



Legislative Council Staff *Nonpartisan Services for Colorado's Legislature*

Fiscal Note

Drafting Number:	LLS 23-0720	Date:	March 7, 2023
Prime Sponsors:	Rep. Soper; deGruy Kennedy Sen. Roberts; Will	Bill Status:	House Health & Insurance
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Bill Topic: HOSPITAL TRANSPARENCY & REPORTING REQUIREMENTS

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill adds information to be disclosed by hospitals for the hospital expenditure report and allows the Department of Health Care Policy and Financing to enforce data collection procedures through fines. Additionally, the bill places disclosure requirements on hospitals. The bill increases state revenue and expenditures on an ongoing basis.

Appropriation Summary: For FY 2023-24, the bill requires an appropriation of \$150,332 to the Department of Health Care Policy and Financing.

Fiscal Note Status: The fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under HB 23-1226**

		Budget Year FY 2023-24	Out Year FY 2024-25
Revenue		-	-
Expenditures	Cash Funds	\$150,332	\$164,337
	Centrally Appropriated	\$31,345	\$37,175
	Total Expenditures	\$181,677	\$201,512
	Total FTE	1.7 FTE	2.0 FTE
Transfers		-	-
Other Budget Impacts		-	-

Summary of Legislation

The bill requires hospitals to disclose additional information for the purposes of the hospital expenditure report, which the bill renames the hospital transparency report, produced by the Department of Health Care Policy and Financing (HCPF). The new reporting requirements include details on specific revenue and expenditure streams, including historical data. HCPF may enforce data collection procedures through corrective action plans or fines. Where HCPF determines a hospital's noncompliance is knowing or willful or there is a repeated pattern of noncompliance, HCPF may set a fine amount up to \$20,000 per week until the hospital takes corrective action.

Additionally, beginning July 1, 2024, the bill requires hospitals to provide patients with a plain language description of the services billed and disclose that the patient has the right to further billed services information.

Background

In its [2023 hospital expenditure report](#), HCPF recommended that the legislature consider establishing corrective action and financial penalties for hospital noncompliance with reporting requirements.

State Revenue

Beginning in FY 2023-24, the bill may increase state revenue from fines, credited to the General Fund. This revenue is classified as a damage award and not subject to TABOR. Given the uncertainty about the number of violations and the potential penalty amounts, the revenue impact cannot be estimated.

State Expenditures

The bill increases state expenditures in the Department of Health Care Policy and Financing (HCPF) by \$180,000 in FY 2023-24 and \$200,000 in FY 2024-25, split evenly between the Healthcare Affordability and Sustainability (HAS) Cash Fund and federal funds. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 23-1226

	FY 2023-24	FY 2024-25
Department of Health Care Policy and Financing		
Personal Services	\$134,697	\$161,637
Operating Expenses	\$2,295	\$2,700
Capital Outlay Costs	\$13,340	-
Centrally Appropriated Costs ¹	\$31,345	\$37,175
Total Cost	\$181,677	\$201,512
Total FTE	1.7 FTE	2.0 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Health Care Policy and Financing. HCPF requires 2.0 FTE to ensure compliance and incorporate the new data into the report. Based on noncompliance with current reporting, examining the data that hospitals submit for compliance with the current and the expanded requirements and implementing a corrective action plan is expected to be a complex process. Additionally, the newly required data is more granular than the current data and will require time and expertise to aggregate to a level appropriate for the report.

The state-share of the FTE costs will be funded by the HAS Cash Fund, because this bill concerns data and analysis to measure the efficacy of the HAS fee, cost shift, and Hospital Transformation Program. Standard operating and capital outlay costs are included, and costs in FY 2023-24 are prorated to reflect the bill's effective date.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2023-24, the bill requires an appropriation of \$150,332 split evenly between Healthcare Affordability and Sustainability Cash Funds and federal funds, to the Department of Health Care Policy and Financing, and 1.7 FTE.

State and Local Government Contacts

Health Care Policy and Financing

Public Health and the Environment