

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

**ENGROSSED**

*This Version Includes All Amendments Adopted  
on Second Reading in the House of Introduction*

LLS NO. 19-0102.01 Shelby Ross x4510

**HOUSE BILL 19-1001**

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**HOUSE SPONSORSHIP**

**Kennedy,**

**SENATE SPONSORSHIP**

**Moreno and Rankin,**

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**House Committees**  
Health & Insurance

**Senate Committees**

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**A BILL FOR AN ACT**

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

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**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.

HOUSE  
Amended 2nd Reading  
January 29, 2019

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.

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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 SHALL**  
4 **CALCULATE THE ESTIMATES DESCRIBED IN SUBSECTION (7)(e)(V) OF THIS**  
5 **SECTION BY USING APPROPRIATE INFORMATION PROVIDED TO THE STATE**  
6 **DEPARTMENT BY HOSPITALS AND ANY STATE DEPARTMENT ANALYSIS OF**  
7 **THAT INFORMATION.**

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 - definition. (1) AS**  
11 **USED IN THIS SECTION, "MAJOR PAYER GROUP" INCLUDES COMMERCIAL**  
12 **INSURERS, MEDICARE, MEDICAID, INDIVIDUALS WHO SELF-PAY, A**  
13 **FINANCIAL ASSISTANCE PLAN, AND THE "COLORADO INDIGENT CARE**  
14 **PROGRAM", ESTABLISHED IN PART 1 OF ARTICLE 3 OF THIS TITLE 25.5.**

15 (2) (a) THE STATE DEPARTMENT SHALL ANNUALLY PREPARE A  
16 WRITTEN HOSPITAL EXPENDITURE REPORT DETAILING UNCOMPENSATED  
17 HOSPITAL COSTS AND THE DIFFERENT CATEGORIES OF EXPENDITURES, BY  
18 MAJOR PAYER GROUP, MADE BY HOSPITALS IN THE STATE. THE STATE  
19 DEPARTMENT SHALL CONSULT WITH THE COLORADO HEALTHCARE  
20 AFFORDABILITY AND SUSTAINABILITY ENTERPRISE BOARD, CREATED  
21 PURSUANT TO SECTION 25.5-4-402.4 (7) AND REFERRED TO IN THIS  
22 SECTION AS THE "ENTERPRISE BOARD", IN DEVELOPING THE HOSPITAL  
23 EXPENDITURE REPORT. THE STATE DEPARTMENT MAY SHARE ANY  
24 INFORMATION IT RECEIVES FROM HOSPITALS WITH THE ENTERPRISE BOARD.  
25 THE STATE DEPARTMENT MAY INCLUDE INFORMATION IT RECEIVES FROM  
26 HOSPITALS IN ACCORDANCE WITH SUBSECTION (1)(b) OF THIS SECTION AND  
27 THAT IS NOT OTHERWISE PUBLICLY AVAILABLE IN THE EXPENDITURE

1 REPORT AND SHARE SUCH INFORMATION WITH THE ENTERPRISE BOARD;  
2 EXCEPT THAT INFORMATION THE STATE DEPARTMENT RECEIVES FROM  
3 HOSPITALS IN ACCORDANCE WITH SUBSECTION (1)(b)(III)(N) OF THIS  
4 SECTION IS CONFIDENTIAL, PROPRIETARY, CONTAINS TRADE SECRETS, AND  
5 IS NOT A PUBLIC RECORD PURSUANT TO PART 2 OF ARTICLE 72 OF TITLE 24.  
6 THE STATE DEPARTMENT SHALL NOT INCLUDE IN THE EXPENDITURE  
7 REPORT, SHARE WITH THE ENTERPRISE BOARD, OR OTHERWISE PUBLISH OR  
8 DISTRIBUTE INFORMATION DERIVED FROM REPORTS PURSUANT TO  
9 SUBSECTION (1)(b)(III)(N) OF THIS SECTION, ALTHOUGH THE STATE  
10 DEPARTMENT MAY SHARE THIS INFORMATION IF SUCH INFORMATION HAS  
11 BEEN DE-IDENTIFIED AND AGGREGATED IN A MANNER TO PREVENT  
12 IDENTIFICATION OF THE TRANSACTION PRICE OF ANY INDIVIDUAL  
13 ACQUISITION OR AFFILIATION. A HOSPITAL SHALL NOT BE IN VIOLATION OF  
14 THIS SECTION IF THE HOSPITAL MAKES A GOOD FAITH EFFORT TO COMPLY  
15 WITH THE REPORTING REQUIREMENTS OF THIS SECTION.

16 (b) EXCEPT AS PROVIDED IN SUBSECTION (2)(c) OF THIS SECTION,  
17 EACH HOSPITAL LICENSED PURSUANT TO PART 1 OF ARTICLE 3 OF TITLE 25,  
18 OR CERTIFIED PURSUANT TO SECTION 25-1.5-103 (1)(a)(II), SHALL MAKE  
19 INFORMATION AVAILABLE TO THE STATE DEPARTMENT FOR PURPOSES OF  
20 PREPARING THE ANNUAL HOSPITAL EXPENDITURE REPORT. THE STATE  
21 BOARD SHALL ESTABLISH THE FORMAT OF THE INFORMATION PROVIDED BY  
22 EACH HOSPITAL ON AN ANNUAL BASIS. THE FIRST SUBMISSION BY EACH  
23 HOSPITAL MUST INCLUDE THE INFORMATION DESCRIBED IN SUBSECTIONS  
24 (1)(b)(I) AND (1)(b)(II) OF THIS SECTION FOR FISCAL YEARS 2011-12  
25 THROUGH 2018-19 AND THE INFORMATION DESCRIBED IN SUBSECTION  
26 (1)(b)(III) OF THIS SECTION FOR THOSE FISCAL YEARS IF SUCH  
27 INFORMATION IS AVAILABLE. FOR EACH SUBSEQUENT SUBMISSION, EACH

1 HOSPITAL SHALL PROVIDE THE FOLLOWING INFORMATION TO THE STATE  
2 DEPARTMENT:

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

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

13 (B) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION  
14 (1)(b)(II)(A) OF THIS SECTION, IF A HOSPITAL IS OPERATING WITHIN A  
15 HEALTH SYSTEM OR OTHER CORPORATE STRUCTURE, AND IS NORMALLY  
16 INCLUDED IN THAT HEALTH SYSTEM OR OTHER CORPORATE STRUCTURE'S  
17 FINANCIAL STATEMENT, THE HOSPITAL MAY SUBMIT THE HEALTH SYSTEM  
18 OR OTHER CORPORATE STRUCTURE'S FINANCIAL STATEMENT IF THE  
19 STATEMENT SEPARATELY IDENTIFIES THE FINANCIAL INFORMATION FOR  
20 EACH OF THE HEALTH SYSTEM OR OTHER CORPORATE STRUCTURE'S  
21 LICENSED HOSPITALS OPERATING IN THIS STATE.

22 (C) IN LIEU OF AN AUDITED FINANCIAL STATEMENT, EACH  
23 HOSPITAL OPERATING WITHIN A HEALTH SYSTEM OR OTHER CORPORATE  
24 STRUCTURE THAT DOES NOT PRODUCE AN ANNUAL AUDITED FINANCIAL  
25 STATEMENT SPECIFIC TO EACH INDIVIDUAL HOSPITAL, BUT INSTEAD  
26 PRODUCES CONSOLIDATED FINANCIAL STATEMENTS, SHALL SUBMIT A  
27 RECONCILIATION OF THE CONSOLIDATED FINANCIAL STATEMENT AND

1 HOSPITAL-SPECIFIC REVENUE AND EXPENSES REPORTED ON THE MEDICARE  
2 COST REPORT PURSUANT TO THE FEDERAL CENTERS FOR MEDICARE AND  
3 MEDICAID SERVICES PROVIDER REIMBURSEMENT MANUAL FORM 339.

4 (III) A REPORT THAT CONTAINS THE FOLLOWING INFORMATION:

5 (A) THE TOTAL NUMBER OF AVAILABLE BEDS AND LICENSED BEDS;

6 (B) INPATIENT STATISTICS IN TOTAL AND BY MAJOR PAYER GROUP  
7 AND BY CARE SETTING, INCLUDING BUT NOT LIMITED TO INPATIENT  
8 DISCHARGES AND PATIENT DAYS;

9 (C) OTHER INPATIENT STATISTICS, INCLUDING BUT NOT LIMITED TO  
10 THE NUMBER OF INPATIENT SURGERIES, NUMBER OF BIRTHS, NUMBER OF  
11 NEWBORN PATIENT DAYS, NUMBER OF ADMISSIONS FROM THE  
12 HOSPITAL-BASED EMERGENCY DEPARTMENT, AND NUMBER OF ADMISSIONS  
13 FROM FREE-STANDING EMERGENCY DEPARTMENTS;

14 (D) OUTPATIENT STATISTICS IN TOTAL AND BY TYPE OF VISIT,  
15 INCLUDING BUT NOT LIMITED TO HOSPITAL-BASED EMERGENCY  
16 DEPARTMENT VISITS, FREE-STANDING EMERGENCY DEPARTMENT VISITS,  
17 AMBULATORY SURGERY VISITS, HOME HEALTH VISITS, AND ALL OTHER  
18 OUTPATIENT VISITS;

19 (E) GROSS CHARGES IN TOTAL, BY MAJOR PAYER GROUP, AND BY  
20 CARE SETTING, INCLUDING BUT NOT LIMITED TO INPATIENT CARE AND  
21 OUTPATIENT CARE;

22 (F) CONTRACTUAL ALLOWANCES IN TOTAL AND BY MAJOR PAYER  
23 GROUP;

24 (G) BAD DEBT WRITE-OFFS IN TOTAL AND BY MAJOR PAYER GROUP;

25 (H) CHARITY WRITE-OFFS IN TOTAL AND BY MAJOR PAYER GROUP;

26 (I) OPERATING EXPENSES IN TOTAL AND BY EXPENSE  
27 CLASSIFICATION, INCLUDING BUT NOT LIMITED TO NON-PHYSICIAN

1 PAYROLL EXPENSES AND ASSOCIATED HOURS, PHYSICIAN PAYROLL  
2 EXPENSES AND ASSOCIATED HOURS, TOTAL PAYROLL EXPENSES AND  
3 ASSOCIATED HOURS, CONTRACT LABOR EXPENSES AND ASSOCIATED  
4 HOURS, EMPLOYEE BENEFITS EXPENSES, BUSINESS DEVELOPMENT,  
5 MARKETING AND ADVERTISING EXPENSES, SUPPLY EXPENSES,  
6 DEPRECIATION EXPENSES, INTEREST EXPENSES, AND ALL OTHER  
7 OPERATING EXPENSES;

8 (J) OTHER OPERATING REVENUE, OPERATING MARGIN,  
9 NON-OPERATING GAINS AND LOSSES, AND TOTAL MARGIN;

10 (K) A BALANCE SHEET, INCLUDING BUT NOT LIMITED TO DETAILS  
11 FOR CURRENT ASSETS, RESTRICTED ASSETS, LONG-TERM ASSETS, OTHER  
12 ASSETS, CURRENT LIABILITIES, LONG-TERM DEBT, OTHER LIABILITIES, AND  
13 EQUITY OR NET ASSETS;

14 (L) STAFFING INFORMATION, INCLUDING BUT NOT LIMITED TO  
15 FULL-TIME EQUIVALENTS, STAFF TURNOVER, AND STAFF VACANCY RATES;

16 (M) A ROLL FORWARD OF PROPERTY, PLANT, AND EQUIPMENT  
17 ACCOUNTS BY ASSET TYPE FROM THE BEGINNING TO THE END OF THE  
18 REPORTING PERIOD BY ASSET CATEGORY, INCLUDING BUT NOT LIMITED TO  
19 PURCHASES, OTHER ACQUISITIONS, SALES, DISPOSALS, AND OTHER  
20 CHANGES; AND

21 (N) THE NAMES AND TRANSACTION PRICE OF ACQUIRED  
22 HOSPITALS, AFFILIATED HOSPITALS, NEWLY CONSTRUCTED HOSPITALS,  
23 AND REHABILITATED HOSPITALS; THE NAMES AND TRANSACTION PRICE OF  
24 ACQUIRED OR AFFILIATED PHYSICIAN GROUP PRACTICES; AND THE NUMBER  
25 AND TRANSACTION PRICE OF INDIVIDUAL PHYSICIAN PRACTICES ACQUIRED.

26 (c) THE STATE DEPARTMENT MAY EXEMPT FROM THE REPORTING  
27 REQUIREMENTS DESCRIBED IN SUBSECTION (2)(b) OF THIS SECTION

1 CERTAIN TYPES OF HOSPITALS, INCLUDING BUT NOT LIMITED TO:

2 (I) PSYCHIATRIC HOSPITALS, AS LICENSED BY THE DEPARTMENT OF  
3 PUBLIC HEALTH AND ENVIRONMENT;

4 (II) HOSPITALS THAT ARE LICENSED AS GENERAL HOSPITALS AND  
5 CERTIFIED AS LONG-TERM CARE HOSPITALS BY THE DEPARTMENT OF  
6 PUBLIC HEALTH AND ENVIRONMENT;

7 (III) CRITICAL ACCESS HOSPITALS THAT ARE LICENSED AS GENERAL  
8 HOSPITALS AND ARE CERTIFIED BY THE DEPARTMENT PUBLIC HEALTH AND  
9 ENVIRONMENT PURSUANT TO 42 CFR 485 (f);

10 (IV) INPATIENT REHABILITATION FACILITIES; AND

11 (V) HOSPITALS SPECIFIED FOR EXEMPTION UNDER 42 CFR 433.68  
12 (e).

13 (d) PRIOR TO DEVELOPING THE FIRST ANNUAL HOSPITAL  
14 EXPENDITURE REPORT, THE STATE DEPARTMENT SHALL CONSULT WITH THE  
15 ENTERPRISE BOARD REGARDING THE DEVELOPMENT OF THE REPORT. THE  
16 STATE DEPARTMENT SHALL STRIVE FOR CONSISTENCY IN REPORTING THE  
17 COMPONENTS IN EACH ANNUAL REPORT WITH THOSE IN THE REPORT OF THE  
18 ENTERPRISE BOARD REQUIRED PURSUANT TO SECTION 25.5-4-402.4 (7)(e).

19 (e) PRIOR TO ISSUING THE HOSPITAL EXPENDITURE REPORT, THE  
20 STATE DEPARTMENT SHALL PROVIDE ANY HOSPITAL REFERENCED IN THE  
21 HOSPITAL EXPENDITURE REPORT A COPY OF THE REPORT. EACH HOSPITAL  
22 SHALL HAVE A MINIMUM OF FIFTEEN DAYS TO REVIEW THE HOSPITAL  
23 EXPENDITURE REPORT AND ANY UNDERLYING DATA AND SUBMIT  
24 CORRECTIONS OR CLARIFICATIONS TO THE STATE DEPARTMENT.

25 (f) THE STATE DEPARTMENT SHALL PROVIDE A STATEWIDE  
26 HOSPITAL ASSOCIATION ANY INFORMATION RECEIVED PURSUANT TO THIS  
27 SECTION IN A MACHINE-READABLE FORMAT AT NO COST TO THE



1 ASSOCIATION.

2 (3) THE HOSPITAL EXPENDITURE REPORT MUST INCLUDE, BUT NOT

3 BE LIMITED TO:

4 (a) A DESCRIPTION OF THE METHODS OF ANALYSIS AND

5 DEFINITIONS OF REPORT COMPONENTS;

6 (b) UNCOMPENSATED CARE COSTS BY MAJOR PAYER GROUP; AND

7 (c) THE PERCENTAGE THAT EACH OF THE FOLLOWING CATEGORIES

8 CONTRIBUTES TO OVERALL EXPENSES OF HOSPITALS:

9 (I) DELIVERY OF INPATIENT HEALTH CARE AND SERVICES BY

10 MAJOR PAYER GROUP;

11 (II) DELIVERY OF OUTPATIENT HEALTH CARE AND SERVICES BY

12 MAJOR PAYER GROUP AND SITE LOCATION;

13 (III) ADMINISTRATIVE COSTS;

14 (IV) CAPITAL CONSTRUCTION COSTS AND ASSOCIATED BOND

15 LIABILITIES;

16 (V) MAINTENANCE;

17 (VI) CAPITAL EXPENDITURES;

18 (VII) PERSONNEL SERVICES;

19 (VIII) UNCOMPENSATED CARE BY MAJOR PAYER GROUP; AND

20 (IX) OTHER EXPENDITURE CATEGORIES, AS DETERMINED BY THE

21 STATE DEPARTMENT.

22 (4) (a) ON OR BEFORE JANUARY 15, 2020, AND ON OR BEFORE

23 JANUARY 15 EACH YEAR THEREAFTER, THE STATE DEPARTMENT SHALL

24 SUBMIT THE ANNUAL HOSPITAL EXPENDITURE REPORT TO:

25 (I) THE PUBLIC HEALTH CARE AND HUMAN SERVICES COMMITTEE

26 OF THE HOUSE OF REPRESENTATIVES, OR ANY SUCCESSOR COMMITTEE;

27 (II) THE HEALTH AND HUMAN SERVICES COMMITTEE OF THE

1 SENATE, OR ANY SUCCESSOR COMMITTEE;

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

3 (IV) THE GOVERNOR; AND

4 (V) THE STATE BOARD.

5 (b) THE STATE DEPARTMENT MAY REQUEST THAT THE ENTERPRISE  
6 BOARD COMBINE THE HOSPITAL EXPENDITURE REPORT DESCRIBED IN THIS  
7 SECTION WITH THE REPORT OF THE ENTERPRISE BOARD SPECIFIED IN  
8 SECTION 25.5-4-402.4 (7)(e), SO LONG AS THE SPECIFIC REQUIREMENTS OF  
9 THIS SECTION ARE FULFILLED, AND SO LONG AS THE ENTERPRISE BOARD  
10 AGREES TO THE REQUEST. THE STATE DEPARTMENT SHALL POST THE  
11 ANNUAL REPORT ON ITS WEBSITE BY JANUARY 15 OF EACH YEAR.

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

14 (5) THE STATE DEPARTMENT, IN CONSULTATION WITH THE  
15 DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT AND THE DIVISION OF  
16 INSURANCE, SHALL REVIEW THE HOSPITAL REPORT CARD, CREATED  
17 PURSUANT TO SECTION 25-3-703, AND THE HOSPITAL CHARGE REPORT,  
18 CREATED PURSUANT TO SECTION 25-3-705, AND MAKE  
19 RECOMMENDATIONS TO THE GENERAL ASSEMBLY BY NOVEMBER 1, 2019.  
20 THE RECOMMENDATIONS MUST IDENTIFY ANY STRUCTURAL OR  
21 SUBSTANTIVE CHANGES THAT SHOULD BE MADE TO THE HOSPITAL REPORT  
22 CARD OR HOSPITAL CHARGE REPORT TO INCREASE THE VALUE OF THOSE  
23 REPORTS, INCLUDING A CONSIDERATION OF WHETHER THE HOSPITAL  
24 REPORT CARD OR HOSPITAL CHARGE REPORT STILL PROVIDES VALUE TO  
25 CONSUMERS AND POLICYMAKERS.

26 **SECTION 3. Act subject to petition - effective date.** This act  
27 takes effect at 12:01 a.m. on the day following the expiration of the

1 ninety-day period after final adjournment of the general assembly (August  
2 2, 2019, if adjournment sine die is on May 3, 2019); except that, if a  
3 referendum petition is filed pursuant to section 1 (3) of article V of the  
4 state constitution against this act or an item, section, or part of this act  
5 within such period, then the act, item, section, or part will not take effect  
6 unless approved by the people at the general election to be held in  
7 November 2020 and, in such case, will take effect on the date of the  
8 official declaration of the vote thereon by the governor.