

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

INTRODUCED

LLS NO. 23-0720.01 Shelby Ross x4510

HOUSE BILL 23-1226

HOUSE SPONSORSHIP

Soper and deGruy Kennedy,

SENATE SPONSORSHIP

Roberts and Will,

House Committees
Health & Insurance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING TRANSPARENCY REQUIREMENTS FOR HOSPITALS, AND, IN**
102 **CONNECTION THEREWITH, CREATING MORE TIMELY**
103 **SUBMISSIONS OF DATA; PROVIDING INSIGHTS INTO TRANSFERS**
104 **OF CASH AND PROFITS AND RESERVES, INCLUDING THOSE**
105 **LEAVING COLORADO; REPORTING ON ALL INFORMATION**
106 **RECEIVED; REPORTING INFORMATION BY EACH HOSPITAL IN**
107 **ADDITION TO HEALTH SYSTEMS; DISCLOSING EXECUTIVE**
108 **COMPENSATION, INCLUDING COMPENSATED INCENTIVES;**
109 **REPORTING MERGERS AND ACQUISITIONS OF HOSPITALS AND**
110 **PHYSICIANS; AND REPORTING INVESTMENTS IN CAPITAL**
111 **EQUIPMENT AND CONSTRUCTION.**

Bill Summary

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

(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>.)

Current law requires the department of health care policy and financing (state department) to annually prepare a written hospital expenditure report. The bill changes the name of the report to the hospital transparency report (transparency report).

The bill adds specified information that each hospital shall report to the state department for the transparency report.

No later than July 1, 2024, the bill requires each hospital to provide specified information to the state department for previous fiscal years.

The bill authorizes the state department to impose certain enforcement mechanisms against a hospital that does not provide all of the information required to be reported to the state department.

Beginning July 1, 2024, the bill requires any patient bill to include a clear, plain language description of the services the patient is being billed for and a statement that the patient has a right to receive a detailed explanation of the services charged and who to contact to receive such information.

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

2 **SECTION 1.** In Colorado Revised Statutes, 25.5-4-402.8, **amend**
3 (2)(a), (2)(b) introductory portion, (2)(b)(II)(A), (2)(b)(III)(J),
4 (2)(b)(III)(M), (2)(c) introductory portion, (2)(e), (3) introductory portion,
5 (4)(a) introductory portion, and (4)(b); **repeal** (2)(d); and **add**
6 (2)(b)(II)(D), (2)(b)(II)(E), (2)(b)(II)(F), (2)(b)(II)(G), (2)(b)(III)(O),
7 (2)(b)(III)(P), (2)(b)(III)(Q), (2)(b.5), and (2)(g) as follows:

8 **25.5-4-402.8. Hospital transparency report - definitions.**
9 (2) (a) The state department shall annually prepare a written hospital
10 ~~expenditure~~ TRANSPARENCY report detailing ~~uncompensated~~ hospital
11 costs, ~~INCLUDING UNCOMPENSATED COSTS~~, and the different categories of
12 expenditures, by major payer group, made by hospitals in the state. The

1 state department shall COORDINATE THE ANALYSIS, REVIEW, AND RELEASE
2 OF THE HOSPITAL TRANSPARENCY REPORT AND THE REPORTS REQUIRED
3 PURSUANT TO SECTION 25.5-1-703 (3) AND 25.5-4-402.4 (7)(e),
4 INCLUDING THE OPPORTUNITY TO REVIEW AND consult ~~with~~ ON THE
5 REPORTS MADE BY the Colorado healthcare affordability and sustainability
6 enterprise board, created pursuant to section 25.5-4-402.4 (7) and referred
7 to in this section as the "enterprise board". ~~in developing the hospital~~
8 ~~expenditure report.~~ The state department may share any information AND
9 ANALYTICS OF INFORMATION THAT it receives from hospitals with the
10 enterprise board. The state department may include information it
11 receives from hospitals in accordance with subsection (2)(b) of this
12 section and that is not otherwise publicly available in the ~~expenditure~~
13 TRANSPARENCY report and share such information with the enterprise
14 board; except that information the state department receives from
15 hospitals in accordance with subsection (2)(b)(III)(N) of this section is
16 confidential, proprietary, contains trade secrets, and is not a public record
17 pursuant to part 2 of article 72 of title 24. The state department shall not
18 include in the ~~expenditure~~ TRANSPARENCY report, share with the
19 enterprise board, or otherwise publish or distribute information derived
20 from reports pursuant to subsection (2)(b)(III)(N) of this section, although
21 the state department may share this information if such information has
22 been de-identified and aggregated in a manner to prevent identification
23 of the transaction price of any individual acquisition or affiliation. ~~A~~
24 ~~hospital shall not be in violation of this section if the hospital makes a~~
25 ~~good faith effort to comply with the reporting requirements of this~~
26 ~~section.~~

27 (b) Except as provided in subsection (2)(c) of this section, each

1 hospital licensed pursuant to part 1 of article 3 of title 25, or certified
2 pursuant to section 25-1.5-103 (1)(a)(II), shall make information available
3 to the state department for purposes of preparing the annual hospital
4 ~~expenditure~~ TRANSPARENCY report. The state board shall establish the
5 format of the information provided by each hospital on an annual basis.
6 ~~The first submission by each hospital must include the information~~
7 ~~described in subsections (2)(b)(I) and (2)(b)(II) of this section for fiscal~~
8 ~~years 2011-12 through 2018-19 and the information described in~~
9 ~~subsection (2)(b)(III) of this section for those fiscal years if such~~
10 ~~information is available. For each subsequent submission, Each hospital~~
11 shall provide the following information to the state department:

12 (II) (A) ~~An~~ Annual audited financial ~~statement~~ STATEMENTS,
13 prepared in accordance with generally accepted accounting principles.
14 Each hospital shall submit the ~~statement~~ STATEMENTS within one hundred
15 twenty days after the end of its fiscal year unless the state department
16 grants an extension in writing in advance of that date.

17 (D) A LIST OF THE HOSPITAL'S TRANSFERS OF CASH, INVESTMENTS,
18 OR OTHER ASSETS FROM THE HOSPITAL TO RELATED PARTIES, INCLUDING,
19 BUT NOT LIMITED TO, THE HOSPITAL'S PARENT ORGANIZATION AND THE
20 REASON FOR THE TRANSFER. THE LIST MUST INDICATE IF THE CASH,
21 INVESTMENTS, OR OTHER ASSETS WERE TRANSFERRED TO ENTITIES
22 OUTSIDE OF COLORADO.

23 (E) A HOSPITAL-SPECIFIC INCOME STATEMENT, STATEMENT OF
24 CASH FLOW, BALANCE SHEET, AND STATEMENT OF CHANGES IN FUND
25 BALANCE WITHIN A TIME FRAME SPECIFIED ANNUALLY BY THE STATE
26 DEPARTMENT, BUT NOT LESS THAN SIXTY DAYS AFTER THE HOSPITAL'S
27 FISCAL YEAR ENDS.

1 (F) CHANGES TO NO MORE THAN TWENTY-FIVE CATEGORIES OF
2 SPECIFIC MAJOR SERVICE LINES, AS REQUESTED BY THE STATE
3 DEPARTMENT.

4 (G) A NARRATIVE REPORT OF MAJOR PLANNED AND COMPLETED
5 PROJECTS AND CAPITAL INVESTMENTS GREATER THAN TWENTY-FIVE
6 MILLION DOLLARS; EXCEPT THAT THE INFORMATION THE STATE
7 DEPARTMENT RECEIVES FROM HOSPITALS REGARDING PLANNED ACTIVITIES
8 IS CONFIDENTIAL, PROPRIETARY, CONTAINS TRADE SECRETS, AND IS NOT
9 A PUBLIC RECORD PURSUANT TO PART 2 OF ARTICLE 72 OF TITLE 24.

10 (III) A report that contains the following information:

11 (J) Other operating revenue, operating margin, nonoperating gains
12 and losses, GROSS REVENUE, NET PROFIT, and total margin;

13 (M) A roll forward of property, plant, and equipment accounts by
14 asset type from the beginning to the end of the reporting period by asset
15 category, including, but not limited to, purchases, other acquisitions,
16 sales, disposals, and other changes; and

17 (O) INFORMATION ON CURRENT AFFILIATIONS AND A REPORT OF
18 PHYSICIAN PRACTICE ACQUISITIONS;

19 (P) SALARY AND TOTAL COMPENSATION DATA OF THE TOP FIVE
20 HIGHEST PAID ADMINISTRATIVE POSITIONS OF EACH NONPROFIT HOSPITAL,
21 INCLUDING THE TITLE, A BRIEF DESCRIPTION OF DUTIES, BASE
22 COMPENSATION, INCENTIVE OR BONUS COMPENSATION, AND OTHER
23 COMPENSATION. THE STATE DEPARTMENT MAY INCLUDE INFORMATION IT
24 RECEIVES FROM PUBLIC HOSPITALS PURSUANT TO THIS SUBSECTION
25 (2)(b)(III)(P) THAT IS NOT OTHERWISE PUBLICLY AVAILABLE IN THE
26 HOSPITAL TRANSPARENCY REPORT; EXCEPT THAT INFORMATION THE STATE
27 DEPARTMENT RECEIVES FROM A NONPROFIT HOSPITAL IS NOT A PUBLIC

1 RECORD PURSUANT TO PART 2 OF ARTICLE 72 OF TITLE 24. THE STATE
2 DEPARTMENT MAY ONLY REPORT INFORMATION RECEIVED PURSUANT TO
3 THIS SUBSECTION (2)(b)(III)(P) IN AN AGGREGATED FORMAT THAT DOES
4 NOT NAME INDIVIDUAL HOSPITALS OR ADMINISTRATORS.

5 (Q) IN A FORM AND MANNER SPECIFIED BY THE STATE
6 DEPARTMENT, DETAILS OF SIGNIFICANT OTHER REVENUE THAT WOULD
7 OTHERWISE BE REPORTED IN THE MEDICARE COST REPORT.

8 (b.5) NO LATER THAN JULY 1, 2024, EACH HOSPITAL SHALL
9 PROVIDE THE FOLLOWING INFORMATION TO THE STATE DEPARTMENT:

10 (I) FOR EACH FISCAL YEAR 2014-15 THROUGH 2019-20, A LIST OF
11 THE HOSPITAL'S TRANSFERS OF CASH, INVESTMENTS, OR OTHER ASSETS TO
12 RELATED PARTIES, INCLUDING BUT NOT LIMITED TO THE HOSPITAL'S
13 PARENT ORGANIZATION AND THE REASON FOR THE TRANSFER. THE LIST
14 MUST INDICATE IF THE CASH, INVESTMENTS, OR OTHER ASSETS WERE
15 TRANSFERRED TO ENTITIES OUTSIDE OF COLORADO.

16 (II) FOR EACH FISCAL YEAR FROM 2014-15 THROUGH 2019-20,
17 INFORMATION ON AFFILIATIONS AND A REPORT OF PHYSICIAN PRACTICE
18 ACQUISITIONS; AND

19 (III) FOR EACH FISCAL YEAR FROM 2019-20 THROUGH 2022-23, IN
20 A FORM AND MANNER SPECIFIED BY THE STATE DEPARTMENT, DETAILS OF
21 SIGNIFICANT OTHER REVENUE THAT WOULD OTHERWISE BE REPORTED IN
22 THE MEDICARE COST REPORT.

23 (c) The state department may exempt from ~~the~~ CERTAIN reporting
24 requirements described in ~~subsection~~ SUBSECTIONS (2)(b) AND (2)(b.5) of
25 this section certain types of hospitals, including but not limited to:

26 (d) ~~Prior to developing the first annual hospital expenditure report,~~
27 ~~the state department shall consult with the enterprise board regarding the~~

1 ~~development of the report. The state department shall strive for~~
2 ~~consistency in reporting the components in each annual report with those~~
3 ~~in the report of the enterprise board required pursuant to section~~
4 ~~25.5-4-402.4 (7)(c).~~

5 (e) Prior to issuing the hospital ~~expenditure~~ TRANSPARENCY
6 report, the state department shall provide any hospital referenced in the
7 hospital ~~expenditure~~ TRANSPARENCY report a copy of the report. Each
8 hospital ~~shall~~ MUST have a minimum of fifteen days to review the hospital
9 ~~expenditure~~ TRANSPARENCY report and any underlying data and submit
10 corrections or clarifications to the state department.

11 (g) (I) IF A HOSPITAL DOES NOT PROVIDE ALL OF THE INFORMATION
12 REQUIRED PURSUANT TO SUBSECTION (2)(b) OF THIS SECTION, THE STATE
13 DEPARTMENT SHALL INFORM THE HOSPITAL OF ITS NONCOMPLIANCE AND
14 IDENTIFY THE INFORMATION THAT NEEDS TO BE PROVIDED. IF A HOSPITAL
15 DOES NOT COMPLY, THE STATE DEPARTMENT SHALL ISSUE A CORRECTIVE
16 ACTION PLAN WITH A TIMELINE REQUIRED FOR COMPLIANCE. IF A HOSPITAL
17 CONTINUES TO NOT COMPLY, THE STATE DEPARTMENT MAY CREATE A
18 MANDATORY PAY-FOR-REPORTING COMPLIANCE MEASURE WITHIN THE
19 HOSPITAL TRANSFORMATION PROGRAM THAT IS TIED TO THE HEALTHCARE
20 AFFORDABILITY AND SUSTAINABILITY FEE SUPPLEMENTAL PAYMENT AND
21 IS BASED ON COMPLIANCE WITH SUBSECTION (2)(b) OF THIS SECTION.

22 (II) IF THE STATE DEPARTMENT DETERMINES A HOSPITAL'S
23 NONCOMPLIANCE WITH THIS SECTION IS KNOWING OR WILLFUL OR THERE
24 IS A REPEATED PATTERN OF NONCOMPLIANCE, THE STATE DEPARTMENT
25 SHALL CONSIDER THE SIZE OF THE HOSPITAL AND THE SERIOUSNESS OF THE
26 VIOLATION IN SETTING A FINE AMOUNT NOT TO EXCEED TWENTY
27 THOUSAND DOLLARS PER WEEK UNTIL THE HOSPITAL TAKES CORRECTIVE

1 ACTION.

2 (3) The hospital ~~expenditure~~ TRANSPARENCY report must include,
3 but not be limited to:

4 (4) (a) On or before January 15, 2020, and on or before January
5 15 each year thereafter, the state department shall submit the annual
6 hospital ~~expenditure~~ TRANSPARENCY report to:

7 (b) The state department may request that the enterprise board
8 combine the hospital ~~expenditure~~ TRANSPARENCY report described in this
9 section with the report of the enterprise board specified in section
10 25.5-4-402.4 (7)(e), so long as the specific requirements of this section
11 are fulfilled, and so long as the enterprise board agrees to the request. The
12 state department shall post the annual report on its website by January 15
13 of each year.

14 **SECTION 2.** In Colorado Revised Statutes, **add** 25.5-4-427 as
15 follows:

16 **25.5-4-427. Hospital and provider billing requirements -**
17 **description of service provided - rules.** (1) BEGINNING JULY 1, 2024,
18 ANY PATIENT BILL FOR SERVICES RENDERED MUST INCLUDE A CLEAR,
19 PLAIN LANGUAGE DESCRIPTION OF THE SERVICES THE PATIENT IS BEING
20 BILLED FOR AND A STATEMENT THAT THE PATIENT HAS A RIGHT TO
21 RECEIVE A DETAILED EXPLANATION OF THE SERVICES CHARGED AND WHO
22 TO CONTACT TO RECEIVE SUCH INFORMATION.

23 (2) THE STATE BOARD SHALL PROMULGATE RULES FOR THE
24 IMPLEMENTATION OF THIS SECTION.

25 **SECTION 3. Act subject to petition - effective date.** This act
26 takes effect at 12:01 a.m. on the day following the expiration of the
27 ninety-day period after final adjournment of the general assembly; except

1 that, if a referendum petition is filed pursuant to section 1 (3) of article V
2 of the state constitution against this act or an item, section, or part of this
3 act within such period, then the act, item, section, or part will not take
4 effect unless approved by the people at the general election to be held in
5 November 2024 and, in such case, will take effect on the date of the
6 official declaration of the vote thereon by the governor.