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. 12-0520.01 Christy Chase x2008

HOUSE BILL 12-1294

HOUSE SPONSORSHIP

Liston, Todd, Acree, Gardner B., Kerr J., Massey, Miklosi, Murray, Priola, Ramirez, Soper, Swalm, Swerdfeger, Szabo

SENATE SPONSORSHIP

Tochtrop, Boyd, Mitchell, Neville, White

House Committees

Economic and Business Development Health and Environment

Senate Committees

Business, Labor and Technology Appropriations

A BILL FOR AN ACT

101	CONCERNING MODIFICATIONS TO THE SYSTEM OF REGULATION OF
102	HEALTH FACILITIES CURRENTLY REGULATED BY THE
103	DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, AND, IN
104	CONNECTION 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.)

Under current law, the department of public health and environment (CDPHE) licenses and establishes, and enforces standards

SENATE Am ended 2nd Reading May 1 2012

HOUSE 3rd Reading Unam ended April 18, 2012

HOUSE ended 2nd Reading April 17, 2012

Shading denotes HOUSE amendment. <u>Double underlining denotes SENATE amendment.</u>

Capital letters indicate new material to be added to existing statute.

Dashes through the words indicate deletions from existing statute.

for the operation of, health facilities in the state, including rehabilitation centers, community mental health centers, acute treatment units, facilities for persons with developmental disabilities, nursing care facilities, hospice care, assisted living residences, and home care agencies. CDPHE conducts periodic, announced and unannounced inspections of licensed facilities to ensure compliance with the standards it develops. The state board of health (board) is required to establish by rule a schedule of fees to be assessed against health facilities that is sufficient to meet CDPHE's direct and indirect costs in regulating health facilities.

Additionally, under current law, both CDPHE and the department of human services (DHS) jointly regulate community residential homes for persons with developmental disabilities.

Section 1 of the bill declares that the legislative intent of the bill is to eliminate duplication and unnecessary government oversight in the regulation of health facilities in Colorado.

Sections 2, 3, 4, and 12 eliminate CDPHE's authority to license and develop standards for the operation of community residential homes, shifting oversight of these homes solely to DHS. Additionally, if home care agency personal care services, which are otherwise regulated by CDPHE, are provided by a service agency that delivers services and supports to persons with developmental disabilities, DHS is tasked with inspecting those services in conjunction and simultaneously with its inspection of the community residential home. DHS is directed to institute an abbreviated, periodic inspection system for community residential homes and a performance incentive system to reduce license renewal fees for community residential homes for which no significant deficiencies that negatively affect the life, health, and safety of their consumers have been found by DHS.

Sections 2, 3, and 4 also:

- Priority of the Require CDPHE to develop an abbreviated, periodic inspection system, which it must use for health facilities that have been licensed for at least 3 years and have not been subject to any enforcement activity or substantiated complaints resulting in the discovery of significant deficiencies that negatively affect the life, health, or safety of consumers of the facilities within the prior 3 years;
- ! Restrict the ability of CDPHE, when considering a license application or a request to approve new construction or remodel of a health facility, to impose standards for construction that are more stringent than, or do not comply with, applicable national, state, and local building and fire codes;
- ! With regard to the dual responsibilities of CDPHE and DHS over community mental health centers and acute treatment units, require the departments to consider

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- changes in health care policy and practice that incorporate integrated health care services;
- ! Limit CDPHE's licensure authority over community clinics to those community clinics that: Provide health care services on an ambulatory basis; are not licensed as an on-campus department or service of a hospital or listed as an off-campus location under a hospital's license; and either operate inpatient beds or provide emergency services at the facility. CDPHE retains authority to license prison clinics regulated by the department of corrections.
- ! Require CDPHE to determine an applicant's fitness to conduct and maintain a health facility based solely on specific fitness information or documentation submitted by the applicant or obtained by CDPHE through its own review or investigation of the applicant; and
- ! Eliminate the ability of CDPHE to conduct a fitness review of a new owner of a facility unless the transfer of ownership results in a transfer of at least 50% of direct or indirect ownership interest in the facility or business to one or more new owners.

Under **sections 5 and 12**, a licensed health facility, program of all-inclusive care for the elderly (PACE) provider, or community residential home that applies to renew its license may submit evidence of its accreditation by a nationally recognized accrediting body or regulation pursuant to a 3-way agreement between the PACE provider, the centers for medicare and medicaid services (CMS), and the department of health care policy and financing (HCPF), as applicable, in which case CDPHE or, for purposes of community residential homes, DHS is to deem that accreditation, regulation, or certification as satisfaction of the state licensing requirements. CDPHE or DHS, as applicable, is permitted to request additional information from a facility if the state's standards for licensure of that type of facility are more stringent than the applicable standards for accreditation, regulation, or certification.

Sections 6 and 7 prohibit the board from increasing provisional or full license fees above the levels set in rules as of the effective date of the sections. The board retains the ability to lower the fee amounts. Section 7 further requires CDPHE to develop a performance incentive system to provide a reduction in license renewal fees for health facilities that have no significant deficiencies that negatively affect the life, health, or safety of consumers of the facility.

Section 8 establishes the health care industry facility advisory council (advisory council) in CDPHE to advise the department and the board on matters related to state licensure of health care facilities. The purpose of the advisory council is to:

Advise CDPHE and the board on proposed standards for

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- the operation of licensed health care facilities;
- ! Review and make recommendations to CDPHE and the board on proposed new or amended rules regarding health care facility licensure;
- ! Review and make recommendations to CDPHE and the board regarding modifications to licensing fees;
- ! Review and make recommendations concerning CDPHE guidelines, policies, and procedures for licensure; and
- ! Seek advice and counsel from outside experts when it deems necessary.

CDPHE and the board are required to accept and take the advisory council's recommendations into consideration before taking action on any of the matters on which the advisory council submits recommendations. Under **section 9**, the advisory council is subject to sunset review by the department of regulatory agencies and repeal on September 1, 2022, unless continued by the general assembly.

Section 10 clarifies that home care placement agencies are not licensed or certified by CDPHE and prohibits home care placement agencies from making such a claim. Noncompliance with this prohibition subjects a home care placement agency to a civil penalty imposed by CDPHE.

For purposes of board rules pertaining to the regulation of home care agencies, **section 11** requires the board to establish different requirements that are appropriate based on the type of facility or provider delivering the services to the home care consumer and prohibits the board from requiring PACE providers to submit information that is redundant or inconsistent with the federal requirements the PACE provider is subject to pursuant to its 3-way agreement with CMS and HCPF.

Section 13 prohibits an appropriation of state funds to implement the bill.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly

- 3 hereby finds, determines, and declares that:
- 4 (a) In his state of the state address to the general assembly in
- 5 2011, the governor spoke of his goal that government should be effective,
- 6 efficient, and elegant;

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- 7 (b) The purpose of this measure is to facilitate that goal by
- 8 eliminating duplication and unnecessary government oversight and

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1	regulation of health facilities in the state;
2	(c) While state regulation and oversight of health facilities that
3	house or care for patients is needed to protect patients from abuse or
4	avoidable accidents, overly burdensome regulations and unrestrained
5	licensure and fees diminish the viability of businesses and the
6	productivity of caregivers;
7	(d) When regulation is onerous and superfluous, providers waste
8	resources and a client's quality of care is diminished. Eliminating and
9	reducing regulation provides vitality to businesses and an opportunity to
10	deliver an even higher quality of care.
11	(e) The regulatory system that governs health facilities needs to
12	reward providers that have commendable records of patient service and
13	protection and offer relief from the burdens and costs associated with
14	wasteful state regulation;
15	(f) Overly burdensome and inefficient regulation can result in
16	fewer private sector jobs and can lower the quality of care as vital
17	resources are diverted to red tape and paperwork. Savings to the state and
18	to health facilities are likely if inefficient and ineffective regulation is
19	reduced.
20	(g) If initiatives to reduce such regulation are adopted:
21	(I) Health facilities will be able to better apply their resources,
22	produce needed jobs, provide better health care, and stimulate the
23	economy in these difficult times; and
24	(II) The state will save costs and be able to divert those savings to
25	other critical areas.
26	SECTION 2. In Colorado Revised Statutes, 25-1.5-103, amend

(1) (a) (I), (1) (c), and (2) (a.5) introductory portion; and **add**_____(2)

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(b.5) as follows:

25-1.5-103. Health facilities - powers and duties of department - limitations on rules promulgated by department. (1) The department has, in addition to all other powers and duties imposed upon it by law, the powers and duties provided in this section as follows:

- (a) (I) (A) To annually license and to establish and enforce standards for the operation of general hospitals, hospital units as defined in section 25-3-101 (2), psychiatric hospitals, community clinics, rehabilitation centers HOSPITALS, convalescent centers, community mental health centers, acute treatment units, facilities for persons with developmental disabilities, habilitation centers for brain-damaged children, chiropractic centers and hospitals, maternity hospitals, nursing care facilities, the pilot project rehabilitative nursing facility, hospice care, assisted living residences, dialysis treatment clinics, ambulatory surgical centers, birthing centers, home care agencies, and other facilities of a like nature, except those wholly owned and operated by any governmental unit or agency.
- (B) In establishing and enforcing such standards and in addition to the required announced inspections, the department shall, within available appropriations, make additional inspections without prior notice to the HEALTH facility, SUBJECT TO SUB-SUBPARAGRAPH (C) OF THIS SUBPARAGRAPH (I). Such inspections shall be made only during the hours of 7 a.m. to 7 p.m.
- (C) THE DEPARTMENT SHALL EXTEND THE SURVEY CYCLE OR

 CONDUCT A TIERED INSPECTION OR SURVEY OF A HEALTH FACILITY

 LICENSED FOR AT LEAST THREE YEARS AND AGAINST WHICH NO

 ENFORCEMENT ACTIVITY HAS BEEN TAKEN, NO PATTERNS OF DEFICIENT

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1	PRACTICES EXIST, AS DOCUMENTED IN THE INSPECTION AND SURVEY
2	REPORTS ISSUED BY THE DEPARTMENT, AND NO SUBSTANTIATED
3	COMPLAINT RESULTING IN THE DISCOVERY OF SIGNIFICANT DEFICIENCIES
4	THAT MAY NEGATIVELY AFFECT THE LIFE, HEALTH, OR SAFETY OF
5	CONSUMERS OF THE HEALTH FACILITY HAS BEEN RECEIVED WITHIN THE
6	THREE YEARS PRIOR TO THE DATE OF THE INSPECTION. THE DEPARTMENT
7	MAY EXPAND THE SCOPE OF THE INSPECTION OR SURVEY TO AN EXTENDED
8	OR FULL SURVEY IF THE DEPARTMENT FINDS DEFICIENT PRACTICE DURING
9	THE TIERED INSPECTION OR SURVEY. THE DEPARTMENT, BY RULE, SHALL
10	ESTABLISH A SCHEDULE FOR AN EXTENDED SURVEY CYCLE OR A TIERED
11	INSPECTION OR SURVEY SYSTEM DESIGNED, AT A MINIMUM, TO: REDUCE
12	THE TIME NEEDED FOR AND COSTS OF LICENSURE INSPECTIONS FOR BOTH
13	THE DEPARTMENT AND THE LICENSED HEALTH FACILITY; REDUCE THE
14	NUMBER, FREQUENCY, AND DURATION OF ON-SITE INSPECTIONS; REDUCE
15	THE SCOPE OF DATA AND INFORMATION THAT HEALTH FACILITIES ARE
16	REQUIRED TO SUBMIT OR PROVIDE TO THE DEPARTMENT IN CONNECTION
17	WITH THE LICENSURE INSPECTION; REDUCE THE AMOUNT AND SCOPE OF
18	DUPLICATIVE DATA, REPORTS, AND INFORMATION REQUIRED TO COMPLETE
19	THE LICENSURE INSPECTION; AND BE BASED ON A SAMPLE OF THE FACILITY
20	SIZE. NOTHING IN THIS SUB-SUBPARAGRAPH (C) LIMITS THE ABILITY OF
21	THE DEPARTMENT TO CONDUCT A PERIODIC INSPECTION OR SURVEY THAT
22	IS REQUIRED TO MEET ITS OBLIGATIONS AS A STATE SURVEY AGENCY ON
23	BEHALF OF THE CENTERS FOR MEDICARE AND MEDICAID SERVICES OR THE
24	DEPARTMENT OF HEALTH CARE POLICY AND FINANCING TO ASSURE THAT
25	THE HEALTH FACILITY MEETS THE REQUIREMENTS FOR PARTICIPATION IN
26	THE MEDICARE AND MEDICAID PROGRAMS.

(D) IN CONNECTION WITH THE RENEWAL OF LICENSES ISSUED

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1	PURSUANT TO THIS SUBPARAGRAPH (I), THE DEPARTMENT SHALL
2	INSTITUTE A PERFORMANCE INCENTIVE SYSTEM PURSUANT TO SECTION
3	25-3-105 (1) (a) (I) (C).
4	(E) THE DEPARTMENT SHALL NOT CITE AS A DEFICIENCY IN A
5	REPORT RESULTING FROM A SURVEY OR INSPECTION OF A LICENSED
6	HEALTH FACILITY ANY DEFICIENCY FROM AN ISOLATED EVENT IDENTIFIED
7	BY THE DEPARTMENT THAT CAN BE EFFECTIVELY REMEDIED DURING
8	THE SURVEY OR INSPECTION OF THE HEALTH FACILITY, UNLESS THE
9	DEFICIENCY CAUSED HARM OR A POTENTIAL FOR HARM, CREATED A LIFE-
10	OR LIMB-THREATENING EMERGENCY, OR WAS DUE TO ABUSE OR NEGLECT.
11	(F) SECTIONS 24-4-104, C.R.S., AND 25-3-102 GOVERN the
12	issuance, suspension, renewal, revocation, annulment, or modification of
13	licenses. shall be governed by the provisions of section 24-4-104, C.R.S.,
14	and section 25-3-102, and All licenses shall bear ISSUED BY THE
15	DEPARTMENT MUST CONTAIN the date of issue and cover a twelve-month
16	period. Nothing contained in this paragraph (a) shall be construed to
17	prevent PREVENTS the department from adopting and enforcing, with
18	respect to projects for which federal assistance has been obtained or shall
19	be IS requested, such higher standards as may be required by applicable
20	federal laws or regulations of federal agencies responsible for the
21	administration of such APPLICABLE federal laws.
22	_
23	(c) (I) To establish and enforce standards for licensure of

(II) The department of public health and environment shall have the HAS primary responsibility for the licensure of such facilities COMMUNITY MENTAL HEALTH CENTERS AND ACUTE TREATMENTS UNITS.

community mental health centers and acute treatment units.

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1	The department of human services shall have HAS primary responsibility
2	for program approval AT THESE FACILITIES. IN PERFORMING THEIR
3	RESPECTIVE RESPONSIBILITIES PURSUANT TO THIS SUBPARAGRAPH (II),
4	BOTH DEPARTMENTS SHALL TAKE INTO ACCOUNT CHANGES IN HEALTH
5	CARE POLICY AND PRACTICE INCORPORATING THE CONCEPT AND PRACTICE
6	OF INTEGRATION OF SERVICES AND THE DEVELOPMENT OF A SYSTEM THAT
7	COMMINGLES AND INTEGRATES HEALTH CARE SERVICES.
8	(2) For purposes of this section, unless the context otherwise
9	requires:
10	(a.5) "Community clinic" HAS THE SAME MEANING AS SET FORTH
11	IN SECTION 25-3-101 AND does not include:
12	(b.5) "Enforcement activity" means the imposition of
13	REMEDIES SUCH AS CIVIL MONEY PENALTIES; APPOINTMENT OF A RECEIVER
14	OR TEMPORARY MANAGER; CONDITIONAL LICENSURE; SUSPENSION OR
15	REVOCATION OF A LICENSE; A DIRECTED PLAN OF CORRECTION;
16	INTERMEDIATE RESTRICTIONS OR CONDITIONS, INCLUDING RETAINING A
17	CONSULTANT, DEPARTMENT MONITORING, OR PROVIDING ADDITIONAL
18	TRAINING TO EMPLOYEES, OWNERS, OR OPERATORS; OR ANY OTHER
19	REMEDY PROVIDED BY STATE OR FEDERAL LAW OR AS AUTHORIZED BY
20	FEDERAL SURVEY, CERTIFICATION, AND ENFORCEMENT REGULATIONS AND
21	AGREEMENTS FOR VIOLATIONS OF FEDERAL OR STATE LAW.
22	SECTION 3. In Colorado Revised Statutes, 25-3-101, amend (1)
23	and (2) (a); and add (4) as follows:
24	25-3-101. Hospitals - health facilities - licensed - definitions.
25	(1) It is unlawful for any person, partnership, association, or corporation
26	to open, conduct, or maintain any general hospital, hospital unit,
27	psychiatric hospital, community clinic, rehabilitation center HOSPITAL,

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1	convalescent center, community mental nearth center, acute treatment
2	unit, facility for persons with developmental disabilities, habilitation
3	center for children with brain damage, chiropractic center and hospital,
4	maternity hospital, AS DEFINED IN SECTION 25-1.5-103 (2) (c), nursing care
5	facility, pilot project rehabilitative nursing facility, hospice care, assisted
6	living residence, except an assisted living residence shall be assessed a
7	license fee as set forth in section 25-27-107, dialysis treatment clinic,
8	ambulatory surgical center, birthing center, home care agency, or other
9	facility of a like nature, except those wholly owned and operated by any
10	governmental unit or agency, without first having obtained a license
11	therefor from the department of public health and environment.
12	(2) As used in this section, unless the context otherwise requires:
13	(a) (I) "COMMUNITY CLINIC" MEANS A HEALTH CARE FACILITY
14	THAT PROVIDES HEALTH CARE SERVICES ON AN AMBULATORY BASIS, IS
15	NEITHER LICENSED AS AN ON-CAMPUS DEPARTMENT OR SERVICE OF A
16	HOSPITAL NOR LISTED AS AN OFF-CAMPUS LOCATION UNDER A HOSPITAL'S
17	LICENSE, AND MEETS AT LEAST ONE OF THE FOLLOWING CRITERIA:
18	(A) OPERATES INPATIENT BEDS AT THE FACILITY FOR THE
19	PROVISION OF EXTENDED OBSERVATION AND OTHER RELATED SERVICES
20	FOR NOT MORE THAN SEVENTY-TWO HOURS;
21	(B) PROVIDES EMERGENCY SERVICES AT THE FACILITY; OR
22	(C) IS NOT OTHERWISE SUBJECT TO HEALTH FACILITY LICENSURE
23	UNDER THIS SECTION OR SECTION 25-1.5-103 BUT OPTS TO OBTAIN
24	LICENSURE AS A COMMUNITY CLINIC IN ORDER TO RECEIVE PRIVATE
25	DONATIONS, GRANTS, GOVERNMENT FUNDS, OR OTHER PUBLIC OR PRIVATE
26	REIMBURSEMENT FOR SERVICES RENDERED.
27	(II) "COMMUNITY CLINIC" INCLUDES A PRISON CLINIC OPERATED

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1	BY THE DEPARTMENT OF CORRECTIONS.
2	(III) "Community clinic" does not include:
3	(I) (A) A federally qualified health center, as defined in section
4	1861 (aa) (4) of the federal "Social Security Act", 42 U.S.C. sec. 1395x
5	(aa) (4);
6	(II) (B) A rural health clinic, as defined in section 1861 (aa) (2)
7	of the federal "Social Security Act", 42 U.S.C. sec. 1395x (aa) (2);
8	(C) A FACILITY THAT FUNCTIONS ONLY AS AN OFFICE FOR THE
9	PRACTICE OF MEDICINE OR THE DELIVERY OF PRIMARY CARE SERVICES BY
10	OTHER LICENSED OR CERTIFIED PRACTITIONERS.
11	(4) A HEALTH CARE FACILITY IS NOT REQUIRED TO BE LICENSED AS
12	A COMMUNITY CLINIC SOLELY DUE TO THE FACILITY'S OWNERSHIP STATUS,
13	CORPORATE STRUCTURE, OR ENGAGEMENT OF OUTSIDE VENDORS TO
14	PERFORM NONCLINICAL MANAGEMENT SERVICES. THIS SECTION PERMITS
15	REGULATION OF A PHYSICIAN'S OFFICE ONLY TO THE EXTENT THE OFFICE
16	IS A COMMUNITY CLINIC AS DEFINED IN THIS SECTION.
17	SECTION 4. In Colorado Revised Statutes, 25-3-102, amend (1)
18	as follows:
19	25-3-102. License - application - issuance. (1) (a) An
20	application APPLICANT for a license described in section 25-3-101 shall
21	be made APPLY to the department of public health and environment
22	annually upon such form and in such manner as prescribed by the
23	department; except that a community residential home shall make
24	application for a license pursuant to section 27-10.5-109, C.R.S.
25	(b) The department has authority to administer oaths, subpoena
26	witnesses or documents, and take testimony in all matters relating to
27	issuing, denying, limiting, suspending, or revoking such A license.

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(c) The department shall issue licenses to applicants furnishing
satisfactory evidence of fitness to conduct and maintain a HEALTH facility
described in section 25-3-101 in accordance with the provisions of this
part 1 and the rules and regulations adopted by such THE department. THE
DEPARTMENT SHALL NOT REQUIRE, AS SATISFACTORY EVIDENCE OF
FITNESS, EVIDENCE AS TO WHETHER AN APPLICANT HAS PROVIDED SELF
DECLARATIONS, AFFIDAVITS, OR OTHER ATTESTATIONS AS TO ITS GENERAL
COMPLIANCE WITH STATUTORY OR REGULATORY LICENSING
REQUIREMENTS. THE DEPARTMENT SHALL DETERMINE AN APPLICANT'S
FITNESS SOLELY BASED ON THE SPECIFIC FITNESS INFORMATION OR
DOCUMENTATION SUBMITTED BY THE APPLICANT UPON THE DEPARTMENT'S
REQUEST OR AS OTHERWISE ACQUIRED BY THE DEPARTMENT THROUGH ITS
OWN REVIEW OR INVESTIGATION OF THE APPLICANT. THE DEPARTMENT
MAY REQUIRE THE APPLICANT TO ATTEST TO THE ACCURACY OF THE
INFORMATION PROVIDED AS LONG AS THE ATTESTATION DOES NOT
REQUIRE THE APPLICANT'S AFFIRMATION OF ITS GENERAL COMPLIANCE
WITH STATUTORY OR REGULATORY LICENSING REQUIREMENTS.

- (d) The license shall be signed by the president and attested by the secretary of the state board of health and have the STATE BOARD'S seal thereof affixed thereto. Such TO THE LICENSE. THE license expires one year from the date of issuance.
- (e) (I) FOR A CHANGE OF OWNERSHIP, THE DEPARTMENT SHALL CONDUCT A FITNESS REVIEW OF A NEW OWNER BASED UPON INFORMATION COMPILED WITHIN THE FIVE YEARS PRECEDING THE DATE OF THE APPLICATION; EXCEPT THAT THE NEW OWNER SHALL DISCLOSE WHETHER, WITHIN THE TEN YEARS PRECEDING THE DATE OF AN APPLICATION, THE NEW OWNER:

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1	(A) HAS BEEN CONVICTED OF A FELONY OR MISDEMEANOR
2	INVOLVING MORAL TURPITUDE;
3	(B) HAD A STATE LICENSE OR FEDERAL CERTIFICATION DENIED,
4	REVOKED, OR SUSPENDED BY ANOTHER JURISDICTION;
5	(C) HAD A CIVIL JUDGMENT OR CRIMINAL CONVICTION AGAINST
6	THE NEW OWNER IN A CASE BROUGHT BY THE FEDERAL, STATE, OR LOCAL
7	AUTHORITIES THAT RESULTED FROM THE OPERATION, MANAGEMENT, OR
8	OWNERSHIP OF A HEALTH FACILITY OR OTHER ENTITY RELATED TO
9	SUBSTANDARD PATIENT CARE OR HEALTH CARE FRAUD.
10	(II) THE NEW OWNER SHALL PROVIDE THE INFORMATION SPECIFIED
11	IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (e) TO THE DEPARTMENT
12	REGARDLESS OF WHETHER ACTION HAS BEEN STAYED DURING A JUDICIAL
13	APPEAL OR OTHERWISE SETTLED BETWEEN THE PARTIES.
14	(III) THE DEPARTMENT MAY REVIEW AN EXISTING OWNER OF A
15	LICENSED HEALTH FACILITY OR ENTITY ONLY WHEN THE DEPARTMENT HAS
16	NEW INFORMATION NOT PREVIOUSLY AVAILABLE OR DISCLOSED THAT
17	BEARS ON THE FITNESS OF THE EXISTING OWNER TO OPERATE OR MAINTAIN
18	A LICENSED HEALTH FACILITY OR ENTITY.
19	(IV) A CONVERSION OF THE HEALTH FACILITY'S OR ENTITY'S LEGAL
20	STRUCTURE, OR THE LEGAL STRUCTURE OF AN ENTITY THAT HAS A DIRECT
21	OR INDIRECT OWNERSHIP INTEREST IN THE HEALTH FACILITY OR ENTITY,
22	IS NOT A CHANGE OF OWNERSHIP UNLESS THE CONVERSION ALSO INCLUDES
23	A TRANSFER OF AT LEAST FIFTY PERCENT OF THE LICENSED FACILITY'S
24	DIRECT OR INDIRECT OWNERSHIP INTEREST TO ONE OR MORE NEW OWNERS.
25	SECTION 5. In Colorado Revised Statutes, amend 25-3-102.1
26	as follows:
27	25-3-102.1. Deemed status for certain facilities. (1) (a) In the

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licensing of an ambulatory surgical center following the issuance of initial licensure by the department OF PUBLIC HEALTH AND ENVIRONMENT, the voluntary submission of satisfactory evidence that the applicant is accredited by the joint commission, the American association for accreditation of ambulatory surgery facilities, inc., the accreditation association for ambulatory health care, the American osteopathic association, or any successor entities shall be deemed to meet certain requirements for license renewal so long as the standards for accreditation applied by the accrediting organization are at least as stringent as the licensure requirements otherwise specified by the department.

(b) (I) In the application for the renewal of a license for a health facility described in section 25-3-101, other than an ambulatory surgical center, the department of public health and environment shall deem health facilities that are currently accredited by an accrediting organization recognized by the federal centers for medicare and medicaid services as satisfying the requirements for renewal of the license.

(II) IF THE STANDARDS FOR NATIONAL ACCREDITATION ARE LESS STRINGENT THAN THE STATE'S LICENSURE STANDARDS FOR A PARTICULAR HEALTH FACILITY, THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT MAY CONDUCT A SURVEY THAT FOCUSES ON THE MORE STRINGENT STATE STANDARDS. BEGINNING ONE YEAR AFTER THE DEPARTMENT FIRST GRANTS DEEMED STATUS TO A HEALTH FACILITY PURSUANT TO THIS PARAGRAPH (b), THE DEPARTMENT MAY CONDUCT VALIDATION SURVEYS, BASED ON A VALID SAMPLE METHODOLOGY, OF UP TO TEN PERCENT OF THE TOTAL NUMBER OF ACCREDITED HEALTH

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1	FACILITIES IN THE INDUSTRY, EXCLUDING HOSPITALS. IF THE DEPARTMENT
2	CONDUCTS A VALIDATION SURVEY OF A HEALTH FACILITY, THE
3	VALIDATION SURVEY IS IN LIEU OF A LICENSING RENEWAL SURVEY THAT
4	THE HEALTH FACILITY WOULD HAVE UNDERGONE IF THE HEALTH FACILITY
5	DID NOT HAVE DEEMED STATUS PURSUANT TO THIS PARAGRAPH (b).
6	(III) IF THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
7	TAKES AN ENFORCEMENT ACTIVITY, AS DEFINED IN SECTION 25-1.5-103 (2)
8	(b.5), AGAINST A HEALTH FACILITY TO WHICH IT HAS GRANTED DEEMED
9	STATUS PURSUANT TO THIS PARAGRAPH (b), THE DEPARTMENT MAY
10	REVOKE THE HEALTH FACILITY'S DEEMED STATUS.
11	(c) Upon submission of a completed application for license
12	renewal, the department OF PUBLIC HEALTH AND ENVIRONMENT shall
13	accept proof of the accreditation in lieu of licensing inspections or other
14	requirements. Nothing in this section shall be construed to exempt
15	EXEMPTS an accredited ambulatory surgical center HEALTH FACILITY from
16	inspections or from other forms of oversight by the department as
17	necessary to ensure public health and safety.
18	(2) In determining fees otherwise payable by an ambulatory
19	surgical center A HEALTH FACILITY for license renewal, the department OF
20	PUBLIC HEALTH AND ENVIRONMENT shall give due consideration to
21	efficiencies and savings generated in connection with the deemed status
22	process in subsection (1) of this section and shall specifically provide an
23	appropriate credit or reduced fee to an ambulatory surgical center A
24	HEALTH FACILITY that achieves license renewal through deemed status.
25	SECTION 6. In Colorado Revised Statutes, 25-3-103, amend (1)
26	(a); and add (1) (c) as follows:
27	25-3-103. License denial or revocation - provisional license -

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rules. (1) (a) The department of public health and environment may deny an application for a new or renewal license under this part 1 or revoke a license if the applicant or licensee has not satisfied the requirements of this part 1 or part 6 of this article and the rules of the department or the state board of health. If a license is denied or revoked, the department may grant the applicant or licensee a provisional license upon payment of a fee established by the state board of health by rule, SUBJECT TO THE LIMITATIONS IN PARAGRAPH (c) OF THIS SUBSECTION (1). The provisional license shall be IS valid for no longer than ninety days and may be issued to allow the applicant or licensee time to comply with the requirements for a regular license. A second provisional license may be issued if the department determines it is necessary to effect compliance. The second provisional license shall MUST be issued for the same duration as the first provisional license upon payment of the fee established by the state board of health by rule, SUBJECT TO THE LIMITATIONS IN PARAGRAPH (c) OF THIS SUBSECTION (1). No further provisional licenses may be issued for the then current year after the second issuance. (c) ON OR AFTER THE EFFECTIVE DATE OF THIS PARAGRAPH (c), THE STATE BOARD OF HEALTH MAY INCREASE THE AMOUNT OF A

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(c) On or after the effective date of this paragraph (c), the state board of health <u>May</u> increase the amount of a provisional license fee established pursuant to paragraph (a) of <u>This subsection (1)</u> that is in effect on the effective date of this paragraph (c) by an amount not to exceed the annual <u>Percentage Change in the United States Department of Labor.</u>

<u>Bureau of Labor Statistics, Consumer Price Index for Denver-Boulder-Greeley for all urban consumers, all goods, or its successor index.</u> Nothing in this paragraph (c) limits the ability of the state board of health to reduce the amount of a

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1	PROVISIONAL LICENSE FEE IN EFFECT ON SUCH DATE OR TO MODIFY FEES
2	IN ACCORDANCE WITH PARAGRAPH (b) OF THIS SUBSECTION (1) AS
3	NECESSARY TO COMPLY WITH SECTION 24-75-402, C.R.S.
4	SECTION 7. In Colorado Revised Statutes, 25-3-105, amend (1)
5	(a) (I) and (2) as follows:
6	25-3-105. License - fee - rules - penalty. $(1)(a)(I)(A)$ Subject
7	TO THE LIMITATIONS IN SUB-SUBPARAGRAPH (B) OF THIS SUBPARAGRAPH
8	(I), the state board of health shall establish a schedule of fees, which shall
9	MUST be set at a level sufficient to meet the direct and indirect costs of
10	administration and enforcement of this article, as appropriated by the
11	general assembly for each fiscal year, less any moneys appropriated for
12	the same fiscal year by the general assembly from any other source to
13	meet such costs. The fee schedule shall MUST also ensure that the reserve
14	balance in the health facilities general licensure cash fund created in
15	section 25-3-103.1 (1) is consistent with the limits specified in section
16	24-75-402 (3), C.R.S., and shall MUST be modified, as necessary, to
17	comply with said limits. The state board shall establish and modify, as
18	necessary, the fee schedule by rules adopted in accordance with article 4
19	of title 24, C.R.S. Except as specified in subparagraph (II) of this
20	paragraph (a), the department OF PUBLIC HEALTH AND ENVIRONMENT may
21	assess fees in accordance with the fee schedule established by the state
22	board against health facilities licensed by the department. All fees
23	collected pursuant to the fee schedule shall MUST be deposited in the
24	health facilities general licensure cash fund created in section 25-3-103.1
25	(1) and shall be ARE subject to appropriation by the general assembly in
26	accordance with section 25-3-103.1 (2).
27	(B) ON OR AFTER THE EFFECTIVE DATE OF THIS

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1 SUB-SUBPARAGRAPH (B), THE STATE BOARD OF HEALTH MAY INCREASE 2 THE AMOUNT OF ANY FEE ON THE SCHEDULE OF FEES ESTABLISHED 3 PURSUANT TO SUB-SUBPARAGRAPH (A) OF THIS SUBPARAGRAPH (I) THAT 4 IS IN EFFECT ON THE EFFECTIVE DATE OF THIS SUB-SUBPARAGRAPH (B), BY 5 AN AMOUNT NOT TO EXCEED THE ANNUAL PERCENTAGE CHANGE IN THE 6 UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS, 7 CONSUMER PRICE INDEX FOR DENVER-BOULDER-GREELEY FOR ALL URBAN 8 CONSUMERS, ALL GOODS, OR ITS SUCCESSOR INDEX. NOTHING IN THIS 9 SUB-SUBPARAGRAPH (B) LIMITS THE ABILITY OF THE STATE BOARD OF 10 HEALTH TO REDUCE THE AMOUNT OF ANY FEE ON THE SCHEDULE OF FEES 11 IN EFFECT ON SUCH DATE OR TO MODIFY FEES AS NECESSARY TO COMPLY 12 WITH SECTION 24-75-402, C.R.S. 13 (C) THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT SHALL INSTITUTE, BY RULE, A PERFORMANCE INCENTIVE SYSTEM FOR 14 15 LICENSED HEALTH FACILITIES UNDER WHICH A LICENSED HEALTH FACILITY 16 WOULD BE ELIGIBLE FOR A REDUCTION IN ITS LICENSE RENEWAL FEE IF: 17 THE DEPARTMENT'S ON-SITE RELICENSURE INSPECTION DEMONSTRATES 18 THAT THE HEALTH FACILITY HAS NO SIGNIFICANT DEFICIENCIES THAT HAVE 19 NEGATIVELY AFFECTED THE LIFE, SAFETY, OR HEALTH OF ITS CONSUMERS; 20 THE LICENSED HEALTH FACILITY HAS FULLY AND TIMELY COOPERATED 21 WITH THE DEPARTMENT DURING THE ON-SITE INSPECTION; THE 22 DEPARTMENT HAS FOUND NO DOCUMENTED ACTUAL OR POTENTIAL HARM 23 TO CONSUMERS; AND, IN THE CASE WHERE ANY SIGNIFICANT DEFICIENCIES 24 ARE FOUND THAT DO NOT NEGATIVELY AFFECT THE LIFE, SAFETY, OR 25 HEALTH OF CONSUMERS, THE LICENSED HEALTH FACILITY HAS SUBMITTED, 26 AND THE DEPARTMENT HAS ACCEPTED, A PLAN OF CORRECTION AND THE 27 HEALTH FACILITY HAS CORRECTED THE DEFICIENT PRACTICE, AS VERIFIED

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1	BY THE DEPARTMENT, WITHIN THE PERIOD REQUIRED BY THE DEPARTMENT.
2	(2) The department of public health and environment shall
3	maintain a full, true, and accurate cost ACCOUNTING OF THE COSTS of
4	providing services under this article, including indirect costs, AND, AT
5	LEAST ANNUALLY, SHALL PROVIDE A DETAILED COST ACCOUNTING REPORT
6	TO THE HEALTH CARE FACILITY STAKEHOLDER FORUM CREATED IN
7	SECTION 25-3-112. The department of public health and environment shall
8	regularly evaluate and update its cost-accounting methods.
9	SECTION 8. In Colorado Revised Statutes, add 25-3-112 as
10	follows:
11	25-3-112. Health care facility stakeholder forum -
12	creation - membership - duties. (1) There is hereby created in the
13	DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT THE HEALTH CARE
14	FACILITY STAKEHOLDER FORUM, REFERRED TO IN THIS SECTION AS THE
15	"STAKEHOLDER FORUM". THE STAKEHOLDER FORUM MUST CONSIST OF
16	REPRESENTATIVES FROM VARIOUS TYPES OF PROVIDER FACILITIES
17	LICENSED BY THE DEPARTMENT, CONSUMERS, CONSUMER ADVOCATES,
18	OMBUDSMEN, AND OTHER INTERESTED PARTIES. THE DEPARTMENT SHALL
19	MEET AT LEAST FOUR TIMES EACH YEAR WITH THE STAKEHOLDER FORUM
20	TO DISCUSS AND TAKE INTO CONSIDERATION THE CONCERNS AND ISSUES
21	OF INTEREST TO THE FORUM MEMBERS AND OTHER ATTENDEES REGARDING
22	THE DEVELOPMENT AND IMPLEMENTATION OF RULES AND OTHER MATTERS
23	THAT AFFECT ALL HEALTH CARE FACILITIES LICENSED BY THE
24	DEPARTMENT.
25	(2) The members of the stakeholder forum serve on a
26	VOLUNTARY BASIS WITHOUT COMPENSATION AND ARE RESPONSIBLE FOR
27	NOTICING, STAFFING, RECORDING, AND REPORTING THE NOTES FROM THE

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1	STAKEHOLDER FORUM MEETINGS. THE DEPARTMENT SHALL CONSIDER THE
2	ATTENDANCE OF ITS REPRESENTATIVES AT MEETINGS WITH THE
3	STAKEHOLDER FORUM TO BE WITHIN THE NORMAL COURSE OF BUSINESS.
4	WITH NO ADDITIONAL APPROPRIATION TO OR RESOURCES FROM THE
5	DEPARTMENT REQUIRED.
6	(3) THE STAKEHOLDER FORUM AND THE DEPARTMENT SHALL
7	WORK TO COORDINATE WITH, AND SHALL NOT DUPLICATE THE WORK BEING
8	DONE BY, ESTABLISHED OR STATUTORILY AUTHORIZED ADVISORY
9	COMMITTEES OR WORKING GROUPS ON ISSUES RELATED TO THE
10	DEVELOPMENT AND IMPLEMENTATION OF RULES.
11	(4) FOR PURPOSES OF SECTION 24-4-103 (2), C.R.S., AS AMENDED
12	BY HOUSE BILL 12-1008, ENACTED IN 2012, THE DEPARTMENT MAY USE
13	THE STAKEHOLDER FORUM DESCRIBED IN THIS SECTION, WHEN
14	APPROPRIATE, TO SERVE AS THE REPRESENTATIVE GROUP FOR THE
15	DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT.
16	SECTION 9. In Colorado Revised Statutes, 25-3-602, amend (4)
17	(a) (IV) as follows:
18	25-3-602. Health facility reports - repeal. (4) (a) The executive
19	director of the department shall appoint an advisory committee. The
20	advisory committee shall consist of:
21	(IV) Four infection control practitioners AS FOLLOWS:
22	(A) One from a stand-alone ambulatory surgical center; and
23	(B) Three registered nurses who are HEALTH CARE PROFESSIONALS
24	certified by the certification board of infection control and epidemiology.
25	INC., OR ITS SUCCESSOR;
26	SECTION 10. In Colorado Revised Statutes, 25-27.5-103
27	amend (2) as follows:

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1	25-27.5-103. License required - civil and criminal penalties.
2	(2) (a) On or after June 1, 2009, any home care placement agency shall
3	notify the department in writing that it provides referrals for skilled home
4	health services or personal care services and shall annually update such
5	notice. The department shall maintain a list of all home care placement
6	agencies and shall make the list accessible to the public. A HOME CARE
7	PLACEMENT AGENCY IS NOT LICENSED OR CERTIFIED BY THE DEPARTMENT
8	AND SHALL NOT CLAIM OR ASSERT THAT THE DEPARTMENT LICENSES OR
9	CERTIFIES THE HOME CARE PLACEMENT AGENCY.
10	(b) A person who violates this section may be subject to a civil
11	penalty assessed by the department that is not less than five hundred
12	dollars per year or more than one thousand dollars per year for failure to
13	register with the department OR FOR CLAIMING TO BE LICENSED OR
14	CERTIFIED BY THE DEPARTMENT. The department shall assess, enforce,
15	and collect the penalty in accordance with article 4 of title 24, C.R.S. Any
16	moneys collected shall be deposited in the home care agency cash fund
17	created in section 25-27.5-105.
18	SECTION 11. In Colorado Revised Statutes, 25-27.5-104,
19	amend (1) introductory portion as follows:
20	25-27.5-104. Minimum standards for home care agencies -
21	rules - advisory committee. (1) On or before May 1, 2009, The state
22	board shall promulgate rules pursuant to section 24-4-103, C.R.S.,
23	providing minimum standards for the operation of home care agencies
24	within the state of Colorado. In promulgating these rules, the state board
25	shall consider the ESTABLISH different requirements appropriate to the
26	various types of skilled home health and personal care services, including
27	differentiating requirements for providers that are substantially funded

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1	through medicare and medicaid reimbursement, providers for the program
2	of all-inclusive care for the elderly established in section 25.5-5-412,
3	C.R.S., providers that are already licensed under this title, and providers
4	that are solely or substantially privately funded. This differentiation may
5	SHALL consider the requirements already imposed by other federal and
6	state regulatory agencies, SHALL REQUIRE THE DEPARTMENT OF HEALTH
7	CARE POLICY AND FINANCING AND THE DEPARTMENT OF PUBLIC HEALTH
8	AND ENVIRONMENT TO WORK JOINTLY TO RESOLVE DIFFERING
9	REQUIREMENTS, AND SHALL ONLY REGULATE A PROVIDER FOR THE
10	PROGRAM OF ALL-INCLUSIVE CARE FOR THE ELDERLY CONSISTENT WITH
11	THE FEDERAL REQUIREMENTS ESTABLISHED FOR THE PROVIDER PURSUANT
12	TO A THREE-WAY AGREEMENT BETWEEN THE PROVIDER, THE CENTERS OF
13	MEDICARE AND MEDICAID SERVICES, AND THE DEPARTMENT OF HEALTH
14	CARE POLICY AND FINANCING; EXCEPT THAT THE DEPARTMENT MAY
15	REQUIRE ADDITIONAL INFORMATION FROM THE PROVIDER WITH REGARD
16	TO REPORTING INSTANCES OF ABUSE. Such rules shall MUST include but
17	need not be limited to, the following:
18	SECTION 12. In Colorado Revised Statutes, 27-10.5-109,
19	amend (2) and (3) as follows:
20	27-10.5-109. Community residential home - licenses - rules.
21	(2) (a) The department of public health and environment and the
22	department of human services shall implement a system of joint licensure
23	and certification of community residential homes. Independent residential
24	support services provided by the department of human services do not
25	require licensure by the department of public health and environment.
26	(b) By December 31, 2012, the department of public
27	HEALTH AND ENVIRONMENT, THE DEPARTMENT OF HEALTH CARE POLICY

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1	AND FINANCING, AND THE DEPARTMENT OF HUMAN SERVICES SHALL
2	DEVELOP AN IMPLEMENTATION PLAN, IN CONSULTATION WITH INDUSTRY
3	REPRESENTATIVES, TO RESOLVE DIFFERING REQUIREMENTS AND TO
4	ELIMINATE OBSOLETE, REDUNDANT RULES AND REPORTING, MONITORING,
5	COMPLIANCE, AUDITING CERTIFICATION, LICENSING, AND WORK PROCESSES
6	PERTAINING TO THE REGULATION OF COMMUNITY RESIDENTIAL HOMES
7	PURSUANT TO THIS SECTION. THE DEPARTMENTS SHALL STUDY THE
8	FEASIBILITY OF IMPLEMENTING A SINGLE, CONSOLIDATED SURVEY AND
9	METHODS FOR CONDUCTING SURVEYS SIMULTANEOUSLY. THE
10	DEPARTMENTS SHALL REPORT THEIR PROGRESS IN MEETING THE
11	REQUIREMENTS OF THIS PARAGRAPH (b) TO THEIR RESPECTIVE
12	COMMITTEES OF REFERENCE WHEN MAKING THEIR DEPARTMENTAL
13	PRESENTATIONS AS REQUIRED BY PART 2 OF ARTICLE 7 OF TITLE 2, C.R.S.
14	THE DEPARTMENTS SHALL SEND COPIES OF THE REPORT TO THE HEALTH
15	CARE FACILITY STAKEHOLDER FORUM CREATED IN SECTION 25-3-112,
16	C.R.S.
17	(3) (a) The department of public health and environment and the
18	department of human services shall develop standards for the licensure
19	and certification of community residential homes. Such THE standards
20	shall include health, life, and fire safety, as well as standards to ensure the
21	effective delivery of services and supports to residents; except that any
22	community residential home must comply with local codes. These
23	
24	(b) (I) THE DEPARTMENT OF HUMAN SERVICES OR THE STATE
25	BOARD OF HEALTH, AS APPROPRIATE, SHALL ADOPT THE standards shall,
26	as appropriate, be adopted in BY rule by the department of human services
27	or the state board of health and shall specify the responsibilities of

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1	each department in the program. Surveys undertaken to ensure
2	compliance with these standards shall, as appropriate, be undertaken as
3	joint surveys by the departments.
4	(II) IF A SERVICE AGENCY OPERATES A COMMUNITY RESIDENTIAL
5	HOME AND PROVIDES PERSONAL CARE SERVICES, AS DEFINED IN SECTION
6	25-27.5-102, C.R.S., THE DEPARTMENT OF PUBLIC HEALTH AND
7	ENVIRONMENT OR THE DEPARTMENT OF HUMAN SERVICES, AS
8	APPROPRIATE, IS RESPONSIBLE FOR SURVEYING THOSE SERVICES PROVIDED
9	BY THE SERVICE AGENCY, WHICH SURVEY SHALL BE CONDUCTED
10	SIMULTANEOUSLY WITH THE SURVEY OF THE COMMUNITY RESIDENTIAL
11	HOME.
12	
13	
14	SECTION 13. Appropriation. In addition to any other
15	appropriation, there is hereby appropriated, out of any moneys in the
16	health facilities general licensure cash fund created in section 25-3-103.1
17	(1), Colorado Revised Statutes, not otherwise appropriated, to the
18	department of public health and environment, for the fiscal year
19	beginning July 1, 2012, the sum of \$183,730 and 2.4 FTE, or so much
20	thereof as may be necessary, for allocation to the health facilities and
21	emergency services division for expenses in the health facilities general
22	licensure program related to the implementation of this act.
23	SECTION 14. Effective date. This act takes effect upon passage;
24	except that section 25-3-112 (4), Colorado Revised Statutes, as enacted
25	in section 8 of this act, takes effect only if House Bill 12-1008 becomes
26	law and takes effect on the effective date of this act or of House Bill
27	12-1008, whichever is later.

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

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