



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 25-198: TRANSPARENCY TRANSACTIONS MEDICAL CARE ENTITIES

Prime Sponsors:

Sen. Kipp; Weissman
Rep. Brown

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Fiscal note status: This fiscal note reflects the introduced bill.

Summary Information

Overview. The bill modifies reporting requirements for health care, long-term care, and veterinary care entities involved in certain types of transactions, and requires providers to disclose specific information to patients.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- Minimal State Revenue
- Minimal State Workload
- Local Government

Appropriations. No appropriation is required.

**Table 1
State Fiscal Impacts**

| Type of Impact | Budget Year FY 2025-26 | Out Year FY 2026-27 |
|-------------------------|---------------------------|------------------------|
| State Revenue | \$0 | \$0 |
| State Expenditures | \$0 | \$0 |
| Transferred Funds | \$0 | \$0 |
| Change in TABOR Refunds | \$0 | \$0 |
| Change in State FTE | 0.0 FTE | 0.0 FTE |

Summary of Legislation

The bill repeals and reenacts, with several changes, the current requirements for licensed hospitals to provide notice to the Attorney General when involved in certain types of transactions. It also requires providers to disclose financial relationships to referred patients.

Transactions

The bill modifies the current scope of affected transactions to require reporting by health care, long-term care, and veterinary care entities and expands covered transactions to include affiliations, mergers, and acquisitions.

Notifications

The bill modifies the current notification requirements to include certain detailed disclosures depending on the annual revenue of the entities involved, and to require five years of reporting after the transaction is completed.

Enforcement

The bill modifies the current enforcement to expand the Attorney General's authority to assess certain transactions and to take action and enforce these provisions with civil penalties, court orders, attorney's fees, and injunctions. The bill also permits the Denver District Court to review actions taken by the Attorney General related to proposed transactions.

A violation of these provisions is a deceptive trade practice under the Colorado Consumer Protection Act.

Patient Referrals

When referring a patient to a health care entity for medical services, the bill also requires a provider to disclose any financial relationship with the entity to the referred patient. Upon request, the provider must offer an alternative referral to an entity with which they have no financial relationship. If no required disclosure is made, a referred entity may not present a claim or bill to the patient, payer, or Department of Health Care Policy and Financing (HCPF). The bill makes non-disclosure of financial relationships in referrals a deceptive trade practice.

State Revenue

Starting in FY 2025-26, the bill may increase state revenue from civil penalties and court filing fees by a minimal amount.

Civil Penalties

Under the Colorado Consumer Protection Act, a person committing a deceptive trade practice may be subject to a civil penalty of up to \$20,000 for each violation. Additional penalties may be imposed for subsequent violations of a court order or injunction. This revenue is classified as a damage award and not subject to TABOR.

Additionally, the bill expands the transactions and entities that are subject to civil penalties. Given the uncertainty about the number of cases that may be pursued by the Attorney General and district attorneys, as well as the wide range in potential penalty amounts, the fiscal note cannot estimate the potential impact of these civil penalties.

Filing Fees

The bill may increase revenue to the Judicial Department from an increase in civil case filings. Revenue from filing fees is subject to TABOR.

State Expenditures

Starting in FY 2025-26, workload will minimally increase in the Department of Law, the Judicial Department, the Department of Regulatory Agencies (DORA), the Department of Public Health and Environment (CDPHE), as described below. The bill may also decrease expenditures in HCPF.

Department of Law

Workload in the Department of Law may increase if the Attorney General performs additional assessments of covered transactions, conducts investigations, or takes action against involved entities. The Attorney General's expanded authority under the bill is permissive and the exact amount of potential workload depends on the number and types of transactions and level of compliance; therefore, changes to state expenditures cannot be estimated. It is assumed that any required work will be prioritized and conducted within existing appropriations.

Workload will also minimally increase to the extent that deceptive trade practice complaints are filed. The department will review complaints under the bill and prioritize investigations as necessary within the overall number of deceptive trade practice complaints and available resources.

Judicial Department

The trial courts in the Judicial Department may have an increase in cases filed under the Colorado Consumer Protection Act from the addition of a new deceptive trade practice and additional civil cases as a result of the bill's provisions. It is assumed that entities will abide by the law and that any violation of the legislation will result in minimal number of new cases. The fiscal note assumes that this can be accomplished within existing resources and that no change in appropriations is required.

Department of Regulatory Agencies

Workload in the Division of Professions and Occupations in DORA will minimally increase to conduct outreach and education to licensed health care providers regarding disclosures in patient referrals. This workload can be accomplished within existing appropriations.

Department of Public Health and Environment

Workload in the Health Facilities and Emergency Medical Services Division in CDPHE will minimally increase to conduct outreach and education to licensed health care facilities regarding disclosure in patient referrals. This workload can be accomplished within existing appropriations.

Department of Health Care Policy and Financing

Expenditures in HCPF may decrease if health care entities do not submit Medicaid claims to the department because of a provider's fail to disclose financial relationships to referred patients. Generally, it is assumed that providers will comply with the requirements of the bill when making referrals. To the extent savings occur, they will be accounted for through the annual budget process.

Local Government

Similar to the state, to the extent district attorneys receive deceptive trade practice complaints related to the new deceptive trade practice under the bill, workload will increase to investigate complaints and seek relief when appropriate. It is assumed most such cases will be handled at the state level by the Attorney General. The Denver Country Court may also experience a minimal workload increase to review actions taken by the Attorney General. This workload is permissive and therefore cannot be estimated.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Health Care Policy and Financing

Public Health and Environment

Judicial

Regulatory Agencies

Law