

Second Regular Session
Sixty-eighth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 12-0535.02 Kristen Forrestal x4217

HOUSE BILL 12-1257

HOUSE SPONSORSHIP

Kefalas,

SENATE SPONSORSHIP

Boyd,

House Committees
State, Veterans, & Military Affairs

Senate Committees

A BILL FOR AN ACT

101 CONCERNING TRANSPARENCY IN THE DELIVERY OF HEALTH CARE
102 SERVICES.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

The bill clarifies that an intermediary between a health insurance carrier and health care provider is a "person or entity" for purposes of complying with health care contract disclosure requirements.

Each health care provider who provides outpatient health care or treatment is required to disclose to a patient the right to request the

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

nondiscounted charge for the care or treatment and, upon request, make that information available before the scheduling of care or treatment.

Each health insurance carrier shall:

- ! Provide notice to covered persons advising them of the relationship with the third-party administrator, the policyholder, and the insurance carrier;
- ! Disclose to the covered person all charges, fees, and commissions paid to the third-party administrator; and
- ! Prohibit a third-party administrator from altering a health care provider's charges or adding charges to any of the insurance claims submitted by a health care provider.

Each carrier must disclose to each covered person any charges for administrative costs that are in addition to the charges for the care or services provided by the health care provider.

The bill makes technical corrections to the law concerning the contractual relationship with a third-party intermediary. Current law uses the term "intermediary" when the proper entity is "third-party administrator".

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

2 **SECTION 1.** In Colorado Revised Statutes, 25-37-102, **amend**
3 (12) as follows:

4 **25-37-102. Definitions.** As used in this article, unless the context
5 otherwise requires:

6 (12) "Person or entity" means a person or entity that has a primary
7 business purpose of contracting with health care providers for the delivery
8 of health care services. "PERSON OR ENTITY" ALSO MEANS AN
9 INTERMEDIARY AS DEFINED IN SECTION 10-16-102 (25.5), C.R.S.

10 **SECTION 2.** In Colorado Revised Statutes, **add** 6-20-102 as
11 follows:

12 **6-20-102. Health care provider disclosure of average charge**
13 **- outpatient.** (1) (a) EACH HEALTH CARE PROVIDER SHALL DISCLOSE TO
14 A PERSON SEEKING OUTPATIENT CARE OR TREATMENT HIS OR HER RIGHT
15 TO RECEIVE NOTICE OF THE NONDISCOUNTED CHARGE FOR ANY

1 FREQUENTLY PERFORMED OUTPATIENT PROCEDURE PRIOR TO SCHEDULING
2 THE CARE OR TREATMENT; EXCEPT THAT THE NONDISCOUNTED CHARGE
3 FOR AN EMERGENCY PROCEDURE NEED NOT BE DISCLOSED BEFORE THE
4 PROVISION OF EMERGENCY CARE OR TREATMENT.

5 (b) WHEN REQUESTED, THE NONDISCOUNTED CHARGE
6 INFORMATION MUST BE MADE AVAILABLE TO THE PERSON BEFORE
7 SCHEDULING THE CARE OR TREATMENT.

8 (2) FOR THE PURPOSES OF THIS SECTION, "HEALTH CARE PROVIDER"
9 MEANS ANY PERSON LICENSED OR CERTIFIED PURSUANT TO TITLE 12,
10 C.R.S., TO DELIVER HEALTH CARE OR SERVICES.

11 **SECTION 3.** In Colorado Revised Statutes, 10-16-705, **amend**
12 (6.5) and (10.5) (a); and **add** (6.7) and (17) as follows:

13 **10-16-705. Requirements for carriers and participating**
14 **providers.** (6.5) A carrier that has entered into a contract with one or
15 more ~~intermediaries~~ THIRD-PARTY ADMINISTRATORS to conduct utilization
16 management, utilization review, provider credentialing, administration of
17 health insurance benefits, setting or negotiation of reimbursement rates,
18 payment to providers, network development, or disease management
19 programs shall require the ~~intermediary~~ THIRD-PARTY ADMINISTRATOR to
20 comply with the same standards, guidelines, medical policies, and benefit
21 terms of the carrier.

22 (6.7) (a) WHEN THE SERVICES OF A THIRD-PARTY ADMINISTRATOR
23 ARE USED, THE CARRIER SHALL PROVIDE A WRITTEN NOTICE TO COVERED
24 PERSONS ADVISING THEM OF THE IDENTITY OF, AND RELATIONSHIP AMONG,
25 THE THIRD-PARTY ADMINISTRATOR, THE POLICYHOLDER, AND THE
26 CARRIER.

27 (b) THE CARRIER SHALL DISCLOSE TO THE COVERED PERSON ALL

1 CHARGES, FEES, AND COMMISSIONS PAID TO THE THIRD-PARTY
2 ADMINISTRATOR.

3 (c) THE CARRIER SHALL PROHIBIT A THIRD-PARTY ADMINISTRATOR
4 FROM ALTERING A HEALTH CARE PROVIDER'S CHARGES OR ADDING
5 CHARGES TO ANY OF THE INSURANCE CLAIMS SUBMITTED BY A HEALTH
6 CARE PROVIDER.

7 (10.5) (a) A carrier that has entered into a contract with one or
8 more ~~intermediaries~~ THIRD-PARTY ADMINISTRATORS to conduct utilization
9 management, utilization review, provider credentialing, administration of
10 health insurance benefits, setting or negotiation of reimbursement rates,
11 payment to providers, network development, or disease management
12 programs, shall require the ~~intermediary~~ THIRD-PARTY ADMINISTRATORS
13 to indicate the name of the ~~intermediary~~ THIRD-PARTY ADMINISTRATOR
14 and the name of the carrier for which it is conducting the work when
15 making any payment to a health care provider on behalf of the carrier.

16 (17) FOR THE PURPOSES OF THIS SECTION, A "THIRD-PARTY
17 ADMINISTRATOR" MEANS A PERSON WHO CONDUCTS UTILIZATION
18 MANAGEMENT, UTILIZATION REVIEW, PROVIDER CREDENTIALING,
19 ADMINISTRATION OF HEALTH INSURANCE BENEFITS, SETTING OR
20 NEGOTIATION OF REIMBURSEMENT RATES, PAYMENT TO PROVIDERS,
21 NETWORK DEVELOPMENT, OR DISEASE MANAGEMENT PROGRAMS.

22 **SECTION 4.** In Colorado Revised Statutes, 10-16-706, **amend**
23 (5) as follows:

24 **10-16-706. Intermediaries.** (5) (a) A carrier shall maintain
25 copies of all intermediary health care subcontracts.

26 (b) A CARRIER SHALL DISCLOSE TO EACH COVERED PERSON ANY
27 CHARGES FOR ADMINISTRATIVE COSTS THAT ARE IN ADDITION TO THE

1 CHARGES FOR THE CARE OR SERVICE PROVIDED BY THE HEALTH CARE
2 PROVIDER.

3 **SECTION 5. Act subject to petition - effective date.** This act
4 takes effect January 1, 2013; except that, if a referendum petition is filed
5 pursuant to section 1 (3) of article V of the state constitution against this
6 act or an item, section, or part of this act within the ninety-day period
7 after final adjournment of the general assembly, then the act, item,
8 section, or part will not take effect unless approved by the people at the
9 general election to be held in November 2012 and, in such case, will take
10 effect on January 1, 2013, or on the date of the official declaration of the
11 vote thereon by the governor, whichever is later.