

HOUSE COMMITTEE OF REFERENCE REPORT

Chairman of Committee

March 27, 2012
Date

Committee on Appropriations.

After consideration on the merits, the Committee recommends the following:

HB12-1281 be amended as follows, and as so amended, be referred to the Committee of the Whole with favorable recommendation:

- 1 Amend printed bill, page 3, line 14, strike "**definitions** -".
- 2 Page 4, line 13, strike "ACCOUNTABLE CARE".
- 3 Page 4, line 14, strike "COLLABORATIVE" and substitute "STATE
4 DEPARTMENT'S CURRENT MEDICAID COORDINATED CARE SYSTEM".
- 5 Page 4, strike lines 16 through 27.
- 6 Page 5, strike lines 1 and 2.
- 7 Renumber succeeding subsections accordingly.
- 8 Page 5, line 9, strike "RCCOs" and substitute "CONTRACTORS OF THE
9 STATE DEPARTMENT'S CURRENT MEDICAID COORDINATED CARE SYSTEM".
- 10 Page 5, line 16, strike "RCCO" and substitute "STATE DEPARTMENT'S
11 CURRENT MEDICAID COORDINATED CARE SYSTEM".
- 12 Page 5, line 17, strike "RCCO" and substitute "STATE DEPARTMENT'S
13 CURRENT MEDICAID COORDINATED CARE SYSTEM".
- 14 Page 5, line 18, strike "RCCO" and substitute "CONTRACTOR OF THE
15 STATE DEPARTMENT'S CURRENT MEDICAID COORDINATED CARE SYSTEM".

- 1 Page 5, line 19, strike "RCCO" and substitute "CONTRACTOR OF THE
2 STATE DEPARTMENT'S CURRENT MEDICAID COORDINATED CARE SYSTEM".
- 3 Page 5, line 21, strike "APRIL" and substitute "JULY".
- 4 Page 5, line 23, strike the second "IN".
- 5 Page 5, strike lines 24 through 26.
- 6 Page 6, line 7, strike "ACC" and substitute "STATE DEPARTMENT'S
7 CURRENT MEDICAID COORDINATED CARE SYSTEM".
- 8 Page 6, line 9, strike "RCCO" and substitute "STATE DEPARTMENT'S
9 CURRENT MEDICAID COORDINATED CARE SYSTEM".
- 10 Page 6, line 13, strike "RCCO" and substitute "CONTRACTOR OF THE
11 STATE DEPARTMENT'S CURRENT MEDICAID COORDINATED CARE SYSTEM".
- 12 Page 6, line 14, strike "RCCO" and substitute "CONTRACTOR OF THE
13 STATE DEPARTMENT'S CURRENT MEDICAID COORDINATED CARE SYSTEM".
- 14 Page 6, line 16, strike "RCCO" and substitute "CONTRACTOR OF THE
15 STATE DEPARTMENT'S CURRENT MEDICAID COORDINATED CARE SYSTEM".
- 16 Page 6, line 21, strike "RCCO," and substitute "CONTRACTOR OF THE
17 STATE DEPARTMENT'S CURRENT MEDICAID COORDINATED CARE SYSTEM,".
- 18 Page 6, line 22, strike "APRIL" and substitute "JULY".
- 19 Page 8, line 12, strike "SEPTEMBER 15," and substitute "FEBRUARY 1,".
- 20 Page 8, line 14, strike the first "THE" and substitute "ANY" and strike
21 "SELECTED" and substitute "RECEIVED BY THE STATE DEPARTMENT".
- 22 Page 10, strike lines 13 through 22 and substitute:
- 23 **"SECTION 3.** In Colorado Revised Statutes, 25.5-5-402, **add** (6),
24 (7), and (8) as follows:
25 **25.5-5-402. Statewide managed care system.** (6) FOR REQUESTS
26 FOR PROPOSALS OCCURRING ON AND AFTER JANUARY 1, 2015, THE

1 DEPARTMENT SHALL ALLOW GLOBAL PAYMENT FOR HEALTH BENEFITS AND
2 SERVICES PROVIDED TO MEDICAL ASSISTANCE CLIENTS PURSUANT TO
3 SECTIONS 25.5-5-404 (1) (k) AND (1) (l), 25.5-5-406 (2), AND PARAGRAPH
4 (b) OF SUBSECTION (2) OF THIS SECTION. THE STATE DEPARTMENT SHALL
5 HAVE THE DISCRETION TO DETERMINE WHICH PROPOSALS SATISFY THE
6 REQUEST FOR PROPOSAL AND ARE APPROPRIATE FOR THE STATE'S
7 COORDINATED CARE SYSTEM.

8 (7) AN ENTITY THAT PROVIDES FOR THE COORDINATION AND
9 INTEGRATION OF CARE WITHIN THE STATE DEPARTMENT'S MEDICAID
10 COORDINATED CARE SYSTEM, THAT SUBMITS A PAYMENT PROJECT FOR A
11 GLOBAL PAYMENT PURSUANT TO SECTION 25.5-5-415 OR SECTION 25.5-5-
12 406, SHALL SEEK PROPOSALS FROM EACH ESSENTIAL COMMUNITY
13 PROVIDER IN THE REGION IN WHICH THE ENTITY HAS CLIENTS FOR THOSE
14 SERVICES THAT THE ESSENTIAL COMMUNITY PROVIDER PROVIDES OR IS
15 CAPABLE OF PROVIDING. TO ASSIST AN ENTITY THAT PROVIDES FOR THE
16 COORDINATION AND INTEGRATION OF CARE WITHIN THE STATE
17 DEPARTMENT'S MEDICAID COORDINATED CARE SYSTEM IN SEEKING
18 PROPOSALS FROM ESSENTIAL COMMUNITY PROVIDERS WITHIN THE
19 ENTITY'S CLIENT REGION, THE STATE DEPARTMENT SHALL PROVIDE THE
20 ENTITY WITH A LIST OF ESSENTIAL COMMUNITY PROVIDERS WITHIN THE
21 ENTITY'S CLIENT REGION. THE ENTITY THAT PROVIDES FOR THE
22 COORDINATION AND INTEGRATION OF CARE WITHIN THE STATE
23 DEPARTMENT'S MEDICAID COORDINATED CARE SYSTEM SHALL CONSIDER
24 SUCH PROPOSALS IN GOOD FAITH AND SHALL, WHEN DEEMED REASONABLE
25 BY THE ENTITY, BASED ON THE NEEDS OF ITS CLIENTS, CONTRACT WITH
26 ESSENTIAL COMMUNITY PROVIDERS. EACH ESSENTIAL COMMUNITY
27 PROVIDER SHALL BE WILLING TO NEGOTIATE ON REASONABLY EQUITABLE
28 TERMS WITH THE ENTITY THAT PROVIDES FOR THE COORDINATION AND
29 INTEGRATION OF CARE WITHIN THE STATE DEPARTMENT'S MEDICAID
30 COORDINATED CARE SYSTEM. EACH ESSENTIAL COMMUNITY PROVIDER
31 MAKING A PROPOSAL TO THE ENTITY THAT PROVIDES FOR THE
32 COORDINATION AND INTEGRATION OF CARE WITHIN THE STATE
33 DEPARTMENT'S MEDICAID COORDINATED CARE SYSTEM SHALL BE ABLE TO
34 MEET THE CONTRACTUAL REQUIREMENTS OF THE ENTITY. THE
35 REQUIREMENTS OF THIS SUBSECTION (7) DO NOT APPLY TO A MANAGED
36 CARE ORGANIZATION WITHIN AN ENTITY THAT PROVIDES FOR THE
37 COORDINATION AND INTEGRATION OF CARE WITHIN THE STATE
38 DEPARTMENT'S MEDICAID COORDINATED CARE SYSTEM THAT OPERATES
39 ENTIRELY AS A GROUP MODEL HEALTH MAINTENANCE ORGANIZATION.

40 (8) IN SELECTING GLOBAL PAYMENT PROJECTS PURSUANT TO
41 SECTION 25.5-5-415 OR SECTION 25.5-5-406, THE DEPARTMENT SHALL

1 GIVE PREFERENCE TO THOSE PAYMENT PROJECTS IN WHICH AN ENTITY
2 THAT PROVIDES FOR THE COORDINATION AND INTEGRATION OF CARE
3 WITHIN THE STATE DEPARTMENT'S MEDICAID COORDINATED CARE SYSTEM
4 HAS EXECUTED CONTRACTS FOR SERVICES WITH ONE OR MORE ESSENTIAL
5 COMMUNITY PROVIDERS UNLESS CONTRACTING WITH ESSENTIAL
6 COMMUNITY PARTNERS RESULTS IN A NET INCREASE IN THE COST OF
7 PROVIDING SERVICES UNDER THE PAYMENT PROJECT. THE FACT THAT A
8 GLOBAL PAYMENT PROJECT INCLUDES COST-BASED REIMBURSEMENTS TO
9 FEDERALLY QUALIFIED HEALTH CENTERS, AS DEFINED IN THE FEDERAL
10 "SOCIAL SECURITY ACT," SHALL NOT NEGATIVELY AFFECT AN ENTITY
11 THAT PROVIDES FOR THE COORDINATION AND INTEGRATION OF CARE
12 WITHIN THE STATE DEPARTMENT'S MEDICAID COORDINATED CARE SYSTEM
13 IN THE SELECTION PROCESS FOR GLOBAL PAYMENT PROJECTS PURSUANT TO
14 SECTION 25.5-5-415 OR SECTION 25.5-5-406.

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

17 **25.5-5-403. Definitions.** As used in this part 4, unless the context
18 otherwise requires:

19 (2.5) "GLOBAL PAYMENT" MEANS A POPULATION-BASED PAYMENT
20 MECHANISM THAT IS CONSTRUCTED ON A PER-MEMBER, PER-MONTH
21 CALCULATION. GLOBAL PAYMENTS SHALL ACCOUNT FOR PROSPECTIVE
22 LOCAL COMMUNITY OR HEALTH SYSTEM COST TRENDS AND VALUE, AS
23 MEASURED BY QUALITY AND SATISFACTION METRICS, AND SHALL
24 INCORPORATE COMMUNITY COST EXPERIENCE AND REPORTED ENCOUNTER
25 DATA TO THE GREATEST EXTENT POSSIBLE TO ADDRESS REGIONAL
26 VARIATION AND IMPROVE LONGITUDINAL PERFORMANCE. RISK
27 ADJUSTMENTS, RISK-SHARING, AND ALIGNED PAYMENT INCENTIVES MAY
28 BE UTILIZED TO ACHIEVE PERFORMANCE IMPROVEMENT. THE RATE
29 CALCULATIONS FOR GLOBAL PAYMENT ARE EXEMPT FROM THE PROVISIONS
30 OF SECTION 25.5-5-408. AN ENTITY THAT USES GLOBAL PAYMENT
31 PURSUANT TO SECTION 25.5-5-406 SHALL MEET THE APPLICABLE
32 FINANCIAL SOLVENCY REQUIREMENTS OF SECTION 25.5-5-406 (1) (k) AND
33 (1) (l).

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

36 **25.5-5-406. Required features of managed care system.**

37 (2) (a) AFTER JANUARY 1, 2015, THE STATE DEPARTMENT SHALL OPEN
38 FOR COMPETITIVE BID THE STATE DEPARTMENT'S MEDICAID COORDINATED
39 CARE SYSTEM WITHIN REGIONS OF THE STATE. BEFORE ISSUING A REQUEST
40 FOR PROPOSAL, THE STATE DEPARTMENT SHALL ANALYZE THE REGIONS OF
41 THE STATE TO DETERMINE THE APPROPRIATE NUMBER OF CARE

1 COORDINATION CONTRACTS THAT SHOULD BE AWARDED. FURTHER,
2 BEFORE ISSUING A REQUEST FOR PROPOSAL, THE STATE DEPARTMENT
3 SHALL ALSO ANALYZE THE APPROPRIATE NUMBER OF CARE COORDINATION
4 CONTRACTS IN EACH REGION OF THE STATE.

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

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

13 (a) \$47,538 and 0.8 FTE for personal services, of which sum
14 \$23,769 is from the general fund and \$23,769 is from federal funds;

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

17 (c) \$160,000 for general professional services, of which sum
18 \$80,000 is from the general fund and \$80,000 is from federal funds.

19 **SECTION 7. 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."

22 Page 1, line 102, strike "MEDICAID." and substitute "MEDICAID, AND, IN
23 CONNECTION THEREWITH, MAKING AN APPROPRIATION."

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