

HOUSE COMMITTEE OF REFERENCE REPORT

Chairman of Committee

January 16, 2019
Date

Committee on Health & Insurance.

After consideration on the merits, the Committee recommends the following:

HB19-1001 be amended as follows, and as so amended, be referred to the Committee of the Whole with favorable recommendation:

1 Amend printed bill, strike everything below the enacting clause and
2 substitute:

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

5 **25.5-4-402.4. Hospitals - healthcare affordability and**
6 **sustainability fee - legislative declaration - Colorado healthcare**
7 **affordability and sustainability enterprise - federal waiver - fund**
8 **created - rules - reports. (7) Colorado healthcare affordability and**
9 **sustainability enterprise board. (e.5) THE ENTERPRISE BOARD SHALL**
10 **CALCULATE THE ESTIMATES DESCRIBED IN SUBSECTION (7)(e)(V) OF THIS**
11 **SECTION BY USING APPROPRIATE INFORMATION PROVIDED TO THE STATE**
12 **DEPARTMENT BY HOSPITALS AND ANY STATE DEPARTMENT ANALYSIS OF**
13 **THAT INFORMATION.**

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

16 **25.5-4-402.8. Hospital expenditure report. (1) (a) THE STATE**
17 **DEPARTMENT SHALL ANNUALLY PREPARE A WRITTEN HOSPITAL**
18 **EXPENDITURE REPORT DETAILING UNCOMPENSATED HOSPITAL COSTS AND**
19 **THE DIFFERENT CATEGORIES OF EXPENDITURES, BY MAJOR PAYER GROUP,**
20 **MADE BY HOSPITALS IN THE STATE. THE STATE DEPARTMENT SHALL**
21 **CONSULT WITH THE COLORADO HEALTHCARE AFFORDABILITY AND**
22 **SUSTAINABILITY ENTERPRISE BOARD, CREATED PURSUANT TO SECTION**
23 **25.5-4-402.4 (7) AND REFERRED TO IN THIS SECTION AS THE "ENTERPRISE**
24 **BOARD", IN DEVELOPING THE HOSPITAL EXPENDITURE REPORT. THE STATE**

1 DEPARTMENT MAY SHARE ANY INFORMATION IT RECEIVES FROM
2 HOSPITALS WITH THE ENTERPRISE BOARD. EXCEPT FOR THE INFORMATION
3 CONTAINED IN THE HOSPITAL EXPENDITURE REPORT PURSUANT TO
4 SUBSECTION (2) OF THIS SECTION, THE STATE DEPARTMENT AND
5 ENTERPRISE BOARD SHALL MAINTAIN THE CONFIDENTIALITY OF
6 INFORMATION RECEIVED PURSUANT TO THIS SECTION THAT IS NOT
7 OTHERWISE PUBLICLY AVAILABLE. THIS INFORMATION IS PROPRIETARY,
8 CONFIDENTIAL, CONTAINS TRADE SECRETS, AND IS NOT A PUBLIC RECORD.
9 IN COMPILING THE HOSPITAL EXPENDITURE REPORT, THE STATE
10 DEPARTMENT SHALL USE PUBLICLY AVAILABLE DATA SOURCES WHENEVER
11 POSSIBLE.

12 (b) EXCEPT AS PROVIDED IN SUBSECTION (1)(c) OF THIS SECTION,
13 EACH HOSPITAL IN THE STATE SHALL MAKE INFORMATION AVAILABLE TO
14 THE STATE DEPARTMENT FOR PURPOSES OF PREPARING THE ANNUAL
15 HOSPITAL EXPENDITURE REPORT. THE STATE BOARD SHALL ESTABLISH THE
16 FORMAT OF THE INFORMATION PROVIDED BY EACH HOSPITAL ON AN
17 ANNUAL BASIS. THE FIRST SUBMISSION BY EACH HOSPITAL MUST INCLUDE
18 INFORMATION FOR FISCAL YEARS 2012 THROUGH 2018. SPECIFICALLY, IN
19 THE FIRST AND SUBSEQUENT SUBMISSIONS, EACH HOSPITAL SHALL
20 PROVIDE THE FOLLOWING INFORMATION TO THE STATE DEPARTMENT:

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

25 (II) (A) AN ANNUAL AUDITED FINANCIAL STATEMENT PREPARED
26 IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.
27 EACH HOSPITAL SHALL SUBMIT THE STATEMENT WITHIN ONE HUNDRED
28 TWENTY DAYS AFTER THE END OF ITS FISCAL YEAR UNLESS THE STATE
29 DEPARTMENT GRANTS AN EXTENSION IN WRITING IN ADVANCE OF THAT
30 DATE.

31 (B) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION
32 (1)(b)(II)(A) OF THIS SECTION, IF A HOSPITAL IS PART OF A CONSOLIDATED
33 OR COMBINED GROUP AND IS NORMALLY INCLUDED IN THAT GROUP'S
34 FINANCIAL STATEMENT, THE HOSPITAL MAY SUBMIT THE CONSOLIDATED
35 OR COMBINED STATEMENT IF THE GROUP'S STATEMENT SEPARATELY
36 IDENTIFIES THE FINANCIAL INFORMATION FOR EACH OF THE GROUP'S
37 LICENSED HOSPITALS OPERATING IN THIS STATE. FOR EACH HOSPITAL
38 OPERATING IN THIS STATE AND FOR EACH ADDITIONAL OPERATING UNIT
39 THAT ACCOUNTS FOR FIVE PERCENT OR MORE OF THE CONSOLIDATED OR
40 COMBINED GROUP'S GROSS REVENUES, THE STATEMENT MUST INCLUDE
41 FINANCIAL BALANCES AND INFORMATION FOR THAT UNIT, INCLUDING A

1 BALANCE SHEET, AN INCOME STATEMENT OR STATEMENT OF OPERATIONS,
2 A STATEMENT OF CHANGES IN EQUITY OR NET ASSETS, AND A STATEMENT
3 OF CASH FLOWS.

4 (C) TO THE EXTENT SIMILAR INFORMATION IS REPORTED IN THE
5 MEDICARE COST REPORT, AUDITED FINANCIAL STATEMENTS OR OTHER
6 INFORMATION RESULTS IN DIFFERING AMOUNTS, AND AN EXPLANATION
7 FOR THOSE DIFFERENCES. IN THE EVENT A HOSPITAL DOES NOT HAVE
8 AUDITED FINANCIAL STATEMENTS AVAILABLE, THE HOSPITAL MAY
9 REQUEST FROM THE STATE DEPARTMENT THE ABILITY TO SUBMIT
10 ALTERNATIVE INFORMATION. THE STATE BOARD SHALL PROMULGATE
11 RULES TO THIS EFFECT, INCLUDING BUT NOT LIMITED TO A LIST OF
12 ALTERNATIVE INFORMATION THAT MAY BE SUBMITTED IN PLACE OF THE
13 AUDITED FINANCIAL STATEMENT AND A LIST OF FACILITIES THAT MAY
14 QUALIFY FOR THIS EXCEPTION.

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

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

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

20 (C) OTHER INPATIENT STATISTICS, INCLUDING BUT NOT LIMITED TO
21 THE NUMBER OF INPATIENT SURGERIES, NUMBER OF BIRTHS, NUMBER OF
22 NEWBORN PATIENT DAYS, NUMBER OF ADMISSIONS FROM THE
23 HOSPITAL-BASED EMERGENCY DEPARTMENT, AND NUMBER OF ADMISSIONS
24 FROM FREE-STANDING EMERGENCY DEPARTMENTS;

25 (D) OUTPATIENT STATISTICS IN TOTAL AND BY TYPE OF VISIT,
26 INCLUDING BUT NOT LIMITED TO HOSPITAL-BASED EMERGENCY
27 DEPARTMENT VISITS, FREE-STANDING EMERGENCY DEPARTMENT VISITS,
28 AMBULATORY SURGERY VISITS, HOME HEALTH VISITS, AND ALL OTHER
29 OUTPATIENT VISITS;

30 (E) GROSS CHARGES IN TOTAL, BY MAJOR PAYER GROUP, AND BY
31 CARE SETTING, INCLUDING BUT NOT LIMITED TO INPATIENT CARE AND
32 OUTPATIENT CARE;

33 (F) CONTRACTUAL ALLOWANCES IN TOTAL AND BY MAJOR PAYER
34 GROUP;

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

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

37 (I) OPERATING EXPENSES IN TOTAL AND BY EXPENSE
38 CLASSIFICATION, INCLUDING BUT NOT LIMITED TO NON-PHYSICIAN
39 PAYROLL EXPENSES AND ASSOCIATED HOURS, PHYSICIAN PAYROLL
40 EXPENSES AND ASSOCIATED HOURS, TOTAL PAYROLL EXPENSES AND
41 ASSOCIATED HOURS, CONTRACT LABOR EXPENSES AND ASSOCIATED

1 HOURS, EMPLOYEE BENEFITS EXPENSES, BUSINESS DEVELOPMENT,
2 MARKETING AND ADVERTISING EXPENSES, SUPPLY EXPENSES,
3 DEPRECIATION EXPENSES, INTEREST EXPENSES, AND ALL OTHER
4 OPERATING EXPENSES;
5 (J) OTHER OPERATING REVENUE, OPERATING MARGIN,
6 NON-OPERATING GAINS AND LOSSES, AND TOTAL MARGIN;
7 (K) A BALANCE SHEET, INCLUDING BUT NOT LIMITED TO DETAILS
8 FOR CURRENT ASSETS, RESTRICTED ASSETS, LONG-TERM ASSETS, OTHER
9 ASSETS, CURRENT LIABILITIES, LONG-TERM DEBT, OTHER LIABILITIES, AND
10 EQUITY OR NET ASSETS;
11 (L) STAFFING INFORMATION, INCLUDING BUT NOT LIMITED TO
12 FULL-TIME EQUIVALENTS, STAFF TURNOVER, AND STAFF VACANCY RATES;
13 (M) A ROLL FORWARD OF PROPERTY, PLANT, AND EQUIPMENT
14 ACCOUNTS BY ASSET TYPE FROM THE BEGINNING TO THE END OF THE
15 REPORTING PERIOD BY ASSET CATEGORY, INCLUDING BUT NOT LIMITED TO
16 PURCHASES, OTHER ACQUISITIONS, SALES, DISPOSALS, AND OTHER
17 CHANGES;
18 (N) THE NAMES AND TRANSACTION PRICE OF ACQUIRED
19 HOSPITALS, AFFILIATED HOSPITALS, NEWLY CONSTRUCTED HOSPITALS,
20 AND REHABILITATED HOSPITALS; THE NAMES AND TRANSACTION PRICE OF
21 ACQUIRED OR AFFILIATED PHYSICIAN GROUP PRACTICES; AND THE NUMBER
22 AND TRANSACTION PRICE OF INDIVIDUAL PHYSICIAN PRACTICES ACQUIRED.
23 (c) THE STATE DEPARTMENT MAY EXEMPT FROM THE REPORTING
24 REQUIREMENTS DESCRIBED IN SUBSECTION (1)(b) OF THIS SECTION
25 CERTAIN TYPES OF HOSPITALS, INCLUDING BUT NOT LIMITED TO:
26 (I) PSYCHIATRIC HOSPITALS, AS LICENSED BY THE DEPARTMENT OF
27 PUBLIC HEALTH AND ENVIRONMENT;
28 (II) HOSPITALS THAT ARE LICENSED AS GENERAL HOSPITALS AND
29 CERTIFIED AS LONG-TERM CARE HOSPITALS BY THE DEPARTMENT OF
30 PUBLIC HEALTH AND ENVIRONMENT;
31 (III) CRITICAL ACCESS HOSPITALS THAT ARE LICENSED AS GENERAL
32 HOSPITALS AND ARE CERTIFIED BY THE DEPARTMENT PUBLIC HEALTH AND
33 ENVIRONMENT PURSUANT TO 42 CFR 485 (f);
34 (III) INPATIENT REHABILITATION FACILITIES; AND
35 (IV) HOSPITALS SPECIFIED FOR EXEMPTION UNDER 42 CFR 433.68
36 (e).
37 (d) PRIOR TO DEVELOPING THE FIRST ANNUAL HOSPITAL
38 EXPENDITURE REPORT, THE STATE DEPARTMENT SHALL CONSULT WITH THE
39 ENTERPRISE BOARD REGARDING THE DEVELOPMENT OF THE REPORT. THE
40 STATE DEPARTMENT SHALL STRIVE FOR CONSISTENCY IN REPORTING THE
41 COMPONENTS IN EACH ANNUAL REPORT WITH THOSE IN THE REPORT OF THE

1 ENTERPRISE BOARD REQUIRED PURSUANT TO SECTION 25.5-4-402.4 (7)(e).
2 (e) PRIOR TO ISSUING THE HOSPITAL EXPENDITURE REPORT, THE
3 STATE DEPARTMENT SHALL PROVIDE ANY HOSPITAL REFERENCED IN THE
4 HOSPITAL EXPENDITURE REPORT A COPY OF THE REPORT. EACH HOSPITAL
5 SHALL HAVE A MINIMUM OF FIFTEEN DAYS TO REVIEW THE HOSPITAL
6 EXPENDITURE REPORT AND ANY UNDERLYING DATA AND SUBMIT
7 CORRECTIONS OR CLARIFICATIONS TO THE STATE DEPARTMENT.
8 (f) THE STATE DEPARTMENT SHALL PROVIDE A STATEWIDE
9 HOSPITAL ASSOCIATION ANY INFORMATION RECEIVED PURSUANT TO THIS
10 SECTION IN A MACHINE-READABLE FORMAT AT NO COST TO THE
11 ASSOCIATION.
12 (2) THE HOSPITAL EXPENDITURE REPORT MUST INCLUDE, BUT NOT
13 BE LIMITED TO:
14 (a) A DESCRIPTION OF THE METHODS OF ANALYSIS AND
15 DEFINITIONS OF REPORT COMPONENTS;
16 (b) UNCOMPENSATED CARE COSTS BY MAJOR PAYER GROUP; AND
17 (c) THE PERCENTAGE THAT EACH OF THE FOLLOWING CATEGORIES
18 CONTRIBUTES TO OVERALL EXPENSES OF HOSPITALS:
19 (I) DELIVERY OF INPATIENT HEALTH CARE AND SERVICES BY
20 MAJOR PAYER GROUP;
21 (II) DELIVERY OF OUTPATIENT HEALTH CARE AND SERVICES BY
22 MAJOR PAYER GROUP AND SITE LOCATION;
23 (III) ADMINISTRATIVE COSTS;
24 (IV) CAPITAL CONSTRUCTION COSTS AND ASSOCIATED BOND
25 LIABILITIES;
26 (V) MAINTENANCE;
27 (VI) CAPITAL EXPENDITURES;
28 (VII) PERSONNEL SERVICES;
29 (VIII) UNCOMPENSATED CARE BY MAJOR PAYER GROUP; AND
30 (IX) OTHER EXPENDITURE CATEGORIES, AS DETERMINED BY THE
31 STATE DEPARTMENT.
32 (3) (a) ON OR BEFORE JANUARY 15, 2020, AND ON OR BEFORE
33 JANUARY 15 EACH YEAR THEREAFTER, THE STATE DEPARTMENT SHALL
34 SUBMIT THE ANNUAL HOSPITAL EXPENDITURE REPORT TO:
35 (I) THE PUBLIC HEALTH CARE AND HUMAN SERVICES COMMITTEE
36 OF THE HOUSE OF REPRESENTATIVES, OR ANY SUCCESSOR COMMITTEE;
37 (II) THE HEALTH AND HUMAN SERVICES COMMITTEE OF THE
38 SENATE, OR ANY SUCCESSOR COMMITTEE;
39 (III) THE JOINT BUDGET COMMITTEE OF THE GENERAL ASSEMBLY;
40 (IV) THE GOVERNOR; AND
41 (V) THE STATE BOARD.

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

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

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

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

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