



# Legislative Council Staff

## Research Note

Version: Final

Date: 4/29/2016

### Bill Number

**Senate Bill 16-139**

### Sponsors

**Senators Roberts and Hodge  
Representative Coram**

### Short Title

***Waiver Proposal  
Total-cost-of-care Model  
Hospitals***

### Research Analyst

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### Status

The bill was postponed indefinitely by the Senate Health and Human Services Committee on March 17, 2016.

### Summary

This bill requires the Colorado Commission on Affordable Health Care (commission) to develop a proposal under any applicable federal law that enables the state to operate a global payment system pilot program that focuses on a total-cost-of-care model for the reimbursement of hospitals for Medicare patients. Currently, Medicare reimburses hospitals using a fee-for-service model. The commission must develop the proposal within 60 days of the effective date of the bill and present the proposal to the House and Senate health committees prior to the end of the 2016 legislative session.

The bill requires that the proposal specify the following:

- the designation of the geographic areas in which the pilot program will operate, based on the insurance rating areas for the rural eastern and western parts of the state and Grand Junction;
- the designation of the specific hospitals required to participate in the pilot program;
- a general description of the total-cost-of-care reimbursement model for hospital reimbursement; and
- the specification of what agency or entity will operate and oversee the pilot program.

### Background

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Global payments and the total-cost-of-care model are based on the practice of paying providers or health care systems a fixed prepayment that covers most or all of a patient's care during a specified time period or health care episode. The fee-for-service payment model pays providers separately for each service rendered.

Medicare is the federal health insurance program that primarily serves people age 65 or older, as well as people under age 65 with certain disabilities and people of all ages with end-stage renal disease. Medicare helps pay for certain medical services and supplies in hospitals, doctors' offices, and other health care settings. Services are either covered under Part A (hospital coverage) or Part B (medical coverage). Eligible individuals receive Medicare Part A at no cost, but those who wish to participate in Medicare Part B or the prescription drug coverage must pay a monthly premium. Most Medicare recipients pay a portion of their care through co-pays, coinsurance, and deductibles. Medicare recipients may purchase Medicare supplemental insurance coverage to help cover the costs of co-pays, coinsurance, deductibles, and certain benefits.

### ***Senate Action***

***Senate Health and Human Services Committee (March 17, 2016).*** The committee postponed the bill indefinitely.