

Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 14-0644.01 Brita Darling x2241

HOUSE BILL 14-1115

HOUSE SPONSORSHIP

Stephens,

SENATE SPONSORSHIP

(None),

House Committees

Public Health Care & Human Services
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING ESTABLISHING THE MEDICAID EXPANSION PREMIUM**
102 **ASSISTANCE PILOT PROGRAM.**

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 establishes the medicaid expansion premium assistance pilot program (pilot program) to provide healthcare coverage for up to 2,000 adults with incomes between 100% and 133% of the federal poverty line who are newly eligible for the Colorado medical assistance program. Program participants will be enrolled in a health plan through

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.

the state's health insurance exchange that offers essential health benefits. The health insurance premiums for the health plan will be paid by the state directly to the insurance company. The bill also includes provisions for pilot program participation that must be included in the pilot program.

The state department of health care policy and financing (state department) and the commissioner of insurance shall enter into memorandums of understanding with private insurers concerning, in part, the payment of premiums, reporting, and data-sharing requirements relating to the pilot program.

After the second full year of pilot program implementation, the state auditor shall conduct a performance and fiscal audit of the pilot program and shall report the results to the general assembly. To the extent possible, the audit shall determine the effectiveness of the pilot program, including among its effectiveness indicators access to providers, use of services, frequency and duration of hospital admissions, and the cost to the state of the pilot program relative to similar populations enrolled in the state's traditional medical assistance program.

The pilot program repeals, effective July 1, 2019.

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

2 **SECTION 1. Legislative declaration.** (1) Colorado expansion
3 of its medicaid program during the past few years through both
4 state-initiated legislation and through the inclusion of new eligibility
5 groups pursuant to the federal "Patient Protection and Affordable Care
6 Act", P.L. 111-148, is projected to be very costly to the state, committing
7 a significant percentage of the state's revenues. Many of these new
8 medicaid recipients with income levels at or near the medicaid income
9 eligibility level will alternate between medicaid and private insurance as
10 their incomes fluctuate, leading to lapses in health care. Enrolling
11 medicaid clients in health insurance programs through the state exchange
12 as part of a premium assistance program not only may help eliminate the
13 duration of expected lapses in health care services but also reduce the
14 administrative burdens on these low-income individuals and families.

15 (2) At the same time, according to the Colorado health institute,

1 there are significant regional variations in the availability of primary care
2 physicians in Colorado, with several regions of the state falling below the
3 recommended ratio of medicaid enrollees to primary care providers who
4 treat medicaid patients. By enrolling medicaid clients in health insurance
5 plans offered on the state exchange, access to primary care physicians
6 will increase through the health plans' provider networks, providing
7 timely and cost-effective health care.

8 (3) Many states have implemented premium assistance programs
9 and more are exploring this model for providing health care coverage to
10 their citizens. Given the expected increase in enrollment in Colorado's
11 medicaid program, the shortage of primary care physicians in Colorado
12 who will serve medicaid clients, and the negative impacts to both clients
13 and the system as a whole as a result of fluctuations in client medicaid
14 income eligibility, the general assembly declares that it is appropriate to
15 study premium assistance models for Colorado's medicaid program and
16 to make recommendations to the general assembly regarding how client
17 enrollment in health insurance plans may address some of these
18 challenges.

19 **SECTION 2.** In Colorado Revised Statutes, **add** 25.5-5-323 as
20 follows:

21 **25.5-5-323. Medicaid expansion through premium assistance**
22 **study - waiver - report - repeal.** (1) ON OR BEFORE JANUARY 1, 2016,
23 THE STATE DEPARTMENT SHALL CONDUCT A STUDY AND MAKE
24 RECOMMENDATIONS TO THE GENERAL ASSEMBLY CONCERNING THE
25 FEASIBILITY OF IMPLEMENTING A PROGRAM FOR PREMIUM ASSISTANCE TO
26 ENROLL MEDICAID-ELIGIBLE CLIENTS IN HEALTH INSURANCE PROGRAMS
27 THAT ARE AVAILABLE THROUGH THE STATE EXCHANGE.

1 (2) AT A MINIMUM, THE STUDY CONDUCTED BY THE STATE
2 DEPARTMENT MUST INCLUDE:

3 (a) AN ANALYSIS OF OTHER STATES' PREMIUM ASSISTANCE
4 PROGRAMS THAT INCLUDE MEDICAID-ELIGIBLE CLIENTS AND THE
5 PROVISIONS OF THOSE PROGRAMS THAT COULD BE IMPLEMENTED FOR
6 COLORADO'S MEDICAID POPULATIONS;

7 (b) A COMPARISON OF THE BENEFITS OFFERED THROUGH THE
8 MEDICAID PROGRAM AND THE BENEFITS OFFERED THROUGH HEALTH
9 INSURANCE PROGRAMS AVAILABLE THROUGH THE STATE EXCHANGE;

10 (c) AN ANALYSIS OF FEDERAL MEDICAID LAW, INCLUDING:

11 (I) THE ABILITY OF THE STATE TO REQUIRE MEDICAID-ELIGIBLE
12 CLIENTS TO PARTICIPATE IN A PREMIUM ASSISTANCE PROGRAM;

13 (II) THE EXTENT TO WHICH COST SHARING COULD BE
14 IMPLEMENTED AS PART OF A PREMIUM ASSISTANCE PROGRAM AND
15 WHETHER COST SHARING MAY BE IMPLEMENTED FOR A PARTICULAR
16 ELIGIBILITY GROUP;

17 (III) WHETHER THE STATE MUST PROVIDE WRAP-AROUND BENEFITS
18 THAT ARE NOT OFFERED THROUGH A HEALTH INSURANCE PROGRAM
19 AVAILABLE ON THE STATE EXCHANGE AND HOW THE STATE MIGHT
20 STRUCTURE WRAP-AROUND BENEFITS; AND

21 (IV) THE NEED FOR FEDERAL APPROVAL THROUGH A WAIVER OR
22 AS A STATE PLAN OPTION;

23 (d) AN ANALYSIS OF THE NUMBER OF CLIENTS WHO MUST
24 PARTICIPATE IN A PREMIUM ASSISTANCE PROGRAM FOR THE PROGRAM TO
25 BE COST-EFFECTIVE TO THE STATE;

26 (e) AN ANALYSIS OF WHETHER CERTAIN POPULATIONS SUCH AS THE
27 MEDICALLY FRAIL SHOULD BE INCLUDED IN THE PREMIUM ASSISTANCE

1 PROGRAM;

2 (f) WHETHER THE CLIENTS ENROLLED IN OTHER HEALTH CARE

3 PROGRAMS SUCH AS THE CHILDREN'S BASIC HEALTH PLAN SHOULD BE

4 INCLUDED IN A MEDICAID PREMIUM ASSISTANCE PROGRAM;

5 (g) AN ESTIMATE OF THE STATE DEPARTMENT'S ADMINISTRATIVE

6 COSTS RELATING TO THE IMPLEMENTATION OF A PREMIUM ASSISTANCE

7 PROGRAM, TAKING INTO ACCOUNT THE MOST EFFICIENT METHOD FOR

8 OFFERING ANY REQUIRED WRAP-AROUND SERVICES;

9 (h) THE POTENTIAL COST-SAVINGS TO THE STATE;

10 (i) THE ABILITY OF PRIVATE INSURERS TO PROVIDE THE STATE

11 DEPARTMENT WITH CLIENT ENCOUNTER DATA; AND

12 (j) THE APPROPRIATE OUTCOME MEASURES ASSOCIATED WITH A

13 PREMIUM ASSISTANCE PROGRAM, INCLUDING BUT NOT LIMITED TO THE

14 EFFECT OF A PREMIUM ASSISTANCE PROGRAM ON:

15 (I) TIMELY ACCESS TO HEALTH CARE PROVIDERS;

16 (II) CLIENT USE OF SERVICES, INCLUDING PREVENTATIVE SERVICES

17 AND CLIENT USE OF EMERGENCY DEPARTMENTS;

18 (III) DISRUPTIONS IN CLIENT CARE DUE TO CHANGES IN CLIENT

19 INCOME ELIGIBILITY;

20 (IV) PROVIDER REIMBURSEMENT RATES; AND

21 (V) THE PER-CLIENT COST TO THE STATE.

22 (3) IN ADDITION, THE STATE DEPARTMENT'S STUDY SHALL INCLUDE

23 AN ANALYSIS OF THE HOSPITAL PROVIDER FEE AND THE FEASIBILITY OF

24 USING THE HOSPITAL PROVIDER FEE TO MEET THE STATE'S FINANCIAL

25 OBLIGATIONS TO THE MEDICAID PROGRAM THROUGH 2020.

26 (4) IF THE STATE DEPARTMENT RECOMMENDS THE

27 IMPLEMENTATION OF A PREMIUM ASSISTANCE PROGRAM, THE STATE

1 DEPARTMENT SHALL SEEK FEDERAL APPROVAL FOR THE PROGRAM.

2 (5) ON OR BEFORE JANUARY 1, 2016, THE STATE DEPARTMENT
3 SHALL SUBMIT THE STUDY AND ITS RECOMMENDATIONS TO THE JOINT
4 BUDGET COMMITTEE AND TO THE HEALTH, INSURANCE, AND ENVIRONMENT
5 COMMITTEE AND PUBLIC HEALTH CARE AND HUMAN SERVICES COMMITTEE
6 OF THE HOUSE OF REPRESENTATIVES AND THE HEALTH AND HUMAN
7 SERVICES COMMITTEE OF THE SENATE, OR ANY SUCCESSOR COMMITTEES.

8 (6) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2016.

9 **SECTION 3. Act subject to petition - effective date.** This act
10 takes effect at 12:01 a.m. on the day following the expiration of the
11 ninety-day period after final adjournment of the general assembly (August
12 6, 2014, if adjournment sine die is on May 7, 2014); except that, if a
13 referendum petition is filed pursuant to section 1 (3) of article V of the
14 state constitution against this act or an item, section, or part of this act
15 within such period, then the act, item, section, or part will not take effect
16 unless approved by the people at the general election to be held in
17 November 2014 and, in such case, will take effect on the date of the
18 official declaration of the vote thereon by the governor.