

**First Regular Session  
Sixty-eighth General Assembly  
STATE OF COLORADO**

**PREAMENDED**

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

LLS NO. 11-0611.02 Kristen Forrestal

**SENATE BILL 11-168**

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**SENATE SPONSORSHIP**

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**Senate Committees**

Business, Labor and Technology

**House Committees**

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**A BILL FOR AN ACT**

101     **CONCERNING THE CREATION OF THE COLORADO HEALTH CARE**  
102             **AUTHORITY FOR THE PURPOSE OF DESIGNING A HEALTH CARE**  
103             **COOPERATIVE.**

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**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 Colorado health care authority (authority). The mission of the authority is to design the Colorado health care cooperative (cooperative) to be the benefits administrator and payer for health care services. The authority shall recommend a cooperative to the general

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.*

assembly and, if approved, it shall be referred to the voters by referred measure.

The president of the senate, the speaker of the house, and the governor shall each appoint members to the board of directors (board) of the authority who shall employ an administrator and other officers to help design and develop the cooperative. The cooperative will be designed in collaboration with parties who may be affected by the cooperative. The bill requires that the board make recommendations concerning specific elements to become part of the cooperative, including:

- ! Election of board members to the cooperative;
- ! Health care services that will be part of the cooperative;
- ! Payment systems for the cooperative;
- ! Regulation and evaluation of health care services;
- ! Methods for coordinating alternate insurance plans with the cooperative;
- ! Benefit design and provider rates and reimbursement;
- ! Maintaining a marketplace with health care choices;
- ! Cooperative members' participation in their health care;
- ! Development of information technology for the cooperative;
- ! Data collection to determine best practices;
- ! Transparency of the financial operation of the cooperative; and
- ! Health and wellness maintenance and education.

The board is required to include a financing recommendation to the general assembly based on projected costs and federal waivers and includes available state and local government revenues. The bill contains other specified options that the board may include in its recommended financing package. The board is required to design a method for refunding savings to members of the cooperative and to employers. The board is required to develop a plan to deal with budget shortfalls.

The bill specifies services that must be included in a benefits package designed by the board. The bill specifies that the cooperative shall serve as secondary insurance to any other insurance.

The board is authorized to seek gifts, grants, and donations to implement the authority and the board to design the cooperative and is required to seek federal funds and grants available for the cooperative.

The board is required to seek input and collaborate with the department of public health and environment, the department of health care policy and financing, and the general assembly to seek waivers, exemptions, and agreements from the federal government for funding for the authority and the cooperative.

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



1 MAXIMUM TRANSPARENCY;

2 (h) THE INCREASING COSTS TO BUSINESSES OF PROVIDING  
3 EMPLOYEE HEALTH INSURANCE COVERAGE ARE NOT ECONOMICALLY  
4 SUSTAINABLE UNDER THE CURRENT HEALTH CARE SYSTEM UNLESS AN  
5 AFFORDABLE SOLUTION IS FOUND FOR ALL COLORADANS;

6 (i) THERE SHOULD BE NO REQUIRED CONNECTION BETWEEN  
7 HEALTH CARE AND EMPLOYMENT; AND

8 (j) THE IMPLEMENTATION OF THE FEDERAL "PATIENT PROTECTION  
9 AND AFFORDABLE CARE ACT", PUB.L. 111-148, AND "HEALTH CARE AND  
10 EDUCATION RECONCILIATION ACT OF 2010", PUB.L. 111-152, WILL  
11 INCREASE THE NUMBER OF COLORADANS COVERED BY HEALTH INSURANCE  
12 BUT IS UNLIKELY TO SUBSTANTIALLY AMELIORATE ANY OF THE OTHER  
13 FINDINGS AND DETERMINATIONS IN THIS SECTION.

14 **10-16-1103. Definitions.** AS USED IN THIS PART 11, UNLESS THE  
15 CONTEXT OTHERWISE REQUIRES:

16 (1) "ADMINISTRATOR" MEANS THE EXECUTIVE DIRECTOR OF THE  
17 AUTHORITY.

18 (2) "AUTHORITY" MEANS THE COLORADO HEALTH CARE  
19 AUTHORITY CREATED IN SECTION 10-16-1104.

20 (3) "BASE PAYMENT" MEANS THE FIRST DOLLAR PAYMENT  
21 DETERMINED BY THE AUTHORITY BASED ON EITHER A PERCENTAGE OF  
22 MEDICARE REIMBURSEMENT OR OTHER MEANS DETERMINED BY THE  
23 AUTHORITY OR INDEPENDENT PROVIDER.

24 (4) "BOARD" MEANS THE BOARD OF DIRECTORS OF THE  
25 AUTHORITY.

26 (5) "COOPERATIVE" MEANS THE COLORADO HEALTH CARE  
27 COOPERATIVE THAT IS DESIGNED BY THE BOARD PURSUANT TO THIS PART

1 11.

2 (6) "GAP PAYMENT" MEANS THE DIFFERENCE BETWEEN THE  
3 ACTUAL INDEPENDENT PROVIDER CHARGES AND THE BASE PAYMENT.

4 (7) "INDEPENDENT PAYMENT OPTION" MEANS THE SITUATION  
5 WHERE A PROVIDER USES CONTRACTS WITH A PATIENT FOR FEES THAT ARE  
6 GREATER THAN THOSE REIMBURSED BY THE COOPERATIVE.

7 (8) "INDEPENDENT PROVIDER" MEANS A HEALTH CARE PROVIDER  
8 WHO RECEIVES PAYMENT FOR HEALTH CARE SERVICES WITH A BASE  
9 PAYMENT EITHER FROM A MEMBER'S INTEGRATED HEALTH CARE DELIVERY  
10 SYSTEM OR FROM THE COOPERATIVE AND COLLECTS A GAP PAYMENT FROM  
11 THE MEMBER. PROVIDERS MAY EITHER HAVE A FULL INDEPENDENT  
12 PRACTICE OR, IF THEY ARE PART OF AN INTEGRATED DELIVERY SYSTEM,  
13 PROVIDE SERVICES TO THOSE ENROLLED IN A DIFFERENT INTEGRATED  
14 DELIVERY SYSTEM ON AN INDEPENDENT BASIS.

15 (9) "INTEGRATED DELIVERY SYSTEM" OR "SYSTEM" MEANS A  
16 NONPROFIT CORPORATION THAT:

17 (a) PROVIDES A MEDICAL HOME FOR ITS ENROLLEES;

18 (b) IS CAPABLE OF CONTRACTING TO PROVIDE ALL ENROLLEES  
19 WITH ALL DESIGNATED NECESSARY HEALTH SERVICES IN RETURN FOR  
20 RECEIVING ACTUARIALLY ADJUSTED PER MEMBER PER MONTH PAYMENTS  
21 FROM THE COOPERATIVE;

22 (c) PROVIDES ALL DESIGNATED SERVICES TO ENROLLEES THROUGH  
23 CONTRACTS WITH EMPLOYEES OR OTHER ENTITIES;

24 (d) AGREES THAT ITS EMPLOYEES, PROVIDERS, AND CONTRACTORS  
25 SHALL NOT BE AWARDED ANY BONUS PAYMENTS BASED ON SYSTEM  
26 SAVINGS; AND

27 (e) INCLUDES IN ITS MISSION THE DELIVERY OF QUALITY HEALTH

1 CARE SERVICES THAT INCREASE VALUE BY SEEKING LOWER COSTS WHILE  
2 MAKING SERVICES READILY AVAILABLE. THE MISSION ALSO MUST  
3 INCLUDE THE GOAL OF RETURNING SURPLUS FUNDS TO THE COOPERATIVE  
4 WHEN POSSIBLE AND FAIRLY COMPENSATING ALL EMPLOYEES AND  
5 CONTRACTORS.

6 (10) "MEDICAL HOME" MEANS AN APPROPRIATELY QUALIFIED,  
7 COMMUNITY-BASED AND CULTURALLY SENSITIVE MODEL OF PRIMARY  
8 CARE THAT ENSURES THAT EVERY COLORADAN HAS A PERSONAL  
9 PROVIDER WHO COORDINATES THE PROVISION OF ACCESSIBLE,  
10 COORDINATED, COMPREHENSIVE, AND CONTINUOUS HEALTH CARE ACROSS  
11 ALL STAGES OF LIFE. A MEDICAL HOME MUST ENSURE, AT A MINIMUM, THE  
12 FOLLOWING:

- 13 (a) HEALTH MAINTENANCE AND PREVENTIVE CARE;
- 14 (b) ANTICIPATORY GUIDANCE AND HEALTH EDUCATION;
- 15 (c) ACUTE AND CHRONIC ILLNESS CARE; AND
- 16 (d) COORDINATION OF MEDICATIONS, SPECIALISTS,  
17 HOSPITALIZATIONS, AND THERAPIES.

18 (11) "MEMBER" MEANS A MEMBER OF THE COOPERATIVE OR ANY  
19 PERSON WHO IS A RESIDENT AND HAS REQUESTED A MEMBERSHIP CARD.

20 **10-16-1104. Colorado health care authority.** (1) THERE IS  
21 HEREBY CREATED THE COLORADO HEALTH CARE AUTHORITY, WHICH IS A  
22 BODY CORPORATE AND POLITICAL SUBDIVISION OF THE STATE, IS NOT AN  
23 AGENCY OF STATE GOVERNMENT, AND IS NOT SUBJECT TO  
24 ADMINISTRATIVE DIRECTION OR CONTROL BY ANY DEPARTMENT,  
25 COMMISSION, BOARD, BUREAU, OR AGENCY OF THE STATE.

26 (2) THE AUTHORITY AND ITS CORPORATE EXISTENCE CONTINUES  
27 UNTIL TERMINATED BY LAW; EXCEPT THAT NO SUCH LAW SHALL TAKE

1 EFFECT IF THE AUTHORITY HAS NOTES OR OTHER OBLIGATIONS  
2 OUTSTANDING UNLESS ADEQUATE PROVISION HAS BEEN MADE FOR THE  
3 PAYMENT THEREOF.

4 **10-16-1105. Mission of the authority - design the Colorado**  
5 **health care cooperative - approval by general assembly and voters.**

6 THE MISSION OF THE AUTHORITY IS TO DESIGN THE COLORADO HEALTH  
7 CARE COOPERATIVE, PURSUANT TO PART 10 OF THIS ARTICLE, WHICH  
8 SHALL BE THE BENEFITS ADMINISTRATOR AND PAYER FOR HEALTH CARE  
9 SERVICES AS DEFINED BY THE AUTHORITY. THE AUTHORITY SHALL DESIGN  
10 A HEALTH CARE COOPERATIVE, WHICH SHALL PROVIDE COMPREHENSIVE  
11 MEDICAL BENEFITS TO ALL COLORADO RESIDENTS. ON OR BEFORE  
12 NOVEMBER 3, 2012, THE AUTHORITY SHALL PREPARE A REPORT ON THE  
13 COLORADO HEALTH CARE COOPERATIVE FOR THE GENERAL ASSEMBLY  
14 AND, IF APPROVED BY BILL ENACTED BY THE GENERAL ASSEMBLY, THE  
15 GENERAL ASSEMBLY SHALL REFER THE MEASURE TO CREATE THE  
16 COOPERATIVE TO THE VOTERS FOR APPROVAL. THE COOPERATIVE SHALL  
17 BE ESTABLISHED ONLY IF APPROVED BY A MAJORITY OF VOTERS VOTING ON  
18 THE MEASURE

19 **10-16-1106. Board of directors.** (1) THERE IS HEREBY CREATED  
20 A BOARD OF DIRECTORS OF THE AUTHORITY. ON OR BEFORE SEPTEMBER  
21 1, 2011, THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF  
22 REPRESENTATIVES, AND THE GOVERNOR SHALL EACH APPOINT THREE  
23 MEMBERS TO THE BOARD.

24 (2) IN MAKING APPOINTMENTS TO THE BOARD, THE APPOINTING  
25 AUTHORITIES SHALL MAKE GOOD FAITH EFFORTS TO ENSURE TO THE  
26 GREATEST EXTENT POSSIBLE THAT THEIR APPOINTMENTS REFLECT THE  
27 SOCIAL, DEMOGRAPHIC, AND GEOGRAPHIC DIVERSITY OF THE STATE. THE

1 APPROPRIATE APPOINTING AUTHORITY SHALL FILL ANY VACANCY ON THE  
2 BOARD WITHIN THIRTY DAYS AFTER THE VACANCY OCCURS. THE  
3 APPOINTING AUTHORITIES SHALL MAKE GOOD FAITH EFFORTS TO ENSURE  
4 THAT EACH MEMBER WILL STRIVE TO REPRESENT THE INTERESTS OF ALL  
5 COLORADANS AND ALL STAKEHOLDERS, INCLUDING PATIENTS, PROVIDERS,  
6 TAXPAYERS, AND EMPLOYERS.

7 (3) NO PART OF THE REVENUES OR ASSETS OF THE AUTHORITY  
8 INURES TO THE BENEFIT OF, OR MAY BE DISTRIBUTED TO, ITS BOARD OR  
9 OFFICERS OR ANY OTHER PRIVATE PERSON OR ENTITY; EXCEPT THAT THE  
10 AUTHORITY MAY MAKE REASONABLE PAYMENTS FOR EXPENSES INCURRED  
11 ON ITS BEHALF RELATING TO ANY OF ITS LAWFUL PURPOSES, AND THE  
12 AUTHORITY IS AUTHORIZED TO PAY REASONABLE COMPENSATION FOR  
13 SERVICES RENDERED RELATING TO ANY OF ITS LAWFUL PURPOSES,  
14 INCLUDING PAYMENT TO BOARD MEMBERS FOR EACH MEETING ATTENDED.

15 (4) ANY MEMBER OF THE BOARD WHO HAS AN IMMEDIATE  
16 PERSONAL OR FINANCIAL INTEREST IN ANY MATTER BEFORE THE BOARD  
17 SHALL DISCLOSE THE FACT TO THE BOARD AND SHALL NOT VOTE UPON THE  
18 MATTER.

19 (5) THE BOARD MAY EMPLOY AN ADMINISTRATOR OF THE  
20 AUTHORITY AND ANY OTHER OFFICERS THE BOARD FINDS NECESSARY TO  
21 DESIGN AND DEVELOP THE COOPERATIVE.

22 (6) THE BOARD SHALL EMPLOY A PRIMARY CONSULTING  
23 CONTRACTOR THAT SHALL PREPARE THE REPORT TO THE GENERAL  
24 ASSEMBLY UNDER THE SUPERVISION AND DIRECTION OF THE BOARD. THE  
25 BOARD MAY EMPLOY ADDITIONAL CONTRACTORS AS NEEDED TO CARRY  
26 OUT THE PROVISIONS AND PURPOSES OF THIS PART 11, INCLUDING  
27 CONTRACTS WITH APPROPRIATE ADMINISTRATIVE STAFF, CONSULTANTS,



1 AND LEGAL COUNSEL. NO CONTRACT ENTERED INTO PURSUANT TO THIS  
2 SUBSECTION (6) IS SUBJECT TO ARTICLE 103 OF TITLE 24, C.R.S.

3 (7) THE BOARD MAY APPOINT APPROPRIATE LEGAL, ACTUARIAL,  
4 AND OTHER COMMITTEES AS NECESSARY TO PROVIDE TECHNICAL  
5 ASSISTANCE AND OTHER EXPERTISE AND EXPERIENCE IN THE  
6 DEVELOPMENT OF THE COOPERATIVE.

7 (8) THE PRIMARY CONTRACTOR AND CONSULTANTS EMPLOYED BY  
8 THE BOARD SHALL, IN COORDINATION WITH AND UNDER THE SUPERVISION  
9 OF THE BOARD:

10 (a) DESIGN METHODS FOR PUBLIC COMMENTS AND INPUT FROM  
11 STAKEHOLDER GROUPS AND CONSIDER THE COMMENTS AND INPUT  
12 THROUGHOUT THE DEVELOPMENT OF THE COOPERATIVE;

13 (b) DEVELOP AND DESCRIBE METHODS FOR QUALITY  
14 IMPROVEMENT, INCREASED ACCESSIBILITY, AND COST REDUCTION;

15 (c) PROJECT THE COSTS FOR HEALTH CARE IN COLORADO WITH  
16 AND WITHOUT THE COOPERATIVE FOR THE IMPLEMENTATION PERIOD AND  
17 AT LEAST FIVE YEARS AFTER THE IMPLEMENTATION PERIOD;

18 (d) DEVELOP A MULTI-YEAR IMPLEMENTATION PLAN DESCRIBING  
19 FULL CONVERSION TO THE DESIRED RATIO OF INDEPENDENT PAYMENT AND  
20 BASE PAYMENTS;

21 (e) PROJECT THE COSTS AND SAVINGS FOR THE IMPLEMENTATION  
22 PERIOD AND DEVELOP A STRATEGY FOR MANAGING COSTS DURING THE  
23 IMPLEMENTATION;

24 (f) PROJECT THE IMPACT OF IMPLEMENTATION ON CONSUMERS,  
25 PROVIDERS, EMPLOYERS, AND ECONOMIC GROWTH; AND

26 (g) PROVIDE AT LEAST ONE DRAFT REPORT FOR PUBLIC COMMENT  
27 AND STAKEHOLDER INPUT BEFORE THE REPORT IS FINALIZED.

1           **10-16-1107. Creation of cooperative - required elements of**

2           **cooperative.** (1) THE BOARD SHALL DESIGN THE COOPERATIVE FOR  
3 COLORADO IN COLLABORATION WITH PARTIES THAT MAY BE AFFECTED BY  
4 THE DESIGN AND IMPLEMENTATION OF THE COOPERATIVE. IN DESIGNING  
5 THE COOPERATIVE, THE BOARD IS NOT LIMITED IN MAKING  
6 RECOMMENDATIONS REGARDING THE ELEMENTS OF THE COOPERATIVE,  
7 BUT SHALL AT LEAST MAKE RECOMMENDATIONS CONCERNING THE  
8 FOLLOWING ELEMENTS:

9           (a) GUIDELINES FOR ELECTING THE GOVERNING BOARD OF THE  
10 COOPERATIVE, COMPOSED OF AT LEAST NINE REGIONALLY ELECTED  
11 MEMBERS;

12           (b) CONTRIBUTION, FUNDRAISING, AND CAMPAIGN REGULATIONS  
13 THAT PROTECT THE ELECTION OF THE GOVERNING BOARD OF THE  
14 COOPERATIVE FROM THE INFLUENCE OF INDIVIDUALS OR ENTITIES THAT  
15 WOULD BENEFIT FINANCIALLY FROM THE OPERATION OF THE  
16 COOPERATIVE;

17           (c) THE ESTABLISHMENT OF PAYMENT AND HEALTH CARE  
18 DELIVERY SYSTEMS CAPABLE OF PROVIDING PAYMENTS TO HEALTH CARE  
19 PROVIDERS INCLUDING:

20           (I) MAINTAINING EMERGENCY ROOM AND TRAUMA CENTER  
21 SERVICES DELIVERED THROUGH A PLANNED STATEWIDE SYSTEM  
22 CONSISTING OF VARYING LEVELS OF CARE;

23           (II) DIRECT PAYMENT FOR HIGH-COST AND SPECIALIZED CARE,  
24 INCLUDING TRANSPLANTS DELIVERED THROUGH SPECIALTY CENTERS;

25           (III) DIRECT PAYMENT FOR SERVICES AS APPROPRIATE, INCLUDING  
26 RESPONDING TO AN EPIDEMIC, PROVIDING HEALTH CARE DURING A  
27 REGIONAL DISASTER, PROVIDING EXPERIMENTAL SERVICES, OR PROVIDING

1 OTHER SERVICES WHEN THE COOPERATIVE DETERMINES THAT DIRECT  
2 PAYMENT IS BENEFICIAL;

3 (IV) DIRECT PAYMENT FOR HEALTH CARE SERVICES PROVIDED OUT  
4 OF STATE WHEN MEMBERS ARE TRAVELING OR TEMPORARILY RESIDING  
5 OUT OF STATE AND ARE NOT ENROLLED IN AN INTEGRATED HEALTH CARE  
6 DELIVERY SYSTEM;

7 (V) PAYMENT TO INDEPENDENT PROVIDERS ON A FEE-FOR-SERVICE  
8 BASIS WITH COPAYMENTS DETERMINED ON A BASE AND GAP PAYMENT  
9 MODEL IF A MEMBER OF THE COOPERATIVE IS NOT ENROLLED IN AN  
10 INTEGRATED HEALTH CARE DELIVERY SYSTEM;

11 (VI) PAYMENTS TO INTEGRATED HEALTH CARE DELIVERY SYSTEMS  
12 ON AN ACTUARIALLY ADJUSTED PER MEMBER PER MONTH BASIS;

13 (VII) PAYMENT INCENTIVES TO PER MEMBER PER MONTH  
14 PAYMENTS THAT MAY BE NEEDED TO ADDRESS LOCAL AND REGIONAL  
15 SHORTAGES OF SERVICES;

16 (VIII) PAYMENT ADJUSTMENTS ON A PER MEMBER PER MONTH  
17 BASIS FOR APPROPRIATE USE AND PERFORMANCE FACTORS THAT INCLUDE  
18 A MEMBER'S USE OF EMERGENCY CARE; AND

19 (IX) DISPROPORTIONATE SHARE PAYMENTS TO THE INTEGRATED  
20 HEALTH CARE DELIVERY SYSTEMS IF THOSE SYSTEMS EXPERIENCE AN  
21 UNANTICIPATED HIGH INCIDENCE OF EXPENSIVE HEALTH CARE NEEDS;

22 (d) PROVISIONS FOR REGULATING AND EVALUATING HEALTH CARE  
23 SERVICES AS DEEMED NECESSARY AND DESIRABLE FOR THE DELIVERY OF  
24 QUALITY AND EFFICIENT HEALTH CARE;

25 (e) PROVISIONS FOR ADOPTING OTHER REIMBURSEMENT AND  
26 PAYMENT SYSTEMS AS DEEMED NECESSARY AND DESIRABLE IN  
27 ESTABLISHING THE COOPERATIVE AND ITS FUTURE OPERATION;

1 (f) PROVISIONS FOR MEMBERS, PROVIDERS, THE COLORADO  
2 DEPARTMENT OF HEALTH CARE POLICY AND FINANCING, OR ANY LOCAL  
3 GOVERNMENT TO APPEAL PAYMENT RULES;

4 (g) METHODS FOR INCORPORATING THE MEDICAL PORTIONS OF  
5 STATE LIABILITY INSURANCE, WORKERS' COMPENSATION INSURANCE, AND  
6 AUTOMOBILE INSURANCE INTO THE SYSTEM THROUGH AN ANALYSIS  
7 COMPLETED BY THE BOARD;

8 (h) APPROPRIATE AND COST-EFFECTIVE BENEFIT DESIGN AND  
9 ELIGIBILITY REQUIREMENTS, STANDARDS AND QUALIFICATIONS FOR  
10 HEALTH CARE PROVIDERS, PROVIDER RATES, INTEGRATED HEALTH CARE  
11 DELIVERY SYSTEMS, AND ANY OTHER PROVISIONS THE BOARD FINDS  
12 NECESSARY TO CARRY OUT THE MISSION AND PURPOSES OF THIS PART 11;

13 (i) RULES TO PREVENT ANY INTEGRATED DELIVERY SYSTEM FROM  
14 ACHIEVING A MONOPOLY OR MONOPSONY OVER THE COLORADO HEALTH  
15 CARE MARKET;

16 (j) GUIDELINES FOR REIMBURSEMENT THAT MAINTAIN A BALANCE  
17 BETWEEN THE INDEPENDENT PAYMENT OPTION AND ORGANIZATIONAL  
18 CARE PROVIDED THROUGH INTEGRATED HEALTH CARE DELIVERY SYSTEMS.  
19 IN MAINTAINING THE BALANCE, THE BOARD SHALL CONSIDER:

20 (I) MAINTAINING A MARKETPLACE WHERE PROVIDERS AND  
21 MEMBERS MAY MAKE INDIVIDUAL HEALTH CARE CHOICES THROUGH AN  
22 INDEPENDENT PAYMENT OPTION, WITH TARGETED SPENDING OF \_\_\_\_\_  
23 TWENTY PERCENT OF THE HEALTH CARE FUNDS THROUGH THIS  
24 INDEPENDENT PAYMENT OPTION. AFTER ANALYSIS OF THE HEALTH CARE  
25 MARKET, THE BOARD MAY RECOMMEND A DIFFERENT PAYMENT RATIO OR  
26 IT MAY RECOMMEND THAT THE RATIO APPLIES ONLY TO A LIMITED RANGE  
27 OF SERVICES THAT ARE LIKELY TO ATTRACT INDEPENDENT PROVIDERS AND

1 MEMBERS.

2 (II) PERIODIC ADJUSTMENTS IN PER MEMBER PER MONTH  
3 REIMBURSEMENTS TO DEVELOP AND MAINTAIN INTEGRATED HEALTH CARE  
4 DELIVERY SYSTEMS; AND

5 (III) PERIODIC ADJUSTMENTS IN BASE PAYMENTS FOR  
6 INDEPENDENT PROVIDERS.

7 (k) APPROVAL OF TRANSPARENT INDEPENDENT PAYMENT OPTION  
8 BILLING PROCEDURES THAT ENSURE THAT CONSUMERS USING THE  
9 INDEPENDENT PAYMENT OPTION CAN COMPARE COSTS OF COMPETING  
10 PROVIDERS BY EITHER REQUIRING PROVIDERS TO BASE THEIR COSTS ON A  
11 MULTIPLE OF MEDICARE REIMBURSEMENTS OR SOME OTHER SYSTEM  
12 DEvised BY THE BOARD;

13 (l) DETERMINING WHETHER INTEGRATED HEALTH CARE DELIVERY  
14 SYSTEMS MAY USE COPAYMENTS OR GAP PAYMENTS. AN INTEGRATED  
15 HEALTH CARE DELIVERY SYSTEM MAY NOT REQUIRE COPAYMENTS FOR  
16 DESIGNATED PRIMARY CARE APPOINTMENTS OR UNITED STATES  
17 PREVENTIVE SERVICES TASK FORCE-APPROVED A OR B  
18 RECOMMENDATIONS FOR PREVENTIVE CARE.

19 (m) METHODS FOR ENCOURAGING MEMBER PARTICIPATION IN,  
20 RESPONSIBILITY FOR, AND UNDERSTANDING OF TREATMENT OPTIONS,  
21 TREATMENT BENEFITS, POSSIBLE RISKS AND SIDE EFFECTS,  
22 DECISION-MAKING, HEALTH CARE MAINTENANCE, AND COST  
23 CONSIDERATION;

24 (n) METHODS FOR USING PROTOCOLS, SYSTEMS, AND GUIDELINES  
25 FOR IMPROVING PATIENT SAFETY AND REDUCING MEDICAL ERRORS;

26 (o) METHODS FOR ENSURING THAT THERE ARE NO UNREASONABLE  
27 FINANCIAL BARRIERS TO NECESSARY MEDICAL SERVICES BY ESTABLISHING

1 WAIVERS, ADJUSTMENTS, AND LIMITS TO COPAYMENTS AND GAP  
2 PAYMENTS WITHIN AN INTEGRATED HEALTH CARE DELIVERY SYSTEM  
3 BASED ON A MEMBER'S LOW INCOME OR DISEASE STATE;

4 (p) METHODS FOR PROMOTING HEALTH MAINTENANCE AND  
5 DISEASE PREVENTION;

6 (q) THE DEVELOPMENT OF INFORMATION TECHNOLOGY  
7 SPECIFICATIONS FOR:

8 (I) CLEARLY DEFINED STANDARDS FOR A CONFIDENTIAL,  
9 ELECTRONIC HEALTH RECORDS SYSTEM AND ELECTRONIC PERSONAL  
10 HEALTH RECORDS TO MAINTAIN ACCURATE HEALTH RECORDS AND TO  
11 SIMPLIFY THE BILLING PROCESS, THEREBY REDUCING MEDICAL ERRORS  
12 AND ADMINISTRATIVE COSTS;

13 (II) EVALUATING THE FEASIBILITY AND COST OF IMPLEMENTING AN  
14 ELECTRONIC HEALTH RECORDS SYSTEM THAT INCLUDES MEMORY CARDS  
15 THAT CONTAIN AND RECORD MEMBERS' MEDICAL AND BILLING HISTORY  
16 AND WOULD ALLOW:

17 (A) MEMBERS TO ACCESS THEIR OWN RECORDS;

18 (B) DIFFERENT ELECTRONIC HEALTH SYSTEMS TO BE RECORDED IN  
19 ONE LOCATION;

20 (C) SMALL AND LARGE PROVIDERS TO RECORD AND READ  
21 INFORMATION ON THE RECORD; AND

22 (D) CONSUMERS TO REVIEW ALL BILLED SERVICES, THEREBY  
23 REDUCING THE INCIDENCE OF FRAUD;

24 (III) AN AUTOMATED METHOD FOR CLAIMS PROCESSING, BILLING,  
25 AND PAYMENT; AND

26 (IV) PROVISIONS FOR STATEWIDE AND REGIONAL COLLECTION AND  
27 ANALYSIS OF CLINICAL DATA INCLUDING UTILIZATION, QUALITY

1 MEASURES, OUTCOMES, AND ERRORS;

2 (r) ESTABLISHING MECHANISMS THAT ALLOW THE USE OF CLINICAL  
3 DATA COLLECTED UNDER SUBPARAGRAPH (IV) OF PARAGRAPH (q) OF THIS  
4 SUBSECTION (1) TO CONTRIBUTE TO ESTABLISHING STANDARDS FOR BEST  
5 PRACTICES IN ACCORDANCE WITH THE APPLICATION OF EVIDENCE-BASED  
6 MEDICINE;

7 (s) ESTABLISHING MECHANISMS AND REPORTS THAT ENSURE  
8 TRANSPARENCY OF THE FINANCIAL OPERATION OF THE COOPERATIVE AND  
9 INTEGRATED HEALTH CARE DELIVERY SYSTEMS;

10 (t) IMPROVING THE HEALTH OF COLORADANS WITH COMMUNITY  
11 HEALTH INITIATIVES; THE SUPPORT OF INNOVATIVE, EFFICIENT, AND  
12 COORDINATED CARE; WELLNESS EDUCATION; AND END-OF-LIFE  
13 EDUCATION;

14 (u) ESTABLISHING A CENTRAL PURCHASING AUTHORITY  
15 RESPONSIBLE FOR NEGOTIATING FAVORABLE PRICES FOR PRESCRIPTION  
16 DRUGS AND DURABLE MEDICAL EQUIPMENT WHERE APPROPRIATE;

17 (v) INCLUDING HEALTH CARE COVERAGE FOR MENTAL HEALTH  
18 CARE AND SUBSTANCE ABUSE TREATMENT ON THE SAME BASIS AS THE  
19 COVERAGE FOR OTHER CONDITIONS;

20 (w) DEVELOPING A TRANSITION PLAN FOR RETRAINING AND JOB  
21 PLACEMENT THAT CONSIDERS EXTENDED UNEMPLOYMENT BENEFITS FOR  
22 THOSE WHOSE JOBS HAVE BEEN IMPACTED BY THE IMPLEMENTATION OF  
23 THE SYSTEM;

24 (x) PROVIDING SUPPORT FOR HEALTH CARE PROVIDER EDUCATION  
25 AND TRAINING THAT EFFECTIVELY ADDRESSES PRIMARY CARE, NURSING,  
26 AND OTHER PROVIDER SHORTAGES;

27 (y) ESTABLISHING A SYSTEM FOR FILING AND ARBITRATING ALL

1 GRIEVANCES REGARDING DELAY, DENIAL, OR MODIFICATION OF HEALTH  
2 CARE SERVICES;

3 (z) CREATING A COLORADO HEALTH CARE COOPERATIVE QUALITY  
4 AND DISPUTE RESOLUTION SYSTEM TO MEASURE QUALITY, INVESTIGATE  
5 REPORTS OF POOR QUALITY, AND DEVELOP AN EFFICIENT AND FAIR DISPUTE  
6 RESOLUTION SYSTEM;

7 (aa) COLLABORATING WITH LOCAL GOVERNMENTS, SPECIAL  
8 DISTRICTS, CRITICAL ACCESS HOSPITALS, PRIVATE SECTOR FOUNDATIONS,  
9 AND REPRESENTATIVES OF SPECIAL POPULATIONS TO ADDRESS SPECIAL  
10 HEALTH CARE NEEDS AND ESTABLISH EDUCATION AND OUTREACH  
11 PROGRAMS, RESEARCH STUDIES, GRANTS, AND FINANCIAL INCENTIVES TO  
12 MEET THE HEALTH CARE NEEDS OF LOCALITIES AND SPECIAL POPULATIONS;  
13 AND

14 (bb) CREATING GUIDELINES FOR A PERIODIC INDEPENDENT AUDIT  
15 AND REVIEW OF THE COOPERATIVE, INCLUDING RECOMMENDATIONS FOR  
16 IMPROVEMENT, AT LEAST EVERY THREE YEARS.

17 **10-16-1108. Financing.** (1) AS PART OF ITS REPORT AND  
18 RECOMMENDATIONS TO ESTABLISH THE COOPERATIVE, THE BOARD SHALL  
19 INCLUDE A FINANCING RECOMMENDATION PACKAGE BASED ON PROJECTED  
20 COSTS AND EACH POSSIBLE FEDERAL WAIVER. THE FINANCING PACKAGE  
21 MUST INCLUDE CURRENTLY AVAILABLE STATE AND LOCAL GOVERNMENT  
22 REVENUES THAT MAY BE TRANSFERRED TO THE COOPERATIVE. THE BOARD  
23 MAY PRESENT MORE THAN ONE PACKAGE FOR THE GENERAL ASSEMBLY TO  
24 REFER TO THE VOTERS PURSUANT TO SECTION 10-16-1105. THE  
25 FINANCING PACKAGE MAY INCLUDE:

26 (a) COLLECTING A PAYROLL CONTRIBUTION FROM EMPLOYERS AND  
27 FROM EMPLOYEES;



1 (b) A COLORADO INCOME TAX CONTRIBUTION THAT WOULD  
2 INCLUDE NONPAYROLL INCOME;

3 (c) DETERMINING THE FEE OR PREMIUM STRUCTURE AND  
4 APPROVAL PROCESS, INCLUDING A MEANS-BASED FEE OR PREMIUM THAT  
5 ENSURES ALL INCOME EARNERS ARE CONTRIBUTING AN AMOUNT THAT IS  
6 AFFORDABLE AND FAIR;

7 (d) COORDINATING WITH EXISTING, ONGOING, AND ANTICIPATED  
8 FEDERAL HEALTH CARE REFORM FUNDING SOURCES FROM FEDERAL AND  
9 STATE PROGRAMS;

10 (e) BEING CONSISTENT WITH STATE AND FEDERAL REQUIREMENTS  
11 GOVERNING FINANCIAL CONTRIBUTIONS FOR PERSONS ELIGIBLE FOR PUBLIC  
12 PROGRAMS;

13 (f) COMPLYING WITH FEDERAL REQUIREMENTS; AND

14 (g) ALLOWING FOR ADDITIONAL SOURCES OF REVENUE.

15 (2) IN ADDITION TO THE DUTIES DESCRIBED IN SUBSECTION (1) OF  
16 THIS SECTION, THE BOARD MAY ADDRESS OTHER ISSUES AND IMPLEMENT  
17 OTHER MEASURES AS NECESSARY TO CREATE THE COOPERATIVE.

18 (3) THE COOPERATIVE SHALL NOT BE IMPLEMENTED UNLESS THE  
19 REQUIREMENTS OF SECTION 10-16-1115 (3) ARE MET.

20 (4) THE BOARD SHALL ENSURE THAT THE HEALTH CARE BENEFITS  
21 OFFERED PURSUANT TO THE COOPERATIVE DOES NOT CAUSE HARM TO  
22 PERSONS ELIGIBLE FOR BENEFITS PURSUANT TO THE "COLORADO MEDICAL  
23 ASSISTANCE ACT", ARTICLES 4, 5, AND 6 OF TITLE 25.5, C.R.S.

24 **10-16-1109. Refund savings to members.** (1) THE BOARD  
25 SHALL DESIGN A METHOD FOR REFUNDING TO MEMBERS AND EMPLOYERS  
26 ACCRUED SAVINGS WITH THE FOLLOWING CONSIDERATIONS:

27 (a) THE AMOUNT AN EMPLOYER OR MEMBER CONTRIBUTED;

1 (b) THE SAVINGS PER MEMBER ACHIEVED BY THE MEMBER'S  
2 INTEGRATED HEALTH CARE DELIVERY SYSTEM;

3 (c) THE NEED TO INVEST SAVINGS IN A RESERVE ACCOUNT TO  
4 COVER UNANTICIPATED OR EXPANDED HEALTH CARE NEEDS AND FUTURE  
5 INCREASED COSTS OF HEALTH CARE;

6 (d) THE SAVINGS ACHIEVED THROUGHOUT THE ENTIRE  
7 COOPERATIVE.

8 **10-16-1110. Budget shortfalls.** (1) THE GENERAL ASSEMBLY  
9 FINDS THAT, IN SPITE OF THE COOPERATIVE'S ABILITY TO INTRODUCE COST  
10 SAVINGS MEASURES:

11 (a) IT IS LIKELY THAT HEALTH CARE COSTS WILL RISE AS SCIENTIFIC  
12 AND TECHNOLOGICAL ADVANCES LEAD TO NEW WAYS TO IMPROVE  
13 COLORADANS' QUALITY OF LIFE;

14 (b) COLORADANS WILL WISH TO TAKE ADVANTAGE OF THESE  
15 ADVANCES; AND

16 (c) IT IS PRUDENT TO BUILD INTO THE COOPERATIVE THE ABILITY  
17 TO INCREASE FUNDING AND THE ABILITY OF THE COOPERATIVE TO DEAL  
18 WITH BUDGET SHORTFALLS.

19 (2) IN ORDER TO ALLOW THE COOPERATIVE TO ADDRESS BUDGET  
20 SHORTFALLS, THE BOARD SHALL DEVELOP:

21 (a) A SHORT-TERM PLAN TO DEAL WITH BUDGET SHORTFALLS;

22 (b) A PLAN TO INCREASE REVENUES OR DECREASE COVERAGE IF  
23 ANTICIPATED COSTS ARE GREATER THAN ANTICIPATED REVENUE; AND

24 (c) A PROCEDURE TO REFER TO THE VOTERS IF THE LONG-TERM  
25 ANTICIPATED COSTS ARE GREATER THAN ANTICIPATED REVENUE. THE  
26 PROCEDURE MUST INCLUDE BUDGET ALTERNATIVES IF REVENUE IS NOT  
27 INCREASED.

1           **10-16-1111. Required covered benefits.** (1) THE BOARD SHALL  
2 DESIGN A BENEFITS PACKAGE FOR THE COOPERATIVE BASED UPON  
3 MEDICARE BENEFITS AND, AS SAVINGS ACCRUE, IMPROVE OR ADD BENEFITS  
4 THAT INCLUDE:

- 5           (a) DENTAL SERVICES;
- 6           (b) CHIROPRACTIC SERVICES;
- 7           (c) VISION CARE AND CORRECTION;
- 8           (d) HEARING SERVICES AND HEARING AIDS; AND
- 9           (e) LONG-TERM CARE, INCLUDING COMMUNITY-BASED AND  
10 CONSUMER-DIRECTED SERVICES.

11           (2) THE PLAN FOR THE COOPERATIVE MUST INCLUDE  
12 COMPREHENSIVE MEDICAL BENEFITS COVERAGE FOR ALL MEMBERS, MUST  
13 BE COORDINATED WITH OTHER PUBLIC HEALTH EFFORTS, AND MAY BE  
14 COORDINATED WITH PUBLIC HEALTH OFFICIALS, AGENCIES, AND  
15 ORGANIZATIONS.

16           **10-16-1112. Cooperative - secondary insurance.** (1) THE  
17 COOPERATIVE SHALL SERVE AS A SECONDARY INSURANCE PAYER TO ANY  
18 OTHER HEALTH INSURANCE COVERAGE PLAN IN WHICH A MEMBER IS  
19 ENROLLED. THE COOPERATIVE SHALL MAKE A PAYMENT TO A PROVIDER  
20 ONLY AFTER OTHER APPLICABLE INSURANCE CARRIERS HAVE PAID THE  
21 FULL AMOUNT DUE UNDER THEIR PLAN. THE TOTAL OF A COOPERATIVE  
22 PAYMENT AND ALL OTHER INSURANCE COVERAGE PLAN PAYMENTS MUST  
23 NOT EXCEED THE AMOUNT THAT THE COOPERATIVE WOULD PAY IF IT WERE  
24 THE ONLY INSURANCE CARRIER MAKING A PAYMENT.

25           (2) IF FEDERAL MEDICARE WAIVERS ARE NOT GRANTED, THE  
26 COOPERATIVE SHALL SERVE AS A SECONDARY PAYER TO MEDICARE.

27           (3) THE BOARD SHALL ESTABLISH RULES FOR PAYING PER MEMBER

1 PER MONTH PAYMENTS AND BASE PAYMENTS WHEN A MEMBER HAS OTHER  
2 HEALTH INSURANCE OR ACCESS TO OTHER HEALTH SYSTEMS IN THE STATE.

3 **10-16-1113. Gifts, grants, and donations - federal grant**  
4 **moneys.** THE BOARD IS AUTHORIZED TO SEEK GIFTS, GRANTS, AND  
5 DONATIONS AND FEDERAL GRANT MONEYS TO IMPLEMENT THIS PART 11  
6 AND SHALL SEEK ANY ADDITIONAL FEDERAL FUNDS OR GRANTS AVAILABLE  
7 FOR THE COOPERATIVE OR THE STATE FOR INNOVATIONS. MONEYS  
8 RECEIVED BY THE BOARD MUST BE TRANSFERRED DIRECTLY TO THE  
9 AUTHORITY FOR THE PURPOSES OF THIS PART 11. THE BOARD SHALL  
10 DEPOSIT ANY MONEYS OF THE AUTHORITY IN A BANKING INSTITUTION  
11 WITHIN OR OUTSIDE THE STATE. MONEYS FROM THE GENERAL FUND SHALL  
12 NOT BE USED FOR THE IMPLEMENTATION OF THIS PART 11.

13 **10-16-1114. Duty to seek waivers, exemptions, and**  
14 **agreements.** THE BOARD SHALL SEEK INPUT FROM AND COLLABORATE  
15 WITH THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, THE  
16 DEPARTMENT OF HEALTH CARE POLICY AND FINANCING, AND THE GENERAL  
17 ASSEMBLY TO SEEK ALL WAIVERS, EXEMPTIONS, AND AGREEMENTS FROM  
18 THE FEDERAL GOVERNMENT SO THAT ALL CURRENT LEVELS OF FUNDING  
19 FROM THE FEDERAL GOVERNMENT TO THE STATE, COUNTIES, OR LOCAL  
20 GOVERNMENTS FOR THE PROVISION AND PAYMENT OF HEALTH CARE  
21 SERVICES MAY BE TRANSFERRED TO THE AUTHORITY ONCE THE  
22 COOPERATIVE IS IMPLEMENTED IN ACCORDANCE WITH THIS PART 11.

23 **10-16-1115. Requirements for implementation of the**  
24 **cooperative - repeal.** (1) SECTIONS 10-16-1101 TO 10-16-1106,  
25 10-16-1113, AND THIS SECTION TAKE EFFECT UPON THE ENACTMENT OF  
26 THIS PART 11.

27 (2) SECTIONS 10-16-1107 TO 10-16-1112 AND 10-16-1114 DO NOT

1 TAKE EFFECT UNTIL THE BOARD IDENTIFIES AND GUARANTEES THAT  
2 SUFFICIENT GIFTS, GRANTS, AND DONATIONS HAVE BEEN RECEIVED TO  
3 PLAN AND DEVELOP THE COOPERATIVE IN ACCORDANCE WITH SAID  
4 SECTIONS. UPON IDENTIFICATION AND GUARANTEE THAT THE BOARD HAS  
5 RECEIVED SUFFICIENT MONEYS TO IMPLEMENT SAID SECTIONS, THE BOARD  
6 SHALL NOTIFY THE REVISOR OF STATUTES, IN WRITING, OF THE EFFECTIVE  
7 DATE OF SAID SECTIONS. IF SUFFICIENT GIFTS, GRANTS, AND DONATIONS  
8 ARE NOT IDENTIFIED AND GUARANTEED ON OR BEFORE JULY 1, 2012, SAID  
9 SECTIONS DO NOT TAKE EFFECT, AND THIS PART 11 IS REPEALED,  
10 EFFECTIVE JULY 1, 2012.

11 (3) IF SECTIONS 10-16-1107, 10-16-1111, AND 10-16-1114 ARE  
12 IMPLEMENTED AND THE PLAN FOR THE COOPERATIVE IS DEVELOPED AND  
13 CREATED, THE COOPERATIVE SHALL NOT BE IMPLEMENTED UNTIL:

14 (a) SUFFICIENT WAIVERS, EXEMPTIONS, AND AGREEMENTS ARE IN  
15 PLACE TO EFFECTIVELY IMPLEMENT THE COOPERATIVE; AND

16 (b) THE GENERAL ASSEMBLY APPROVES THE IMPLEMENTATION OF  
17 THE COOPERATIVE BY BILL, REFERS THE MEASURE TO THE VOTERS, AND A  
18 MAJORITY OF VOTERS APPROVE THE MEASURE.

19 **SECTION 2. Safety clause.** The general assembly hereby finds,  
20 determines, and declares that this act is necessary for the immediate  
21 preservation of the public peace, health, and safety.