

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

REENGROSSED

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

LLS NO. 23-0849.01 Chelsea Princell x4335

HOUSE BILL 23-1243

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A BILL FOR AN ACT

101 **CONCERNING CHANGES TO THE HOSPITAL COMMUNITY BENEFIT.**

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 makes changes to the hospital community benefit and imposes certain requirements on the public presentation of each hospital's community implementation plan. The bill requires each hospital to:

- Solicit feedback from the community during each annual presentation of its proposed community benefit implementation plan for the following year;
- Submit a report that details who attended the public meeting, the topics discussed at the meeting, and any

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.

HOUSE
3rd Reading Unamended
April 11, 2023

HOUSE
Amended 2nd Reading
April 10, 2023

- decisions made as a result of the discussion;
- Make the report available to the public; and
- Complete a community benefit implementation plan that addresses the needs described in the reporting hospital's community health needs assessment and includes an explanation of the community served by the hospital.

The bill requires the state board to promulgate rules governing the accessibility standards for the public meetings and to implement best practices to ensure public engagement from a diverse range of populations.

The bill requires the department of health care policy and financing (state department) to:

- Include in its annual report a summary of the estimated federal and state tax exemptions made by each hospital;
- Establish a minimum annual community investment target based on certain calculation standards; and
- Set requirements for compliance, and allows the state department to take remedial action if a hospital fails to comply with the hospital community benefit requirements.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds and declares that:

4 (a) Colorado's nonprofit hospitals are exempt from local and state
5 sales and property taxes and are exempt from state and federal income
6 taxes. In addition to tax exemptions, a hospital's nonprofit status allows
7 the hospital to benefit from tax-exempt bond financing and to receive
8 charitable contributions that are tax-deductible to the donors. These tax
9 exemptions save Colorado's nonprofit hospitals millions of dollars of tax
10 liability each year.

11 (b) Colorado's largest urban and system-affiliated nonprofit
12 hospitals realize profits after community benefit spending, and these
13 profits incur no taxes;

14 (c) The tax exemption policies provide significant financial

1 benefits to nonprofit hospitals. In exchange for the tax exemptions,
2 nonprofit hospitals assume a social obligation to provide community
3 benefits of public interest.

4 (d) To meet the social obligation, nonprofit hospitals must be
5 transparent about their community benefit spending and must be held
6 accountable to their communities. Nonprofit hospitals must ensure that
7 their community benefit spending meets the needs expressed by
8 community members.

9 (2) Therefore, the general assembly hereby finds and declares that
10 detailed, consistent, and public reporting of Colorado's nonprofit
11 hospitals' community benefit spending is necessary for all communities
12 served by hospitals to understand the breadth and amount of hospital
13 community benefit spending and the impact that spending has on the
14 health of Coloradans.

15
16 **SECTION 2.** In Colorado Revised Statutes, 25.5-1-702, **amend**
17 (1), (2), and (3); and **add** (2.5), (2.7), (2.8), (4), (5), (6), and (7) as
18 follows:

19 **25.5-1-702. Hospitals - public community meeting requirement**
20 **- rules.** (1) At least once each year, each REPORTING hospital shall
21 convene a public meeting to seek feedback regarding the REPORTING
22 hospital's community benefit activities during the previous year and the
23 REPORTING hospital's community benefit implementation plan for the
24 following year. THE PRESENTATION OF THE COMMUNITY BENEFIT
25 ACTIVITIES FOR THE PREVIOUS YEAR MUST INCLUDE THE REPORTING
26 HOSPITAL'S DISCRETE COMMUNITY BENEFIT ACTIVITIES, THE AMOUNT
27 FUNDED FOR EACH ACTIVITY, AND A DESCRIPTION OF HOW THE ACTIVITIES

1 AND FUNDING AMOUNTS ALIGN WITH THE COMMUNITY'S IDENTIFIED
2 PRIORITIES.

3 (2) (a) Each REPORTING hospital shall invite, at a minimum,
4 representatives from the following entities to participate in the meeting
5 described in subsection (1) of this section, if any such entities operate in
6 the REPORTING hospital's community:

7 (I) Local public health agencies;

8 (II) Local chambers of commerce and economic development
9 organizations;

10 (III) Local health-care consumer organizations;

11 (IV) School districts;

12 (V) County governments;

13 (VI) City and town governments;

14 (VII) Community health centers;

15 (VIII) Certified rural health clinics or primary care clinics located
16 in a county that has been designated by the federal office of management
17 and budget as a rural or frontier county;

18 (IX) Area agencies on aging; and

19 (X) Health-care consumer advocacy organizations.

20 (XI) A MEMBER OF THE TRIBAL COUNCIL OR THEIR DESIGNEE FOR
21 A HOSPITAL WHOSE COMMUNITY INCLUDES ONE OF COLORADO'S
22 LAND-BASED TRIBES;

23 (XII) A MEMBER FROM THE URBAN INDIAN ORGANIZATION FOR A
24 HOSPITAL WHOSE COMMUNITY INCLUDES A FEDERALLY DESIGNATED
25 URBAN INDIAN HEALTH CENTER OR URBAN INDIAN ORGANIZATION; AND

26 (XIII) A MEMBER FROM AN INSTITUTION OF HIGHER LEARNING FOR
27 A HOSPITAL WHOSE COMMUNITY INCLUDES SUCH INSTITUTIONS.

1 (b) In addition to the entities described in subsection (2)(a) of this
2 section, each REPORTING hospital shall invite, at a minimum,
3 representatives from the following state agencies to participate in the
4 meeting described in subsection (1) of this section:

- 5 (I) The state department;
- 6 (II) The department of public health and environment;
- 7 (III) The department of human services;
- 8 (IV) The Colorado commission on higher education; and
- 9 (V) The office of saving people money on healthcare in the
10 lieutenant governor's office.

11 (c) In addition to the entities described in subsections (2)(a) and
12 (2)(b) of this section, each REPORTING hospital shall invite the general
13 public to the annual meeting described in subsection (1) of this section.
14 The REPORTING hospital shall issue such invitation in an advertisement
15 placed in any major newspaper published in the REPORTING hospital's
16 community, POSTED ON THE REPORTING HOSPITAL'S PUBLIC WEBSITE AND
17 SOCIAL MEDIA ACCOUNTS OR OTHER ONLINE PRESENCE, DISTRIBUTED
18 THROUGH THE REPORTING HOSPITAL'S ELECTRONIC NEWSLETTER OR EMAIL
19 LISTS, AND DISTRIBUTED BY ANY OTHER MEANS THROUGH WHICH THE
20 REPORTING HOSPITAL REGULARLY COMMUNICATES WITH THE COMMUNITY
21 IT SERVES. THE INVITATION MUST BE PUBLISHED AT LEAST THIRTY DAYS
22 PRIOR TO THE SCHEDULED MEETING.

23 (2.5) WHEN PRESENTING THE PROPOSED COMMUNITY BENEFIT
24 IMPLEMENTATION PLAN DESCRIBED IN SUBSECTION (1) OF THIS SECTION,
25 THE REPORTING HOSPITAL MUST:

- 26 (a) PRESENT PRIORITY AREAS IDENTIFIED IN THE REPORTING
27 HOSPITAL'S MOST RECENT COMMUNITY HEALTH NEEDS ASSESSMENT AND

1 ANY OTHER COMMUNITY BENEFIT INVESTMENT OPTION RECOMMENDED BY
2 THE REPORTING HOSPITAL. EACH PRIORITY RECOMMENDATION PRESENTED
3 MUST CLEARLY IDENTIFY THE SOURCE OF THE RECOMMENDATION.

4 (b) SOLICIT PUBLIC INPUT [REDACTED] FOR ANY ADDITIONAL COMMUNITY
5 BENEFIT INVESTMENT PRIORITY; AND

6 (c) REVIEW AND INCORPORATE THE PUBLIC FEEDBACK RECEIVED
7 BEFORE THE REPORTING HOSPITAL FINALIZES ITS ANNUAL COMMUNITY
8 BENEFIT IMPLEMENTATION PLAN. [REDACTED]

9 (2.7) A REPORTING HOSPITAL MAY ONLY ADD COMMUNITY BENEFIT
10 PRIORITIES TO THE REPORTING HOSPITAL'S IMPLEMENTATION PLAN IF THE
11 COMMUNITY BENEFIT PRIORITIES [REDACTED] WERE PRESENTED AT THE ANNUAL
12 MEETING AND THE PUBLIC WAS PROVIDED AN OPPORTUNITY TO PROVIDE
13 FEEDBACK. THE REPORTING HOSPITAL MUST INDICATE THAT THE
14 IMPLEMENTED COMMUNITY BENEFIT PRIORITIES ARE A RESULT OF
15 REPORTING HOSPITAL RECOMMENDATIONS AND NOT FROM COMMUNITY
16 FEEDBACK.

17 (2.8) THE STATE BOARD SHALL PROMULGATE RULES TO DEFINE
18 TERMS AND ESTABLISH SPECIFIC PROCESSES REGARDING THE
19 REQUIREMENTS FOR REPORTING HOSPITALS TO SOLICIT, REVIEW, AND
20 INCORPORATE PUBLIC INPUT PURSUANT TO SUBSECTIONS (2.5) AND (2.7)
21 OF THIS SECTION.

22 (3) To satisfy the requirements of this section, a REPORTING
23 hospital may convene a joint public meeting with one or more other
24 REPORTING hospitals that share some or all of the hospital's community.

25 (4) FOR EACH PUBLIC MEETING AND COMMUNITY HEALTH NEEDS
26 ASSESSMENT COMMUNITY ENGAGEMENT MEETING HELD, EACH REPORTING
27 HOSPITAL SHALL SUBMIT A REPORT TO THE STATE DEPARTMENT AND MAKE

1 THE REPORT AVAILABLE TO COMMUNITY MEMBERS BY MAKING THE
2 REPORT PUBLICLY AVAILABLE ON THE REPORTING HOSPITAL'S WEBSITE.

3 THE REPORT MUST INCLUDE, AT A MINIMUM, THE FOLLOWING:

4 (a) MEETING MINUTES;

5 (b) A LIST OF THE MEETING ATTENDEES;

6 (c) THE CONTENT OF THE MEETING DISCUSSION, INCLUDING ANY
7 COMMUNITY BENEFIT PRIORITIES DISCUSSED AND THE DECISIONS MADE
8 REGARDING THOSE DISCUSSED COMMUNITY BENEFIT PRIORITIES;

9 (d) COMMUNITY FEEDBACK RECEIVED AND HOW THE HOSPITAL
10 PLANS TO INCORPORATE THE FEEDBACK INTO THE REPORTING HOSPITAL'S
11 COMMUNITY BENEFIT IMPLEMENTATION PLAN; AND

12 (e) ANY DATA COLLECTED FROM ATTENDEES, SUCH AS DATA
13 CONCERNING RACE, ETHNICITY, OR INCOME.

14 (5) THE STATE DEPARTMENT MUST CONDUCT A STAKEHOLDER
15 MEETING WITH CONSUMER ADVOCATES, COMMUNITY ORGANIZERS,
16 COMMUNITY ORGANIZATIONS, AND HOSPITAL REPRESENTATIVES TO
17 IDENTIFY AND DEVELOP, AT A MINIMUM, BEST PRACTICES TO ENSURE
18 LOW-INCOME RESIDENTS, RESIDENTS OF COLOR, PEOPLE WITH SERIOUS
19 MENTAL ILLNESS, PEOPLE WITH DISABILITIES, AND OTHER POPULATIONS
20 EXPERIENCING DISPROPORTIONATE HEALTH OUTCOMES IN LOCAL
21 COMMUNITIES ARE MEANINGFULLY ENGAGED AND TO ENSURE THEIR INPUT
22 IS INCORPORATED INTO THE DATA USED TO IDENTIFY COMMUNITY
23 PRIORITIES FOR THE COMMUNITY HEALTH NEEDS ASSESSMENT AND
24 COMMUNITY BENEFIT IMPLEMENTATION PLAN. THIS STAKEHOLDER
25 ENGAGEMENT MUST ALSO INCLUDE BEST PRACTICES FOR HOSPITALS TO
26 COLLABORATE WITH LOCAL PUBLIC HEALTH AGENCIES AND COMMUNITY
27 ORGANIZATIONS TO REDUCE REDUNDANT COMMUNITY NEEDS

1 **ASSESSMENTS.**

2 (6) THE STATE BOARD SHALL PROMULGATE RULES TO ESTABLISH
3 ACCOMMODATION STANDARDS FOR THE ANNUAL COMMUNITY BENEFIT
4 PUBLIC MEETINGS AND COMMUNITY HEALTH NEEDS ASSESSMENT THAT
5 INCLUDE LANGUAGE ACCESSIBILITY, ADEQUATE ADVANCED PUBLIC
6 NOTICE, AND ANY OTHER TYPE OF ACCESSIBILITY MEASURES DEEMED
7 NECESSARY BY THE STATE BOARD, AND TO IMPLEMENT THE BEST
8 PRACTICES IDENTIFIED AND DEVELOPED PURSUANT TO SUBSECTION (5) OF
9 THIS SECTION.

10 (7) THE STATE BOARD SHALL PROMULGATE ANY ADDITIONAL
11 RULES THAT MAY BE NECESSARY FOR CONDUCTING THE ANNUAL
12 COMMUNITY BENEFIT PUBLIC MEETINGS DESCRIBED IN THIS SECTION.

13 **SECTION 3.** In Colorado Revised Statutes, 25.5-1-703, **amend**
14 (2), (3)(d)(I)(C), (3)(d)(I)(D), (5)(a), (7)(b), and (7)(c); and **add** (3.5) and
15 (7)(d) as follows:

16 **25.5-1-703. Hospitals - community health needs assessments**
17 **- community benefit implementation plans - reports - rules.** (2) On or
18 before a date to be determined by rules promulgated by the state board,
19 and on or before such date each year thereafter, each reporting hospital
20 shall complete a community benefit implementation plan that:

21 (a) Addresses the needs described by the reporting hospital's
22 community health needs assessment;

23 (b) INCLUDES AN EXPLANATION OF THE COMMUNITY SERVED BY
24 THE HOSPITAL FACILITY; AND

25 (c) DESCRIBES HOW THE COMMUNITY WAS DETERMINED PURSUANT
26 TO 26 C.F.R. 1.501(r) 3(b).

27 (3) On or before a date to be determined by rules promulgated by

1 the state board, and on or before such date each year thereafter, each
2 reporting hospital shall prepare and submit to the state department a
3 report on certain community benefits, costs, and shortfalls. The report
4 must include:

5 (d) A description of certain spending and investments made by the
6 reporting hospital during the preceding year, including:

7 (I) A list of the investments made by the reporting hospital that
8 were included in part I, part II, and part III of schedule H of the reporting
9 hospital's form 990. For each such investment, the reporting hospital
10 shall:

11 (C) For any investment that addressed a community-identified
12 health need, identify any of the following categories, which may be
13 further defined by rules promulgated by the state board, that are
14 applicable: ~~Free or discounted health-care services, programs that address~~
15 ~~health behaviors or risks, programs that address the social determinants~~
16 ~~of health, and such other categories as may be defined in rules~~
17 ~~promulgated by the state board; and~~ FREE OR DISCOUNTED HEALTH-CARE
18 SERVICES; BEHAVIORAL HEALTH; COMMUNITY-BASED HEALTH CARE;
19 SOCIAL DETERMINANTS OF HEALTH SPENDING, INCLUDING SPENDING TO
20 ADDRESS INDIVIDUALS' NEEDS, SUCH AS HOUSING, FOOD,
21 TRANSPORTATION, INTERPERSONAL VIOLENCE, EDUCATION, AND JOB
22 OPPORTUNITIES; AND PROVIDER RECRUITMENT, EDUCATION, AND
23 RESEARCH AND TRAINING. IN IDENTIFYING THESE CATEGORIES, THE
24 REPORTING HOSPITAL SHALL DISTINGUISH DIRECT OR CASH EXPENDITURES
25 FROM IN-KIND CONTRIBUTIONS.

26 (D) For any investment that addressed a community-identified
27 health need, ~~describe available evidence that shows how the investment~~

1 ~~improves community health outcomes~~ PROVIDE EVIDENCE SHOWING HOW
2 THE INVESTMENT IMPROVES COMMUNITY HEALTH OUTCOMES AND HOW
3 THE INVESTMENT DIRECTLY CORRESPONDS TO COMMUNITY-IDENTIFIED
4 NEEDS.

5 (3.5) ON OR BEFORE A DATE TO BE DETERMINED BY RULES
6 PROMULGATED BY THE STATE BOARD, AND ON OR BEFORE SUCH DATE
7 EVERY THREE YEARS THEREAFTER, THE STATE DEPARTMENT SHALL
8 REVIEW EACH REPORTING HOSPITAL'S COMMUNITY HEALTH NEEDS
9 ASSESSMENT AND EACH REPORTING HOSPITAL'S ANNUAL COMMUNITY
10 BENEFIT IMPLEMENTATION PLAN TO IDENTIFY THE HIGHEST PRIORITY
11 AREAS AS REPORTED BY COMMUNITIES AS COMPARED TO THE REPORTING
12 HOSPITAL'S REPORTED SPENDING. THE STATE DEPARTMENT SHALL INCLUDE
13 SUCH INFORMATION IN THE REPORT DESCRIBED IN SUBSECTION (7) OF THIS
14 SECTION.

15 (5) (a) The state board shall promulgate rules ~~establishing~~
16 ~~reporting~~ THAT ESTABLISH:

17 (I) REPORTING requirements for reporting hospitals that are not
18 required to complete schedule H of the form 990. The rules must promote
19 uniformity with the requirements set forth in subsection (3) of this
20 section; AND

21 (II) REQUIREMENTS FOR THE EVIDENCE-BASED SUPPORTING
22 DOCUMENTATION THAT IS REQUIRED PURSUANT TO SUBSECTION
23 (3)(d)(I)(D) OF THIS SECTION.

24 (7) As part of the report authorized in section 25.5-4-402.8, the
25 state department shall include a summary of the reports submitted to the
26 state department pursuant to subsection (3) of this section during the
27 preceding year. The summary must include:

1 (b) A summary of the reporting hospitals' investments that have
2 been effective in improving community health outcomes; and

3 (c) Any legislative recommendations the state department has for
4 the general assembly; AND

5 (d) THE ESTIMATED FEDERAL, STATE, AND LOCAL TAX EXEMPTION
6 RECEIVED BY EACH HOSPITAL, WHICH MUST BE CALCULATED BY THE
7 OFFICE OF THE STATE AUDITOR.

8

9 **SECTION 4.** In Colorado Revised Statutes, add 25.5-1-704 as
10 follows:

11 **25.5-1-704. Hospital community investment compliance -**

12 **rules.** (1) (a) IF THE STATE DEPARTMENT FINDS THAT A REPORTING
13 HOSPITAL IS NOT IN COMPLIANCE WITH THE COMMUNITY BENEFIT
14 REQUIREMENTS OF THIS PART 7, THE STATE DEPARTMENT SHALL NOTIFY
15 THE REPORTING HOSPITAL OF ITS NONCOMPLIANCE AND IDENTIFY THE
16 INFORMATION THAT NEEDS TO BE PROVIDED. IF A REPORTING HOSPITAL
17 DOES NOT COMPLY, THE STATE DEPARTMENT SHALL REQUIRE THE
18 REPORTING HOSPITAL TO SUBMIT TO THE STATE DEPARTMENT A
19 CORRECTIVE ACTION PLAN WITHIN ONE HUNDRED AND TWENTY DAYS FOR
20 APPROVAL BY THE STATE DEPARTMENT.

21 (b) IF NONCOMPLIANCE CONTINUES OR A REPORTING HOSPITAL
22 FAILS TO SUBMIT A CORRECTIVE ACTION PLAN, OR IF THE STATE
23 DEPARTMENT DETERMINES A HOSPITAL'S NONCOMPLIANCE WITH THIS
24 SECTION IS KNOWING OR WILLFUL OR A REPEATED PATTERN OF
25 NONCOMPLIANCE EXISTS, THE STATE DEPARTMENT SHALL CONSIDER THE
26 SIZE OF THE HOSPITAL AND THE SERIOUSNESS OF THE VIOLATION IN
27 SETTING A FINE AMOUNT. FOR A REPORTING HOSPITAL OWNED BY OR

1 AFFILIATED WITH A HOSPITAL SYSTEM COMPRISED OF THREE OR MORE
2 HOSPITALS, THE FINE MUST BE NOT MORE THAN TWENTY THOUSAND
3 DOLLARS PER WEEK PER VIOLATION. FOR ALL OTHER REPORTING
4 HOSPITALS, THE FINE MUST BE NOT MORE THAN FIVE THOUSAND DOLLARS
5 PER WEEK PER VIOLATION.

6 (2) REPORTING HOSPITALS SHALL EXPEND THE AMOUNT FINED
7 PURSUANT TO SUBSECTION (1)(b) OF THIS SECTION ON COMMUNITY
8 BENEFIT INVESTMENT PRIORITIES DESCRIBED IN THE HOSPITAL'S CURRENT
9 COMMUNITY BENEFIT IMPLEMENTATION PLAN WITHIN ONE YEAR AFTER
10 THE FINE IS IMPOSED. EACH REPORTING HOSPITAL SHALL REPORT ON HOW
11 THE MONEY COLLECTED THROUGH FINES IS EXPENDED IN THE REPORTING
12 HOSPITAL'S ANNUAL REPORT TO THE STATE DEPARTMENT PURSUANT TO
13 SECTION 25.5-1-703.

14 (3) THE STATE BOARD SHALL PROMULGATE ANY RULES NECESSARY
15 FOR THE IMPLEMENTATION OF THIS SECTION.

16 **SECTION 5. Safety clause.** The general assembly hereby finds,
17 determines, and declares that this act is necessary for the immediate
18 preservation of the public peace, health, or safety.