

**NOTE: This bill has been prepared for the signatures of the appropriate legislative officers and the Governor. To determine whether the Governor has signed the bill or taken other action on it, please consult the legislative status sheet, the legislative history, or the Session Laws.**

# An Act

SENATE BILL 14-159

BY SENATOR(S) Aguilar, Kefalas, Guzman, Heath, Hodge, Jones, Newell, Nicholson, Schwartz, Tochtrop, Todd, Ulibarri, Carroll;  
also REPRESENTATIVE(S) Primavera, Fields, Ginal, Hullinghorst, Kagan, Mitsch Bush, Pabon, Rosenthal, Schafer, Tyler, Young.

CONCERNING IMPLEMENTATION OF STANDARDIZED RULES FOR USE IN  
PROCESSING MEDICAL CLAIMS, AND, IN CONNECTION THEREWITH,  
MAKING AN APPROPRIATION.

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

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

**25-37-106. Clean claims - development of standardized payment rules and code edits - task force to develop - legislative recommendations - short title - applicability.** (2) (b) ~~Within two years after the task force is established~~ BY DECEMBER 31, 2014, the task force shall develop a ~~base~~ COMPLETE set of UNIFORM, standardized payment rules and claim edits to be used by payers and health care providers in the processing of medical claims that can be implemented into computerized medical claims processing systems. The ~~base~~ COMPLETE set of rules and

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

edits shall MUST be identified through existing national industry sources that are represented by the following:

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

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

- (A) ~~Unbundle~~ PROCEDURE TO PROCEDURE;
- (B) ~~Mutually exclusive~~ ADD-ON;
- (C) Multiple procedure reduction;
- (D) Age;
- (E) Gender;
- (F) ~~Maximum~~ Frequency; ~~per day~~;
- (G) Global ~~surgery days~~ PROCEDURE DAYS/PACKAGE;
- (H) Place of service;
- (I) ~~Type of service~~ NEW PATIENT;
- (J) Assistant at surgery;

- (K) ~~Co-surgeon~~ CO-SURGERY;
- (L) ~~Team surgeons~~ SURGERY;
- (M) ~~Total~~, Professional ~~or~~ AND technical ~~splits~~ COMPONENT;
- (N) Bilateral procedures;
- (O) Anesthesia; ~~services~~; and
- (P) The effect of CPT and HCPCS modifiers on ~~these~~ edits; as applicable.
- (Q) GLOBAL MATERNITY;
- (R) LABORATORY REBUNDLING;
- (S) MULTIPLE ENDOSCOPY REDUCTION;
- (T) MULTIPLE E/MS ON THE SAME DAY;
- (U) PROCEDURE TO MODIFIER VALIDATION;
- (V) REBUNDLED; AND
- (W) BUNDLED.

~~(d) (I) The task force shall submit a report and recommendations concerning the set of uniform, standardized payment rules and claim edits to the executive director of the department of health care policy and financing and the health and human services committees of the senate and house of representatives, or their successor committees, by November 30, 2012, and shall present its report and recommendations to a joint meeting of the said health and human services committees by January 31, 2013.~~

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

~~Colorado, which shall be implemented by payers as follows:~~

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

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

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

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

~~(B) (A) The task force shall continue working to develop a complete set of uniform, standardized payment rules and claim edits and, by December 31, 2014, shall submit a report TO THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING, THE HEALTH AND HUMAN SERVICES COMMITTEE OF THE SENATE, AND THE HEALTH, INSURANCE, AND ENVIRONMENT COMMITTEE OF THE HOUSE OF REPRESENTATIVES and may recommend implementation of a set of uniform, standardized payment rules and claim edits to be used by payers and health care providers.~~

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

~~(C) BY JANUARY 31, 2016, THE TASK FORCE SHALL SUBMIT A FINAL REPORT AND RECOMMENDATIONS REGARDING THE COMPLETE SET OF UNIFORM, STANDARDIZED PAYMENT RULES AND CLAIM EDITS TO THE~~

EXECUTIVE DIRECTOR OF THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING, THE HEALTH AND HUMAN SERVICES COMMITTEE OF THE SENATE, AND THE HEALTH, INSURANCE, AND ENVIRONMENT AND PUBLIC HEALTH CARE AND HUMAN SERVICES COMMITTEES OF THE HOUSE OF REPRESENTATIVES.

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

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

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

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

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

(8) THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING SHALL WORK WITH THE FEDERAL DEPARTMENT OF HEALTH AND HUMAN SERVICES TO ENCOURAGE AND FACILITATE THE USE OF THE UNIFORM, STANDARDIZED PAYMENT RULES AND

CLAIM EDITS ADOPTED IN THIS STATE AS THE MODEL FOR USE AND IMPLEMENTATION NATIONALLY.

**SECTION 2. Appropriation.** In addition to any other appropriation, there is hereby appropriated, out of any moneys in the general fund not otherwise appropriated, to the department of health care policy and financing, for the fiscal year beginning July 1, 2014, the sum of \$128,688, or so much thereof as may be necessary, for allocation to the task force established pursuant to section 25-37-106 (2), Colorado Revised Statutes, for use in developing a standardized set of payment rules and claim edits related to the implementation of this act.

**SECTION 3. Act subject to petition - effective date.** This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 6, 2014, if adjournment sine die is on May 7, 2014); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless

approved by the people at the general election to be held in November 2014 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

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Morgan Carroll  
PRESIDENT OF  
THE SENATE

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Mark Ferrandino  
SPEAKER OF THE HOUSE  
OF REPRESENTATIVES

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Cindi L. Markwell  
SECRETARY OF  
THE SENATE

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Marilyn Eddins  
CHIEF CLERK OF THE HOUSE  
OF REPRESENTATIVES

APPROVED \_\_\_\_\_

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John W. Hickenlooper  
GOVERNOR OF THE STATE OF COLORADO