

Colorado Health Services Plan (CHSP)

Single Payer Proposal – 2012

(Adapted from the Colorado Health Services Plan presented to the Colorado Blue Ribbon Commission - 2007)

To provide comprehensive health care coverage for all residents of the State of Colorado

Section 1. Short title; Table of Contents

(1) **SHORT TITLE** – This Act may be cited as the Health Care for all Colorado Act.

(2) **TABLE OF CONTENTS** – The table of contents of this Act is as follows:

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 - 9. Pursue grants and funding of pre- and post-graduate education of health care professionals.
 - 10. Provide funds, education, and support of all health related and dietary concerns of all public assistance programs and public schools.
 - v. Section 305. Patients Rights
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- d. TITLE IV – ADDITIONAL PROVISIONS
 - i. Section 401. Intent.
 - 1. It is the intent of this Act to provide universal access to health care for all individuals within the State of Colorado, to promote and improve the health of all its citizens and non-citizens, and to contain costs to make the delivery of this care affordable.
 - 2. Should legislation of this kind be enacted on a federal level, it is the intent of this Act to become a part of the nationwide system.
 - ii. Section 402. Incorporation of other federal programs.
 - iii. Section 403. Public health and prevention
- e. TITLE V – EFFECTIVE DATE
 - i. Section 501. Effective Date.
 - 1. except as otherwise specifically outlined, this Act shall take effect on _____.

Section 2. Definitions and Terms.

In this Act:

- 1) CHS (Colorado Health Services) Program – The terms “CHS Program” and “Program” mean the program of benefits provided under this Act.

- 2) CHS Governing Board. – The term “CHS governing Board” means such Board established under Section 301.
- 3) Regional Office. – The term “regional office” means a regional office established under Section 201.
- 4) Secretary. – The term “Secretary” means, in relation to the Program, the Secretary appointed under Section 303.

TITLE 1 – ELIGIBILITY AND BENEFITS

Section 101. Eligibility and Registration.

- 1) IN GENERAL. – All individuals residing in the State of Colorado are covered under the CHS Program and shall receive a card with a unique number in the mail. An individual’s social security number shall not be used for purposes of registration under this section.
- 2) REGISTRATION. – Individuals and families shall receive a CHS Insurance Card in the mail after filling out a CHS application form at a health care provider. Such Application form shall be no more than 2 pages long.
- 3) PRESUMPTION. – Individuals who present themselves for covered services from a participating provider shall be presumed to be eligible for benefits under the Act, but shall complete an application for benefits in order to receive a CHS Insurance Card and have payment made for such benefits.

Section 102. Benefits and Portability.

- 1) IN GENERAL. – The health coverage benefits under this Act cover all medically necessary services, including –
 - a. Primary care and prevention including health education;
 - b. Specialty care (other than what is deemed elective cosmetic);
 - c. Inpatient care;
 - d. Outpatient care;
 - e. Emergency care;
 - f. Ambulance;
 - g. Prescription drugs;
 - h. Durable medical equipment;
 - i. Palliative care and Hospice care;
 - j. Long term care;
 - k. Autopsy;
 - l. Mental health services;
 - m. Dental services (other than elective cosmetic dentistry);
 - n. Substance abuse treatment services;
 - o. Chiropractic services (?) and CAM (?)
 - p. Basic vision care and vision correction;
 - q. Basic hearing care and hearing correction.
- 2) PORTABILITY. – These benefits are available through any licensed health care provider anywhere in the State of Colorado that is legally qualified to provide the benefits and for emergency care anywhere in the United States.

- 3) NO COST-SHARING. – No deductibles, co-payments, coinsurance, or other cost-sharing shall be imposed with respect to covered benefits except for those goods or services that exceed what is defined by the governing Board as basic covered benefits.

Section 103. Qualification of Participating Providers

- 1) IN GENERAL. – Health care delivery facilities must meet regional and State quality and licensing guidelines as a condition of participation under such program, including guidelines regarding sage staffing and quality of care.
- 2) LICENSURE REQUIREMENTS. – Participating health care providers must be licensed as recognized by the Colorado Board of Medical Examiners and meet the quality standards for their area of care. No health care provider whose license is under suspension or been revoked may be a participating provider.
- 3) PARTICIPATION OF HEALTH MAINTENANCE ORGANIZATIONS. – Health maintenance organizations that actually deliver care in their own facilities and employ clinicians on a salaried basis may participate in the program.
- 4) FREEDOM OF CHOICE. – Patients shall have free choice of participating eligible providers, hospitals, and inpatient care facilities.

Section 104. Prohibition against Duplicating Coverage

- 1) IN GENERAL. – It is unlawful for a private health insurer to sell health insurance coverage that duplicates the benefits provided under this Act.
- 2) CONSTRUCTION. – Nothing in this Act shall be construed as prohibiting the sale of health insurance coverage for any additional benefits not covered by this Act.

TITLE II – FINANCES

Section 201. Budgeting Process.

- 1) ESTABLISHMENT OF THE COLORADO HEALTH SERVICES TRUST. – To carry out this Act, the State of Colorado hereby authorizes the establishment of the Colorado Health Services Trust (CHST), whose sole purpose is to provide the financing reserve for the purposes outlined in the Act. Specifically, the Trust shall provide –
 - a. The funds for the general operating budget of the CHS
 - b. Reimbursement for those benefits outlined in Section 102
 - c. Education and primary preventive services
 - d. Capital expenditures for construction or renovation of health care facilities or major equipment purchases deemed necessary throughout the state and approved by the Governing Board.
 - e. The support of professional education.
 - f. Funds for training and equipment for electronic medical records (SmartCard).
 - g. Re-education and job placement of those who have lost their jobs as a result of this transition, limited to the first 3 years.
- 2) OTHER FUNDING. – The General Assembly or the Governor’s Office of the State of Colorado as authorized may, from time to time, provide funds to the CHST but may not remove or borrow funds from the Trust without the expressed approval from the Governing Board in the form of a 2/3 vote and a simple majority of the general electorate in the form of a ballot issue.

- 3) OVERSIGHT. – The CHST shall be administered by the Governing Board as outlined in Title II under the oversight of the State Legislature.
- 4) FUNDING. – Funding of the CHST shall include but is not limited to –
 - a. Health premium (tax) based upon a percentage of gross income and family size.
 - b. Funds appropriated as outlined by the General Assembly on a yearly basis.
 - c. Payroll deductions in the form of a graduated income contribution.
 - i. Payroll deductions are considered pre-tax dollars under the Colorado State Income Tax guidelines
 - ii. Employers may elect to contribute some or all of the employee’s contribution.
 - d. All Federal monies which are designated for health care.
 - i. This would include but not be limited to all monies designated for Medicaid.
 - ii. The CHS shall be authorized to negotiate with the federal government for funding of Medicare recipients.
 - e. Grants and contributions both public and private
 - f. Any other tax revenues designated by the General Assembly.
 - g. Any other funds specifically ear-marked for health care or health care education, such as settlements from litigation, etc.
- 5) ADMINISTRATION LIMITS. – the total overhead and administrative portion of the CHS budget may not exceed 12 percent of the total operating budget for the first 2 years, 8 percent for the following 2 years, and 5 percent per year thereafter.
- 6) PAYMENT TO HEALTH CARE PROVIDERS AND HEALTH DELIVERY SYSTEMS. – the CHS shall pay all health care providers and health delivery systems as outlined in Section 102 Paragraph (1) on a fee-for-service basis, or a choice of capitation or global budget.
 - a. The CHS shall provide a simple and uniform fee schedule for all clinicians with reimbursement for both clinical and procedural charges based on the ICD-9 or its current update.
 - b. All health delivery systems shall be reimbursed with those fees set by the Governing Board that follow the current DRG system as outlined by federal Medicare guidelines for both outpatient surgery and inpatient hospitalization, short term rehabilitation and long term care services, both at home or institutionally.
 - c. The CHS may not adjust or attach modifiers to discriminate against or for health care providers and/or health delivery systems based upon race, religion, ethnicity, gender, country of origin, color, sexual orientation, profit or non-profit, public or privately sponsored.
 - d. The governing Board may make upward modifying adjustments to the fee schedule to encourage providers or institutions to practice in specific areas determined to be a shortage area or an area of high need.
- 7) REGIONAL DISTRICTS AND BILLING. – The CHS shall be divided into 7 regional districts for the purposes of local administration, billing processing, and medical directorship, as well as oversight of programs that are specific to each region’s needs.

- a. The Governing Board may elect to establish their own regional billing offices or to sub-contract out to current insurance companies for the necessary personnel and infrastructure to implement the claims and billing process only.
- b. Claims billing from all providers must be submitted electronically and in compliance with current state and federal privacy laws within 3 years of passage of this Act.
- c. Electronic claims and billing must be uniform across the state without regard to region.
- d. The Governing Board shall make a good faith effort to create and implement a statewide uniform system of electronic medical records that is in compliance with current state and federal privacy laws within 3 years or less of the passage of this Act.
- e. The 7 regions shall be the same as identified by the Colorado Department of Health Care Policy and Finance.
- f. Payments to providers must be paid in a timely fashion as outlined under current state and federal law.
- g. Providers who accept payment from the CHS for services rendered may not balance bill any patient for covered services.
- h. Providers, hospitals, and institutions may elect to participate fully, partially, or not at all in the CHS.
- i. All providers that participate in the CHS must fully disclose with informed consent any service provided to patients that is not a covered benefit of the CHS for which they intend to charge for services.
 - i. If full disclosure and informed consent is not obtained, the providers or institution may not collect or sue for services rendered.
- j. Any provider that participates in the CHS, whether partially or fully, may not discriminate against any patient that is covered under the CHS.

Section 202. Payment for Long Term Care.

- 1) IN GENERAL. – the Governing Board shall at its discretion or as directed by the General Assembly establish funding for long term care services including in-home, nursing home, and community-based care.

Section 203. Mental Health Services

- 2) IN GENERAL. – The Program shall provide coverage for all medically necessary mental health care on the same basis as the coverage for other conditions.
- 3) FAVORING COMMUNITY-BASED CARE. – The CHS Program shall cover supportive residences, occupational therapy, and ongoing mental health and counseling services outside the hospital for patients with serious mental illness. In all cases the highest quality and most effective care shall be delivered, and, for some individuals, this may mean institutional care.

Section 204. Payment for Prescription Medications, Medical Supplies, and Medically Necessary Assistive Equipment

- 4) PRESCRIPTION DRUG AND DURABLE MEDICAL GOODS FORMULARY.

- a. IN GENERAL. – The CHS shall establish a single prescription drug formulary and list of approved durable medical goods and supplies.
- b. PHARMACEUTICAL AND DURABLE MEDICAL GOODS COMMITTEE. The Governing Board shall by itself or by a committee of health profession related individuals appointed by the governing Board meet on a quarterly basis to discuss, revise, add to or remove items from the formulary according to sound medical practice (called the Pharmaceutical and Durable Medical Goods Committee).
- c. The Pharmaceutical and Durable Medical Goods Committee shall be appointed the task of negotiating the prices of pharmaceuticals and durable medical goods with suppliers or manufacturers on an open bid competitive basis. Prices shall be reviewed, negotiated or re-negotiated on no less than a yearly basis.
- d. The Pharmaceutical and Durable Medical Goods Committee shall establish a process of open forum to the public for the purposes of grievance and petition from suppliers, provider groups, and the public regarding the formulary on no less than a twice yearly basis.
- e. To support local business and local economies, all pharmaceutical and durable medical goods must be dispensed through privately owned and operated retailers, whether for or not for profit.
- f. It is expressly forbidden for the CHS or its designated appointees to distribute or dispense to patients pharmaceutical or durable medical goods through a central clearinghouse or mail-in pharmacy benefits manager.
- g. The Pharmaceutical and Durable Medical Goods Committee shall be authorized to establish or subcontract out to regional clearinghouses where pharmaceutical and durable medical goods can be ordered from by local retail pharmacy and durable medical goods vendors.
- h. Pharmacy and durable medical goods vendors are expressly forbidden from purchasing at wholesale and marking up prices for re-sale any pharmaceutical or durable medical goods that is a covered benefit as outlined by the Governing Board.
- i. Pharmacy and durable medical goods vendors shall be paid a dispensing and handling fee that is fair and reasonable based upon sound business principles for each dispensing transaction and pro-rated according to the item dispensed.
- j. All pharmacy and durable medical goods vendors must be licensed to distribute medical goods through the regulations as outlined by the Governing Board.
- k. Exceptions to the Pharmacy and Durable medical Goods regulations:
- l. Pharmacy and Durable Medical Goods Oversight. –
 - i. The Pharmaceutical and Durable Medical Goods Committee may, at its discretion, determine that certain drugs or durable medical goods may be deemed necessary but have some component of convenience or niceties that go beyond what is considered basic care. Those items may be assigned a flat rate of coverage and the patient may be allowed to purchase at their own expense above and beyond the flat rate of coverage. An example of this would be prescription eyewear where the CHS provides \$100 per year for glasses or contacts and anything

beyond that, such as designed frames, may be purchased at the patient's expense for the difference owed after the \$100.

- 5) PHARMACY AND DURABLE MEDICAL GOODS OVERSIGHT. – All decisions and determinations of the Pharmacy and Durable Medical Goods Committee must be presented to and approved by the governing Board on a yearly basis.

TITLE III – ADMINISTRATION

Section 301. Creation of the CHS and the Governing Board.

- 1) IN GENERAL. – By passage of this Act, the legislature hereby creates the Colorado Health Services Program and the Colorado Health Services Governing Board, along with the necessary funding for its establishment.

Section 302. Definition of the Colorado Health Services Governing Board

- 2) The Colorado Health services Program shall be the administrative body that oversees and implements those provisions outlined in the Act and any other forthcoming health related provisions and regulation outlined by the CHS Governing Board, the State Legislature, or ballot issues of the general electorate.

Section 303. Role of the Colorado Health Services Governing Board.

- 3) The Colorado health Services Governing Board shall be the body that oversees and provides administrative direction for the CHS. The decisions of the Governing Board shall be determined to be final in regards to administration and implementation of the provisions of the Act and any other subsequent healthcare related provisions of law unless otherwise specified by the courts or the State Legislature.
- 4) The Colorado Health Services Governing Board shall consist of individuals, one from each state senatorial district. That individual shall be appointed by that district's state senator and shall serve for as long as that senator remains in office and wants the individual in that appointment. Only that senator may appoint or remove that appointee from his or her position. It is the intent of the Act that the appointing senator should choose someone who is familiar with and has experience in the health care industry.
- 5) Secretary of the Colorado Health Services Program.
 - a. The Governor of the State of Colorado shall appoint one individual to be the chief administrator of the CHS, who shall be referred to as the Secretary of the CHS. The Secretary shall serve for as long as the Governor remains in office and wants the individual in that appointment.
 - b. The role of the secretary of the CHS is to administrate and implement in a supervisory capacity those provisions outlined in the Act and any further provisions as directed by the governing Board or the State Legislature. The Secretary shall also preside over the governing Board but may not vote except in the case of a tie.
 - c. The Secretary may appoint one regional director for each of the 7 regions. That individual shall serve for as long as the Secretary remains in office and wants the individual in that appointment.
- 6) The governing Board shall convene no less than on a quarterly basis. The length of the meetings shall be determined by the amount of business needed to be addressed.

- a. The role of the governing Board is to discuss, direct, debate, refer to committee, and to vote upon those issues related to healthcare and the provisions of the CHS.
 - b. All provisions and regulations voted on as related to the CHS shall pass by a simple majority.
 - c. In terms of decision-making and administration of the CHS unless otherwise directed by the courts or the State Legislature, the decision of the Governing Board is final.
 - d. The governing Board must provide and establish a process of open forum to the public for the purposes of grievances, appeals, and recommendations; this process is to coincide with the quarterly conventions and in conformance with the open records and open meetings laws.
 - e. A special convention of the governing Board shall meet every October and be open to providers and delivery systems to discuss and set the fee schedules for the proceeding year.
- 7) The Governing board must create a yearly report and present for approval to the State Legislature its budget and requests for funding or tax adjustments every January for its fiscal year, which shall begin every July 1.
- 8) It shall be the role of the Governing Board to determine the number of administrative personnel per region needed, but the regional director shall be appointed the task of filling those positions and all other necessary positions by himself or an appointed administrator.

Section 304. the role of the CHS at large.

- 1) The role of the CHS is to implement the provisions of this Act previously stated and, but not limited to, the following unless otherwise outlined by the courts or the State Legislature:
- a. To create a single and simple method for licensing and credentialing across all 7 regions.
 - b. To create a single and uniform system for accreditation of laboratories, hospitals, and procedural centers.
 - c. To provide for public education on health related issues.
 - d. To establish minimal standards of care for each region and locale.
 - e. To create guidelines for difficult ethical issues.
 - f. To create a single statewide malpractice pool for all participating providers and institutions.
 - i. The CHS under the direction of the governing Board shall establish a Disciplinary and Litigation Board under the domain of the malpractice pool to make judgments and discipline providers or health delivery systems who have failed to comply with or have violated state regulations.
 - ii. In the event of a patient or group of patients who wish to bring litigation against a provider, provider group, or delivery system, they must first present their case to the Disciplinary and Litigation Board. The litigant must prove that the provider or providers in question have violated the rules, regulations, or guidelines established by the CHS before the case may go to court or be settled.

1. If the Disciplinary and Litigation Board rules that no malpractice has been committed, the case may not proceed. The Litigant has the option to challenge the decision of the Disciplinary and Litigation Board in court and the courts may at that point decide whether the case may or may not proceed before actual litigation may occur.
- iii. Suits brought against Pharmaceutical and durable medical goods vendors.
 1. All pharmaceutical and durable medical goods must be carefully reviewed and scrutinized by the Pharmacy and Durable Medical Goods Committee and in conformance with the federal Food & Drug Administration (FDA). Once pharmaceutical or durable medical goods are approved, it is assumed to be safe and efficacious.
 2. All grievances against the manufacturers or distributors of pharmaceuticals or suppliers of durable medical goods must first be presented to the Disciplinary and Litigation Board. Litigation may not proceed to the courts unless the following can be proved.
 - a. There was an error in the dispensing, packaging, or manufacturing of the product.
 - b. There was fraud or an attempt to conceal information which may have otherwise changed the designation of safe and efficacious by the Pharmacy and Durable Medical Goods Committee.
 3. The litigant or litigants may appeal the decision of the Disciplinary and Litigation Board to the courts, which may at that point decide whether the case may or may not proceed before actual litigation may occur.
- iv. Awards and judgments are subject to the provisions as outlined under the most current state statutes.
- g. To provide funding to help implement a statewide network of electronic medical records and electronic billing as outlined previously.
- h. To provide a statewide emergency medical response program for manmade and natural disasters.
- i. To pursue grants and funding for pre- and post-graduate education of health care professionals.
- j. To provide funds, education, and support of health care and dietary related concerns of all public assistance programs and public schools.
- k. To provide administrative oversight for any other health related program or state agency that the State Legislature deems appropriate to fall under the direction of the CHS.

Section 305. Patients Rights.

- 1) The CHS shall do everything within its power to protect the rights and privacy of the patients that it serves in accordance with all current state and federal statutes.

- 2) With the development of the electronic medical records, patients have the right and option of keeping any portion of their medical records separate from the electronic medical records.
- 3) Patients have the right to access their medical records upon demand.

Section 306. Compensation.

- 1) Compensation of the secretary of the CHS, regional directors, members of the Governing Board, and subsequent employees shall be compensated in accordance with the current pay scale for state employees and as deemed professionally appropriate by the state Legislature and reviewed in accordance with all other state employees.

TITLE IV – ADDITIONAL PROVISIONS

Section 401. Intent.

- 1) It is the intent of the Act to provide universal access to health care for all individuals within the State of Colorado, to promote and improve the health of all its citizens, and to contain costs to make the delivery of this care affordable.
- 2) Should legislation of this kind be enacted on a federal level, it is the intent of this Act to become a part of the nationwide system.
- 3) PPACA Sec. 1332 allows for waivers for state innovation to transfer funds and programs to states. Waivers will be requested from HHS when CHSP becomes law in Colorado.

Section 402. Incorporation of other federal programs.

- 1) This Act empowers the CHS to contract with the federal government to provide health services to entities such as but not limited to the Department of Veterans Affairs, and the Indian Health Services as long as such contracts are not detrimental to the good of the overall system.

Section 403. Public health and prevention

- 1) It is the intent of this Act that the emphasis of the CHS at all times is to stress the importance of good public health through treatment and prevention of disease.

TITLE V – EFFECTIVE DATE

Section 501. Effective date

- 1) Except as otherwise specifically outlined, this Act shall take effect _____.

Proposal by the Health Care for All Colorado Single Payer Task Force - June 7, 2012
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Modified October 2012

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