

STATE OF COLORADO

EXECUTIVE CHAMBERS

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Richard D. Lamm
Governor

EXECUTIVE ORDER

HOSPITAL UTILIZATION REVIEW FOR DESIGNATED PUBLIC POLICYHOLDERS
OF THE STATE COMPENSATION INSURANCE FUND

WHEREAS, in the Colorado Worker's Compensation Program, medical expenditures of the State Compensation Insurance Fund (State Fund) for work-related injuries and illnesses account for over 40% of the Fund's total expenditures.

WHEREAS, in 1984, the state Fund's medical expenditures were approximately \$50 million and medical expenditures have increased on an average of 16% a year for the past four years; and

WHEREAS, in 1984, the State Fund's expenditures for hospital care were approximately \$21.5 million; and

WHEREAS, the policy of this administration is to optimize health care expenditures of public agencies by purchasing only necessary and appropriate medical care; and

WHEREAS, consistent with this policy, the State Fund has established the following objectives:

- a. To assure the quality and appropriateness of care provided to its claimants in the hospital setting for work-related injuries and illnesses;
- b. To contain hospital utilization by assuring the medical necessity of elective hospital admissions and continued stay for work-related injuries and illnesses;
- c. To establish a data base on hospital utilization for claimants of the State Compensation Insurance Fund; and

WHEREAS, the State of Colorado, as a major policyholder of the State Fund, desires a systematic and comprehensive program to accomplish these objectives.

E X E C U T I V E O R D E R
HOSPITAL UTILIZATION REVIEW FOR DESIGNATED PUBLIC POLICYHOLDERS
OF THE STATE COMPENSATION INSURANCE FUND
PAGE TWO

NOW, THEREFORE, I, Richard D. Lamm, Govenor of the State of Colorado, by virtue of the authority vested in me under the Statutes and Constitution of the State of Colorado, do hereby order that:

1. The State Compensation Insurance Fund of the Department of Labor and Employment, as the Worker's Compensation Insurance carrier, shall develop and implement a mandatory hospital utilization review program in July 1985, for State of Colorado departments specified below.
2. The review program shall be composed of Pre-Admission Review, Second Opinion, Concurrent and/or Retrospective Review. In this program, reimbursement by the State Fund for hospital expenses shall be contingent upon review and certification of the claimant's medical need for hospitalization.
3. All employees of the following departments of State Government shall participate in the hospital utilization review program:

Offices of the Governor, Lt. Governor, and State
Planning and Budgeting
Administration
Agriculture
Corrections
Education
Health
Highways
Labor and Employment
Local Affairs
Military Affairs
Natural Resources
Personnel
Regulatory Agencies
Revenue
Social Services
Public Safety

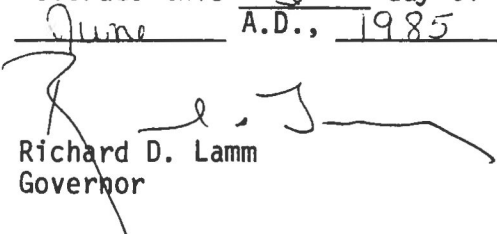
E X E C U T I V E O R D E R
HOSPITAL UTILIZATION REVIEW FOR DESIGNATED PUBLIC POLICYHOLDERS
OF THE STATE COMPENSATION INSURANCE FUND
PAGE THREE

4. The Executive Director of the Department of Labor and Employment shall have the primary responsibility for the execution of the program and shall coordinate with the other departments of State Government on the implementation and on-going operational issues of the program. To effectuate this goal, each department shall, within seven days of the execution of this Order, designate a liaison person to coordinate with the Department of Labor and Employment on the implementation of the program. Moreover, each department shall assure that the appropriate management personnel attend any necessary orientation sessions on the program.
5. The Executive Director of the Department of Labor and Employment shall provide to the Governor on August 1 of each year an evaluation report of the effectiveness of the hospital utilization review program.

This Order shall take effect immediately.

GIVEN under my hand and the
Executive Seal of the State of
Colorado this 2nd day of

June A.D., 1985


Richard D. Lamm
Governor

