

## CHAPTER 294

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**HEALTH AND ENVIRONMENT**


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**HOUSE BILL 08-1393**

BY REPRESENTATIVE(S) Stephens and Pommer, Carroll M., Carroll T., Gardner C., King, Liston, Madden, McNulty, Casso, Frangas, Garza-Hicks, Green, Hodge, Kefalas, Labuda, Marshall, Massey, Romanoff, Stafford, Summers, Todd, Weissmann, Buescher, Butcher, Fischer, Gardner B., Jahn, McFadyen, and Rose;  
also SENATOR(S) Morse and Mitchell S., Bacon, Boyd, Gibbs, Keller, Penry, Schwartz, Spence, Tochtrop, Tupa, Veiga, and Williams.

**AN ACT**

**CONCERNING THE CREATION OF A CONSUMER GUIDE TO HOSPITAL CHARGES THAT INCLUDES INSURANCE REIMBURSEMENT RATES FOR DIAGNOSTIC-RELATED GROUPS, AND MAKING AN APPROPRIATION THEREFOR.**

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

**SECTION 1. Short title.** This act shall be known and may be cited as the "Health Care Transparency Act".

**SECTION 2. Legislative declaration.** The general assembly declares that the purposes of the "Health Care Transparency Act" are to assist and allow consumers to make educated choices regarding their health care needs and to require health care providers and carriers to share more information on prices and reimbursement rates.

**SECTION 3.** Part 7 of article 3 of title 25, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

**25-3-705. Health care charge transparency - hospital charge report.** (1) THE COMMISSIONER OF INSURANCE SHALL WORK WITH THE DULY CONSTITUTED ASSOCIATION OF HOSPITALS SELECTED BY THE EXECUTIVE DIRECTOR PURSUANT TO SECTION 25-3-702 FOR ASSISTANCE IN CARRYING OUT THE PURPOSES OF THIS SECTION.

(2) (a) ON OR BEFORE AUGUST 1, 2009, AND ON OR BEFORE EACH AUGUST 1 THEREAFTER, EACH HOSPITAL LICENSED PURSUANT TO PART 1 OF THIS ARTICLE

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

SHALL REPORT ANNUALLY TO THE ASSOCIATION OF HOSPITALS THE INFORMATION NECESSARY TO ALLOW THE ASSOCIATION TO DETERMINE THE CHARGES FOR THE TWENTY-FIVE MOST COMMON INPATIENT DIAGNOSTIC-RELATED GROUPS FOR WHICH THERE ARE AT LEAST TEN CASES RENDERED BY THE HOSPITAL DURING THE CALENDAR YEAR IMMEDIATELY PRECEDING THE RELEASE OF THE HOSPITAL CHARGE REPORT. IF A HOSPITAL DOES NOT HAVE TWENTY-FIVE OF THE MOST COMMON DIAGNOSTIC-RELATED GROUPS WITH AT LEAST TEN OR MORE CASES RENDERED, THE HOSPITAL SHALL REPORT ONLY ON THOSE MOST COMMON DIAGNOSTIC-RELATED GROUPS THAT HAVE AT LEAST TEN CASES RENDERED.

(b) A HOSPITAL THAT DOES NOT USE DIAGNOSTIC-RELATED GROUPS IS EXEMPT FROM PARAGRAPH (a) OF THIS SUBSECTION (2).

(3) (a) THE COMMISSIONER OF INSURANCE SHALL WORK WITH THE ASSOCIATION OF HOSPITALS TO INCORPORATE THE INFORMATION REPORTED PURSUANT TO THIS SECTION ON THE WEB SITE.

(b) THE COMMISSIONER OF INSURANCE SHALL REQUIRE THE ASSOCIATION OF HOSPITALS TO SUBMIT A PLAN TO THE COMMISSIONER ON OR BEFORE NOVEMBER 30, 2008, THAT STATES THE IMPLEMENTATION STATUS OF A PLAN TO MAKE THE HOSPITAL CHARGES REPORTED PURSUANT TO THIS SECTION AVAILABLE TO THE PUBLIC ON THE WEB SITE. THE PLAN SHALL IDENTIFY THE PROCESS AND TIME PERIODS FOR IMPLEMENTATION, ANY BARRIERS TO IMPLEMENTATION, AND RECOMMENDATIONS OF CHANGES IN THE LAW THAT MAY BE ENACTED BY THE GENERAL ASSEMBLY TO ELIMINATE THE BARRIERS.

(c) WHEN DEVELOPING THE REQUIRED PLAN, THE ASSOCIATION OF HOSPITALS SHALL CONSIDER:

(I) THE METHOD FOR HOSPITALS TO REPORT CHARGES TO THE ASSOCIATION;

(II) STANDARDS THAT PROVIDE FOR THE VALIDITY AND COMPARABILITY OF HOSPITAL CHARGES; AND

(III) THE FORMAT FOR MAKING HOSPITAL CHARGES AVAILABLE TO THE PUBLIC.

(4) (a) THE ASSOCIATION OF HOSPITALS SHALL MAKE THE INFORMATION REPORTED BY THE HOSPITALS PURSUANT TO THIS SECTION AVAILABLE ON THE WEB SITE ON OR BEFORE AUGUST 1, 2009, AND ON OR BEFORE AUGUST 1 EACH YEAR THEREAFTER. THE INFORMATION REPORTED BY THE HOSPITALS SHALL INCLUDE DISCLAIMERS REGARDING FACTORS INCLUDING CASE SEVERITY RATINGS AND INDIVIDUAL PATIENT VARIATIONS THAT MAY AFFECT ACTUAL CHARGES TO A PATIENT FOR SERVICES PROVIDED.

(b) THE INFORMATION REPORTED BY THE HOSPITALS THAT IS PUBLISHED IN ACCORDANCE WITH THIS SECTION SHALL INCLUDE:

(I) VOLUME OF CASES BY DIAGNOSTIC-RELATED GROUP REQUIRED TO BE REPORTED BY THE HOSPITAL;

(II) RANK BY VOLUME OF THE TOP TWENTY-FIVE DIAGNOSTIC-RELATED GROUPS

REQUIRED TO BE REPORTED BY HOSPITAL;

(III) MEAN CHARGE FOR EACH OF THE TOP TWENTY-FIVE DIAGNOSTIC-RELATED GROUPS WITH MORE THAN TEN OCCURRENCES BY HOSPITAL;

(IV) CASE SEVERITY RATING BY HOSPITAL BY DIAGNOSTIC-RELATED GROUP; AND

(V) A GENERAL DISCLAIMER STATEMENT REGARDING THE HOSPITAL VARIATIONS AND PATIENT VARIATIONS THAT AFFECT THE ACTUAL CHARGES TO PATIENTS.

(c) BEFORE PUBLICATION OF THE INFORMATION PUBLISHED PURSUANT TO THIS SECTION ON THE WEB SITE, THE COMMISSIONER SHALL ENSURE THAT EVERY HOSPITAL IS ALLOWED THIRTY DAYS WITHIN WHICH TO EXAMINE THE DATA AND SUBMIT COMMENTS FOR CONSIDERATION AND INCLUSION IN THE FINAL HOSPITAL CHARGE REPORT.

(5) (a) THE COMMISSIONER OF INSURANCE SHALL APPROVE THE PUBLICATION OF INFORMATION ON THE WEB SITE CONSISTING OF PUBLIC DISCLOSURE OF CHARGE DATA ASSEMBLED PURSUANT TO THIS SECTION. AT A MINIMUM, THE INFORMATION SHALL BE MADE AVAILABLE ON THE WEB SITE IN A MANNER THAT ALLOWS CONSUMERS TO CONDUCT AN INTERACTIVE SEARCH TO VIEW AND COMPARE THE INFORMATION FOR SPECIFIC HOSPITALS. THE WEB SITE SHALL INCLUDE ANY ADDITIONAL INFORMATION NECESSARY TO ENSURE THAT THE WEB SITE INFORMATION IS AVAILABLE TO CONSUMERS AND HEALTH CARE PURCHASERS. THE INFORMATION SHALL INCLUDE, AT A MINIMUM, APPROPRIATE GUIDANCE ON HOW TO USE THE DATA AND AN EXPLANATION OF WHY THE DATA MAY VARY FROM HOSPITAL TO HOSPITAL. THE REPORT SPECIFIED IN THIS SUBSECTION (5) SHALL BE RELEASED ON THE WEB SITE ON OR BEFORE AUGUST 1, 2009, AND ON OR BEFORE EACH AUGUST 1 THEREAFTER.

(b) THE COMMISSIONER OF INSURANCE SHALL MAKE THE WEB SITE AVAILABLE BY HYPERLINK ON THE DIVISION OF INSURANCE WEB SITE.

(c) THE DIVISION OF INSURANCE SHALL REVIEW THE INFORMATION POSTED ON THE WEB SITE TO ENSURE THAT THE WEB SITE AND INFORMATION PROVIDED BY THE ASSOCIATION IS EASY TO NAVIGATE, CONTAINS CONSUMER-FRIENDLY LANGUAGE, AND FULFILLS THE INTENT OF THIS SECTION. THE DIVISION SHALL ALSO ENSURE THAT THE HYPERLINK FROM THE DIVISION'S WEB SITE TO THE WEB SITE IS EASILY ACCESSIBLE.

(6) THERE SHALL BE NO LIABILITY ON THE ASSOCIATION OF HOSPITALS OR A CAUSE OF ACTION AGAINST THE ASSOCIATION OR ITS AGENTS, EMPLOYEES, OR DIRECTORS OR AUTHORIZED DESIGNEES OF THE COMMISSIONER FOR ACTIONS TAKEN OR OMITTED IN THE PERFORMANCE OF DUTIES PURSUANT TO THIS SECTION.

(7) THE HEALTH CARE TASK FORCE CREATED IN SECTION 10-16-221, C.R.S., SHALL STUDY THE FEASIBILITY OF AMBULATORY SURGICAL CENTERS REPORTING CHARGE INFORMATION TO THE ASSOCIATION OF HOSPITALS FOR INCLUSION ON THE WEB SITE. THE TASK FORCE WILL REPORT BACK TO THE GENERAL ASSEMBLY IN 2009, PRIOR TO ANY REQUIREMENT THAT AMBULATORY SURGICAL CENTERS REPORT ANY CHARGE DATA. THE TASK FORCE SHALL STUDY THE METHOD OF REPORTING AND THE

APPROPRIATE DATA TO BE GATHERED AND ANY RECOMMENDED TIME FRAMES FOR REPORTING.

(8) FOR PURPOSES OF THIS SECTION:

(a) "CHARGE" MEANS THE AMOUNT THAT A HOSPITAL EXPECTS TO CHARGE FOR AN INPATIENT DIAGNOSTIC-RELATED GROUP. A CHARGE THAT IS REQUIRED TO BE REPORTED TO THE PUBLIC SHALL BE THE MEAN CHARGE FOR ALL CASES OF THE DIAGNOSTIC-RELATED GROUP OCCURRING IN THE CALENDAR YEAR PRIOR TO THE RELEASE OF THE HOSPITAL CHARGE REPORT.

(b) "DIAGNOSTIC-RELATED GROUP" MEANS THE CLASSIFICATION ASSIGNED TO AN INPATIENT HOSPITAL SERVICE CLAIM BASED ON THE PATIENT'S AGE AND SEX, THE PRINCIPAL AND SECONDARY DIAGNOSES, THE PROCEDURES PERFORMED, AND THE DISCHARGE STATUS.

(c) "WEB SITE" MEANS A WEB SITE ESTABLISHED BY THE ASSOCIATION OF HOSPITALS THAT LINKS TO THE WEB SITE CREATED PURSUANT TO SECTION 25-3-703.

**SECTION 4.** Article 16 of title 10, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

**10-16-134. Health care transparency - information required - web site - definition.** (1) ON OR BEFORE MARCH 1, 2009, AND ON OR BEFORE MARCH 1 EACH YEAR THEREAFTER, EACH CARRIER SHALL SUBMIT TO THE DIVISION A LIST OF THE AVERAGE REIMBURSEMENT RATES, EITHER STATEWIDE OR BY GEOGRAPHIC AREA, AS DEFINED BY RULE OF THE COMMISSIONER PURSUANT TO SECTION 10-16-104.9, FOR THE AVERAGE INPATIENT DAY OR THE AVERAGE REIMBURSEMENT RATE FOR THE TWENTY-FIVE MOST COMMON INPATIENT PROCEDURES BASED UPON THE MOST COMMONLY REPORTED DIAGNOSTIC-RELATED GROUPS;

(2)(a) THE COMMISSIONER SHALL POST THE INFORMATION SUBMITTED PURSUANT TO SUBSECTION (1) OF THIS SECTION ON THE DIVISION'S WEB SITE.

(b) THE DIVISION SHALL ENSURE THAT THE WEB SITE AND INFORMATION IS EASY TO NAVIGATE, CONTAINS CONSUMER-FRIENDLY LANGUAGE, AND FULFILLS THE INTENT OF THIS SECTION.

(3) FOR PURPOSES OF THIS SECTION "DIAGNOSTIC-RELATED GROUP" MEANS THE CLASSIFICATION ASSIGNED TO AN INPATIENT HOSPITAL SERVICE CLAIM BASED ON THE PATIENT'S AGE AND SEX, THE PRINCIPAL AND SECONDARY DIAGNOSES, THE PROCEDURES PERFORMED, AND THE DISCHARGE STATUS.

**SECTION 5. Appropriation.** In addition to any other appropriation, there is hereby appropriated, out of any moneys in the division of insurance cash fund created in section 10-1-103 (3), Colorado Revised Statutes, not otherwise appropriated, to the department of regulatory agencies, for allocation to the division of insurance, for the fiscal year beginning July 1, 2008, the sum of fourteen thousand seven hundred five dollars (\$14,705), or so much thereof as may be necessary, for the implementation of this act.

**SECTION 6. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: May 27, 2008