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0355 Joint Review Committee for the Medically Indigent



COLORADO

GENERAL ASSEMBLY

Legislative Council
Research Publication No. 355

**Joint Review Committee
for the Medically
Indigent**

November 1990

RECOMMENDATIONS FOR 1991

**JOINT REVIEW COMMITTEE
FOR THE MEDICALLY INDIGENT**

**Report to the
Colorado General Assembly**

**Research Publication No. 355
November 1990**

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Rep. Ruth Wright

To Members of the Fifth-Eighth Colorado General Assembly:

Submitted herewith is the final report of the Joint Review Committee for the Medically Indigent. The committee was appointed by the Speaker of the House and President of the Senate pursuant to Article 15 of Title 26, C.R.S. The purpose of the committee is to give guidance and direction to the University of Colorado Health Sciences Center in the development of the program for the medically indigent and to provide legislative oversight and advice concerning the development of the program.

At its meeting on September 24, 1990, the committee acted to recommend the proposed bills which are detailed herein. These bills were submitted to and approved by the Legislative Council at its meeting on October 15, 1990.

Respectfully submitted,

/s/ Representative Carol Taylor-Little
Chairman, Joint Review Committee
for the Medically Indigent

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**JOINT REVIEW COMMITTEE
FOR THE MEDICALLY INDIGENT**

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SUMMARY OF RECOMMENDATIONS

The Joint Review Committee for the Medically Indigent was established in 1983 by the "Reform Act for the Provision of Health Care for the Medically Indigent" (Article 15 of Title 26, C.R.S.). The act states that the committee is to give guidance and direction to the University of Colorado Health Sciences Center in the development of the the Medically Indigent Program and to provide legislative oversight and advice concerning the program.

The Medically Indigent Program serves a vital role in preventing deterioration of the health conditions among the medically indigent citizens of Colorado. During the 1990 legislative session, the General Assembly enacted legislation to continue the Medically Indigent Program until July 1991. Because the program was extended for only one year, the Joint Review Committee recommends legislation for the 1991 legislative session to prevent the repeal of this critical state program.

The committee recognizes that accessing needed health care is a problem that concerns more than the low income population. The entire health care system must be examined in order to address the lack of access to health care in Colorado. Thus, the committee recommends that a health services commission be established to prepare a list of health services ranked by priority, which could serve as a basis for a system of financing health care in Colorado. The work of the commission will focus on the following:

- providing access to health care services for those in need;
- containing rising health care services costs through appropriate incentives to providers, payers, and consumers;
- reducing or eliminating cost shifting; and
- promoting the stability of the health services delivery system and the health and well-being of all Coloradans.

The commission, after developing a list of prioritized health care services, will report to the General Assembly on its findings and recommendations for implementation of a health care system based on such a list.

The committee also recognizes that hundreds of thousands of Coloradans have no health insurance and lack the income and resources to obtain needed health care. Without health insurance or the ability to afford health care treatment, preventive care is frequently unavailable to the indigent or uninsured. These persons often receive health care through more costly emergency room treatment. In addition, the unpaid cost of health services for the indigent is shifted to paying patients, driving up

costs of hospitalization and health insurance for everyone else. Therefore, in an effort to increase access to health care, the committee recommends the development of a voluntary employer-sponsored health insurance program.

At its October 15, 1990 meeting, the Legislative Council divided one of the Joint Review Committee's proposals, concerning the creation of a health services commission and an employer-sponsored health insurance pool, into two separate bills. Originally, the Joint Review Committee suggested that the initial proposal with its two parts, start in the Senate. However, the Colorado Constitution requires that all bills for raising revenue start in the House of Representatives, and therefore the original bill was divided into two separate bills. The division allows the health services commission proposal to start in the Senate, as recommended by the Joint Review Committee, and the employer-sponsored health insurance program, which is revenue raising, to start in the House. Therefore, the committee recommends three bills for consideration during the 1991 legislative session:

Bill 1 – Concerning the Medically Indigent Health Care Program

Bill 1 reorganizes the types of services contracted for under the Medically Indigent Program and the list of items that appear each year in the long appropriations bill. The specialty and out-state budget line items are eliminated and replaced with outpatient care and inpatient care line items. The bill also adds licensed birth centers to the definition of "general provider" which will increase services in geographically underserved regions of the state.

The mandatory statutory percentages for different kinds of care are eliminated as well as the requirement imposed on the University of Colorado Health Sciences Center to establish patient per diem standards for comparable care. The bill authorizes the Joint Review Committee to request the State Auditor to conduct a performance audit of the administration of the Medically Indigent Program in conjunction with any financial postaudit of the Health Sciences Center. The bill extends the Medically Indigent Program until 1994.

Bill 2 – Concerning the Allocation of Publicly Funded Health Care Services

This bill creates a health services commission which is directed to hold public hearings on public health issues and to conduct a community value analysis of public opinion on health care resource allocation. The commission is to prepare a list of health services ranked by priority which could serve as a basis for a system of financing health care in Colorado and to report its recommendations to the various committees of the General Assembly by July 1, 1993. The health services commission list,

however, would not be implemented unless the General Assembly enacts legislation authorizing its implementation.

Bill 3 – Concerning the Creation of a Voluntary Employer-Sponsored Health Insurance Pool, and, in Connection Therewith, Making an Appropriation

Bill 3 creates an insurance pool governing board to contract with private insurers to provide health insurance policies to small businesses through a state insurance pool. The pool will be open to employers with fewer than 25 employees who have not contributed to employee health insurance within the preceding two years, new businesses, and existing businesses which choose to switch their current employee insurance coverage to the state pool before January 1, 1993.

To be eligible, employees must work for an average of at least seventeen and one-half hours per week. Employees are not eligible who are engaged as independent contractors, whose periods of employment are on an intermittent or irregular basis, and who have been employed by an employer for fewer than ninety days.

As an incentive to participate in the insurance pool, the bill provides a limited tax credit for employer contributions to employees' premiums. The credit will be the lesser of \$25 per month per employee or 50 percent of the total monthly premium for each covered employee. For employees plus dependents, the credit will be the lesser of \$65 per month or 50 percent of the monthly premium for each covered eligible employee plus dependents. The tax credit will terminate January 1, 1997.

BACKGROUND REPORT

This part of the report provides further information as background relating to the statutory provisions, changes in funding levels, the numbers of providers, and legislative history of the Medically Indigent Program.

Statutory Provisions

The "Reform Act for the Provision of Health Care for the Medically Indigent" sets forth the following major provisions for the statewide program for the medically indigent.

- Section 26-15-104 directs the University of Colorado Health Sciences Center to administer the program and authorizes the center to promulgate necessary rules and regulations.
- Section 26-15-105 requires the center to submit an annual report to the General Assembly concerning specific recommendations and other program features that are deemed appropriate.
- Section 26-15-106 specifies the responsibilities of the Health Sciences Center, such as directing the center to execute contracts with providers for payment of costs of services rendered. This section also specifies Denver Health and Hospitals as the primary medically indigent provider for the City and County of Denver and the Health Sciences Center as the primary provider of medical indigent services for the Denver Standard Metropolitan Statistical Area. The Health Sciences Center is also the provider of "complex care" where such care is not available within the remaining areas of the state.
- Section 26-15-107 establishes the Joint Review Committee for the Medically Indigent "to give guidance and direction to the health sciences center in the development of the program for the medically indigent and to provide legislative overview of and advice concerning the development of the program . . ."
- Section 26-15-108 creates the Technical Advisory Committee to aid and advise the Joint Review Committee and the Health Sciences Center with respect to the development of the program. This section was repealed on July 1, 1990 (see Section 2-3-1203 (3) (c) (VIII), C.R.S.).

Overview of the Colorado Medically Indigent Program

The legislative intent of the Medically Indigent Program is to "allocate available resources in a manner which will provide treatment of those conditions constituting the most serious threats to the health of such medically indigent persons, as well as increase access to primary medical care to prevent deterioration of the health conditions among medically indigent people" (Section 26-15-102, C.R.S.).

Eligibility. An official federal or state definition for "medically indigent" does not exist. Under the Colorado Medically Indigent Care Program, the medically indigent are usually considered those persons with little or no personal equity who are ineligible for Medicaid, yet are still unable to pay for their medical care due to poverty, a lack of health insurance, or inadequate health insurance coverage. Therefore, a patient of the Medically Indigent Program must be medically indigent based on an ability-to-pay scale, a Colorado resident or migrant farm worker, and a U.S. citizen or a documented alien. The program serves an estimated 75,000 to 100,000 persons each year.

Patient responsibilities. All patients are responsible for paying a portion of their bills determined according to family size, income, assets, liabilities, and extraordinary expenses.

Services. The Medically Indigent Program authorizes coverage for most inpatient and outpatient medical services. All providers are also required to provide emergency care (treatment requiring immediate attention) to the indigent. Dental services, nursing home care, chiropractic or podiatric services, sex change surgical procedures, cosmetic surgery, experimental and unapproved Federal Drug Administration treatments are not covered unless deemed medically necessary. In addition, the program provides inpatient psychiatric and drug and alcohol service for up to 30 days per patient, per program year.

Due to budget limits, care under the Medically Indigent Program is primarily for acute and emergency conditions. Primary and preventive care are not emphasized. Licensed clinics are authorized to be outpatient providers, but most of the program's budget funds are for hospital care.

Program funding. The program is funded entirely through state funds and, unlike the Medicaid program, is not an entitlement program in which no eligible person can be denied service. Instead, the program is designed to provide payment in the form of reimbursements to providers for the provision of medical services to eligible indigent persons.

Program funding is provided through five fixed line items in the long bill one each for the:

- University Hospital Indigent Care Program;
- Denver Indigent Care Program (Denver Health and Hospitals);
- Out-state Indigent Care Program (all non-Denver county providers),
- Specialty Indigent Care Program; and
- Community Maternity Program.

The reimbursement rate for providers in each line item category differs depending upon the actual numbers of providers participating, number of patients served, and costs of serving the patients.

Changes in Appropriations (fiscal years / \$ millions)

1974-75	\$12.17	1980-81	\$12.97	1986-87	\$40.28
1975-76	10.50	1981-82	15.73	1987-88	40.28
1976-77	10.03	1982-83	19.17	1988-89	41.92
1977-78	\$ 9.12	1983-84	\$35.16	1989-90	\$42.32
1978-79	10.00	1984-85	33.39	1990-91	40.09
1979-80	10.37	1985-86	40.28		

SOURCE: Annual Report to the Colorado General Assembly, 1988-89 Colorado Indigent Care Programs, University of Colorado Health Sciences Center, January 1990.

In fiscal year 1988-89, providers received the following proportion of their costs for serving indigent patients under the program: University Hospital (UH) 59 percent; Denver General Hospital (DGH) 42 percent; non-Denver County hospitals 34 percent; and speciality providers 36 percent. However, due to increased numbers of providers outside the City and County of Denver, the rate of costs paid has declined from about 50 percent in fiscal year 1985-86 to an estimated 24 percent in fiscal year 1989-90.

Distribution of FY 1990-91 Appropriations (1990 Long Bill)

Program Administration	\$ 285,822
Community Maternity	687,965
Denver Indigent Care	16,259,496
Out-State Indigent Care	7,308,474
Specialty Care	1,389,078
University Hospital	<u>14,158,220</u>
 TOTAL	 \$40,089,055

Patient Visits — Years 1983-84 and 1988-89

	<u>1983-84</u>		<u>1988-89</u>
Inpatient	15,426	Inpatient	20,408
Ambulatory	<u>313,134</u>	Ambulatory	<u>414,187</u>
 TOTAL	 328,560		 434,595

SOURCE: Annual Report to the Colorado General Assembly, 1989-90 Colorado Indigent Care Programs, University of Colorado Health Sciences Center, January 1990.

Patients from Adams, Arapahoe, Denver, and Jefferson counties accounted for 68 percent of the inpatient discharges and 63 percent of the ambulatory visits. Non-urgent and/or preventative medical services accounted for 24 percent of the inpatient discharges and 81 percent of the ambulatory visits.

Provider participation. Participation in the program has varied from year to year as shown by the following table. Until the current fiscal year, growth in the number of providers has increased every year since fiscal year 1981-82.

**Medically Indigent Program Provider Participation
(1974-75 through 1990-91)**

<u>Fiscal Year</u>	<u>(Number) and Types of Providers</u>
1974-75	(13): DGH and 12 out-state
1975-76	(8): DGH and 7 out-state
1976-77	(5): DGH and 4 out-state
1977-78	(4): DGH and 3 out-state
1978-79	(4): DGH, 2 out-state, and 1 speciality
1979-80	(3): DGH, 1 out-state, and 1 speciality
1980-81	(3): DGH, 1 out-state, and 1 speciality
1981-82	(3): DGH, 1 out-state, and 1 speciality
1982-83	(15): DGH, 12 out-state, and 2 speciality
1983-84	(29): DGH, UH, 25 out-state, and 2 speciality
1984-85	(31): DGH, UH, 27 out-state, and 2 speciality
1985-86	(36): DGH, UH, 32 out-state, and 2 speciality
1986-87	(41): DGH, UH, 37 out-state, and 2 speciality
1987-88	(49): DGH, UH, 45 out-state, and 2 speciality
1988-89	(57): DGH, UH, 53 out-state, and 2 speciality
1989-90	(67): DGH, UH, 59 out-state, and 6 speciality
1990-91	(66): DGH, UH, 57 out-state, and 7 speciality

SOURCE: Annual Report to the Colorado General Assembly, 1988-89 Colorado Indigent Care Programs, University of Colorado Health Sciences Center, January 1990.

Legislative History – Colorado Medically Indigent Program

The following is an overview of the key dates and facts relative to the origin and development of the Medically Indigent Program in Colorado.

1974. A legislative Subcommittee on Core City Problems was instrumental in obtaining an appropriation from the General Assembly to provide medically indigent funds to the City and County of Denver for partial support of Denver General Hospital (Denver Health and Hospitals). The initial authorization for the program was contained in a line item footnote in the Department of Social Services' budget in the 1974 long bill. An appropriation of \$11,950,000, plus \$222,800 for administrative costs, was made to the department for hospitals and health centers owned and operated by municipalities, counties, and hospital districts for the care of indigent patients.

The Department of Social Services was designated as program administrator at the start of the Medically Indigent Program. The ability-to-pay fee schedule of the Colorado General Hospital (University Hospital) was used to determine indigence and a minimum charge was required of all patients (\$1.00 for outpatients and \$25.00 for inpatients). Participation was limited to public hospitals, and providers were required to contribute three percent of all operating expenditures to charity prior to becoming eligible for reimbursement from the program.

1975-77. Minor changes occurred in the Medically Indigent Program during this period. No major legislative changes were made in program administration in 1975 or 1977. During 1976, the inpatient minimum charge was reduced from \$25.00 to \$10.00.

1978. Beginning in 1978, physicians at participating facilities were reimbursed for services to indigent patients. In addition, the Community Maternity Program was established as the rural delivery program. The Health Sciences Center subcontracted administration of the Community Maternity Program with the Department of Health.

1981. In 1981, private and not-for-profit hospitals were made eligible for the Medically Indigent Program, but payment for physician services was eliminated. The Department of Social Services was directed to define, by contract, the terms of reimbursement and the services for which reimbursement was to be made. Hospitals were required to utilize the ability-to-pay fee schedule developed for University Hospital by the University of Colorado Board of Regents.

1982. The administration of the program was shifted from the Department of Social Services to the University of Colorado Health Sciences Center in fiscal year 1982-83. The following reasons were given for the program transfer:

- the Health Sciences Center, unlike the Department of Social Services, has statutory authority to provide care for the medically indigent;
- the transfer of this program, along with the transfer of the Community Maternity Program from the Department of Health, provided for the combined administration of medically indigent services in a unit that was an actual provider of medical care; and
- it was believed that data gathering capabilities would improve by placing the program in the Health Sciences Center.

1983. In 1983, the General Assembly enacted the “Reform Act for the Provision of Health Care for the Medically Indigent” to provide a statutory base for the Medically Indigent Program, also referred to as the Colorado Indigent Care Program and the Colorado Resident Discount Program (Article 15 of Title 26, C.R.S.).

1990. In 1990, the General Assembly enacted the Children’s Ambulatory Health Care Program which extended ambulatory health care insurance to pregnant women and children up to age 9 with family incomes up to 150 percent of the federal poverty level. The financing of the program involved a transfer of Medically Indigent Program funds to the Department of Social Services which was used to leverage matching federal funds. The Medically Indigent Program was also extended without change for one year. In addition, House Bill 1010, concerning the sunset of advisory committees, failed to pass, and therefore the Technical Advisory Committee on the Medically Indigent was terminated on July 1, 1990.

BILL 1

A BILL FOR AN ACT

1 CONCERNING THE MEDICALLY INDIGENT HEALTH CARE PROGRAM.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Reorganizes the types of services contracted for under the medically indigent program and their descriptions in the long bill by eliminating the specialty and outstate line items and creating in lieu thereof outpatient care and inpatient care line items. Adds licensed birth centers to the definition of "general provider".

Eliminates the mandatory statutory percentages for different kinds of care. Removes the requirement imposed on the health sciences center to establish patient per diem standards for comparable care.

Authorizes the joint review committee for the medically indigent to request the state auditor to conduct a performance audit of the administration of program for the medically indigent to be conducted in conjunction with any financial postaudit of the health sciences center.

Extends the program for the medically indigent for a specified number of years.

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

3 SECTION 1. 26-15-102 (2), Colorado Revised Statutes,

4 1989 Repl. Vol., is amended to read:

1 26-15-102. Legislative declaration. (2) The general
2 assembly further determines, finds, and declares that THE
3 ELIGIBILITY OF medically indigent persons ~~are not entitled~~ to
4 receive medical services rendered under the conditions
5 specified in subsection (1) of this section ~~as a matter of~~
6 ~~right~~ EXISTS ONLY TO THE EXTENT OF AVAILABLE APPROPRIATIONS,
7 AS WELL AS TO THE EXTENT OF THE INDIVIDUAL PROVIDER FACILITY'S
8 PHYSICAL, STAFF, AND FINANCIAL CAPABILITIES. THE GENERAL
9 ASSEMBLY ALSO RECOGNIZES THAT THE PROGRAM FOR THE MEDICALLY
10 INDIGENT IS A PARTIAL SOLUTION TO THE HEALTH CARE NEEDS OF
11 COLORADO'S MEDICALLY INDIGENT CITIZENS. Therefore, medically
12 indigent persons accepting such medical services FROM SUCH
13 PROGRAM shall be subject to the limitations and requirements
14 imposed in this article.

15 SECTION 2. 26-15-103, Colorado Revised Statutes, 1989
16 Repl. Vol., is REPEALED AND REENACTED, WITH AMENDMENTS, to
17 read:

18 26-15-103. Definitions. As used in this article, unless
19 the context otherwise requires:

20 (1) "Emergency care" means treatment for conditions of
21 an acute, severe nature which are life, limb, or disability
22 threats requiring immediate attention, where any delay in
23 treatment would, in the judgment of the responsible physician,
24 threaten life or loss of function of a patient or viable
25 fetus.

26 (2) "General provider" means any general hospital, birth

1 center, or community health clinic licensed or certified by
2 the department of health pursuant to section 25-1-107 (1) (1)
3 (I) or (1) (1) (II), C.R.S., any health maintenance
4 organization issued a certificate of authority pursuant to
5 section 10-17-104, C.R.S., and the health sciences center when
6 acting pursuant to section 26-15-106 (5) (a) (I) or (5) (a)
7 (II) (A). A home health agency may also serve as a provider
8 of community maternity services. For the purposes of the
9 program, "general provider" includes associated physicians.
10 All general providers participating in the inpatient care
11 program or the outpatient care program, or both, shall either
12 have participated in the specialty care program prior to July
13 1, 1991, or be located outside of the city and county of
14 Denver.

15 (3) "Health sciences center" means the schools of
16 medicine, dentistry, nursing, and pharmacy established by the
17 regents of the university of Colorado under section 5 of
18 article VIII of the Colorado constitution.

19 (4) "Program" means the program for the medically
20 indigent established by section 26-15-104.

21 (5) "University hospital" means the university hospital
22 operated pursuant to part 4 of article 21 of title 23, C.R.S.

23 SECTION 3. The introductory portion to 26-15-105 (1),
24 Colorado Revised Statutes, 1989 Repl. Vol., is amended to
25 read:

26 26-15-105. Report concerning the program. (1) The

1 health sciences center ~~in cooperation with the technical~~
2 ~~advisory committee created pursuant to section 26-15-108,~~
3 shall prepare an annual report to the joint review committee
4 created pursuant to section 26-15-107 concerning the medically
5 indigent program. The report shall be prepared following
6 consultation with contract providers in the program, state
7 department personnel, and other agencies, organizations, or
8 individuals as it deems appropriate in order to obtain
9 comprehensive and objective information about the program.
10 The report shall contain a plan for a delivery system to
11 provide medical services to medically indigent persons of
12 Colorado in a manner which assures appropriateness of care,
13 prudent utilization of state resources, and accountability to
14 the general assembly. The health sciences center shall submit
15 the report to the general assembly no later than February 1 of
16 each year. The report shall include recommendations regarding
17 the following:

18 SECTION 4. 26-15-106 (1) (a), (1) (b), and (5), Colorado
19 Revised Statutes, 1989 Repl. Vol., are amended to read:

20 26-15-106. Responsibility of the health sciences center
21 - provider contracts. (1) (a) Execution of such contracts
22 with providers for payment of costs of medical services
23 rendered to the medically indigent as the health sciences
24 center shall determine are necessary for the ~~continuation of~~
25 ~~the state funded programs for the medically indigent existing~~
26 ~~prior to July 1, 1983, including any short term or~~

1 ~~transitional-contracts-and-contract-extensions--which--may--be~~
2 ~~necessary---to--allow--time--for--promulgation--of--rules--and~~
3 ~~negotiation-and-execution-of-detailed-contracts~~ PROGRAM;

4 (b) Promulgation of such REASONABLE rules and
5 regulations as are necessary ~~to-continuation-of-said~~ FOR THE
6 program, including but not limited to matters enumerated in
7 section 26-15-105 and program scope and content concerning
8 community maternity programs; and

9 (5) (a) THE RESPONSIBILITIES OF PROVIDERS WHO PROVIDE
10 MEDICAL CARE THROUGH THE PROGRAM FOR THE MEDICALLY INDIGENT
11 ARE AS FOLLOWS:

12 (I) Denver health and hospitals, including associated
13 physicians, shall, up to its physical, staff, and financial
14 capabilities as provided for under this program, be designated
15 by contract as the primary providers of medical services to
16 the medically indigent for the city and county of Denver.

17 (II) (A) ~~The-health-sciences-center~~ UNIVERSITY HOSPITAL,
18 including associated physicians, shall, up to its physical,
19 staff, and financial capabilities as provided for under this
20 program, be the primary provider of medical services to the
21 medically indigent for the Denver standard PRIMARY
22 metropolitan statistical area, EXCLUDING THE MEDICALLY
23 INDIGENT FOR THE CITY AND COUNTY OF DENVER, WHO SHALL RECEIVE
24 SERVICES FROM DENVER HEALTH AND HOSPITALS, IN ACCORDANCE WITH
25 SUBPARAGRAPH (I) OF THIS PARAGRAPH (a).

26 ~~(b)~~ (B) ~~The--university--of--Colorado--health--sciences~~

1 ~~center~~ UNIVERSITY HOSPITAL, including associated physicians,
2 shall be the primary provider of such complex care as is not
3 available or is not contracted for in the remaining areas of
4 the state up to its physical, staff, and financial
5 capabilities as provided for under this program.

6 {e} (C) When acting in the capacity of a provider, ~~the~~
7 ~~health-sciences-center~~ UNIVERSITY HOSPITAL shall comply with
8 all requirements of this article relating to contracts with
9 providers.

10 (b) THE FOLLOWING REQUIREMENTS SHALL APPLY TO CONTRACTS
11 MADE BY THE HEALTH SCIENCES CENTER WITH PROVIDERS:

12 {d} (I) Any two or more providers awarded contracts
13 may, with the approval of the health sciences center,
14 redistribute their respective populations and associated
15 funds.

16 (II) CONTRACTS FOR THE INPATIENT CARE PROGRAM SHALL USE
17 GENERAL PROVIDERS OUTSIDE THE CITY AND COUNTY OF DENVER AND
18 DESIGNATED SPECIALTY CARE PROVIDERS TO PROVIDE INPATIENT ACUTE
19 AND TERTIARY CARE PRIMARILY TO RESIDENTS OUTSIDE OF THE CITY
20 AND COUNTY OF DENVER. AT THE DISCRETION OF THE GENERAL
21 PROVIDER, ASSOCIATED PHYSICIANS MAY PROVIDE INPATIENT
22 PHYSICIAN SERVICES.

23 (III) CONTRACTS FOR THE OUTPATIENT CARE PROGRAM SHALL
24 USE GENERAL PROVIDERS OUTSIDE THE CITY AND COUNTY OF DENVER
25 AND DESIGNATED SPECIALTY CARE PROVIDERS TO PROVIDE PRIMARY
26 CARE MEDICAL SERVICES IN AN OUTPATIENT SETTING PRIMARILY TO

1 RESIDENTS OUTSIDE OF THE CITY AND COUNTY OF DENVER. AT THE
2 DISCRETION OF THE GENERAL PROVIDER, ASSOCIATED PHYSICIANS MAY
3 PERFORM SERVICES ON-SITE.

4 SECTION 5. 26-15-106 (6) (b), Colorado Revised Statutes,
5 1989 Repl. Vol., is REPEALED AND REENACTED, WITH AMENDMENTS,
6 to read:

7 26-15-106. Responsibility of health sciences center -
8 provider contracts. (6) (b) Each fiscal year, the contract
9 amounts for provision of services to the medically indigent
10 shall be those identified in the general appropriation bill
11 for the following institutions and other providers: Denver
12 health and hospitals; university hospital; community maternity
13 providers; inpatient care programs; and outpatient care
14 programs.

15 SECTION 6. 26-15-106 (9) (b), Colorado Revised Statutes,
16 1989 Repl. Vol., is REPEALED AND REENACTED, WITH AMENDMENTS,
17 to read:

18 26-15-106. Responsibility of health sciences center -
19 provider contracts. (9) (b) Such medical services shall be
20 prioritized in the following order:

21 (I) Emergency care for the full year;

22 (II) Any additional medical care for those conditions
23 the health sciences center determines to be the most serious
24 threat to the health of medically indigent persons;

25 (III) Any other additional medical care.

26 SECTION 7. 26-15-107, Colorado Revised Statutes, 1989

1 Repl.-Vol., is amended to read:
2 26-15-107. Joint review committee for the medically
3 indigent. In order to give guidance and direction to the
4 health sciences center in the development of the program for
5 the medically indigent and to provide legislative overview of
6 and advice concerning the development of the program, there is
7 hereby established the joint review committee for the
8 medically indigent. The membership of the committee shall
9 consist of six representatives appointed by the speaker of the
10 house of representatives and four senators appointed by the
11 president of the senate, who shall be appointed no later than
12 ten days after the convening of the first regular session of
13 each general assembly; except that the members for the
14 fifty-fourth general assembly may be appointed at any time
15 after June 12, 1983. The appointments shall include
16 representation from each of the political parties. The
17 committee shall meet when necessary with providers and the
18 health sciences center to review progress in the development
19 of the program. The committee may consult with such experts
20 as may be necessary. The staffs of the legislative council
21 and of the state auditor shall assist the committee. THE JOINT
22 REVIEW COMMITTEE MAY REQUEST FROM TIME TO TIME THAT A
23 PERFORMANCE AUDIT BE CONDUCTED BY THE STATE AUDITOR OF THE
24 ADMINISTRATION OF THE MEDICALLY INDIGENT PROGRAM TO BE
25 CONDUCTED IN CONJUNCTION WITH ANY FINANCIAL POSTAUDIT OF THE
26 HEALTH SCIENCES CENTER.

1 SECTION 8. 26-15-113, Colorado Revised Statutes, 1989
2 Repl. Vol., as amended, is amended to read:

3 26-15-113. Repeal of article. This article is repealed,
4 effective July 1, 1991 1994.

5 SECTION 9. Repeal. 26-15-105 (1) (1) and 26-15-106 (11)
6 (a), (11) (b), and (12), Colorado Revised Statutes, 1989 Repl.
7 Vol., are repealed.

8 SECTION 10. Effective date. This act shall take effect
9 July 1, 1991.

10 SECTION 11. Safety clause. The general assembly hereby
11 finds, determines, and declares that this act is necessary
12 for the immediate preservation of the public peace, health,
13 and safety.

BILL 2

A BILL FOR AN ACT

1 CONCERNING THE ALLOCATION OF PUBLICLY FUNDED HEALTH CARE
2 SERVICES.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Creates a health services commission which is directed to conduct public hearings on public health issues and a community value analysis of public opinion on health care resource allocation. Directs the commission to prepare a list of health services ranked by priority which could serve, subject to approval by the general assembly, as the basis for a system of financing health care services in Colorado. Directs the commission to prepare such health services list based on a health care system that includes the following elements: a) Health care services, as prioritized, would be provided to persons who have been receiving health services under medicaid and under the medically indigent program, and to two new groups under medicaid: A new group of "categorically needy" persons comprised of all persons whose family income is at or below the federal poverty level, and the medically needy; b) The department of social services would negotiate contracts for managed health care services; and c) Medicaid waivers would be sought from the federal government in order to operate such a health care system.

Requires the commission to report on its recommendations to the general assembly by a date certain. States that the health services list shall not be implemented unless the general assembly acting by bill enacts legislation authorizing its implementation.

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

2 SECTION 1. Title 26, Colorado Revised Statutes, 1989
3 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW
4 ARTICLE to read:

5 ARTICLE 4.1

6 Health Services Plan

7 26-4.1-101. Short title. This article shall be known and
8 may be cited as the "Colorado Health Services Plan".

9 26-4.1-102. Legislative declaration. (1) The general
10 assembly finds that:

11 (a) Hundreds of thousands of Coloradans have no health
12 insurance or other coverage and lack the income and resources
13 needed to obtain health care or have elected not to purchase
14 health insurance to cover their own or their families' needs;

15 (b) The number of persons with limited access to health
16 services increases dramatically during periods of high
17 unemployment;

18 (c) Without health coverage, persons who lack access to
19 health services may receive treatment, but through more costly
20 modes of care;

21 (d) The unpaid cost of health services for such persons
22 is shifted to paying patients, driving up the cost of
23 hospitalization and health insurance for all Coloradans;

24 (e) The state's medical assistance program is
25 increasingly unable to fund the health care needs of

1 low-income citizens.

2 (2) In order to provide access to health services for
3 those in need, to contain rising health services costs through
4 appropriate incentives to providers, payers, and consumers, to
5 reduce or eliminate cost shifting, and to promote the
6 stability of the health services delivery system and the
7 health and well-being of all citizens, it is the purpose of
8 this article to appoint a health services commission for the
9 purpose of developing a list of health care services as
10 provided in this article and reporting back to the general
11 assembly on its findings and recommendations for the
12 implementation of a health care system based on such a list.

13 26-4.1-103. Definitions. As used in this article, unless
14 the context otherwise requires:

15 (1) "Health services" means:

16 (a) Provider services and supplies;

17 (b) Outpatient services;

18 (c) Inpatient hospital services;

19 (d) Health promotion and disease prevention services;

20 (e) Long-term care services;

21 (f) Preventive care, health education, and early
22 intervention services.

23 (2) "Medical assistance" means the same as said term is
24 defined in section 26-4-103 (4). "Medical assistance"
25 includes "health services" as defined in subsection (1) of
26 this section.

1 26-4.1-104. Health services commission - creation.

2 (1) There is hereby created in the department of local
3 affairs a health services commission, which shall exercise its
4 powers and perform its duties and functions as if it were
5 transferred to said department by a type 1 transfer. The
6 commission shall consist of sixteen members who shall be
7 appointed by the governor, with the consent of the senate.
8 Five members shall be physicians licensed and in the active
9 practice of medicine in this state, one member shall be a
10 licensed psychologist, one member shall be a public health
11 nurse or nurse practitioner, and one member shall be a social
12 services worker. Four members shall be persons who are not
13 physicians but have relevant expertise in health care. These
14 four members shall have clinical or other expertise in areas
15 of obstetrics, perinatal care, pediatrics, family medicine,
16 adult medicine, geriatrics, public health, osteopathy, health
17 care delivery, or ethics. Four members shall be consumers of
18 health care without employment or significant financial
19 interest in the health care industry. In making the
20 appointments, the governor shall consult with professional and
21 other interested organizations.

22 (2) Members of the commission shall serve for a term of
23 four years, at the pleasure of the governor; except that, of
24 the members first appointed to the commission, four members
25 shall serve for terms ending July 1, 1993, four members shall
26 serve for terms ending July 1, 1994, four members shall serve

1 for terms ending July 1, 1995, and four members shall serve
2 for terms ending July 1, 1996.

3 (3) Whenever a vacancy exists, the governor shall
4 appoint a member for the remaining portion of the unexpired
5 term created by the vacancy, subject to confirmation by the
6 senate.

7 (4) The commission may establish such subcommittees of
8 its members and other medical, economic, or health services
9 advisers as it determines to be necessary to assist the
10 commission in the performance of its duties.

11 (5) The commission is authorized to contract for staff
12 to assist the commission in carrying out its duties and
13 functions.

14 26-4.1-105. Elements of health services system to be
15 evaluated. (1) The purpose of creating the health services
16 commission is to create a commission of persons with special
17 expertise who can prepare a health services list that could
18 serve, subject to approval by the general assembly, as the
19 basis for a system of financing health care services in
20 Colorado. The purpose of the health services commission is to
21 prepare such list and to make recommendations to the general
22 assembly about the funding of such list. In carrying out its
23 duties as set forth in section 26-4.1-106, the health services
24 commission shall prepare the health services list based on a
25 health care system that includes the following elements:

26 (a) Medical assistance as defined in section 26-4-103

1 (4) and health services as defined in section 26-4.1-103 (1)
2 would be provided to the following persons:

3 (I) Persons eligible for services under the "Colorado
4 Medical Assistance Act", article 4 of this title;

5 (II) Persons eligible for services under the medically
6 indigent program authorized in article 15 of this title;

7 (III) Persons whose income exceeds one hundred percent
8 of federal poverty level for whom medical assistance matching
9 funds are available if state funds are available;

10 (IV) Persons who are medically needy under a medicaid
11 option not currently available under the "Colorado Medical
12 Assistance Act";

13 (b) The department of social services would negotiate
14 contracts with qualified providers to provide managed health
15 care services; and

16 (c) Medicaid waivers would be sought from the federal
17 government in order to operate such a health care system.

18 (2) No health care services list prepared pursuant to
19 this article shall be implemented unless the general assembly
20 acting by bill enacts legislation authorizing the
21 implementation of such a system.

22 26-4.1-106. Duties of commission - hearings - prepare
23 list of health services - report. (1) The health services
24 commission shall consult with the joint review committee for
25 the medically indigent, the joint budget committee, and the
26 house and senate health, environment, welfare, and

1 institutions committees and conduct public hearings prior to
2 preparing the health services list described in subsection (5)
3 of this section. The commission shall solicit testimony and
4 information from advocates for seniors; handicapped persons;
5 mental health services consumers; low-income citizens; and
6 providers of health care, including but not limited to
7 physicians licensed to practice medicine, dentists, oral
8 surgeons, chiropractors, hospitals, clinics, pharmacists,
9 nurses, and allied health professionals. During the process
10 of preparing the list of health care services described in
11 subsection (5) of this section, the health services commission
12 shall consider and use, to the extent possible, data collected
13 and developed by available medical outcome research projects.

14 (2) The commission shall conduct a community value
15 analysis which may include, but is not limited to, studies of
16 public opinion on values in health, community sampling, or
17 other recognized social research regarding public values on
18 health care resource allocation.

19 (3) In conjunction with the joint review committee for
20 the medically indigent, the joint budget committee, and the
21 house and senate health, environment, welfare, and
22 institutions committees, the commission shall cause public
23 involvement to be solicited in a community meeting process to
24 build a consensus on the values to be used to guide health
25 resource allocation decisions.

26 (4) The commission shall develop a priority ranking of

1 health care services. This ranking shall be from the most
2 important to the least important, relative to the entire
3 population to be served.

4 (5) The commission shall submit a list of health
5 services, as ranked, to an independent actuary retained by the
6 commission. The actuary shall project the annual cost of
7 services on the list and shall report such projections to the
8 commission.

9 (6) The commission shall prepare a single report
10 containing the list of health services ranked by priority and
11 incorporating the actuary's projected costs. On or before
12 July 1, 1993, the commission shall submit such report to the
13 joint review committee for the medically indigent, the joint
14 budget committee, the house and senate health, environment,
15 welfare, and institutions committees, and the governor. The
16 commission shall include in its report any recommendations for
17 implementing a health care system based on such health
18 services list.

19 26-4.1-107. Interim report. The health services
20 commission shall make an interim report to the joint review
21 committee for the medically indigent, the joint budget
22 committee, the house and senate health, environment, welfare,
23 and institutions committees, and the governor no later than
24 March 1, 1992.

25 26-4.1-108. Commission may accept grants and donations.
26 The health services commission is authorized to accept

1 contributions, grants, services, and in-kind donations from
2 private or public sources, subject to annual appropriation by
3 the general assembly.

4 26-4.1-109. Repeal of article. This article is repealed,
5 effective July 1, 1993.

6 SECTION 2. 24-1-125, Colorado Revised Statutes, 1988
7 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW
8 SUBSECTION to read:

9 24-1-125. Department of local affairs - creation.

10 (7) (a) The health services commission, created by article
11 4.1 of title 26, C.R.S., shall exercise its powers and perform
12 its duties and functions under the department of local affairs
13 as if it were transferred to the department by a type 1
14 transfer.

15 (b) This subsection (7) is repealed, effective July 1,
16 1993.

17 SECTION 3. No appropriation. The general assembly has
18 determined that no separate appropriation of state moneys is
19 necessary to carry out the purposes of this act.

20 SECTION 4. Safety clause. The general assembly hereby
21 finds, determines, and declares that this act is necessary
22 for the immediate preservation of the public peace, health,
23 and safety.

BILL 3

A BILL FOR AN ACT

1 CONCERNING THE CREATION OF A VOLUNTARY EMPLOYER-SPONSORED
2 HEALTH INSURANCE POOL, AND, IN CONNECTION THEREWITH,
3 MAKING AN APPROPRIATION.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Creates a voluntary employer-sponsored health insurance pool to provide employee health insurance. Creates an insurance pool governing board which shall contract with private insurers to provide health insurance policies through a voluntary state insurance pool. Allows existing businesses which have not recently contributed to employee health insurance, new businesses, and existing businesses which switch their employee insurance coverage to the state insurance pool to obtain a tax credit for employer contributions to employees' premiums. Requires employers who participate in the state pool to pay a portion of the employees' premiums. Phases out the tax credits after a certain number of years.

Makes an appropriation to implement the act.

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

5 SECTION 1. Title 10, Colorado Revised Statutes, 1987

1 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW
2 ARTICLE to read:

3 ARTICLE 20

4 Voluntary Employer-sponsored Health Insurance

5 10-20-101. Legislative declaration. The general assembly
6 declares that the purpose of this article is to increase
7 access to health insurance by developing a voluntary program
8 for certain employers that uses preventative and primary care
9 and to minimize the medical care cost shifts caused by the
10 providing of uncompensated care by hospitals.

11 10-20-102. Definitions. As used in this article, unless
12 the context otherwise requires:

13 (1) "Board" means the insurance pool governing board
14 established in section 10-20-103.

15 (2) "Carrier" means an insurance company, a nonprofit
16 hospital and health care service corporation, or a health
17 maintenance organization holding a valid certificate of
18 authority from the insurance commissioner.

19 (3) "Eligible employee" means an employee who is
20 employed by an employer for an average of at least seventeen
21 and one-half hours per week and who elects to participate in
22 one of the group benefit plans provided through board action
23 and includes sole proprietors, business partners, and limited
24 partners. The term does not include individuals:

25 (a) Engaged as independent contractors;

26 (b) Whose periods of employment are on an intermittent

1 or irregular basis;

2 (c) Who have been employed by the employer for fewer
3 than ninety days.

4 (4) "Family member" means an eligible employee's spouse
5 and any unmarried child or stepchild within age limits and
6 other conditions imposed by the board with regard to unmarried
7 children or stepchildren.

8 (5) "Health benefit plan" means a contract for group
9 medical, surgical, hospital, or any other care recognized by
10 state law and related services and supplies.

11 (6) "Premium" means the monthly or other periodic charge
12 for a health benefit plan.

13 10-20-103. Insurance pool governing board - creation.

14 (1) There is hereby created in the department of regulatory
15 agencies an insurance pool governing board, which shall
16 exercise its powers and perform its duties and functions as if
17 it were transferred to said department by a type 1 transfer.
18 The insurance pool governing board shall consist of five
19 voting members appointed by the governor and, as a nonvoting
20 member, the insurance commissioner or his designee. Of the
21 members appointed by the governor, two shall be employers who
22 employ no more than twenty-five employees, and at least two
23 shall be knowledgeable about insurance but shall not be
24 officers or employees of a carrier nor consultants to a
25 carrier or contractor.

26 (2) The term of office of each member is three years;

1 except that, of the voting members first appointed to the
2 insurance pool governing board, one shall serve for a term
3 ending June 30, 1992, one shall serve for a term ending June
4 30, 1993, one shall serve for a term ending June 30, 1994, and
5 two shall serve for terms ending June 30, 1995. Voting
6 members serve at the pleasure of the governor. A member is
7 eligible for reappointment. Whenever a vacancy exists, the
8 governor shall appoint a member for the remaining portion of
9 the unexpired term created by the vacancy.

10 (3) Members of the insurance pool governing board shall
11 not be compensated but shall be reimbursed for necessary
12 expenses incurred in the performance of their duties.

13 (4) The board shall select one of its voting members as
14 chairperson and one of its voting or nonvoting members as
15 vice-chairperson, for such terms and with duties and powers
16 necessary for the performance of the functions of such offices
17 as the board determines.

18 (5) A majority of the members of the board constitutes a
19 quorum for the transaction of business.

20 (6) The board shall meet at least once every three
21 months at a place, day, and hour determined by the board. The
22 board shall also meet at other times and places specified by
23 the call of the chairperson or of a majority of the members of
24 the board.

25 (7) In accordance with applicable provisions of the
26 "State Administrative Procedure Act", article 4 of title 24,

1 C.R.S., the board may adopt rules necessary for the
2 administration of this article.

3 10-20-104. Powers and duties. (1) In carrying out its
4 duties under this article, the insurance pool governing board
5 shall:

6 (a) Enter into contracts for administration of this
7 article, including collection of premiums and paying carriers;

8 (b) Enter into contracts with carriers or health care
9 providers for health care insurance or services, including
10 contracts where final payment may be reduced if usage is below
11 a level fixed in the contract;

12 (c) Retain consultants and employ staff;

13 (d) Set premium rates for employees and employers. In
14 setting such rates, the board shall set rates at the lowest
15 reasonable cost. The premium rate for policies offering part
16 I coverage for employees only which are written during the
17 first two years of implementation of this article shall not
18 exceed seventy-five dollars. Thereafter, the board shall
19 adjust the premium rate, as necessary, to account for
20 inflation.

21 (e) Perform other duties to provide low-cost insurance
22 plans of types likely to be purchased by eligible employers.

23 (2) Notwithstanding any other benefit plan contracted
24 for and offered by the board, the board shall contract for a
25 health benefit plan or plans best designed to meet the needs
26 and provide for the welfare of eligible employees and

1 employers.

2 (3) The board may approve more than one carrier for each
3 type of plan contracted for and offered, but the number of
4 carriers shall be held to a number consistent with adequate
5 service to eligible employees and family members.

6 (4) Where appropriate for a contracted and offered
7 health benefit plan, the board shall provide options under
8 which an eligible employee may arrange coverage for family
9 members of the employee.

10 (5) In developing any health benefit plan, the board may
11 provide an option for additional coverage for eligible
12 employees and family members at an additional cost or premium.

13 (6) Transfer of enrollment from one plan to another
14 shall be open to all eligible employees and family members
15 under rules adopted by the board.

16 (7) If the board requests less service in a health
17 benefit plan than is otherwise required by state law, a
18 carrier is not required to offer such service; except that the
19 board shall not exclude required coverages for low-dose
20 mammography or for maternity coverage against the expenses of
21 normal pregnancy and childbirth.

22 10-20-105. Authority of board. (1) The board shall have
23 authority to employ whatever means are reasonably necessary to
24 carry out the purposes of this article. Such authority shall
25 include but is not limited to authority to seek clarification,
26 amendment, modification, suspension, or termination of any

1 agreement or contract which in the board's judgment requires
2 such action.

3 (2) The board by order may terminate the participation
4 of any employer if for a period of three months the employer
5 fails to perform any action required by this article or by
6 board rule.

7 10-20-106. Expenses to employee - employer contribution.

8 (1) The monthly contribution of each eligible employee for
9 health benefit plan coverage shall be the total cost per month
10 of the benefit coverage afforded under the plan or plans, for
11 which the employee exercises the option, including the
12 administrative expenses therefor less the portion thereof
13 contributed by the employer. An employee may enroll in more
14 than one option at a time so long as they do not offer
15 overlapping services.

16 (2) The employer contribution shall be the amount
17 necessary to pay the cost of the health benefit plan covering
18 the employer's covered employees, as described in section
19 10-20-108, and other plans selected by a covered employee for
20 which the employer does not require the employee to pay,
21 including the administrative expenses therefor. An employer
22 is not required to enroll an employee who is already enrolled
23 in a health benefit plan not offered by the insurance pool
24 governing board.

25 (3) Payroll deductions for such costs as are not payable
26 by the employer shall be made by the employer upon receipt of

1 a signed authorization from the employee indicating an
2 election to participate in the plan covering the employee or
3 the employee's family members.

4 10-20-107. Eligibility requirements of employer.

5 (1) Except as otherwise provided in subsection (3) of this
6 section, an employer who elects to participate in the programs
7 authorized by this article shall meet the following in order
8 to be eligible to participate:

9 (a) Employ no more than twenty-five employees;

10 (b) Have not contributed within the preceding two years
11 to any insurance premium on behalf of an employee who is to be
12 covered by the employer's contribution;

13 (c) Make a minimum contribution to be set by the board
14 toward the premium incurred on behalf of a covered employee.

15 (2) An employer who meets the requirements of subsection
16 (1) of this section may take a tax credit for the
17 contributions for health insurance premiums subject to the
18 requirements of section 39-22-515, C.R.S.

19 (3) An employer who does not meet the requirements of
20 paragraph (b) of subsection (1) of this section may elect to
21 provide health insurance on behalf of his employees under this
22 article and participate in the programs authorized by this
23 article. If such an election is made prior to January 1,
24 1993, the employer may take a tax credit for the
25 contributions for health insurance premiums subject to the
26 requirements of section 39-22-515, C.R.S.

1 10-20-108. Part I coverage. (1) The board shall
2 contract for health benefit plans which offer part I coverage.
3 Part I coverage shall focus on episodic acute care, recovery
4 care for catastrophic illness or accident, primary care, and
5 preventive care. The coverage applies to covered eligible
6 employees only.

7 (2) The plan shall have a deductible and a high
8 stop-loss to insure that no employee is required to pay the
9 costs of a major accident or illness, beyond the costs of the
10 deductible, and that part I coverage can be obtained at a low
11 enough cost to insure accessibility.

12 (3) Subject to subsection (4) of this section, employers
13 shall pay at least seventy percent of the premium of part I
14 coverage for each covered eligible employee per month.

15 (4) Except as provided in section 10-20-106 (2), an
16 employer who elects to participate in the program shall
17 require that all eligible employees participate in and be
18 covered by part I coverage. An employer may require a minimum
19 employee contribution not to exceed thirty percent of the
20 premium for part I coverage described in this section.

21 10-20-109. Part II coverage. (1) The board shall
22 contract for health benefit plans which offer part II
23 coverage. Part II coverage shall consist of a variety of
24 additional benefit packages which an employee may purchase.
25 All packages shall contain incentives to encourage the
26 employee to utilize services intelligently and in a

1 cost-effective way and disincentives to discourage
2 noncost-effective use or services.

3 (2) Additional benefit packages may include coverage for
4 optical and dental care.

5 (3) Part II packages shall be available to extend part I
6 coverage to the employee's family members.

7 (4) In general, part II packages shall not provide
8 benefits provided in part I coverage.

9 (5) Employers shall pay at least seventy percent of the
10 premium of part II coverage for each covered eligible employee
11 per month. An employer may require a minimum contribution not
12 to exceed thirty percent of the premium for part II coverage
13 described in this section.

14 (6) The board may establish by rule that certain
15 packages shall not be available to an employee who is not
16 covered by a certain other package or packages.

17 SECTION 2. Part 5 of article 22 of title 39, Colorado
18 Revised Statutes, 1982 Repl. Vol., as amended, is amended BY
19 THE ADDITION OF A NEW SECTION to read:

20 39-22-515. Credit for providing health insurance for
21 employees. (1) (a) (I) A taxpayer operating a business in
22 existence as of January 1, 1992, which has not contributed
23 within the preceding two years to any health insurance premium
24 on behalf of its employees and which provides health insurance
25 on behalf of its eligible employees through the state
26 insurance pool created in article 20 of title 10, C.R.S.,

1 shall be allowed a credit, in an amount determined under
2 subsection (2) of this section, against the taxes imposed by
3 part 1 or part 3 of this article for amounts paid during the
4 taxable year for contributions for health insurance premiums.

5 (II) The tax credit authorized in this paragraph (a)
6 shall be applicable to income tax years commencing on or after
7 January 1, 1992, but prior to January 1, 1997.

8 (b) (I) For income tax years commencing on or after
9 January 1, 1992, a taxpayer operating a business established
10 on or after January 1, 1992, which provides health insurance
11 on behalf of its eligible employees through the state
12 insurance pool created in article 20 of title 10, C.R.S.,
13 shall be allowed a credit, in an amount determined under
14 subsection (2) of this section, against the taxes imposed by
15 part 1 or part 3 of this article for amounts paid during the
16 taxable year for contributions for health insurance premiums.

17 (II) The tax credit authorized in this paragraph (b) may
18 be taken for four income tax years commencing with the income
19 tax year in which the business is established.

20 (c) A taxpayer operating a business in existence as of
21 January 1, 1992, which has previously made contributions to
22 health insurance premiums on behalf of its employees and which
23 elects prior to January 1, 1993, to provide health insurance
24 on behalf of its employees through the state insurance pool
25 created in article 20 of title 10, C.R.S., shall be allowed a
26 credit, in an amount determined under subsection (2) of this

1 section, against the taxes imposed by part 1 or part 3 of this
2 article for amounts paid during the taxable year commencing on
3 or after January 1, 1992, but prior to January 1, 1994, for
4 contributions for health insurance premiums.

5 (2) The amount of the credit allowed by subsection (1)
6 of this section shall be the lesser of twenty-five dollars per
7 month per covered eligible employee or fifty percent of the
8 total amount of the monthly premium per covered eligible
9 employee or the lesser of sixty-five dollars per month per
10 covered eligible employee plus dependents or fifty percent of
11 the cost of the monthly premium for each covered eligible
12 employee plus dependents. For purposes of this section,
13 "eligible employee" has the same meaning as defined in section
14 10-20-102 (3), C.R.S.

15 (3) If the credit allowed by this section is claimed,
16 the amount of any deduction allowable under this article for
17 expenses described in this section shall be reduced by the
18 dollar amount of the credit. The election to claim the credit
19 shall be made at the time of filing the tax return in
20 accordance with rules adopted by the executive director.

21 (4) Any amount of expenses paid by a taxpayer taking a
22 credit under this section shall not be included as income to
23 the employee for purposes of this title. If such expenses
24 have been included in arriving at federal taxable income of
25 the employee, the amount included shall be subtracted in
26 arriving at state taxable income under section 39-22-104.

1 (5) A nonresident shall be allowed the credit computed
2 in the same manner and subject to the same limitations as the
3 credit allowed a resident by this section.

4 (6) If a change in the status of a taxpayer from
5 resident to nonresident to resident occurs, the credit allowed
6 by this section shall be determined in a manner consistent
7 with section 39-22-110.

8 (7) If the amount of the credit allowed pursuant to the
9 provisions of this section exceeds the amount of income taxes
10 otherwise due on the income of the taxpayer in the income tax
11 year for which the credit is claimed, the amount of the credit
12 not used as an offset against income taxes in said income tax
13 year may be carried forward as a credit against subsequent
14 years' income tax liability for a period not exceeding five
15 years and shall be applied first to the earliest income tax
16 years possible. Any credit remaining after said period shall
17 not be refunded or credited to the taxpayer.

18 SECTION 3. 39-22-104 (4), Colorado Revised Statutes,
19 1982 Repl. Vol., as amended, is amended BY THE ADDITION OF A
20 NEW PARAGRAPH to read:

21 39-22-104. Income tax imposed on individuals, estates,
22 and trusts - single rate. (4) (h) An amount equal to the
23 expenses paid by an employer on behalf of a covered eligible
24 employee for the purpose of providing health insurance
25 pursuant to article 20 of title 10, C.R.S., if such expenses
26 have been included in arriving at federal taxable income of

1 such employee.

2 SECTION 4. 24-1-122, Colorado Revised Statutes, 1988
3 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW
4 SUBSECTION to read:

5 24-1-122. Department of regulatory agencies - creation.
6 (6) The insurance pool governing board created in section
7 10-20-103, C.R.S., shall perform its powers, duties, and
8 functions under the department of regulatory agencies as if
9 the same were transferred to the department by a type 1
10 transfer.

11 SECTION 5. 24-34-104, Colorado Revised Statutes, 1988
12 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW
13 SUBSECTION to read:

14 24-34-104. General assembly review of regulatory
15 agencies and functions for termination, continuation, or
16 reestablishment. (26) The following board in the department
17 of regulatory agencies shall terminate on July 1, 1997: The
18 insurance pool governing board, created by article 20 of title
19 10, C.R.S.

20 SECTION 6. 39-22-104 (3), Colorado Revised Statutes,
21 1982 Repl. Vol., as amended, is amended BY THE ADDITION OF A
22 NEW PARAGRAPH to read:

23 39-22-104. Income tax imposed on individuals, estates,
24 and trusts - single rate. (3) (d) An amount equal to the
25 credit allowed pursuant to section 39-22-515.

26 SECTION 7. 39-22-304 (2), Colorado Revised Statutes,

1 1982 Repl. Vol., as amended, is amended BY THE ADDITION OF A
2 NEW PARAGRAPH to read:

3 39-22-304. Net income of corporation. (2) (e) An amount
4 equal to the credit allowed pursuant to section 39-22-515.

5 SECTION 8. Appropriation. In addition to any other
6 appropriation, there is hereby appropriated, to the department
7 of regulatory agencies for allocation to the division of
8 insurance, for the fiscal year beginning July 1, 1991, from
9 the general fund, the sum of one hundred thirty-one thousand
10 four hundred twenty-seven dollars (\$131,427) and 2.0 FTE, or
11 so much thereof as may be necessary, for the implementation of
12 this act.

13 SECTION 9. Safety clause. The general assembly hereby
14 finds, determines, and declares that this act is necessary
15 for the immediate preservation of the public peace, health,
16 and safety.