

Second Regular Session
Sixty-eighth General Assembly
STATE OF COLORADO

REVISED

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

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

Health and Human Services
Appropriations

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.

SENATE
Am ended 2nd Reading
May 8, 2012

HOUSE
3rd Reading Unam ended
April 18, 2012

HOUSE
Am ended 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, INCLUDING, BUT NOT LIMITED TO,
2 GAINSHARING, TO ACHIEVE IMPROVED QUALITY AND 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 STATE DEPARTMENT'S ABILITY TO ENSURE THAT
25 INPATIENT AND OUTPATIENT HOSPITAL REIMBURSEMENTS ARE MAXIMIZED
26 UP TO THE UPPER PAYMENT LIMITS, AS DEFINED IN 42 CFR 447.272 AND 42
27 CFR 447.321 AND CALCULATED BY THE STATE DEPARTMENT

1 PERIODICALLY;

2 (D) THE CLIENT POPULATION SERVED BY THE STATE DEPARTMENT'S
3 CURRENT MEDICAID COORDINATED CARE SYSTEM AND THE PARTICULAR
4 HEALTH NEEDS OF THE REGION;

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

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

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

27 (d) (I) THE PAYMENT PROJECTS SELECTED FOR THE PROGRAM

1 SHALL BE FOR A PERIOD OF AT LEAST TWO YEARS, BUT SHALL NOT EXTEND
2 BEYOND JUNE 30, 2016. THE PROVIDER CONTRACT SHALL SPECIFY THE
3 PAYMENT METHODOLOGY UTILIZED IN THE PAYMENT PROJECT.

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

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

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

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

25 (3) PILOT PROGRAM PARTICIPANTS SHALL PROVIDE DATA AND
26 INFORMATION TO THE STATE DEPARTMENT AND ANY DESIGNATED
27 EVALUATOR CONCERNING HEALTH OUTCOMES, COST, PROVIDER

1 PARTICIPATION AND SATISFACTION, CLIENT SATISFACTION, AND ANY
2 OTHER DATA AND INFORMATION NECESSARY TO EVALUATE THE EFFICACY
3 OF THE PAYMENT METHODOLOGY.

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

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

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

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

1 AND PATIENT SATISFACTION, COMPARING THOSE OUTCOMES ACROSS ALL
2 PATIENTS UTILIZING EXISTING STATE DEPARTMENT DATA.

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

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

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

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

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

1 SUCCESSOR COMMITTEE, CONCERNING:

2 (a) AN ASSESSMENT OF THE POLICY GOAL AND EFFICACY OF EACH
3 TYPE OF CONTRACT ADMINISTERED PURSUANT TO THIS PART 4;

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

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

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

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

13 **25.5-5-402. Statewide managed care system.** (6) (a) FOR
14 REQUESTS FOR PROPOSALS OCCURRING ON AND AFTER JANUARY 1, 2015,
15 THE STATE DEPARTMENT SHALL ALLOW FOR PAYMENT PROPOSALS THAT
16 INCLUDE, BUT NEED NOT BE LIMITED TO, GLOBAL PAYMENT, RISK
17 ADJUSTMENT, RISK SHARING, AND ALIGNED PAYMENT INCENTIVES,
18 INCLUDING, BUT NOT LIMITED TO, GAINSHARING, FOR HEALTH BENEFITS
19 AND SERVICES PROVIDED TO MEDICAL ASSISTANCE CLIENTS PURSUANT TO
20 SECTIONS 25.5-5-404 (1) (k) AND (1) (l), 25.5-5-406 (2), AND PARAGRAPH
21 (b) OF SUBSECTION (2) OF THIS SECTION.

22 (b) THE STATE DEPARTMENT SHALL HAVE THE DISCRETION TO
23 DETERMINE WHICH PROPOSALS SATISFY THE REQUEST FOR PROPOSAL,
24 INCLUDING:

25 (I) WHETHER THE PROPOSALS ARE APPROPRIATE FOR THE STATE'S
26 COORDINATED CARE SYSTEM; AND

27 (II) THE STATE DEPARTMENT'S ABILITY TO ENSURE INPATIENT AND

1 OUTPATIENT HOSPITAL REIMBURSEMENTS ARE MAXIMIZED UP TO THE
2 UPPER LIMITS, AS DEFINED IN 42 CFR 447.272 AND 42 CFR 447.321 AND
3 CALCULATED BY THE STATE DEPARTMENT PERIODICALLY.

4 (c) THE STATE DEPARTMENT MAY SEEK ANY FEDERAL WAIVER
5 NECESSARY TO ENSURE THAT THE EFFECT OF THE REQUEST FOR PROPOSALS
6 DOES NOT ADVERSELY IMPACT UPPER PAYMENT LIMITS AND
7 CONSIDERATIONS SHALL INCLUDE, BUT ARE NOT LIMITED TO, THE
8 ESTABLISHMENT OF AN UNCOMPENSATED CARE COST POOL OR A HOSPITAL
9 INCENTIVE PROGRAM.

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

12 **25.5-5-403. Definitions.** As used in this part 4, unless the context
13 otherwise requires:

14 (2.5) "GLOBAL PAYMENT" MEANS A POPULATION-BASED PAYMENT
15 MECHANISM THAT IS CONSTRUCTED ON A PER-MEMBER, PER-MONTH
16 CALCULATION. GLOBAL PAYMENTS SHALL ACCOUNT FOR PROSPECTIVE
17 LOCAL COMMUNITY OR HEALTH SYSTEM COST TRENDS AND VALUE, AS
18 MEASURED BY QUALITY AND SATISFACTION METRICS, AND SHALL
19 INCORPORATE COMMUNITY COST EXPERIENCE AND REPORTED ENCOUNTER
20 DATA TO THE GREATEST EXTENT POSSIBLE TO ADDRESS REGIONAL
21 VARIATION AND IMPROVE LONGITUDINAL PERFORMANCE. RISK
22 ADJUSTMENTS, RISK-SHARING, AND ALIGNED PAYMENT INCENTIVES MAY
23 BE UTILIZED TO ACHIEVE PERFORMANCE IMPROVEMENT. THE RATE
24 CALCULATIONS FOR GLOBAL PAYMENT ARE EXEMPT FROM THE PROVISIONS
25 OF SECTION 25.5-5-408. AN ENTITY THAT USES GLOBAL PAYMENT
26 PURSUANT TO SECTION 25.5-5-404 SHALL MEET THE APPLICABLE
27 FINANCIAL SOLVENCY REQUIREMENTS OF SECTION 25.5-5-404 (1) (k) AND

1 (1) (1), AND THE ESSENTIAL COMMUNITY PROVIDER REQUIREMENTS OF
2 SECTION 25.5-5-404 (2) AND (3).

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

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

6 (2) (a) AFTER JANUARY 1, 2015, THE STATE DEPARTMENT SHALL OPEN
7 FOR COMPETITIVE BID THE STATE DEPARTMENT'S MEDICAID COORDINATED
8 CARE SYSTEM WITHIN REGIONS OF THE STATE. BEFORE ISSUING A REQUEST
9 FOR PROPOSAL, THE STATE DEPARTMENT SHALL ANALYZE THE REGIONS OF
10 THE STATE TO DETERMINE THE APPROPRIATE NUMBER OF CARE
11 COORDINATION REGIONS THAT SHOULD BE CREATED. FURTHER, BEFORE
12 ISSUING A REQUEST FOR PROPOSAL, THE STATE DEPARTMENT SHALL ALSO
13 ANALYZE THE APPROPRIATE NUMBER OF CARE COORDINATION CONTRACTS
14 IN EACH REGION OF THE STATE.

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

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

23 (a) \$47,538 and 0.8 FTE for personal services, of which sum
24 \$23,769 is from the general fund and \$23,769 is from federal funds;

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

27 (c) \$160,000 for general professional services, of which sum

1 \$80,000 is from the general fund and \$80,000 is from federal funds.

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