

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

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 19-0102.01 Shelby Ross x4510

HOUSE BILL 19-1001

HOUSE SPONSORSHIP

Kennedy, Rankin

SENATE SPONSORSHIP

(None),

House Committees
Health & Insurance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING HOSPITAL TRANSPARENCY MEASURES REQUIRED TO**
102 **ANALYZE THE EFFICACY OF HOSPITAL DELIVERY SYSTEM**
103 **REFORM INCENTIVE PAYMENTS.**

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 requires the department of health care policy and financing (department), in consultation with the Colorado healthcare affordability and sustainability enterprise board, to develop and prepare an annual report detailing uncompensated hospital costs and the different categories of expenditures made by hospitals in the state (hospital

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

expenditure report). In compiling the hospital expenditure report, the department shall use publicly available data sources whenever possible. Each hospital in the state is required to make available to the department certain information, including:

- ! Hospital cost reports submitted to the federal centers for medicare and medicaid services;
 - ! Annual audited financial statements; except that, if a hospital is part of a consolidated or combined group, the hospital may submit a consolidated or combined financial statement if the group's statement separately identifies the information for each of the group's licensed hospitals;
 - ! The total amount of unreimbursed care;
 - ! The gross patient service revenue;
 - ! Any property, plant, equipment, and accumulated depreciation;
 - ! All operating expenses;
 - ! Staffing information;
 - ! The total number of available beds and licensed beds;
 - ! The total number of inpatient surgeries;
 - ! The total number of births and newborn patient days;
 - ! The total number of admissions from the emergency department; and
 - ! Other gross charges categorized by primary care provider.
- The hospital expenditure report must include, but not be limited to:
- ! A description of the methods of analysis and definitions of report components by payer group;
 - ! Uncompensated care costs by payer group; and
 - ! The percentage that different categories of expenses contribute to overall expenses of hospitals.

The department is required to submit the hospital expenditure report to the governor, specified committees of the general assembly, and the medical services board in the department. The department is also directed to post the hospital expenditure report on the department's website.

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

2 **SECTION 1.** In Colorado Revised Statutes, 25.5-4-402.4, **add**
3 **(7)(e.5)** as follows:

4 **25.5-4-402.4. Hospitals - healthcare affordability and**
5 **sustainability fee - legislative declaration - Colorado healthcare**

1 **affordability and sustainability enterprise - federal waiver - fund**
2 **created - rules - reports. (7) Colorado healthcare affordability and**
3 **sustainability enterprise board. (e.5) THE ENTERPRISE BOARD SHALL**
4 **CALCULATE THE ESTIMATES DESCRIBED IN SUBSECTION (7)(e)(V) OF THIS**
5 **SECTION BY USING APPROPRIATE INFORMATION PROVIDED TO THE STATE**
6 **DEPARTMENT BY HOSPITALS AND ANY STATE DEPARTMENT ANALYSIS OF**
7 **THAT INFORMATION.**

8 **SECTION 2.** In Colorado Revised Statutes, **add 25.5-4-402.8** as
9 **follows:**

10 **25.5-4-402.8. Hospital expenditure report. (1) (a) THE STATE**
11 **DEPARTMENT SHALL ANNUALLY PREPARE A WRITTEN HOSPITAL**
12 **EXPENDITURE REPORT DETAILING UNCOMPENSATED HOSPITAL COSTS AND**
13 **THE DIFFERENT CATEGORIES OF EXPENDITURES, BY MAJOR PAYER GROUP,**
14 **MADE BY HOSPITALS IN THE STATE. THE STATE DEPARTMENT SHALL**
15 **CONSULT WITH THE COLORADO HEALTHCARE AFFORDABILITY AND**
16 **SUSTAINABILITY ENTERPRISE BOARD, CREATED PURSUANT TO SECTION**
17 **25.5-4-402.4 (7) AND REFERRED TO IN THIS SECTION AS THE "ENTERPRISE**
18 **BOARD", IN DEVELOPING THE HOSPITAL EXPENDITURE REPORT. THE STATE**
19 **DEPARTMENT MAY SHARE ANY INFORMATION IT RECEIVES FROM**
20 **HOSPITALS WITH THE ENTERPRISE BOARD. EXCEPT FOR THE INFORMATION**
21 **CONTAINED IN THE HOSPITAL EXPENDITURE REPORT PURSUANT TO**
22 **SUBSECTION (2) OF THIS SECTION, THE STATE DEPARTMENT AND**
23 **ENTERPRISE BOARD SHALL MAINTAIN THE CONFIDENTIALITY OF**
24 **INFORMATION RECEIVED PURSUANT TO THIS SECTION THAT IS NOT**
25 **OTHERWISE PUBLICLY AVAILABLE. THIS INFORMATION IS PROPRIETARY,**
26 **CONFIDENTIAL, CONTAINS TRADE SECRETS, AND IS NOT A PUBLIC RECORD.**
27 **IN COMPILING THE HOSPITAL EXPENDITURE REPORT, THE STATE**

1 DEPARTMENT SHALL USE PUBLICLY AVAILABLE DATA SOURCES WHENEVER
2 POSSIBLE.

3 (b) EXCEPT AS PROVIDED IN SUBSECTION (1)(c) OF THIS SECTION,
4 EACH HOSPITAL IN THE STATE SHALL MAKE INFORMATION AVAILABLE TO
5 THE STATE DEPARTMENT FOR PURPOSES OF PREPARING THE ANNUAL
6 HOSPITAL EXPENDITURE REPORT. THE STATE BOARD SHALL ESTABLISH THE
7 FORMAT OF THE INFORMATION PROVIDED BY EACH HOSPITAL ON AN
8 ANNUAL BASIS. THE FIRST SUBMISSION BY EACH HOSPITAL MUST INCLUDE
9 INFORMATION FOR FISCAL YEARS 2012 THROUGH 2018. SPECIFICALLY, IN
10 THE FIRST AND SUBSEQUENT SUBMISSIONS, EACH HOSPITAL SHALL
11 PROVIDE THE FOLLOWING INFORMATION TO THE STATE DEPARTMENT:

12 (I) THE HOSPITAL COST REPORT SUBMITTED TO THE FEDERAL
13 CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS) PURSUANT TO 42
14 CFR 413.20, INCLUDING A COPY OF THE FINAL FORMS AND WORKSHEETS
15 SUBMITTED TO CMS AS PART OF THE HOSPITAL COST REPORT;

16 (II) (A) AN ANNUAL AUDITED FINANCIAL STATEMENT PREPARED
17 IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.
18 EACH HOSPITAL SHALL SUBMIT THE STATEMENT WITHIN ONE HUNDRED
19 TWENTY DAYS AFTER THE END OF ITS FISCAL YEAR UNLESS THE STATE
20 DEPARTMENT GRANTS AN EXTENSION IN WRITING IN ADVANCE OF THAT
21 DATE.

22 (B) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION
23 (1)(b)(II)(A) OF THIS SECTION, IF A HOSPITAL IS PART OF A CONSOLIDATED
24 OR COMBINED GROUP AND IS NORMALLY INCLUDED IN THAT GROUP'S
25 FINANCIAL STATEMENT, THE HOSPITAL MAY SUBMIT THE CONSOLIDATED
26 OR COMBINED STATEMENT IF THE GROUP'S STATEMENT SEPARATELY
27 IDENTIFIES THE FINANCIAL INFORMATION FOR EACH OF THE GROUP'S

1 LICENSED HOSPITALS OPERATING IN THIS STATE. FOR EACH HOSPITAL
2 OPERATING IN THIS STATE AND FOR EACH ADDITIONAL OPERATING UNIT
3 THAT ACCOUNTS FOR FIVE PERCENT OR MORE OF THE CONSOLIDATED OR
4 COMBINED GROUP'S GROSS REVENUES, THE STATEMENT MUST INCLUDE
5 FINANCIAL BALANCES AND INFORMATION FOR THAT UNIT, INCLUDING A
6 BALANCE SHEET, AN INCOME STATEMENT OR STATEMENT OF OPERATIONS,
7 A STATEMENT OF CHANGES IN EQUITY OR NET ASSETS, AND A STATEMENT
8 OF CASH FLOWS.

9 (C) TO THE EXTENT SIMILAR INFORMATION IS REPORTED IN THE
10 MEDICARE COST REPORT, AUDITED FINANCIAL STATEMENTS OR OTHER
11 INFORMATION RESULTS IN DIFFERING AMOUNTS, AND AN EXPLANATION
12 FOR THOSE DIFFERENCES. IN THE EVENT A HOSPITAL DOES NOT HAVE
13 AUDITED FINANCIAL STATEMENTS AVAILABLE, THE HOSPITAL MAY
14 REQUEST FROM THE STATE DEPARTMENT THE ABILITY TO SUBMIT
15 ALTERNATIVE INFORMATION. THE STATE BOARD SHALL PROMULGATE
16 RULES TO THIS EFFECT, INCLUDING BUT NOT LIMITED TO A LIST OF
17 ALTERNATIVE INFORMATION THAT MAY BE SUBMITTED IN PLACE OF THE
18 AUDITED FINANCIAL STATEMENT AND A LIST OF FACILITIES THAT MAY
19 QUALIFY FOR THIS EXCEPTION.

20 (III) A REPORT THAT CONTAINS THE FOLLOWING INFORMATION:

21 (A) THE TOTAL NUMBER OF AVAILABLE BEDS AND LICENSED BEDS;

22 (B) INPATIENT STATISTICS IN TOTAL AND BY MAJOR PAYER GROUP
23 AND BY CARE SETTING, INCLUDING BUT NOT LIMITED TO INPATIENT
24 DISCHARGES AND PATIENT DAYS;

25 (C) OTHER INPATIENT STATISTICS, INCLUDING BUT NOT LIMITED TO
26 THE NUMBER OF INPATIENT SURGERIES, NUMBER OF BIRTHS, NUMBER OF
27 NEWBORN PATIENT DAYS, NUMBER OF ADMISSIONS FROM THE

1 HOSPITAL-BASED EMERGENCY DEPARTMENT, AND NUMBER OF ADMISSIONS
2 FROM FREE-STANDING EMERGENCY DEPARTMENTS;

3 (D) OUTPATIENT STATISTICS IN TOTAL AND BY TYPE OF VISIT,
4 INCLUDING BUT NOT LIMITED TO HOSPITAL-BASED EMERGENCY
5 DEPARTMENT VISITS, FREE-STANDING EMERGENCY DEPARTMENT VISITS,
6 AMBULATORY SURGERY VISITS, HOME HEALTH VISITS, AND ALL OTHER
7 OUTPATIENT VISITS;

8 (E) GROSS CHARGES IN TOTAL, BY MAJOR PAYER GROUP, AND BY
9 CARE SETTING, INCLUDING BUT NOT LIMITED TO INPATIENT CARE AND
10 OUTPATIENT CARE;

11 (F) CONTRACTUAL ALLOWANCES IN TOTAL AND BY MAJOR PAYER
12 GROUP;

13 (G) BAD DEBT WRITE-OFFS IN TOTAL AND BY MAJOR PAYER GROUP;

14 (H) CHARITY WRITE-OFFS IN TOTAL AND BY MAJOR PAYER GROUP;

15 (I) OPERATING EXPENSES IN TOTAL AND BY EXPENSE
16 CLASSIFICATION, INCLUDING BUT NOT LIMITED TO NON-PHYSICIAN
17 PAYROLL EXPENSES AND ASSOCIATED HOURS, PHYSICIAN PAYROLL
18 EXPENSES AND ASSOCIATED HOURS, TOTAL PAYROLL EXPENSES AND
19 ASSOCIATED HOURS, CONTRACT LABOR EXPENSES AND ASSOCIATED
20 HOURS, EMPLOYEE BENEFITS EXPENSES, BUSINESS DEVELOPMENT,
21 MARKETING AND ADVERTISING EXPENSES, SUPPLY EXPENSES,
22 DEPRECIATION EXPENSES, INTEREST EXPENSES, AND ALL OTHER
23 OPERATING EXPENSES;

24 (J) OTHER OPERATING REVENUE, OPERATING MARGIN,
25 NON-OPERATING GAINS AND LOSSES, AND TOTAL MARGIN;

26 (K) A BALANCE SHEET, INCLUDING BUT NOT LIMITED TO DETAILS
27 FOR CURRENT ASSETS, RESTRICTED ASSETS, LONG-TERM ASSETS, OTHER

1 ASSETS, CURRENT LIABILITIES, LONG-TERM DEBT, OTHER LIABILITIES, AND
2 EQUITY OR NET ASSETS;

3 (L) STAFFING INFORMATION, INCLUDING BUT NOT LIMITED TO
4 FULL-TIME EQUIVALENTS, STAFF TURNOVER, AND STAFF VACANCY RATES;

5 (M) A ROLL FORWARD OF PROPERTY, PLANT, AND EQUIPMENT
6 ACCOUNTS BY ASSET TYPE FROM THE BEGINNING TO THE END OF THE
7 REPORTING PERIOD BY ASSET CATEGORY, INCLUDING BUT NOT LIMITED TO
8 PURCHASES, OTHER ACQUISITIONS, SALES, DISPOSALS, AND OTHER
9 CHANGES;

10 (N) THE NAMES AND TRANSACTION PRICE OF ACQUIRED
11 HOSPITALS, AFFILIATED HOSPITALS, NEWLY CONSTRUCTED HOSPITALS,
12 AND REHABILITATED HOSPITALS; THE NAMES AND TRANSACTION PRICE OF
13 ACQUIRED OR AFFILIATED PHYSICIAN GROUP PRACTICES; AND THE NUMBER
14 AND TRANSACTION PRICE OF INDIVIDUAL PHYSICIAN PRACTICES ACQUIRED.

15 (c) THE STATE DEPARTMENT MAY EXEMPT FROM THE REPORTING
16 REQUIREMENTS DESCRIBED IN SUBSECTION (1)(b) OF THIS SECTION
17 CERTAIN TYPES OF HOSPITALS, INCLUDING BUT NOT LIMITED TO:

18 (I) PSYCHIATRIC HOSPITALS, AS LICENSED BY THE DEPARTMENT OF
19 PUBLIC HEALTH AND ENVIRONMENT;

20 (II) HOSPITALS THAT ARE LICENSED AS GENERAL HOSPITALS AND
21 CERTIFIED AS LONG-TERM CARE HOSPITALS BY THE DEPARTMENT OF
22 PUBLIC HEALTH AND ENVIRONMENT;

23 (III) CRITICAL ACCESS HOSPITALS THAT ARE LICENSED AS GENERAL
24 HOSPITALS AND ARE CERTIFIED BY THE DEPARTMENT PUBLIC HEALTH AND
25 ENVIRONMENT PURSUANT TO 42 CFR 485 (f);

26 (IV) INPATIENT REHABILITATION FACILITIES; AND

27 (V) HOSPITALS SPECIFIED FOR EXEMPTION UNDER 42 CFR 433.68

1 (e).

2 (d) PRIOR TO DEVELOPING THE FIRST ANNUAL HOSPITAL
3 EXPENDITURE REPORT, THE STATE DEPARTMENT SHALL CONSULT WITH THE
4 ENTERPRISE BOARD REGARDING THE DEVELOPMENT OF THE REPORT. THE
5 STATE DEPARTMENT SHALL STRIVE FOR CONSISTENCY IN REPORTING THE
6 COMPONENTS IN EACH ANNUAL REPORT WITH THOSE IN THE REPORT OF THE
7 ENTERPRISE BOARD REQUIRED PURSUANT TO SECTION 25.5-4-402.4 (7)(e).

8 (e) PRIOR TO ISSUING THE HOSPITAL EXPENDITURE REPORT, THE
9 STATE DEPARTMENT SHALL PROVIDE ANY HOSPITAL REFERENCED IN THE
10 HOSPITAL EXPENDITURE REPORT A COPY OF THE REPORT. EACH HOSPITAL
11 SHALL HAVE A MINIMUM OF FIFTEEN DAYS TO REVIEW THE HOSPITAL
12 EXPENDITURE REPORT AND ANY UNDERLYING DATA AND SUBMIT
13 CORRECTIONS OR CLARIFICATIONS TO THE STATE DEPARTMENT.

14 (f) THE STATE DEPARTMENT SHALL PROVIDE A STATEWIDE
15 HOSPITAL ASSOCIATION ANY INFORMATION RECEIVED PURSUANT TO THIS
16 SECTION IN A MACHINE-READABLE FORMAT AT NO COST TO THE
17 ASSOCIATION.

18 (2) THE HOSPITAL EXPENDITURE REPORT MUST INCLUDE, BUT NOT
19 BE LIMITED TO:

20 (a) A DESCRIPTION OF THE METHODS OF ANALYSIS AND
21 DEFINITIONS OF REPORT COMPONENTS;

22 (b) UNCOMPENSATED CARE COSTS BY MAJOR PAYER GROUP; AND

23 (c) THE PERCENTAGE THAT EACH OF THE FOLLOWING CATEGORIES
24 CONTRIBUTES TO OVERALL EXPENSES OF HOSPITALS:

25 (I) DELIVERY OF INPATIENT HEALTH CARE AND SERVICES BY
26 MAJOR PAYER GROUP;

27 (II) DELIVERY OF OUTPATIENT HEALTH CARE AND SERVICES BY

1 MAJOR PAYER GROUP AND SITE LOCATION;
2 (III) ADMINISTRATIVE COSTS;
3 (IV) CAPITAL CONSTRUCTION COSTS AND ASSOCIATED BOND
4 LIABILITIES;
5 (V) MAINTENANCE;
6 (VI) CAPITAL EXPENDITURES;
7 (VII) PERSONNEL SERVICES;
8 (VIII) UNCOMPENSATED CARE BY MAJOR PAYER GROUP; AND
9 (IX) OTHER EXPENDITURE CATEGORIES, AS DETERMINED BY THE
10 STATE DEPARTMENT.

11 (3) (a) ON OR BEFORE JANUARY 15, 2020, AND ON OR BEFORE
12 JANUARY 15 EACH YEAR THEREAFTER, THE STATE DEPARTMENT SHALL
13 SUBMIT THE ANNUAL HOSPITAL EXPENDITURE REPORT TO:

- 14 (I) THE PUBLIC HEALTH CARE AND HUMAN SERVICES COMMITTEE
15 OF THE HOUSE OF REPRESENTATIVES, OR ANY SUCCESSOR COMMITTEE;
- 16 (II) THE HEALTH AND HUMAN SERVICES COMMITTEE OF THE
17 SENATE, OR ANY SUCCESSOR COMMITTEE;
- 18 (III) THE JOINT BUDGET COMMITTEE OF THE GENERAL ASSEMBLY;
- 19 (IV) THE GOVERNOR; AND
- 20 (V) THE STATE BOARD.

21 (b) THE STATE DEPARTMENT MAY REQUEST THAT THE ENTERPRISE
22 BOARD COMBINE THE HOSPITAL EXPENDITURE REPORT DESCRIBED IN THIS
23 SECTION WITH THE REPORT OF THE ENTERPRISE BOARD SPECIFIED IN
24 SECTION 25.5-4-402.4 (7)(e), SO LONG AS THE SPECIFIC REQUIREMENTS OF
25 THIS SECTION ARE FULFILLED, AND SO LONG AS THE ENTERPRISE BOARD
26 AGREES TO THE REQUEST. THE STATE DEPARTMENT SHALL POST THE
27 ANNUAL REPORT ON ITS WEBSITE BY JANUARY 15 OF EACH YEAR.

1 (c) NOTWITHSTANDING SECTION 24-1-136 (11)(a)(I), THE REPORT
2 REQUIRED IN THIS SECTION CONTINUES INDEFINITELY.

3 (4) THE STATE DEPARTMENT, IN CONSULTATION WITH THE
4 DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT AND THE DIVISION OF
5 INSURANCE, SHALL REVIEW THE HOSPITAL REPORT CARD, CREATED
6 PURSUANT TO SECTION 25-3-703, AND THE HOSPITAL CHARGE REPORT,
7 CREATED PURSUANT TO SECTION 25-3-705, AND MAKE
8 RECOMMENDATIONS TO THE GENERAL ASSEMBLY BY NOVEMBER 1, 2019.
9 THE RECOMMENDATIONS MUST IDENTIFY ANY STRUCTURAL OR
10 SUBSTANTIVE CHANGES THAT SHOULD BE MADE TO THE HOSPITAL REPORT
11 CARD OR HOSPITAL CHARGE REPORT TO INCREASE THE VALUE OF THOSE
12 REPORTS, INCLUDING A CONSIDERATION OF WHETHER THE HOSPITAL
13 REPORT CARD OR HOSPITAL CHARGE REPORT STILL PROVIDES VALUE TO
14 CONSUMERS AND POLICYMAKERS.

15 **SECTION 3. Act subject to petition - effective date.** This act
16 takes effect at 12:01 a.m. on the day following the expiration of the
17 ninety-day period after final adjournment of the general assembly (August
18 2, 2019, if adjournment sine die is on May 3, 2019); except that, if a
19 referendum petition is filed pursuant to section 1 (3) of article V of the
20 state constitution against this act or an item, section, or part of this act
21 within such period, then the act, item, section, or part will not take effect
22 unless approved by the people at the general election to be held in
23 November 2020 and, in such case, will take effect on the date of the
24 official declaration of the vote thereon by the governor.