

Administrative Simplification

Colorado has taken a number of steps to reduce health care administrative costs. The state has enacted laws to:

- Require uniform provider credentialing and billing forms (Colo. Rev. Stat. §25-1-108);
- Simplify insurance eligibility and coverage verification (Colo. Rev. Stat. §10-16-705(12));
- Standardize the appeals process (Colo. Rev. Stat. §25-1-108); and
- Require insurers to make information about covered services and coverage eligibility available to providers (Colo. Rev. Stat. §10-16-705(12)).

No analysis of cost savings from these measures has been conducted.

Additional bills to simplify administrative processes were introduced in the 2010 legislative session. As of April 21, 2010, a bill concerning administrative efficiencies, fraud and abuse in Medicaid (SB 10-167) had been enacted, and the following bills were working their way through the legislature:

- HB 10-1242 concerning a standard application for individual health insurance coverage;
- HB 10-1004 concerning standard policy forms and clarification of explanations of benefits; and
- HB 10-1332 concerning standard insurance billing codes.

Many of Colorado's administrative simplification measures implement cost containment recommendations of the Colorado Blue Ribbon Commission for Health Care Reform. In its January 2008 final report, the commission recommended that all health plans use standard health plan claims attachments, eligibility and coverage verification systems, insurance application forms, prior authorization procedures, payment systems, and electronic ID cards. An independent analysis concluded that implementation of these recommendations would reduce Colorado providers' administrative costs by \$166 million annually.¹

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1. The Lewin Group, "Appendix G: The Commission's Proposal for Health Reform," *Cost and Coverage Impacts of Five Proposals to Reform the Colorado Health Care System* (Falls Church, Va.: Lewin, Dec. 29, 2007), <http://www.colorado.gov/cs/Satellite/BlueRibbon/RIBB/1201542097694>.