or agreement for the employment of a health care
13 provider or a contract or agreement between health care providers;

14 (c) A contract or arrangement entered into by a hospital or health
15 care facility that is licensed or certified pursuant to section 25-3-101;

16 (d) A contract between a health care provider and the state or
17 federal government or their agencies for health care services provided
18 through a program for workers' compensation, medicaid, medicare, the
19 children's basic health plan provided for in article 8 of title 25.5, C.R.S.,
20 or the Colorado indigent care program created in part 1 of article 3 of title
21 25.5, C.R.S.;

22 (e) Contracts for pharmacy benefit management, such as with a
23 pharmacy benefit management firm as defined in section 10-16-102,
24 C.R.S.; except that this exclusion shall not apply to a contract for health
25 care services between a person or entity and a pharmacy, a pharmacist, or
26 a professional corporation or corporate entity consisting of pharmacies or
27 pharmacists as permitted by the laws of this state; or

1 (f) A contract or arrangement entered into by a hospital or health
2 care facility that is licensed or certified pursuant to section 25-3-101, or
3 any outpatient service provider that has entered into a joint venture with
4 the hospital or is owned by the hospital or health care facility.

5 ~~(18) Notwithstanding the applicable compliance date requirement~~
6 ~~in subsection (1) of this section, a domestic nonprofit health plan shall~~
7 ~~comply with this article within twelve months after the applicable~~
8 ~~compliance date.~~

9 **25-37-114. [Formerly 25-37-101 (20)] Enforcement.** ~~(20)(a)~~
10 (1) With respect to the enforcement of this article, including arbitration,
11 there shall be available:

- 12 ~~(I)~~ (a) Private rights of action at law and in equity;
- 13 ~~(II)~~ (b) Equitable relief, including injunctive relief;
- 14 ~~(III)~~ (c) Reasonable attorney fees when the health care provider
15 is the prevailing party in an action to enforce this article, except to the
16 extent that the violation of this article consisted of a mere failure to make
17 payment pursuant to a contract;
- 18 ~~(IV)~~ (d) The option to introduce as persuasive authority prior
19 arbitration awards regarding a violation of this article.

20 ~~(b)~~ (2) Arbitration awards related to the enforcement of this article
21 may be disclosed to those who have a bona fide interest in the arbitration.

22 **25-37-115. [Formerly 25-37-101 (21)] Providers obligated to**
23 **comply with law.** ~~(21)~~ No provision of this article shall be used to
24 justify any act or omission by a health care provider that is prohibited by
25 any applicable professional code of ethics or state or federal law
26 prohibiting discrimination against any person.

27 **SECTION 2. Appropriation.** In addition to any other

1 appropriation, there is hereby appropriated, out of any moneys in the
2 health care policy and financing cash fund created in section 25.5-1-109,
3 Colorado Revised Statutes, not otherwise appropriated, to the department
4 of health care policy and financing, for allocation to the executive
5 director's office, general professional services and special projects, for the
6 fiscal year beginning July 1, 2010 , the sum of fifty thousand dollars
7 (\$50,000) cash funds, or so much thereof as may be necessary, for the
8 implementation of this act.

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