

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

**INTRODUCED**

LLS NO. 11-0611.02 Kristen Forrestal

**SENATE BILL 11-168**

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**SENATE SPONSORSHIP**

**Aguilar**, Bacon, Carroll, Foster, Giron, Guzman, Heath, Johnston, Morse, Nicholson, Steadman, Tochtrop

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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. THE AUTHORITY SHALL  
12 RECOMMEND THE HEALTH CARE COOPERATIVE TO THE GENERAL  
13 ASSEMBLY AND, IF APPROVED BY BILL ENACTED BY THE GENERAL  
14 ASSEMBLY, THE GENERAL ASSEMBLY SHALL REFER THE MEASURE TO  
15 CREATE THE COOPERATIVE TO THE VOTERS FOR APPROVAL. THE  
16 COOPERATIVE SHALL BE ESTABLISHED ONLY IF APPROVED BY A MAJORITY  
17 OF VOTERS VOTING ON THE MEASURE

18 **10-16-1106. Board of directors.** (1) THERE IS HEREBY CREATED  
19 A BOARD OF DIRECTORS OF THE AUTHORITY. ON OR BEFORE SEPTEMBER  
20 1, 2011, THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF  
21 REPRESENTATIVES, AND THE GOVERNOR SHALL EACH APPOINT THREE  
22 MEMBERS TO THE BOARD.

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

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

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

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

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

21 (6) THE BOARD SHALL EMPLOY A PRIMARY CONSULTING  
22 CONTRACTOR THAT SHALL PREPARE THE REPORT TO THE GENERAL  
23 ASSEMBLY UNDER THE SUPERVISION AND DIRECTION OF THE BOARD. THE  
24 BOARD MAY EMPLOY ADDITIONAL CONTRACTORS AS NEEDED TO CARRY  
25 OUT THE PROVISIONS AND PURPOSES OF THIS PART 11, INCLUDING  
26 CONTRACTS WITH APPROPRIATE ADMINISTRATIVE STAFF, CONSULTANTS,  
27 AND LEGAL COUNSEL. NO CONTRACT ENTERED INTO PURSUANT TO THIS



1 SUBSECTION (6) IS SUBJECT TO ARTICLE 103 OF TITLE 24, C.R.S.

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

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

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

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

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

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

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

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

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

27 **10-16-1107. Creation of cooperative - required elements of**

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

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

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

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

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

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

24            (III) DIRECT PAYMENT FOR SERVICES AS APPROPRIATE, INCLUDING  
25    RESPONDING TO AN EPIDEMIC, PROVIDING HEALTH CARE DURING A  
26    REGIONAL DISASTER, PROVIDING EXPERIMENTAL SERVICES, OR PROVIDING  
27    OTHER SERVICES WHEN THE COOPERATIVE DETERMINES THAT DIRECT

1 PAYMENT IS BENEFICIAL;

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

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

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

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

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

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

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

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

27 (f) PROVISIONS FOR MEMBERS, PROVIDERS, THE COLORADO

1 DEPARTMENT OF HEALTH CARE POLICY AND FINANCING, OR ANY LOCAL  
2 GOVERNMENT TO APPEAL PAYMENT RULES;

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

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

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

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

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

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

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

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

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

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

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

25           (o) METHODS FOR ENSURING THAT THERE ARE NO UNREASONABLE  
26 FINANCIAL BARRIERS TO NECESSARY MEDICAL SERVICES BY ESTABLISHING  
27 WAIVERS, ADJUSTMENTS, AND LIMITS TO COPAYMENTS AND GAP

1 PAYMENTS WITHIN AN INTEGRATED HEALTH CARE DELIVERY SYSTEM  
2 BASED ON A MEMBER'S LOW INCOME OR DISEASE STATE;

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

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

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

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

16 (A) MEMBERS TO ACCESS THEIR OWN RECORDS;

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

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

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

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

25 (IV) PROVISIONS FOR STATEWIDE AND REGIONAL COLLECTION AND  
26 ANALYSIS OF CLINICAL DATA INCLUDING UTILIZATION, QUALITY  
27 MEASURES, OUTCOMES, AND ERRORS;

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

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

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

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

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

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

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

26 (y) ESTABLISHING A SYSTEM FOR FILING AND ARBITRATING ALL  
27 GRIEVANCES REGARDING DELAY, DENIAL, OR MODIFICATION OF HEALTH

1 CARE SERVICES;

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

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

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

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

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

27 (b) A COLORADO INCOME TAX CONTRIBUTION THAT WOULD



1 INCLUDE NONPAYROLL INCOME;

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

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

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

12 (f) COMPLYING WITH FEDERAL REQUIREMENTS; AND

13 (g) ALLOWING FOR ADDITIONAL SOURCES OF REVENUE.

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

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

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

23 **10-16-1109. Refund savings to members.** (1) THE BOARD  
24 SHALL DESIGN A METHOD FOR REFUNDING TO MEMBERS AND EMPLOYERS  
25 ACCRUED SAVINGS WITH THE FOLLOWING CONSIDERATIONS:

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

27 (b) THE SAVINGS PER MEMBER ACHIEVED BY THE MEMBER'S

1 INTEGRATED HEALTH CARE DELIVERY SYSTEM;

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

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

7 **10-16-1110. Budget shortfalls.** (1) THE GENERAL ASSEMBLY  
8 FINDS THAT, IN SPITE OF THE COOPERATIVE'S ABILITY TO INTRODUCE COST  
9 SAVINGS MEASURES:

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

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

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

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

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

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

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

27 **10-16-1111. Required covered benefits.** (1) THE BOARD SHALL

1 DESIGN A BENEFITS PACKAGE FOR THE COOPERATIVE BASED UPON  
2 MEDICARE BENEFITS AND, AS SAVINGS ACCRUE, IMPROVE OR ADD BENEFITS  
3 THAT INCLUDE:

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

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

15 **10-16-1112. Cooperative - secondary insurance.** (1) THE  
16 COOPERATIVE SHALL SERVE AS A SECONDARY INSURANCE PAYER TO ANY  
17 OTHER HEALTH INSURANCE COVERAGE PLAN IN WHICH A MEMBER IS  
18 ENROLLED. THE COOPERATIVE SHALL MAKE A PAYMENT TO A PROVIDER  
19 ONLY AFTER OTHER APPLICABLE INSURANCE CARRIERS HAVE PAID THE  
20 FULL AMOUNT DUE UNDER THEIR PLAN. THE TOTAL OF A COOPERATIVE  
21 PAYMENT AND ALL OTHER INSURANCE COVERAGE PLAN PAYMENTS MUST  
22 NOT EXCEED THE AMOUNT THAT THE COOPERATIVE WOULD PAY IF IT WERE  
23 THE ONLY INSURANCE CARRIER MAKING A PAYMENT.

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

26 (3) THE BOARD SHALL ESTABLISH RULES FOR PAYING PER MEMBER  
27 PER MONTH PAYMENTS AND BASE PAYMENTS WHEN A MEMBER HAS OTHER

1 HEALTH INSURANCE OR ACCESS TO OTHER HEALTH SYSTEMS IN THE STATE.

2 **10-16-1113. Gifts, grants, and donations - federal grant**  
3 **moneys.** THE BOARD IS AUTHORIZED TO SEEK GIFTS, GRANTS, AND  
4 DONATIONS AND FEDERAL GRANT MONEYS TO IMPLEMENT THIS PART 11  
5 AND SHALL SEEK ANY ADDITIONAL FEDERAL FUNDS OR GRANTS AVAILABLE  
6 FOR THE COOPERATIVE OR THE STATE FOR INNOVATIONS. MONEYS  
7 RECEIVED BY THE BOARD MUST BE TRANSFERRED DIRECTLY TO THE  
8 AUTHORITY FOR THE PURPOSES OF THIS PART 11. THE BOARD SHALL  
9 DEPOSIT ANY MONEYS OF THE AUTHORITY IN A BANKING INSTITUTION  
10 WITHIN OR OUTSIDE THE STATE. MONEYS FROM THE GENERAL FUND SHALL  
11 NOT BE USED FOR THE IMPLEMENTATION OF THIS PART 11.

12 **10-16-1114. Duty to seek waivers, exemptions, and**  
13 **agreements.** THE BOARD SHALL SEEK INPUT FROM AND COLLABORATE  
14 WITH THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, THE  
15 DEPARTMENT OF HEALTH CARE POLICY AND FINANCING, AND THE GENERAL  
16 ASSEMBLY TO SEEK ALL WAIVERS, EXEMPTIONS, AND AGREEMENTS FROM  
17 THE FEDERAL GOVERNMENT SO THAT ALL CURRENT LEVELS OF FUNDING  
18 FROM THE FEDERAL GOVERNMENT TO THE STATE, COUNTIES, OR LOCAL  
19 GOVERNMENTS FOR THE PROVISION AND PAYMENT OF HEALTH CARE  
20 SERVICES MAY BE TRANSFERRED TO THE AUTHORITY ONCE THE  
21 COOPERATIVE IS IMPLEMENTED IN ACCORDANCE WITH THIS PART 11.

22 **10-16-1115. Requirements for implementation of the**  
23 **cooperative - repeal.** (1) SECTIONS 10-16-1101 TO 10-16-1106,  
24 10-16-1113, AND THIS SECTION TAKE EFFECT UPON THE ENACTMENT OF  
25 THIS PART 11.

26 (2) SECTIONS 10-16-1107 TO 10-16-1112 AND 10-16-1114 DO NOT  
27 TAKE EFFECT UNTIL THE BOARD IDENTIFIES AND GUARANTEES THAT

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

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

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

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

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