

**Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO**

REVISED

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

LLS NO. 14-0388.02 Christy Chase x2008

SENATE BILL 14-159

SENATE SPONSORSHIP

Aguilar, Kefalas

HOUSE SPONSORSHIP

Primavera,

Senate Committees

Health & Human Services
Appropriations

House Committees

Health, Insurance, & Environment
Appropriations

A BILL FOR AN ACT

101 **CONCERNING IMPLEMENTATION OF STANDARDIZED RULES FOR USE IN**
102 **PROCESSING MEDICAL CLAIMS, 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>.)

Under current law, the medical clean claims task force in the department of health care policy and financing (department) is tasked with developing a standardized set of payment rules and claim edits for use by payers in processing medical claims for which coverage is

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
2nd Reading Unamended
May 2, 2014

SENATE
3rd Reading Unamended
April 28, 2014

SENATE
Amended 2nd Reading
April 25, 2014

undisputed. Carriers in the state are required to use the standardized payment rules and claim edits developed by the task force by January 1, 2014, for commercial health plans, and by January 1, 2015, for domestic, nonprofit health plans.

Since the clean claims task force is still developing the standardized set of payment rules and claim edits, the bill delays implementation until January 1, 2017, and requires all carriers to implement and use the standardized payment rules and claim edits by that date when processing medical claims under health plans issued in this state, other than those plans governed by federal law superseding state authority. The clean claims task force is to develop the complete set by December 31, 2014, and submit a report to the executive director of the department and to specified committees of the general assembly concerning the complete set.

The task force is to make the complete set of payment rules and claim edits available for public review and comment throughout 2015 and to modify the complete set as necessary based on public feedback. By January 31, 2016, the clean claims task force is to submit a final report to the executive director of the department and to specified committees of the general assembly and, throughout 2016, is to provide assistance to users preparing to implement the standardized payment rules and claim edits by January 1, 2017.

Additionally, the bill requires the executive director of the department to work with the United States department of health and human services to facilitate the use of the standardized payment rules and claim edits adopted in Colorado as the model for use nationally.

\$128,188 is appropriated from the general fund to the task force for use in the 2014-15 fiscal year in developing and assisting with implementation of the standardized payment rules and claim edits.

The bill repeals the medical clean claims task force on December 31, 2016.

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

2 **SECTION 1.** In Colorado Revised Statutes, 25-37-106, **amend**
3 (2) (b) introductory portion, (2) (c) (II), (2) (d) (III) (B), and (2) (d) (V);
4 **repeal** (2) (c) (I), (2) (d) (I), (2) (d) (II), (2) (d) (III) introductory portion,
5 and (2) (d) (III) (A); and **add** (2) (d) (III) (C), (2) (d) (III) (D), (2) (d) (III)
6 (E), (2) (d) IV.5 and (8) as follows:

7 **25-37-106. Clean claims - development of standardized**

1 **payment rules and code edits - task force to develop - legislative**
2 **recommendations - short title - applicability.** (2) (b) ~~Within two years~~
3 ~~after the task force is established~~ BY DECEMBER 31, 2014, the task force
4 shall develop a ~~base~~ COMPLETE set of UNIFORM, standardized payment
5 rules and claim edits to be used by payers and health care providers in the
6 processing of medical claims that can be implemented into computerized
7 medical claims processing systems. The ~~base~~ COMPLETE set of rules and
8 edits ~~shall~~ MUST be identified through existing national industry sources
9 that are represented by the following:

10 (c) (I) ~~As the base set of rules and edits developed pursuant to~~
11 ~~paragraph (b) of this subsection (2) may not address every type of health~~
12 ~~care service involved in a medical claim, the task force shall work to~~
13 ~~develop a complete set of uniform, standardized payment rules and claim~~
14 ~~edits to cover all types of professional services. In working to develop a~~
15 ~~complete set of rules and edits, the task force shall request to participate~~
16 ~~in the national initiative or work with national experts to identify any~~
17 ~~rules and edits that are not encompassed by the national industry sources~~
18 ~~identified in paragraph (b) of this subsection (2) or that potentially~~
19 ~~conflict with each other. Additionally, the task force shall consider the~~
20 ~~CMS medically unlikely edits and commercial claims editing systems that~~
21 ~~source their edits to national industry sources on a code and code edit pair~~
22 ~~level in order to create a complete set of payment rules and claim edits.~~

23 (II) In developing a complete set of uniform, standardized
24 payment rules and claim edits, the task force shall consider standardizing
25 the following types of edits, without limitation:

26 (A) ~~Unbundle~~ PROCEDURE TO PROCEDURE;

27 (B) ~~Mutually exclusive~~ ADD-ON;

- 1 (C) Multiple procedure reduction;
- 2 (D) Age;
- 3 (E) Gender;
- 4 (F) ~~Maximum~~ Frequency; ~~per day~~;
- 5 (G) ~~Global surgery days~~ PROCEDURE DAYS/PACKAGE;
- 6 (H) Place of service;
- 7 (I) ~~Type of service~~ NEW PATIENT;
- 8 (J) Assistant at surgery;
- 9 (K) ~~Co-surgeon~~ CO-SURGERY;
- 10 (L) ~~Team surgeons~~ SURGERY;
- 11 (M) ~~Total~~, Professional ~~or~~ AND technical ~~splits~~ COMPONENT;
- 12 (N) Bilateral procedures;
- 13 (O) Anesthesia; ~~services~~; and
- 14 (P) The effect of CPT and HCPCS modifiers on ~~these~~ edits; as
- 15 applicable:
- 16 (Q) GLOBAL MATERNITY;
- 17 (R) LABORATORY REBUNDLING;
- 18 (S) MULTIPLE ENDOSCOPY REDUCTION;
- 19 (T) MULTIPLE E/MS ON THE SAME DAY;
- 20 (U) PROCEDURE TO MODIFIER VALIDATION;
- 21 (V) REBUNDLED; AND
- 22 (W) BUNDLED.

23 (d) (I) ~~The task force shall submit a report and recommendations~~
 24 ~~concerning the set of uniform, standardized payment rules and claim edits~~
 25 ~~to the executive director of the department of health care policy and~~
 26 ~~financing and the health and human services committees of the senate and~~
 27 ~~house of representatives, or their successor committees, by November 30;~~

1 2012, and shall present its report and recommendations to a joint meeting
2 of the said health and human services committees by January 31, 2013.

3 (II) ~~If, at the time the task force submits its report, the national
4 initiative has reached consensus on a complete or partial set of
5 standardized payment rules and claim edits that the task force determines
6 to be in the best interests of Colorado, the task force shall recommend that
7 standardized set of payment rules and claim edits for use by all payers
8 doing business in Colorado, which shall be implemented by payers as
9 follows:~~

10 (A) ~~Payers that are commercial health plans shall implement the
11 standardized set of payment rules and claim edits within their claims
12 processing systems according to a schedule outlined under the national
13 initiative or by January 1, 2014, whichever occurs first; and~~

14 (B) ~~Payers that are domestic, nonprofit health plans shall
15 implement the standardized set of payment rules and claim edits within
16 their claims processing systems by January 1, 2015.~~

17 (III) ~~If, at the time the task force submits its report, the national
18 initiative work group has not reached consensus on a complete or partial
19 set of standardized payment rules and claim edits:~~

20 (A) ~~The base set of standardized payment rules and claim edits
21 developed pursuant to paragraph (b) of this subsection (2) shall become
22 the standards used in Colorado by payers and health care providers; and~~

23 (B) ~~The task force shall continue working to develop a complete
24 set of uniform, standardized payment rules and claim edits and, by
25 December 31, 2014, shall submit a report TO THE EXECUTIVE DIRECTOR
26 OF THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING, THE
27 HEALTH AND HUMAN SERVICES COMMITTEE OF THE SENATE, AND THE~~

1 HEALTH, INSURANCE, AND ENVIRONMENT COMMITTEE OF THE HOUSE OF
2 REPRESENTATIVES and may recommend implementation of a set of
3 uniform, standardized payment rules and claim edits to be used by payers
4 and health care providers.

5 (C) STARTING JANUARY 1, 2015, THROUGH DECEMBER 31, 2015,
6 THE TASK FORCE SHALL MAKE THE SET OF UNIFORM, STANDARDIZED
7 PAYMENT RULES AND CLAIM EDITS AVAILABLE FOR PUBLIC REVIEW AND
8 COMMENT. THE TASK FORCE SHALL CONSIDER ANY PUBLIC COMMENT IT
9 RECEIVES ON THE SET OF UNIFORM, STANDARDIZED PAYMENT RULES AND
10 CLAIM EDITS AND SHALL REVISE THE SET AS NECESSARY BASED ON THE
11 PUBLIC COMMENTS.

12 (D) BY JANUARY 31, 2016, THE TASK FORCE SHALL SUBMIT A
13 FINAL REPORT AND RECOMMENDATIONS REGARDING THE COMPLETE SET
14 OF UNIFORM, STANDARDIZED PAYMENT RULES AND CLAIM EDITS TO THE
15 EXECUTIVE DIRECTOR OF THE DEPARTMENT OF HEALTH CARE POLICY AND
16 FINANCING, THE HEALTH AND HUMAN SERVICES COMMITTEE OF THE
17 SENATE, AND THE HEALTH, INSURANCE, AND ENVIRONMENT AND PUBLIC
18 HEALTH CARE AND HUMAN SERVICES COMMITTEES OF THE HOUSE OF
19 REPRESENTATIVES.

20 (E) ON AND AFTER JANUARY 1, 2017, THE TASK FORCE OR ITS
21 SUCCESSOR SHALL REVIEW AND UPDATE THE STANDARDIZED SET OF
22 PAYMENT RULES AND CLAIM EDITS AND THE RECOMMENDATIONS
23 SUBMITTED PURSUANT TO THIS PARAGRAPH (d) AT LEAST QUARTERLY AND
24 BY DECEMBER 31, 2017, AND BY EACH DECEMBER 31 THEREAFTER, SHALL
25 SUBMIT AN ANNUAL REPORT TO THE EXECUTIVE DIRECTOR OF THE
26 DEPARTMENT OF HEALTH CARE POLICY AND FINANCING OR TO THE AGENCY
27 RESPONSIBLE FOR OVERSEEING THE TASK FORCE OR ITS SUCCESSOR.

1 (IV.5) DURING THE 2016 CALENDAR YEAR, THE TASK FORCE SHALL
2 ASSIST USERS WITH QUESTIONS REGARDING THE SET OF UNIFORM,
3 STANDARDIZED PAYMENT RULES AND CLAIM EDITS.

4 (V) (A) BY JANUARY 1, 2017, EXCEPT AS PROVIDED IN
5 SUB-SUBPARAGRAPH (B) OF THIS SUBPARAGRAPH (V), ALL payers shall
6 implement the standardized payment rules and claim edits developed
7 pursuant to subparagraph (III) of this paragraph (d) ~~as follows:~~ IN
8 PROCESSING MEDICAL CLAIMS AND SHALL IMPLEMENT UPDATED
9 STANDARDIZED PAYMENT RULES AND CLAIM EDITS AT LEAST TWICE A
10 YEAR.

11 ~~(A) For payers that are commercial health plans, according to a~~
12 ~~schedule outlined in the task force recommendations or by January 1,~~
13 ~~2016, whichever occurs first; and~~

14 ~~(B) For payers that are domestic, nonprofit health plans, by~~
15 ~~January 1, 2017 UNLESS AUTHORIZED UNDER FEDERAL LAWS OR~~
16 ~~REGULATIONS, PLANS SUBJECT TO THE FEDERAL "EMPLOYEE RETIREMENT~~
17 ~~INCOME SECURITY ACT OF 1974", AS AMENDED, 29 U.S.C. SEC. 1001 ET~~
18 ~~SEQ., ARE NOT SUBJECT TO THE REQUIREMENTS OF THIS SECTION.~~

19 (8) THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF HEALTH
20 CARE POLICY AND FINANCING SHALL WORK WITH THE FEDERAL
21 DEPARTMENT OF HEALTH AND HUMAN SERVICES TO ENCOURAGE AND
22 FACILITATE THE USE OF THE UNIFORM, STANDARDIZED PAYMENT RULES
23 AND CLAIM EDITS ADOPTED IN THIS STATE AS THE MODEL FOR USE AND
24 IMPLEMENTATION NATIONALLY.

25

26 **SECTION 2. Appropriation.** In addition to any other
27 appropriation, there is hereby appropriated, out of any moneys in the

1 general fund not otherwise appropriated, to the department of health care
2 policy and financing, for the fiscal year beginning July 1, 2014, the sum
3 of \$128,688, or so much thereof as may be necessary, for allocation to the
4 task force established pursuant to section 25-37-106 (2), Colorado
5 Revised Statutes, for use in developing a standardized set of payment
6 rules and claim edits related to the implementation of this act.

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