

Second Regular Session
Sixty-eighth General Assembly
STATE OF COLORADO

REENGROSSED

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

LLS NO. 12-0370.02 Brita Darling x2241

HOUSE BILL 12-1281

HOUSE SPONSORSHIP

Young and Gerou, Ferrandino, Fields, Kefalas, Kerr A., McCann, Peniston, Schafer S.

SENATE SPONSORSHIP

Steadman and Roberts,

House Committees

Health and Environment
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING A PILOT PROGRAM ESTABLISHING NEW PAYMENT**
102 **METHODOLOGIES IN MEDICAID, AND, IN CONNECTION**
103 **THEREWITH, MAKING AN APPROPRIATION.**

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 directs the department of health care policy and financing (state department) to facilitate collaboration among medicaid providers, clients, advocates, and payors that is designed to improve health outcomes and patient satisfaction and support the financial sustainability

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
3rd Reading Unamended
April 18, 2012

HOUSE
Amended 2nd Reading
April 17, 2012

of the medicaid program. The executive director of the state department may promulgate rules relating to the collaborative process.

The bill creates the medicaid payment reform and innovation pilot program (pilot program) in the state department for the purpose of implementing payment reform projects in medicaid within the framework of the accountable care collaborative. Regional care collaborative organizations (RCCOs) may submit payment proposals to the state department for the pilot program. A RCCO shall work with providers and managed care entities in the RCCO to develop the payment project. Payment projects may include but are not limited to global payments, risk adjustment, risk sharing, and aligned payment incentives. The state department shall select payment projects for inclusion in the pilot program based upon certain criteria and shall give preference to those payment projects that propose global payments. The state department shall respond to RCCOs concerning payment projects that are not selected for the pilot program, stating the reason why the payment projects were not selected and shall copy the response to certain committees of the general assembly. Payment projects shall be implemented for 2 to 5 years, and certain provisions apply to payments under the pilot program. The state department shall seek any federal authorization necessary to implement the pilot program. The state department shall report to certain committees of the general assembly concerning the design, implementation, and outcome of the pilot program.

The bill requires the state department to report concerning the state department's recommendations for streamlining and simplifying the administrative structure for managing contracts relating to medicaid managed care.

1 *Be it enacted by the General Assembly of the State of Colorado:*
2 **SECTION 1.** In Colorado Revised Statutes, **add** 25.5-1-205 as
3 follows:
4 **25.5-1-205. Providing for the efficient provision of health care**
5 **through state-supervised cooperative action - rules.** (1) COOPERATION
6 AMONG HEALTH CARE PAYORS, INCLUDING BOTH PRIVATE SECTOR
7 ENTITIES AND FEDERAL AND STATE-ADMINISTERED HEALTH CARE
8 PROGRAMS, HAS THE POTENTIAL TO ELIMINATE NEEDLESS AND COSTLY
9 COMPLEXITY IN THE ADMINISTRATION OF THE PROGRAMS AND TO BENEFIT
10 PATIENTS, PAYORS, AND THE GOVERNMENT. FURTHER, ALIGNMENT OF

1 FINANCIAL INCENTIVES AMONG PRIVATE AND PUBLIC ENTITIES MAY
2 ACCELERATE AND REINFORCE IMPROVEMENTS IN HEALTH CARE QUALITY
3 AND PATIENT OUTCOMES.

4 (2) THE EXECUTIVE DIRECTOR SHALL FACILITATE DEPARTMENTAL
5 OVERSIGHT OF COLLABORATION AMONG PROVIDERS, MEDICAID CLIENTS
6 AND ADVOCATES, AND PAYORS THAT IS DESIGNED TO IMPROVE HEALTH
7 OUTCOMES AND PATIENT SATISFACTION AND SUPPORT THE FINANCIAL
8 SUSTAINABILITY OF THE MEDICAID PROGRAM.

9 (3) THE EXECUTIVE DIRECTOR MAY PROMULGATE RULES RELATING
10 TO THE COLLABORATIVE PROCESS SET FORTH IN THIS SECTION.

11 **SECTION 2.** In Colorado Revised Statutes, **add** 25.5-5-415 and
12 25.5-5-416 as follows:

13 **25.5-5-415. Medicaid payment reform and innovation pilot**
14 **program - legislative declaration - creation - selection of payment**
15 **projects - report - rules.** (1) (a) THE GENERAL ASSEMBLY FINDS THAT:

16 (I) INCREASING HEALTH CARE COSTS IN COLORADO'S MEDICAID
17 PROGRAM CREATES CHALLENGES FOR THE STATE'S BUDGET. FURTHER, THE
18 INCREASING HEALTH CARE COSTS DO NOT NECESSARILY REFLECT
19 IMPROVEMENTS IN EITHER HEALTH OUTCOMES FOR PATIENTS OR IN
20 PATIENT SATISFACTION WITH THE CARE RECEIVED;

21 (II) MOREOVER, THE FEE-FOR-SERVICE PAYMENT MODEL MAY NOT
22 SUPPORT OR ALIGN FINANCIALLY WITH EVOLVING CARE COORDINATION
23 AND DELIVERY SYSTEMS;

24 (III) THE REFORM OF MEDICAID PAYMENT POLICIES OFFERS A
25 SIGNIFICANT OPPORTUNITY FOR THE STATE TO CONTAIN COSTS AND
26 IMPROVE QUALITY;

27 (IV) NEW PAYMENT METHODOLOGIES, INCLUDING GLOBAL

1 PAYMENTS, HAVE BEEN DEVELOPED TO RESPOND TO RISING COSTS AND THE
2 COMPLEXITIES OF HEALTH CARE DELIVERY. OPPORTUNITIES NOW EXIST TO
3 EXPLORE, TEST, AND IMPLEMENT SUCH PAYMENT REFORMS IN THE
4 MEDICAID PROGRAM.

5 (V) THE STATE DEPARTMENT SHOULD EXPLORE HOW THESE NEW
6 PAYMENT METHODOLOGIES MAY RESULT IN IMPROVED HEALTH OUTCOMES
7 AND PATIENT SATISFACTION AND SUPPORT THE FINANCIAL SUSTAINABILITY
8 OF THE MEDICAID PROGRAM.

9 (b) THEREFORE, THE GENERAL ASSEMBLY DECLARES THAT
10 COLORADO SHOULD BUILD UPON ONGOING REFORMS OF HEALTH CARE
11 DELIVERY IN THE MEDICAID PROGRAM BY IMPLEMENTING A PILOT
12 PROGRAM WITHIN THE STRUCTURE OF THE [REDACTED] STATE DEPARTMENT'S
13 CURRENT MEDICAID COORDINATED CARE SYSTEM THAT ENCOURAGES THE
14 USE OF NEW AND INNOVATIVE PAYMENT METHODOLOGIES, INCLUDING
15 GLOBAL PAYMENTS.

16 [REDACTED] [REDACTED]

17 (2) (a) THERE IS HEREBY CREATED THE MEDICAID PAYMENT
18 REFORM AND INNOVATION PILOT PROGRAM FOR PURPOSES OF FOSTERING
19 THE USE OF INNOVATIVE PAYMENT METHODOLOGIES IN THE MEDICAID
20 PROGRAM THAT ARE DESIGNED TO PROVIDE GREATER VALUE WHILE
21 ENSURING GOOD HEALTH OUTCOMES AND CLIENT SATISFACTION.

22 (b) (I) THE STATE DEPARTMENT SHALL CREATE A PROCESS FOR
23 INTERESTED CONTRACTORS OF THE STATE DEPARTMENT'S CURRENT
24 MEDICAID COORDINATED CARE SYSTEM TO SUBMIT PAYMENT PROJECTS
25 FOR CONSIDERATION UNDER THE PILOT PROGRAM. PAYMENT PROJECTS
26 SUBMITTED PURSUANT TO THE PILOT PROGRAM MAY INCLUDE, BUT NEED
27 NOT BE LIMITED TO, GLOBAL PAYMENTS, RISK ADJUSTMENT, RISK SHARING,

1 AND ALIGNED PAYMENT INCENTIVES TO ACHIEVE IMPROVED QUALITY AND
2 TO CONTROL COSTS.

3 (II) THE DESIGN OF THE PAYMENT PROJECT OR PROJECTS SHALL
4 ADDRESS THE CLIENT POPULATION OF THE STATE DEPARTMENT'S CURRENT
5 MEDICAID COORDINATED CARE SYSTEM AND BE TAILORED TO THE
6 REGION'S HEALTH CARE NEEDS AND THE RESOURCES OF THE STATE
7 DEPARTMENT'S CURRENT MEDICAID COORDINATED CARE SYSTEM.

8 (III) A CONTRACTOR OF THE STATE DEPARTMENT'S CURRENT
9 MEDICAID COORDINATED CARE SYSTEM SHALL WORK IN COORDINATION
10 WITH THE PROVIDERS AND MANAGED CARE ENTITIES CONTRACTED WITH
11 THE CONTRACTOR OF THE STATE DEPARTMENT'S CURRENT MEDICAID
12 COORDINATED CARE SYSTEM IN DEVELOPING THE PAYMENT PROJECT OR
13 PROJECTS.

14 (c) (I) ON OR BEFORE JULY 1, 2013, THE STATE DEPARTMENT
15 SHALL COMPLETE ITS REVIEW OF PAYMENT PROJECTS AND SHALL SELECT
16 PAYMENT PROJECTS TO BE INCLUDED IN THE PILOT PROGRAM. ■ ■

17 (II) FOR PURPOSES OF SELECTING PAYMENT PROJECTS FOR THE
18 PILOT PROGRAM, THE STATE DEPARTMENT SHALL CONSIDER, AT A
19 MINIMUM:

20 (A) THE LIKELY EFFECT OF THE PAYMENT PROJECT ON QUALITY
21 MEASURES, HEALTH OUTCOMES, AND CLIENT SATISFACTION;

22 (B) THE POTENTIAL OF THE PAYMENT PROJECT TO REDUCE THE
23 STATE'S MEDICAID EXPENDITURES;

24 (C) THE OVERALL GOALS OF THE STATE DEPARTMENT'S CURRENT
25 MEDICAID COORDINATED CARE SYSTEM AND THE ALIGNMENT OF THE
26 PAYMENT PROJECT WITH THOSE GOALS;

27 (D) THE CLIENT POPULATION SERVED BY THE STATE DEPARTMENT'S

1 CURRENT MEDICAID COORDINATED CARE SYSTEM AND THE PARTICULAR
2 HEALTH NEEDS OF THE REGION;

3 (E) THE BUSINESS STRUCTURE OR STRUCTURES LIKELY TO FOSTER
4 COOPERATION, COORDINATION, AND ALIGNMENT AND THE ABILITY OF THE
5 CONTRACTOR OF THE STATE DEPARTMENT'S CURRENT MEDICAID
6 COORDINATED CARE SYSTEM TO IMPLEMENT THE PAYMENT PROJECT,
7 INCLUDING THE RESOURCES AVAILABLE TO THE CONTRACTOR OF THE
8 STATE DEPARTMENT'S CURRENT MEDICAID COORDINATED CARE SYSTEM
9 AND THE TECHNOLOGICAL INFRASTRUCTURE REQUIRED; AND

10 (F) THE ABILITY OF THE CONTRACTOR OF THE STATE
11 DEPARTMENT'S CURRENT MEDICAID COORDINATED CARE SYSTEM TO
12 COORDINATE AMONG PROVIDERS OF PHYSICAL HEALTH CARE, BEHAVIORAL
13 HEALTH CARE, ORAL HEALTH CARE, AND THE SYSTEM OF LONG-TERM CARE
14 SERVICES AND SUPPORTS.

15 (III) FOR PAYMENT PROJECTS NOT SELECTED BY THE STATE
16 DEPARTMENT, THE STATE DEPARTMENT SHALL RESPOND TO THE
17 CONTRACTOR OF THE STATE DEPARTMENT'S CURRENT MEDICAID
18 COORDINATED CARE SYSTEM, IN WRITING, ON OR BEFORE JULY 1, 2013,
19 STATING THE REASON OR REASONS WHY THE PAYMENT PROJECT WAS NOT
20 SELECTED. THE STATE DEPARTMENT SHALL SEND A COPY OF THE RESPONSE
21 TO THE JOINT BUDGET COMMITTEE OF THE GENERAL ASSEMBLY, THE
22 HEALTH AND HUMAN SERVICES COMMITTEE OF THE SENATE, OR ANY
23 SUCCESSOR COMMITTEE, AND THE HEALTH AND ENVIRONMENT COMMITTEE
24 OF THE HOUSE OF REPRESENTATIVES, OR ANY SUCCESSOR COMMITTEE.

25 (d) (I) THE PAYMENT PROJECTS SELECTED FOR THE PROGRAM
26 SHALL BE FOR A PERIOD OF AT LEAST TWO YEARS, BUT SHALL NOT EXTEND
27 BEYOND JUNE 30, 2016. THE PROVIDER CONTRACT SHALL SPECIFY THE

1 PAYMENT METHODOLOGY UTILIZED IN THE PAYMENT PROJECT.

2 (II) THE REQUIREMENTS OF SECTION 25.5-5-408 DO NOT APPLY TO
3 THE RATE-CALCULATION PROCESS FOR PAYMENTS MADE TO MCEs
4 PURSUANT TO THIS SECTION.

5 (III) MCEs PARTICIPATING IN THE PILOT PROGRAM ARE SUBJECT
6 TO THE REQUIREMENTS OF SECTION 25.5-5-404 (1) (k) AND (1) (l), AS
7 APPLICABLE.

8 (IV) PAYMENTS MADE TO MCEs UNDER THE PILOT PROGRAM
9 SHALL ACCOUNT FOR PROSPECTIVE, LOCAL COMMUNITY OR HEALTH
10 SYSTEM COST TRENDS AND VALUES, AS MEASURED BY QUALITY AND
11 SATISFACTION MEASURES, AND SHALL INCORPORATE COMMUNITY COST
12 EXPERIENCE AND REPORTED ENCOUNTER DATA TO THE EXTENT POSSIBLE
13 TO ADDRESS REGIONAL VARIATION AND IMPROVE LONGITUDINAL
14 PERFORMANCE.

15 (V) NOTWITHSTANDING ANY PROVISIONS OF THIS SECTION OR
16 STATE BOARD RULES TO THE CONTRARY, IT IS THE INTENT OF THE GENERAL
17 ASSEMBLY THAT TOTAL PAYMENTS, ADJUSTMENTS, AND INCENTIVES WILL
18 BE BUDGET-NEUTRAL WITH RESPECT TO STATE EXPENDITURES. THE STATE
19 DEPARTMENT SHALL NOT ENTER INTO A CONTRACT WITH A PROVIDER
20 PURSUANT TO THIS SECTION IF THE STATE DEPARTMENT ESTIMATES THAT
21 TOTAL PAYMENTS TO THE PROVIDER WILL BE GREATER THAN WITHOUT THE
22 CONTRACT.

23 (3) PILOT PROGRAM PARTICIPANTS SHALL PROVIDE DATA AND
24 INFORMATION TO THE STATE DEPARTMENT AND ANY DESIGNATED
25 EVALUATOR CONCERNING HEALTH OUTCOMES, COST, PROVIDER
26 PARTICIPATION AND SATISFACTION, CLIENT SATISFACTION, AND ANY
27 OTHER DATA AND INFORMATION NECESSARY TO EVALUATE THE EFFICACY

1 OF THE PAYMENT METHODOLOGY.

2 (4) (a) THE STATE DEPARTMENT SHALL SUBMIT A REPORT TO THE
3 JOINT BUDGET COMMITTEE OF THE GENERAL ASSEMBLY, THE HEALTH AND
4 HUMAN SERVICES COMMITTEE OF THE SENATE, OR ANY SUCCESSOR
5 COMMITTEE, AND THE HEALTH AND ENVIRONMENT COMMITTEE OF THE
6 HOUSE OF REPRESENTATIVES, OR ANY SUCCESSOR COMMITTEE, AS
7 FOLLOWS:

8 (I) ON OR BEFORE FEBRUARY 1, 2013, CONCERNING THE DESIGN
9 AND IMPLEMENTATION OF THE PILOT PROGRAM, INCLUDING A DESCRIPTION
10 OF ANY PAYMENT PROJECTS RECEIVED BY THE STATE DEPARTMENT AND
11 THE TIME FRAME FOR IMPLEMENTATION;

12 (II) ON OR BEFORE SEPTEMBER 15, 2014, CONCERNING THE PILOT
13 PROGRAM AS IMPLEMENTED, INCLUDING BUT NOT LIMITED TO AN ANALYSIS
14 OF THE INITIAL DATA AND INFORMATION CONCERNING THE UTILIZATION OF
15 THE PAYMENT METHODOLOGY, QUALITY MEASURES, AND THE IMPACT OF
16 THE PAYMENT METHODOLOGY ON HEALTH OUTCOMES, COST, PROVIDER
17 PARTICIPATION AND SATISFACTION, AND PATIENT SATISFACTION; AND

18 (III) ON OR BEFORE SEPTEMBER 15, 2015, AND EACH SEPTEMBER
19 15 THAT THE PROGRAM IS BEING IMPLEMENTED, CONCERNING THE
20 PROGRAM AS IMPLEMENTED, INCLUDING BUT NOT LIMITED TO AN ANALYSIS
21 OF THE DATA AND INFORMATION CONCERNING THE UTILIZATION OF THE
22 PAYMENT METHODOLOGY, INCLUDING AN ASSESSMENT OF HOW THE
23 PAYMENT METHODOLOGY DRIVES PROVIDER PERFORMANCE AND
24 PARTICIPATION AND THE IMPACT OF THE PAYMENT METHODOLOGY ON
25 QUALITY MEASURES, HEALTH OUTCOMES, COST, PROVIDER SATISFACTION,
26 AND PATIENT SATISFACTION, COMPARING THOSE OUTCOMES ACROSS ALL
27 PATIENTS UTILIZING EXISTING STATE DEPARTMENT DATA.

1 (b) FOR PURPOSES OF EVALUATING THE PILOT PROGRAM AND
2 PAYMENT METHODOLOGIES, THE STATE DEPARTMENT MAY COLLABORATE
3 WITH A NONPROFIT ENTITY OR AN INSTITUTION OF HIGHER EDUCATION TO
4 ANALYZE AND VERIFY DATA AND INFORMATION RECEIVED FROM PILOT
5 PARTICIPANTS AND TO EVALUATE QUALITY MEASURES AND THE COST
6 EFFECTIVENESS OF THE PAYMENT REFORMS.

7 (5) THE STATE DEPARTMENT SHALL SEEK ANY FEDERAL
8 AUTHORIZATION NECESSARY TO IMPLEMENT THE PILOT PROGRAM.

9 (6) THE STATE DEPARTMENT MAY PROMULGATE ANY RULES
10 NECESSARY TO IMPLEMENT THE PILOT PROGRAM.

11 **25.5-5-416. Report concerning efficient contracting in**
12 **managed care - legislative declaration - repeal.** (1) THE GENERAL
13 ASSEMBLY FINDS AND DECLARES THAT THE STATE DEPARTMENT
14 ADMINISTERS A WIDE VARIETY OF CONTRACTS THAT ARE AUTHORIZED
15 PURSUANT TO THIS PART 4. EACH CONTRACT REQUIRES A SEPARATE
16 ADMINISTRATIVE INFRASTRUCTURE AND THE COMMITMENT OF STATE
17 DEPARTMENT RESOURCES. STREAMLINING AND SIMPLIFYING THE
18 ADMINISTRATIVE STRUCTURE MAY MAKE THE STATE DEPARTMENT MORE
19 EFFICIENT AND ALLOW THE STATE DEPARTMENT TO FOCUS MORE
20 RESOURCES ON IMPROVING VALUE IN HEALTH CARE.

21 (2) ON OR BEFORE JANUARY 1, 2013, THE STATE DEPARTMENT
22 SHALL REPORT TO THE JOINT BUDGET COMMITTEE OF THE GENERAL
23 ASSEMBLY, THE HEALTH AND HUMAN SERVICES COMMITTEE OF THE
24 SENATE, OR ANY SUCCESSOR COMMITTEE, AND THE HEALTH AND
25 ENVIRONMENT COMMITTEE OF THE HOUSE OF REPRESENTATIVES, OR ANY
26 SUCCESSOR COMMITTEE, CONCERNING:

27 (a) AN ASSESSMENT OF THE POLICY GOAL AND EFFICACY OF EACH

1 TYPE OF CONTRACT ADMINISTERED PURSUANT TO THIS PART 4;

2 (b) A COMPARISON OF THE POLICY GOAL WITH THE RELATIVE
3 AMOUNT OF ADMINISTRATIVE COST NECESSARY TO APPROPRIATELY
4 MANAGE EACH PROGRAM; AND

5 (c) RECOMMENDATIONS TO THE GENERAL ASSEMBLY FOR
6 STATUTORY OR OTHER CHANGES NECESSARY TO STREAMLINE AND
7 SIMPLIFY CONTRACTS AUTHORIZED PURSUANT TO THIS PART 4.

8 (3) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2013.

9 **SECTION 3.** In Colorado Revised Statutes, 25.5-5-402, **add** (6)
10 as follows:

11 **25.5-5-402. Statewide managed care system.** (6) FOR REQUESTS
12 FOR PROPOSALS OCCURRING ON AND AFTER JANUARY 1, 2015, THE STATE
13 DEPARTMENT SHALL ALLOW FOR PAYMENT PROPOSALS THAT INCLUDE, BUT
14 NEED NOT BE LIMITED TO, GLOBAL PAYMENT, RISK ADJUSTMENT, RISK
15 SHARING, AND ALIGNED PAYMENT INCENTIVES FOR HEALTH BENEFITS AND
16 SERVICES PROVIDED TO MEDICAL ASSISTANCE CLIENTS PURSUANT TO
17 SECTIONS 25.5-5-404 (1) (k) AND (1) (l), 25.5-5-406 (2), AND PARAGRAPH
18 (b) OF SUBSECTION (2) OF THIS SECTION. THE STATE DEPARTMENT SHALL
19 HAVE THE DISCRETION TO DETERMINE WHICH PROPOSALS SATISFY THE
20 REQUEST FOR PROPOSAL AND ARE APPROPRIATE FOR THE STATE'S
21 COORDINATED CARE SYSTEM, SUBJECT TO THE CRITERIA ESTABLISHED
22 UNDER SECTION 25.5-5-415 (3) (c) (II) AND (3) (c) (V).

23 **SECTION 4.** In Colorado Revised Statutes, 25.5-5-403, **add** (2.5)
24 as follows:

25 **25.5-5-403. Definitions.** As used in this part 4, unless the context
26 otherwise requires:

27 (2.5) "GLOBAL PAYMENT" MEANS A POPULATION-BASED PAYMENT

1 MECHANISM THAT IS CONSTRUCTED ON A PER-MEMBER, PER-MONTH
2 CALCULATION. GLOBAL PAYMENTS SHALL ACCOUNT FOR PROSPECTIVE
3 LOCAL COMMUNITY OR HEALTH SYSTEM COST TRENDS AND VALUE, AS
4 MEASURED BY QUALITY AND SATISFACTION METRICS, AND SHALL
5 INCORPORATE COMMUNITY COST EXPERIENCE AND REPORTED ENCOUNTER
6 DATA TO THE GREATEST EXTENT POSSIBLE TO ADDRESS REGIONAL
7 VARIATION AND IMPROVE LONGITUDINAL PERFORMANCE. RISK
8 ADJUSTMENTS, RISK-SHARING, AND ALIGNED PAYMENT INCENTIVES MAY
9 BE UTILIZED TO ACHIEVE PERFORMANCE IMPROVEMENT. THE RATE
10 CALCULATIONS FOR GLOBAL PAYMENT ARE EXEMPT FROM THE PROVISIONS
11 OF SECTION 25.5-5-408. AN ENTITY THAT USES GLOBAL PAYMENT
12 PURSUANT TO SECTION 25.5-5-404 SHALL MEET THE APPLICABLE
13 FINANCIAL SOLVENCY REQUIREMENTS OF SECTION 25.5-5-404 (1) (k) AND
14 (1) (l), AND THE ESSENTIAL COMMUNITY PROVIDER REQUIREMENTS OF
15 SECTION 25.5-5-404 (2) AND (3).

16 **SECTION 5.** In Colorado Revised Statutes, 25.5-5-406, **add** (2)
17 as follows:

18 **25.5-5-406. Required features of managed care system.**

19 (2) (a) AFTER JANUARY 1, 2015, THE STATE DEPARTMENT SHALL OPEN
20 FOR COMPETITIVE BID THE STATE DEPARTMENT'S MEDICAID COORDINATED
21 CARE SYSTEM WITHIN REGIONS OF THE STATE. BEFORE ISSUING A REQUEST
22 FOR PROPOSAL, THE STATE DEPARTMENT SHALL ANALYZE THE REGIONS OF
23 THE STATE TO DETERMINE THE APPROPRIATE NUMBER OF CARE
24 COORDINATION REGIONS THAT SHOULD BE CREATED. FURTHER, BEFORE
25 ISSUING A REQUEST FOR PROPOSAL, THE STATE DEPARTMENT SHALL ALSO
26 ANALYZE THE APPROPRIATE NUMBER OF CARE COORDINATION CONTRACTS
27 IN EACH REGION OF THE STATE.

1 (b) NOTHING IN THIS SUBSECTION (2) SHALL DELAY THE
2 IMPLEMENTATION OF THE MEDICAID PAYMENT REFORM AND INNOVATION
3 PILOT PROGRAM CREATED IN SECTION 25.5-5-415.

4 **SECTION 6. Appropriation.** (1) In addition to any other
5 appropriation, there is hereby appropriated, to the department of health
6 care policy and financing, for the fiscal year beginning July 1, 2012, the
7 sum of \$213,079 and 0.8 FTE, or so much thereof as may be necessary,
8 to be allocated for the implementation of this act as follows:

9 (a) \$47,538 and 0.8 FTE for personal services, of which sum
10 \$23,769 is from the general fund and \$23,769 is from federal funds;

11 (b) \$5,541 for operating expenses, of which sum \$2,771 is from
12 the general fund and \$2,770 is from federal funds; and,

13 (c) \$160,000 for general professional services, of which sum
14 \$80,000 is from the general fund and \$80,000 is from federal funds.

15 **SECTION 7. Safety clause.** The general assembly hereby finds,
16 determines, and declares that this act is necessary for the immediate
17 preservation of the public peace, health, and safety.