

**First Regular Session
Seventy-second General Assembly
STATE OF COLORADO**

INTRODUCED

LLS NO. 19-0102.01 Shelby Ross x4510

HOUSE BILL 19-1001

HOUSE SPONSORSHIP

Kennedy, Rankin

SENATE SPONSORSHIP

(None),

House Committees
Health & Insurance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING HOSPITAL TRANSPARENCY MEASURES REQUIRED TO**
102 **ANALYZE THE EFFICACY OF HOSPITAL DELIVERY SYSTEM**
103 **REFORM INCENTIVE PAYMENTS.**

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://leg.colorado.gov>.)

The bill requires the department of health care policy and financing (department), in consultation with the Colorado healthcare affordability and sustainability enterprise board, to develop and prepare an annual report detailing uncompensated hospital costs and the different categories of expenditures made by hospitals in the state (hospital

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

expenditure report). In compiling the hospital expenditure report, the department shall use publicly available data sources whenever possible. Each hospital in the state is required to make available to the department certain information, including:

- ! Hospital cost reports submitted to the federal centers for medicare and medicaid services;
 - ! Annual audited financial statements; except that, if a hospital is part of a consolidated or combined group, the hospital may submit a consolidated or combined financial statement if the group's statement separately identifies the information for each of the group's licensed hospitals;
 - ! The total amount of unreimbursed care;
 - ! The gross patient service revenue;
 - ! Any property, plant, equipment, and accumulated depreciation;
 - ! All operating expenses;
 - ! Staffing information;
 - ! The total number of available beds and licensed beds;
 - ! The total number of inpatient surgeries;
 - ! The total number of births and newborn patient days;
 - ! The total number of admissions from the emergency department; and
 - ! Other gross charges categorized by primary care provider.
- The hospital expenditure report must include, but not be limited to:
- ! A description of the methods of analysis and definitions of report components by payer group;
 - ! Uncompensated care costs by payer group; and
 - ! The percentage that different categories of expenses contribute to overall expenses of hospitals.

The department is required to submit the hospital expenditure report to the governor, specified committees of the general assembly, and the medical services board in the department. The department is also directed to post the hospital expenditure report on the department's website.

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

2 **SECTION 1.** In Colorado Revised Statutes, 25.5-4-402.4, **add**
3 (7)(e.5) as follows:

4 **25.5-4-402.4. Hospitals - healthcare affordability and**
5 **sustainability fee - legislative declaration - Colorado healthcare**

1 **affordability and sustainability enterprise - federal waiver - fund**
2 **created - rules - reports. (7) Colorado healthcare affordability and**
3 **sustainability enterprise board. (e.5) THE ENTERPRISE BOARD, USING**
4 STAFF AND ANALYSIS PROVIDED BY THE STATE DEPARTMENT, SHALL
5 PROVIDE THE ESTIMATES DESCRIBED IN SUBSECTION (7)(e)(V) OF THIS
6 SECTION BASED ON APPROPRIATE INFORMATION PROVIDED TO THE STATE
7 DEPARTMENT BY HOSPITALS.

8 **SECTION 2.** In Colorado Revised Statutes, **add** 25.5-4-402.8 as
9 follows:

10 **25.5-4-402.8. Hospital expenditure report.** (1) (a) AS PART OF
11 ITS ADMINISTRATION OF THE HEALTHCARE AFFORDABILITY AND
12 SUSTAINABILITY FEE, THE STATE DEPARTMENT, IN CONSULTATION WITH
13 THE COLORADO HEALTHCARE AFFORDABILITY AND SUSTAINABILITY
14 ENTERPRISE BOARD, CREATED IN SECTION 25.5-4-402.4 (7) AND REFERRED
15 TO IN THIS SECTION AS THE "ENTERPRISE BOARD", SHALL ANNUALLY
16 PREPARE A WRITTEN HOSPITAL EXPENDITURE REPORT DETAILING
17 UNCOMPENSATED HOSPITAL COSTS AND THE DIFFERENT CATEGORIES OF
18 EXPENDITURES, BY PAYER GROUP, MADE BY HOSPITALS IN THE STATE. IN
19 COMPILING THE HOSPITAL EXPENDITURE REPORT, THE STATE DEPARTMENT
20 SHALL USE PUBLICLY AVAILABLE DATA SOURCES WHENEVER POSSIBLE.
21 SPECIFICALLY, EACH HOSPITAL IN THE STATE SHALL MAKE THE FOLLOWING
22 INFORMATION AVAILABLE TO THE STATE DEPARTMENT IN A FORMAT AND
23 AT A FREQUENCY AS DETERMINED BY THE STATE DEPARTMENT AND
24 SPECIFIED BY RULE; EXCEPT THAT THE STATE DEPARTMENT MAY EXEMPT
25 FREESTANDING PSYCHIATRIC HOSPITALS, HOSPITALS THAT ARE LICENSED
26 AS GENERAL HOSPITALS AND CERTIFIED LONG-TERM CARE HOSPITALS BY
27 THE STATE DEPARTMENT, AND INPATIENT REHABILITATION FACILITIES

1 FROM THESE REPORTING REQUIREMENTS:

2 (I) THE HOSPITAL COST REPORT SUBMITTED TO THE FEDERAL
3 CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS) PURSUANT TO 42
4 CFR 413.20, INCLUDING A COPY OF THE FINAL FORMS AND WORKSHEETS
5 SUBMITTED TO CMS AS PART OF THE HOSPITAL COST REPORT;

6 (II) (A) AN ANNUAL AUDITED FINANCIAL STATEMENT PREPARED
7 IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.
8 EACH HOSPITAL SHALL SUBMIT THE STATEMENT WITHIN ONE HUNDRED
9 TWENTY DAYS AFTER THE END OF ITS FISCAL YEAR UNLESS THE STATE
10 DEPARTMENT GRANTS AN EXTENSION IN WRITING IN ADVANCE OF THAT
11 DATE.

12 (B) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION
13 (1)(a)(II)(A) OF THIS SECTION, IF A HOSPITAL IS PART OF A CONSOLIDATED
14 OR COMBINED GROUP AND IS NORMALLY INCLUDED IN THAT GROUP'S
15 FINANCIAL STATEMENT, THE HOSPITAL MAY SUBMIT THE CONSOLIDATED
16 OR COMBINED STATEMENT IF THE GROUP'S STATEMENT SEPARATELY
17 IDENTIFIES THE FINANCIAL INFORMATION FOR EACH OF THE GROUP'S
18 LICENSED HOSPITALS OPERATING IN THIS STATE. FOR EACH HOSPITAL
19 OPERATING IN THIS STATE AND FOR EACH ADDITIONAL OPERATING UNIT
20 THAT ACCOUNTS FOR FIVE PERCENT OR MORE OF THE CONSOLIDATED OR
21 COMBINED GROUP'S GROSS REVENUES, THE STATEMENT MUST INCLUDE
22 FINANCIAL BALANCES AND INFORMATION FOR THAT UNIT, INCLUDING A
23 BALANCE SHEET, AN INCOME STATEMENT, A STATEMENT OF CHANGES IN
24 EQUITY OR FUND BALANCE, AND A STATEMENT OF CASH FLOWS. THE
25 FINANCIAL INFORMATION FOR EACH HOSPITAL INCLUDED IN A
26 CONSOLIDATED OR COMBINED FINANCIAL STATEMENT MUST ONLY
27 REFLECT FINANCIAL BALANCES AND INFORMATION FOR THE HOSPITAL AND

1 MUST NOT INCLUDE NONHOSPITAL OPERATIONS UNLESS NONHOSPITAL
2 OPERATIONS ARE CLEARLY DELINEATED IN THE FINANCIAL STATEMENT OR
3 THE HOSPITAL CLEARLY IDENTIFIES AND DELINEATES NONHOSPITAL
4 OPERATIONS.

5 (III) THE TOTAL AMOUNT OF UNREIMBURSED CARE CATEGORIZED
6 BY BAD DEBTS, CHARITY CARE, MEDICARE DEDUCTIONS, MEDICAID
7 DEDUCTIONS, AND OTHER CONTRACTUAL DEDUCTIONS;

8 (IV) THE GROSS PATIENT SERVICE REVENUE CATEGORIZED INTO
9 INPATIENT REVENUE AND OUTPATIENT REVENUE, AND OTHER APPLICABLE
10 CATEGORIES;

11 (V) ANY PROPERTY, PLANT, EQUIPMENT, AND ACCUMULATED
12 DEPRECIATION;

13 (VI) ALL OPERATING EXPENSES, INCLUDING BUT NOT LIMITED TO
14 FACILITY PAYROLL, PHYSICIAN PAYROLL, BENEFIT, SUPPLY, DEPRECIATION,
15 INTEREST, BAD DEBT, AND OTHER EXPENSES;

16 (VII) ANY OTHER OPERATING REVENUE, OPERATING MARGIN, AND
17 TOTAL MARGIN;

18 (VIII) STAFFING INFORMATION, INCLUDING FULL-TIME
19 EQUIVALENTS BY PROVIDER CATEGORY, TURNOVER, AND VACANCY RATES;

20 (IX) THE TOTAL NUMBER OF AVAILABLE BEDS AND LICENSED
21 BEDS;

22 (X) THE TOTAL NUMBER OF INPATIENT SURGERIES;

23 (XI) THE TOTAL NUMBER OF BIRTHS AND NEWBORN PATIENT DAYS;

24 (XII) THE TOTAL NUMBER OF ADMISSIONS FROM THE EMERGENCY
25 DEPARTMENT; AND

26 (XIII) BY PRIMARY CARE PROVIDER, THE GROSS CHARGES FOR
27 ACUTE CARE INPATIENT, ACUTE CARE OUTPATIENT, SWING BED, SUBACUTE

1 CARE, DISTINCT PART UNIT, AND HOME HEALTH; ACUTE CARE, SWING BED,
2 SUBACUTE CARE, AND DISTINCT PART UNIT DAYS AND DISCHARGES;
3 CONTRACTUAL AMOUNTS; GROSS PATIENT ACCOUNTS RECEIVABLE; AND
4 EMERGENCY DEPARTMENT, AMBULATORY SURGICAL CENTER,
5 OBSERVATION, HOME HEALTH, CLINIC, AND OTHER VISITS.

6 (b) PRIOR TO DEVELOPING THE FIRST ANNUAL HOSPITAL
7 EXPENDITURE REPORT, THE STATE DEPARTMENT SHALL CONSULT WITH THE
8 ENTERPRISE BOARD REGARDING THE DEVELOPMENT OF THE REPORT. THE
9 STATE DEPARTMENT SHALL STRIVE FOR CONSISTENCY IN REPORTING THE
10 COMPONENTS IN EACH ANNUAL REPORT.

11 (2) THE HOSPITAL EXPENDITURE REPORT MUST INCLUDE, BUT NOT
12 BE LIMITED TO:

13 (a) A DESCRIPTION OF THE METHODS OF ANALYSIS AND
14 DEFINITIONS OF REPORT COMPONENTS;

15 (b) UNCOMPENSATED CARE COSTS BY PAYER GROUP; AND

16 (c) THE PERCENTAGE THAT EACH OF THE FOLLOWING CATEGORIES
17 CONTRIBUTES TO OVERALL EXPENSES OF HOSPITALS:

18 (I) DELIVERY OF INPATIENT HEALTH CARE AND SERVICES BY PAYER
19 GROUP;

20 (II) DELIVERY OF OUTPATIENT HEALTH CARE AND SERVICES BY
21 PAYER GROUP AND SITE LOCATION;

22 (III) ADMINISTRATIVE COSTS;

23 (IV) CAPITAL CONSTRUCTION COSTS AND ASSOCIATED BOND
24 LIABILITIES;

25 (V) MAINTENANCE;

26 (VI) CAPITAL EXPENDITURES FOR EQUIPMENT AND TECHNOLOGY;

27 (VII) PERSONNEL SERVICES;

1 (VIII) UNCOMPENSATED CARE BY PAYER GROUP; AND
2 (IX) OTHER EXPENDITURE CATEGORIES, AS DETERMINED BY THE
3 STATE DEPARTMENT.

4 (3) (a) ON OR BEFORE JANUARY 15, 2020, AND ON OR BEFORE
5 JANUARY 15 EACH YEAR THEREAFTER, THE STATE DEPARTMENT SHALL
6 SUBMIT THE ANNUAL HOSPITAL EXPENDITURE REPORT TO:

7 (I) THE PUBLIC HEALTH CARE AND HUMAN SERVICES COMMITTEE
8 OF THE HOUSE OF REPRESENTATIVES, OR ANY SUCCESSOR COMMITTEE;

9 (II) THE HEALTH AND HUMAN SERVICES COMMITTEE OF THE
10 SENATE, OR ANY SUCCESSOR COMMITTEE;

11 (III) THE JOINT BUDGET COMMITTEE OF THE GENERAL ASSEMBLY;

12 (IV) THE GOVERNOR; AND

13 (V) THE STATE BOARD.

14 (b) THE STATE DEPARTMENT MAY COMBINE THE HOSPITAL
15 EXPENDITURE REPORT DESCRIBED IN THIS SECTION WITH THE REPORT OF
16 THE ENTERPRISE BOARD SPECIFIED IN SECTION 25.5-4-402.4 (7)(e), SO
17 LONG AS THE SPECIFIC REQUIREMENTS OF THIS SECTION ARE FULFILLED.
18 THE STATE DEPARTMENT SHALL POST THE ANNUAL REPORT ON ITS
19 WEBSITE BY JANUARY 15 OF EACH YEAR.

20 (c) NOTWITHSTANDING SECTION 24-1-136 (11)(a)(I), THE REPORT
21 REQUIRED IN THIS SECTION CONTINUES INDEFINITELY.

22 **SECTION 3. Act subject to petition - effective date.** This act
23 takes effect at 12:01 a.m. on the day following the expiration of the
24 ninety-day period after final adjournment of the general assembly (August
25 2, 2019, if adjournment sine die is on May 3, 2019); except that, if a
26 referendum petition is filed pursuant to section 1 (3) of article V of the
27 state constitution against this act or an item, section, or part of this act

1 within such period, then the act, item, section, or part will not take effect
2 unless approved by the people at the general election to be held in
3 November 2020 and, in such case, will take effect on the date of the
4 official declaration of the vote thereon by the governor.