# Second Regular Session Seventieth General Assembly STATE OF COLORADO

## REREVISED

This Version Includes All Amendments Adopted in the Second House SENATE BILL 16-199

LLS NO. 16-1241.01 Brita Darling x2241

### SENATE SPONSORSHIP

Scott and Steadman,

**DelGrosso and Ginal**,

## **HOUSE SPONSORSHIP**

Senate Committees Health & Human Services Appropriations

House Committees Health, Insurance, & Environment Finance Appropriations

# A BILL FOR AN ACT

101	CONCERNING PROGRAMS OF ALL-INCLUSIVE CARE FOR THE ELDERLY,
102	AND, IN CONNECTION THEREWITH, DETERMINING THE
103	CAPITATED RATE FOR SERVICES AND CREATING AN OMBUDSMAN
104	FOR PARTICIPANTS IN PROGRAMS OF ALL-INCLUSIVE CARE FOR
105	THE ELDERLY, AND 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 requires that contracts between the department of health care policy and financing (department) and an organization providing a

SENATE 3rd Reading Unamended May 4, 2016

Amended 2nd Reading May 9, 2016

HOUSE

HOUSE 3rd Reading Unamended May 10, 2016



program of all-inclusive care for the elderly (PACE) include the negotiated monthly capitated rate for services. The rate must be less than the amount that would have been paid under the medicaid state plan if the PACE participants were not enrolled in a PACE program.

The department shall participate with Colorado PACE organizations to develop an actuarially sound upper payment limit methodology that meets conditions stated in the bill. The department shall provide data relevant to computing the upper payment limit, and the computation shall be made with the assistance of an actuary.

Until the upper payment limit methodology is developed and adopted in medical services board rules, the percentage of the upper payment limit used to calculate the monthly capitated rate shall not be less than the percentage negotiated for the 2016-17 state fiscal year.

The bill creates the state PACE ombudsman (ombudsman) in the state long-term care ombudsman program. Each PACE program shall post a notice informing PACE participants of the existence of and contact information for the ombudsman. The ombudsman shall have immediate access to a PACE program or facility and to PACE participants for the purposes of carrying out the duties of the ombudsman.

The bill includes a civil penalty for willful interference with the ombudsman and for retaliation against a PACE participant or other person or entity contacting the ombudsman.

The bill sets forth the duties of the ombudsman, including, among others, establishing statewide policies and procedures to identify, investigate, and seek the resolution or referral of complaints made by or on behalf of a PACE participant related to any action, inaction, or decision of a PACE organization that may adversely affect the health, safety, welfare, or rights of the PACE participant.

3 (12); and **add** (7) (d) as follows:

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25.5-5-412. Program of all-inclusive care for the elderly -

- 5 legislative declaration services eligibility rules definitions -
- 6 **repeal.** (7) For purposes of this section:
  - (d) "UPPER PAYMENT LIMIT" MEANS A FEDERAL UPPER PAYMENT
- 8 LIMIT ON THE AMOUNT OF THE MEDICAID PAYMENT FOR WHICH FEDERAL
- 9 FINANCIAL PARTICIPATION IS AVAILABLE FOR A CLASS OF SERVICES AND A

<sup>1</sup> Be it enacted by the General Assembly of the State of Colorado:

<sup>2</sup> SECTION 1. In Colorado Revised Statutes, 25.5-5-412, amend

1 CLASS OF HEALTH CARE PROVIDERS, AS SPECIFIED IN 42 CFR 447.

(12) (a) The general assembly shall make appropriations to the
state department to fund services under this section provided at a monthly
capitated rate. The state department shall annually renegotiate a monthly
capitated rate for the contracted services.

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(b) Repealed.

(c) THE MONTHLY CAPITATED RATE NEGOTIATED WITH THE STATE
DEPARTMENT SHALL BE INCLUDED IN THE CONTRACT WITH THE PACE
ORGANIZATION AND MUST BE BASED UPON A PROSPECTIVE MONTHLY
CAPITATION PAYMENT TO A PACE ORGANIZATION FOR A MEDICAID
PARTICIPANT ENROLLED IN A PACE PROGRAM THAT IS LESS THAN WHAT
WOULD OTHERWISE HAVE BEEN PAID UNDER THE STATE MEDICAID PLAN IF
THE PARTICIPANT WERE NOT ENROLLED IN THE PACE PROGRAM.

14 (d) (I) THE STATE DEPARTMENT, WITH THE PARTICIPATION OF 15 COLORADO PACE ORGANIZATIONS, SHALL DEVELOP AN ACTUARIALLY 16 SOUND UPPER PAYMENT LIMIT METHODOLOGY THAT COMPLIES WITH 17 FEDERAL LAW RELATING TO PACE ORGANIZATIONS AND ADDRESSES A 18 PACE-COMPARABLE POPULATION AND EMPLOYS FUNCTIONAL, 19 DIAGNOSTIC, AND OTHER INFORMATION ON THE PACE POPULATION AND 20 ITS SERVICE USE AND COST CHARACTERISTICS. <u>The state department</u> 21 SHALL CONTRACT WITH AN ACTUARY THAT HAS EXPERIENCE WITH THE 22 METHODS DESCRIBED IN THIS PARAGRAPH (d).

(II) FOR PURPOSES OF COMPUTING THE UPPER PAYMENT LIMIT, THE
 STATE DEPARTMENT SHALL PROVIDE <u>TO THE CONTRACTED ACTUARY</u>
 STATE LONG-TERM CARE OPTIONS DATA DESCRIBING THE HEALTH
 CHARACTERISTICS, FUNCTIONAL ACUITY, AND LONG-TERM SERVICES AND
 SUPPORTS NEEDS OF THE PACE-COMPARABLE POPULATION, AS WELL AS

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RELEVANT MEDICARE AND MEDICAID CLAIMS, COST, UTILIZATION, AND
 VITAL STATISTICS DATA NECESSARY FOR THE COMPUTATION. THE UPPER
 PAYMENT LIMIT METHODOLOGY MUST APPLY GRADE OF MEMBERSHIP
 METHODS TO CHARACTERIZE THE HEALTH DEFICIT STRUCTURE OF
 LONG-TERM SERVICES AND SUPPORTS POPULATIONS, DEMONSTRATING AN
 EMPIRICAL UPPER <u>PAYMENT LIMIT.</u>

7 (III) NOTWITHSTANDING THE PROVISIONS OF THIS PARAGRAPH (d) 8 TO THE CONTRARY, THE STATE DEPARTMENT SHALL NOT BE REQUIRED TO 9 DEVELOP AN UPPER PAYMENT LIMIT METHODOLOGY PURSUANT TO THIS 10 PARAGRAPH (d) OR COMPLY WITH THE REQUIREMENTS OF SUBPARAGRAPH 11 (I) OF PARAGRAPH (e) OF THIS SUBSECTION (12) IF THE STATE DEPARTMENT 12 DOES NOT RECEIVE SUFFICIENT GIFTS, GRANTS, AND DONATIONS TO FUND 13 THE CONTRACT FOR ACTUARIAL SERVICES PURSUANT TO SUBPARAGRAPH 14 (I) OF THIS PARAGRAPH (d).

(e) (I) <u>CONTINGENT UPON ANY NECESSARY FEDERAL APPROVAL</u>,
<u>UNTIL</u> THE UPPER PAYMENT LIMIT METHODOLOGY IS DEVELOPED
PURSUANT TO PARAGRAPH (d) OF THIS SUBSECTION (12) AND ADOPTED IN
STATE BOARD RULES, THE PERCENTAGE OF THE UPPER PAYMENT LIMIT
USED TO CALCULATE THE MONTHLY CAPITATED RATE SHALL NOT BE LESS
THAN THE PERCENTAGE NEGOTIATED BY THE STATE DEPARTMENT WITH
THE PACE ORGANIZATIONS FOR THE 2016-17 STATE FISCAL YEAR.

(II) THIS PARAGRAPH (e) IS REPEALED, EFFECTIVE JULY 1 OF THE
YEAR FOLLOWING THE YEAR IN WHICH THE <u>EXECUTIVE DIRECTOR</u> NOTIFIES
THE REVISOR OF STATUTES THAT THE STATE BOARD HAS ADOPTED RULES
RELATING TO THE UPPER PAYMENT LIMIT METHODOLOGY DEVELOPED
PURSUANT TO PARAGRAPH (d) OF THIS SUBSECTION (12).

27 SECTION 2. In Colorado Revised Statutes, 26-11.5-102, amend

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1 (2) as follows:

2	<b>26-11.5-102.</b> Legislative declaration. (2) The general assembly
3	finds, determines, and declares that it is the public policy of this state to
4	encourage community contact and involvement with patients, residents,
5	and clients of long-term care facilities AND PACE PROGRAMS.
6	SECTION 3. In Colorado Revised Statutes, 26-11.5-103, add
7	(5.3), (5.5), and (8) as follows:
8	26-11.5-103. Definitions. As used in this article, unless the
9	context otherwise requires:
10	(5.3) "PACE" MEANS A NONPROFIT OR FOR-PROFIT PROGRAM OF
11	ALL-INCLUSIVE CARE FOR THE ELDERLY OPERATED PURSUANT TO SECTION
12	25.5-5-412, C.R.S.
13	(5.5) "PACE PARTICIPANT" MEANS ANY INDIVIDUAL WHO IS A
14	CURRENT OR PROSPECTIVE OR FORMER PATIENT OR CLIENT OF ANY PACE
15	PROGRAM IN THE STATE.
16	(8) "STATE PACE OMBUDSMAN" MEANS THE PERSON DESIGNATED
17	TO IMPLEMENT THE DUTIES AND FUNCTIONS REQUIRED PURSUANT TO
18	SECTION 26-11.5-113.
19	SECTION 4. In Colorado Revised Statutes, 26-11.5-104, amend
20	(3); and add (4) as follows:
21	26-11.5-104. Creation of state long-term care ombudsman
22	program-state PACE ombudsman. (3) Local ombudsman programs
23	shall be established statewide. Such programs shall be operated by the
24	state department under contract, grant, or agreement between the state
25	department and a public agency or an appropriate private nonprofit
26	organization. Personnel of local programs shall be trained and designated
27	as qualified representatives of the office in accordance with section

1 <u>26-11.5-105 (1) (b).</u>

2 (4) A STATE PACE OMBUDSMAN OFFICE IS ESTABLISHED IN THE
3 STATE LONG-TERM CARE OMBUDSMAN PROGRAM TO CARRY OUT THE
4 DUTIES SET FORTH IN SECTION 26-11.5-113.

5 SECTION 5. In Colorado Revised Statutes, 26-11.5-107, add (3)
6 as follows:

26-11.5-107. Notice of ombudsman services. (3) EVERY PACE
PROGRAM SHALL POST IN A CONSPICUOUS PLACE AT ALL PACE FACILITIES
<u>AND PROVIDE TO ALL PACE PARTICIPANTS, IN WRITING</u>, A NOTICE WITH
THE NAME, ADDRESS, AND PHONE NUMBER OF THE PACE OMBUDSMAN, OR
HIS OR HER DESIGNEE. THE STATE PACE OMBUDSMAN SHALL PROVIDE THE
NOTICE TO BE POSTED BY THE PACE PROGRAM.

SECTION 6. In Colorado Revised Statutes, 26-11.5-108, amend
(2); and add (2.5) as follows:

15 26-11.5-108. Access to facility - residents - records -16 confidentiality. (2) In performing ombudsman duties and functions OF 17 THEIR RESPECTIVE OFFICES in accordance with this article an ombudsman 18 shall have access to review the medical and social records of a resident 19 OR PACE PARTICIPANT eligible for ombudsman services pursuant to this 20 article, provided the resident OR PACE PARTICIPANT has consented to 21 such review. In the event consent to such review is not available because 22 the resident OR PACE PARTICIPANT is incapable of consenting and has no 23 guardian to provide such consent, inspection of such THE RESIDENT'S RECORDS OR PACE PARTICIPANT'S records may be made INSPECTED by the 24 25 state long-term care ombudsman OR THE STATE PACE OMBUDSMAN, 26 RESPECTIVELY.

27 (2.5) AN OMBUDSMAN, UPON PRESENTING A STATE PACE

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OMBUDSMAN IDENTIFICATION CARD, SHALL HAVE IMMEDIATE ACCESS TO
 A PACE PROGRAM OR FACILITY AND TO ITS PACE PARTICIPANTS FOR THE
 PURPOSES OF EFFECTIVELY CARRYING OUT THE PROVISIONS OF THIS
 ARTICLE.

5 SECTION 7. In Colorado Revised Statutes, 26-11.5-109, amend 6 (2) introductory portion and (4) (a); and **add** (2) (c) and (2) (d) as follows: 7 26-11.5-109. Interference with ombudsmen prohibited - civil 8 **penalty.** (2) No person shall take any discriminatory, disciplinary, or 9 retaliatory action against the following individuals for any communication 10 with an ombudsman or for any information provided in good faith to the 11 STATE LONG-TERM CARE OMBUDSMAN office OR TO THE STATE PACE 12 OMBUDSMAN OFFICE in carrying out its THEIR RESPECTIVE OMBUDSMAN 13 duties and responsibilities under this article:

14 (c) ANY PACE PARTICIPANT; OR

15 (d) ANY OFFICER OR EMPLOYEE OF A PROGRAM, ORGANIZATION,
16 FACILITY, OR GOVERNMENTAL AGENCY PROVIDING SERVICES TO PACE
17 PARTICIPANTS.

18 (4) (a) Any person listed in paragraphs (a), and (b), (c), AND (d) 19 of subsection (2) of this section, or any person acting on such person's 20 behalf, including the state or a local ombudsman, may file a complaint 21 with the department of human services against any person who violates 22 subsection (1) or (2) of this section. The said department shall investigate 23 such a complaint and, if there is sufficient evidence of a violation, shall 24 be authorized to assess, enforce, and collect the appropriate penalty set 25 forth in subsection (3) of this section.

26 SECTION 8. In Colorado Revised Statutes, 26-11.5-111, amend
 27 (1) (a), (1) (b), and (1) (c) as follows:

26-11.5-111. Duties of state department. (1) In order to
 implement the provisions of this article, the state department shall carry
 out the following duties:

4 (a) Establish a statewide uniform reporting system to collect and
5 analyze data relating to complaints and conditions in long-term care
6 facilities <u>OR PACE PROGRAMS</u> for the purpose of identifying and resolving
7 significant problems, with specific provision for the submission of such
8 data on a regular basis to the state agency responsible for licensing or
9 certifying long-term care facilities AND PACE ORGANIZATIONS;

10(b) Establish procedures to assure that information contained in11any files maintained in accordance with the state long-term care12ombudsman program shall be disclosed only at the discretion of the state13long-term care ombudsman OR THE STATE PACE OMBUDSMAN, AS14APPLICABLE, and that the identity of a complainant be disclosed only with15the written consent of such complainant or in accordance with a court16order:

17 (c) Ensure that no individual INDIVIDUALS involved in the
18 designation of the state long-term care ombudsman nor AND THE STATE
19 PACE OMBUDSMAN, AND any officer, employee, or volunteer of the
20 statewide program in performing ombudsman functions, is subject to any
21 DO NOT HAVE A conflict of interest;

SECTION 9. In Colorado Revised Statutes, add 26-11.5-113 as
follows:

24 26-11.5-113. Duties of state PACE ombudsman. (1) THE STATE
25 PACE OMBUDSMAN HAS THE FOLLOWING DUTIES AND FUNCTIONS:

26 (a) ESTABLISH STATEWIDE POLICIES AND PROCEDURES TO
27 IDENTIFY, INVESTIGATE, AND SEEK THE RESOLUTION OR REFERRAL OF

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COMPLAINTS MADE BY OR ON BEHALF OF A PACE PARTICIPANT RELATED
 TO ANY ACTION, INACTION, OR DECISION OF ANY PACE ORGANIZATION OR
 PACE PROVIDER <u>OR OF ANY PUBLIC AGENCY, INCLUDING THE STATE</u>
 <u>DEPARTMENT OF HUMAN SERVICES AND COUNTY DEPARTMENTS OF SOCIAL</u>
 <u>SERVICES, THAT MAY ADVERSELY AFFECT THE HEALTH, SAFETY, WELFARE,</u>
 OR RIGHTS OF THE PACE PARTICIPANT;

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8 (b) ESTABLISH PROCEDURES TO ANALYZE AND MONITOR THE 9 DEVELOPMENT AND IMPLEMENTATION OF FEDERAL, STATE, AND LOCAL 10 LAWS, REGULATIONS, AND POLICIES WITH RESPECT TO PACE SERVICES 11 AND PROGRAMS OR FACILITIES. ON THE BASIS OF THE ANALYSIS AND 12 MONITORING, THE STATE PACE OMBUDSMAN SHALL RECOMMEND TO THE 13 APPROPRIATE GOVERNING BODY CHANGES TO LAWS, REGULATIONS, AND 14 POLICIES.

15 (c) PREPARE A NOTICE INFORMING PACE PARTICIPANTS OF THE
16 EXISTENCE OF A STATE PACE OMBUDSMAN AND THE DUTIES OF THE STATE
17 PACE OMBUDSMAN FOR POSTING AT ALL PACE PROGRAMS AND
18 FACILITIES.

19 THE POLICIES AND PROCEDURES ADOPTED PURSUANT TO (2)20 PARAGRAPH (a) OF SUBSECTION (1) OF THIS SECTION MAY BE APPLIED TO 21 COMPLAINTS BY OR ON BEHALF OF PACE PARTICIPANTS WHERE THE 22 PROVISION OF OMBUDSMAN SERVICES WILL EITHER BENEFIT OTHER PACE 23 PARTICIPANTS ENROLLED IN THE SAME PACE PROGRAM THAT IS THE 24 SUBJECT OF THE COMPLAINT OR PACE PARTICIPANTS IN GENERAL, OR 25 WHERE OMBUDSMAN SERVICE IS THE ONLY VIABLE AVENUE OF ASSISTANCE 26 AVAILABLE TO THE PACE PARTICIPANT AND THE OMBUDSMAN SERVICE 27 WILL NOT SIGNIFICANTLY DIMINISH THE PACE ORGANIZATION'S EFFORTS 1 ON BEHALF OF THE PARTICIPANTS.

(3) IN ADDITION TO THE DUTIES AND FUNCTIONS SET FORTH IN
SUBSECTIONS (1) AND (2) OF THIS SECTION, THE STATE PACE OMBUDSMAN
AND HIS OR HER REPRESENTATIVES HAVE THE AUTHORITY TO PURSUE
ADMINISTRATIVE, LEGAL, OR OTHER APPROPRIATE REMEDIES ON BEHALF
OF PACE PARTICIPANTS FOR THE PURPOSES OF EFFECTIVELY CARRYING
OUT THE PROVISIONS OF PARAGRAPH (a) OF SUBSECTION (1) OF THIS
SECTION AND SUBSECTION (2) OF THIS SECTION.

9 (4) (a) THE STATE DEPARTMENT MAY SEEK, ACCEPT, AND EXPEND
10 GIFTS, GRANTS, AND DONATIONS FROM PRIVATE OR PUBLIC SOURCES FOR
11 THE PURPOSES OF <u>ESTABLISHING THE STATE PACE OMBUDSMAN</u> OFFICE
12 <u>AND</u> IMPLEMENTING THIS SECTION.

13 THE PACE OMBUDSMAN FUND, REFERRED TO IN THIS (b) 14 PARAGRAPH (b) AS THE "FUND", IS HEREBY CREATED IN THE STATE 15 TREASURY. THE FUND CONSISTS OF GIFTS, GRANTS, AND DONATIONS 16 <u>CREDITED TO THE FUND PURSUANT TO THIS SUBSECTION</u> (4) AND ANY 17 OTHER MONEY THAT THE GENERAL ASSEMBLY MAY APPROPRIATE OR 18 TRANSFER TO THE FUND. THE STATE TREASURER SHALL CREDIT ALL 19 INTEREST AND INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF 20 MONEY IN THE FUND TO THE FUND. ANY UNEXPENDED AND 21 UNENCUMBERED MONEY REMAINING IN THE FUND AT THE END OF A FISCAL 22 YEAR SHALL REMAIN IN THE FUND AND SHALL NOT BE TRANSFERRED TO 23 ANY OTHER FUND. SUBJECT TO ANNUAL APPROPRIATION BY THE GENERAL 24 ASSEMBLY, THE STATE DEPARTMENT MAY EXPEND MONEY FROM THE FUND 25 FOR PURPOSES OF ESTABLISHING THE STATE PACE OMBUDSMAN OFFICE 26 PURSUANT TO THIS ARTICLE.

27 (c) (I) NOTWITHSTANDING THE PROVISIONS OF THIS ARTICLE TO

1	THE CONTRARY, IF IN ANY OF STATE FISCAL YEARS 2016-17 THROUGH
2	2020-21 THE STATE DEPARTMENT DOES NOT RECEIVE SUFFICIENT GIFTS,
3	GRANTS, OR DONATIONS NECESSARY TO FUND A STATE PACE OMBUDSMAN
4	TO CARRY OUT THE DUTIES SET FORTH IN THIS SECTION, A STATE PACE
5	OMBUDSMAN OFFICE SHALL NOT BE ESTABLISHED IN THE STATE
6	LONG-TERM CARE OMBUDSMAN PROGRAM.
7	(II) THIS PARAGRAPH (c) IS REPEALED, EFFECTIVE JULY 1, 2021.
8	SECTION 10. In Colorado Revised Statutes, add 26-11.5-114 as
9	<u>follows:</u>
10	<u> 26-11.5-114. Stakeholder process - state PACE ombudsman -</u>
11	reporting. (1) The state department shall convene a stakeholder
12	GROUP FOR PURPOSES OF DEVELOPING LEGISLATION TO BE INTRODUCED
13	DURING THE 2017 LEGISLATIVE SESSION CONCERNING A COMPREHENSIVE
14	STATEWIDE PACE OMBUDSMAN PROGRAM WITHIN THE STATE PACE
15	OMBUDSMAN OFFICE THAT INCLUDES LOCAL PACE OMBUDSMEN.
16	(2) THE STAKEHOLDER GROUP SHALL INCLUDE, AT A MINIMUM:
17	(a) THE STATE PACE OMBUDSMAN, ONCE ESTABLISHED;
18	(b) THE STATE LONG-TERM CARE OMBUDSMAN AND ONE OR MORE
19	LOCAL OMBUDSMEN;
20	(c) REPRESENTATIVES OF PACE ORGANIZATIONS;
21	(d) COMMUNITY ADVOCATES; AND
22	(e) ANY OTHER INTERESTED STAKEHOLDERS, INCLUDING
23	REPRESENTATIVES OF STATE AGENCIES, AS DETERMINED BY THE STATE
24	DEPARTMENT.
25	(3) THE STAKEHOLDER GROUP SHALL CONSIDER THE NUMBER AND
26	LOCATION OF ANY NECESSARY LOCAL PACE OMBUDSMEN AND PROJECTED
27	SERVICE LEVELS FOR THE COMPREHENSIVE STATEWIDE PACE OMBUDSMAN

1 <u>PROGRAM.</u>

2	(4) THE STATE DEPARTMENT SHALL REPORT ON THE WORK OF THE
3	STAKEHOLDER GROUP TO THE JOINT BUDGET COMMITTEE AND TO THE
4	STATE DEPARTMENT'S LEGISLATIVE COMMITTEE OF REFERENCE AS PART OF
5	THE AGENCY'S ANNUAL PRESENTATION PURSUANT TO SECTION 2-7-103,
6	C.R.S., MADE DURING THE INTERIM PRIOR TO THE START OF THE 2017
7	LEGISLATIVE SESSION.
8	SECTION 11. Appropriation. (1) For the 2016-17 state fiscal
9	year, \$225,000 is appropriated to the department of health care policy and
10	financing for use by the executive director's office. This appropriation is
11	from the department of health care policy and financing cash fund created
12	in section 25.5-1-109, C.R.S. To implement this act, the executive
13	director's office may use this appropriation for general professional
14	services and special projects.
15	(2) For the 2016-17 state fiscal year, \$81,675 is appropriated to the
16	department of human services for use by the state ombudsman program.
17	This appropriation is from the PACE ombudsman fund created in section
18	26-11.5-113 (4) (b), C.R.S., and is based on an assumption that the
19	department will require an additional 1.0 FTE.
20	SECTION 12. Safety clause. The general assembly hereby finds,
21	determines, and declares that this act is necessary for the immediate
22	preservation of the public peace, health, and safety.