

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

**PREAMENDED**

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

LLS NO. 23-0720.01 Shelby Ross x4510

**HOUSE BILL 23-1226**

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**HOUSE SPONSORSHIP**

**Soper and deGruy Kennedy,**

**SENATE SPONSORSHIP**

**Roberts and Will,**

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**House Committees**

Health & Insurance  
Appropriations

**Senate Committees**

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**A BILL FOR AN ACT**

101      **CONCERNING TRANSPARENCY REQUIREMENTS FOR HOSPITALS, AND, IN**  
102            **CONNECTION THEREWITH, CREATING MORE TIMELY**  
103            **SUBMISSIONS OF DATA; PROVIDING INSIGHTS INTO TRANSFERS**  
104            **OF CASH AND PROFITS AND RESERVES, INCLUDING THOSE**  
105            **LEAVING COLORADO; REPORTING ON ALL INFORMATION**  
106            **RECEIVED; REPORTING INFORMATION BY EACH HOSPITAL IN**  
107            **ADDITION TO HEALTH SYSTEMS; DISCLOSING EXECUTIVE**  
108            **COMPENSATION, INCLUDING COMPENSATED INCENTIVES;**  
109            **REPORTING MERGERS AND ACQUISITIONS OF HOSPITALS AND**  
110            **PHYSICIANS; ██████████ REPORTING INVESTMENTS IN CAPITAL**  
111            **EQUIPMENT AND CONSTRUCTION; ██████████ AND MAKING AN**  
112            **APPROPRIATION.**

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*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.*

## 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>.)*

Current law requires the department of health care policy and financing (state department) to annually prepare a written hospital expenditure report. The bill changes the name of the report to the hospital transparency report (transparency report).

The bill adds specified information that each hospital shall report to the state department for the transparency report.

No later than July 1, 2024, the bill requires each hospital to provide specified information to the state department for previous fiscal years.

The bill authorizes the state department to impose certain enforcement mechanisms against a hospital that does not provide all of the information required to be reported to the state department.

Beginning July 1, 2024, the bill requires any patient bill to include a clear, plain language description of the services the patient is being billed for and a statement that the patient has a right to receive a detailed explanation of the services charged and who to contact to receive such information.

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

2           **SECTION 1.** In Colorado Revised Statutes, 25.5-4-402.8, **amend**  
3 (2)(a), (2)(b) introductory portion, (2)(b)(II)(A), (2)(b)(III)(J),  
4 (2)(b)(III)(M), (2)(c) introductory portion, (2)(e), (3) introductory portion,  
5 (4)(a) introductory portion (4)(a)(I), and (4)(b); **repeal** (2)(d); and **add**  
6 (2)(b)(II)(D), (2)(b)(II)(E), (2)(b)(II)(F), (2)(b)(III)(O), (2)(b)(III)(P),  
7 (2)(b)(III)(Q), (2)(b)(IV), (2)(b.5), (2)(g), and (4.5) as follows:

8           **25.5-4-402.8. Hospital transparency report - definitions.**  
9 (2) (a) The state department shall annually prepare a written hospital  
10 ~~expenditure~~ TRANSPARENCY report detailing ~~uncompensated~~ hospital  
11 costs, INCLUDING UNCOMPENSATED CARE COSTS, and the different

1 categories of expenditures, by major payer group, made by hospitals in  
2 the state. The state department shall COORDINATE THE ANALYSIS, REVIEW,  
3 AND RELEASE OF THE HOSPITAL TRANSPARENCY REPORT AND THE REPORTS  
4 REQUIRED PURSUANT TO SECTION 25.5-1-703 (3) AND 25.5-4-402.4 (7)(e),  
5 INCLUDING THE OPPORTUNITY TO REVIEW AND consult ~~with~~ ON THE  
6 REPORTS MADE BY the Colorado healthcare affordability and sustainability  
7 enterprise board, created pursuant to section 25.5-4-402.4 (7) and referred  
8 to in this section as the "enterprise board". ~~in developing the hospital~~  
9 ~~expenditure report~~. The state department may share any information AND  
10 ANALYTICS OF INFORMATION THAT it receives from hospitals with the  
11 enterprise board. The state department may include information it  
12 receives from hospitals in accordance with subsection (2)(b) of this  
13 section and that is not otherwise publicly available in the ~~expenditure~~  
14 TRANSPARENCY report and share such information with the enterprise  
15 board; except that information the state department receives from  
16 hospitals in accordance with ~~subsection~~ SUBSECTIONS (2)(b)(II)(D),  
17 (2)(b)(III)(N), (2)(b)(III)(O), (2)(b.5)(I), AND (2)(b.5)(II) of this section  
18 is confidential, proprietary, contains trade secrets, and is not a public  
19 record pursuant to part 2 of article 72 of title 24. The state department  
20 shall not include in the ~~expenditure~~ TRANSPARENCY report, share with the  
21 enterprise board, or otherwise publish or distribute information derived  
22 from reports pursuant to ~~subsection~~ SUBSECTIONS (2)(b)(II)(D),  
23 (2)(b)(III)(N), (2)(b)(III)(O), (2)(b.5)(I), AND (2)(b.5)(II) of this section,  
24 although the state department may share this information if such  
25 information has been de-identified and aggregated in a manner to prevent  
26 identification of the transaction price of any individual acquisition or  
27 affiliation. ~~A hospital shall not be in violation of this section if the~~

1 ~~hospital makes a good faith effort to comply with the reporting~~  
2 ~~requirements of this section.~~

3 (b) Except as provided in subsection (2)(c) of this section, each  
4 hospital licensed pursuant to part 1 of article 3 of title 25, or certified  
5 pursuant to section 25-1.5-103 (1)(a)(II), shall make information available  
6 to the state department for purposes of preparing the annual hospital  
7 ~~expenditure~~ TRANSPARENCY report. The state board shall establish the  
8 format of the information provided by each hospital on an annual basis.  
9 ~~The first submission by each hospital must include the information~~  
10 ~~described in subsections (2)(b)(I) and (2)(b)(II) of this section for fiscal~~  
11 ~~years 2011-12 through 2018-19 and the information described in~~  
12 ~~subsection (2)(b)(III) of this section for those fiscal years if such~~  
13 ~~information is available. For each subsequent submission, Each hospital~~  
14 shall provide the following information to the state department:

15 (II) (A) ~~An~~ Annual audited financial ~~statement~~ STATEMENTS,  
16 prepared in accordance with generally accepted accounting principles.  
17 Each hospital shall submit the ~~statement~~ STATEMENTS within one hundred  
18 twenty days after the end of its fiscal year unless the state department  
19 grants an extension in writing in advance of that date.

20 (D) SUMMARIES OF THE HOSPITAL'S AGGREGATE AMOUNT BY  
21 FISCAL YEAR OF CASH, INVESTMENTS, OR OTHER ASSET TRANSFERS OF  
22 EQUITY OR FUND BALANCE TO AND FROM RELATED PARTIES, INCLUDING  
23 BUT NOT LIMITED TO THE HOSPITAL'S PARENT ORGANIZATION. THE  
24 HOSPITAL SHALL INCLUDE A SUMMARY OF THE PURPOSES OF THE  
25 TRANSFERS AND A SUMMARY OF WHETHER THE TRANSFERS WERE MADE  
26 WITHIN OR OUTSIDE OF COLORADO.

27

1 (E) CHANGES TO NO MORE THAN TWENTY-FIVE CATEGORIES OF  
2 SPECIFIC MAJOR SERVICE LINES, AS REQUESTED BY THE STATE  
3 DEPARTMENT.

4 (F) A NARRATIVE REPORT OF MAJOR PLANNED AND COMPLETED  
5 PROJECTS AND CAPITAL INVESTMENTS GREATER THAN TWENTY-FIVE  
6 MILLION DOLLARS; EXCEPT THAT THE INFORMATION THE STATE  
7 DEPARTMENT RECEIVES FROM HOSPITALS REGARDING PLANNED ACTIVITIES  
8 IS CONFIDENTIAL, PROPRIETARY, CONTAINS TRADE SECRETS, AND IS NOT  
9 A PUBLIC RECORD PURSUANT TO PART 2 OF ARTICLE 72 OF TITLE 24.

10 (III) A report that contains the following information:

11 (J) Other operating revenue, operating margin, nonoperating gains  
12 and losses, GROSS REVENUE, NET PROFIT, and total margin;

13 (M) A roll forward of property, plant, and equipment accounts by  
14 asset type from the beginning to the end of the reporting period by asset  
15 category, including, but not limited to, purchases, other acquisitions,  
16 sales, disposals, and other changes; and

17 (O) INFORMATION ON CURRENT AFFILIATIONS AND A REPORT OF  
18 PHYSICIAN PRACTICE ACQUISITIONS;

19 (P) SALARY AND TOTAL COMPENSATION DATA OF THE TOP FIVE  
20 HIGHEST PAID ADMINISTRATIVE POSITIONS OF EACH NONPROFIT HOSPITAL,  
21 INCLUDING THE TITLE, A BRIEF DESCRIPTION OF DUTIES, BASE  
22 COMPENSATION, INCENTIVE OR BONUS COMPENSATION, AND OTHER  
23 COMPENSATION. THE COMPENSATION REPORTED MUST INDICATE WHAT  
24 PERFORMANCE MEASURES WERE INCLUDED IN THE CHIEF EXECUTIVE  
25 OFFICER'S PERFORMANCE EVALUATION GENERATED BY THE HOSPITAL'S  
26 GOVERNING BOARD, INCLUDING, AT A MINIMUM, QUALITY OF CARE  
27 OUTCOMES PERFORMANCE; PATIENT SATISFACTION PERFORMANCE;

1 COMMUNITY BENEFIT PERFORMANCE; CONSUMER AND EMPLOYER  
2 AFFORDABILITY PERFORMANCE; MARKET SHARE PERFORMANCE; PROFITS  
3 OR MARGINS; REVENUE GROWTH; CHANGE IN DAYS CASH ON HAND OR  
4 CASH RESERVES; AND WORKFORCE. THE STATE DEPARTMENT MAY  
5 INCLUDE INFORMATION IT RECEIVES FROM PUBLIC HOSPITALS PURSUANT  
6 TO THIS SUBSECTION (2)(b)(III)(P) THAT IS NOT OTHERWISE PUBLICLY  
7 AVAILABLE IN THE HOSPITAL TRANSPARENCY REPORT; EXCEPT THAT  
8 INFORMATION THE STATE DEPARTMENT RECEIVES FROM A NONPROFIT  
9 HOSPITAL IS NOT A PUBLIC RECORD PURSUANT TO PART 2 OF ARTICLE 72 OF  
10 TITLE 24. THE STATE DEPARTMENT MAY ONLY REPORT INFORMATION  
11 RECEIVED PURSUANT TO THIS SUBSECTION (2)(b)(III)(P) IN AN  
12 AGGREGATED FORMAT THAT DOES NOT NAME INDIVIDUAL HOSPITALS OR  
13 ADMINISTRATORS.

14 (Q) IN A FORM AND MANNER SPECIFIED BY THE STATE  
15 DEPARTMENT, DETAILS OF SIGNIFICANT OTHER REVENUE THAT WOULD  
16 OTHERWISE BE REPORTED IN THE MEDICARE COST REPORT.

17 (IV) IN A FORM AND MANNER SPECIFIED BY THE STATE  
18 DEPARTMENT, A QUARTERLY FINANCIAL REPORT THAT INCLUDES AN  
19 INCOME STATEMENT, BALANCE SHEET, AND STATEMENT OF CASH FLOWS  
20 IF THE HOSPITAL IS OWNED OR AFFILIATED WITH A HOSPITAL SYSTEM THAT  
21 IS COMPRISED OF THREE OR MORE HOSPITALS OR THAT HAS MORE THAN  
22 ONE BILLION DOLLARS IN RESERVES, AND FOR ALL OTHER HOSPITALS, A  
23 QUARTERLY FINANCIAL REPORT THAT INCLUDES AN INCOME STATEMENT  
24 AND BALANCE SHEET. THE QUARTERLY FINANCIAL REPORT MUST BE  
25 REPORTED NO LATER THAN SIXTY DAYS AFTER THE END OF EACH QUARTER.

26 (b.5) NO LATER THAN JULY 1, 2024, EACH HOSPITAL SHALL  
27 PROVIDE THE FOLLOWING INFORMATION TO THE STATE DEPARTMENT:

1 (I) FOR EACH FISCAL YEAR 2014-15 THROUGH 2019-20, A LIST OF  
2 THE HOSPITAL'S TRANSFERS OF CASH, INVESTMENTS, OR OTHER ASSETS TO  
3 RELATED PARTIES, INCLUDING BUT NOT LIMITED TO THE HOSPITAL'S  
4 PARENT ORGANIZATION AND THE REASON FOR THE TRANSFER. THE LIST  
5 MUST INDICATE IF THE CASH, INVESTMENTS, OR OTHER ASSETS WERE  
6 TRANSFERRED TO ENTITIES OUTSIDE OF COLORADO.

7 (II) FOR EACH FISCAL YEAR FROM 2014-15 THROUGH 2019-20,  
8 INFORMATION ON AFFILIATIONS AND A REPORT OF PHYSICIAN PRACTICE  
9 ACQUISITIONS; AND

10 (III) FOR EACH FISCAL YEAR FROM 2019-20 THROUGH 2022-23, IN  
11 A FORM AND MANNER SPECIFIED BY THE STATE DEPARTMENT, DETAILS OF  
12 SIGNIFICANT OTHER REVENUE THAT WOULD OTHERWISE BE REPORTED IN  
13 THE MEDICARE COST REPORT.

14 (c) The state department may exempt from ~~the~~ CERTAIN reporting  
15 requirements described in ~~subsection~~ SUBSECTIONS (2)(b) AND (2)(b.5) of  
16 this section certain types of hospitals, including but not limited to:

17 ~~(d) Prior to developing the first annual hospital expenditure report,~~  
18 ~~the state department shall consult with the enterprise board regarding the~~  
19 ~~development of the report. The state department shall strive for~~  
20 ~~consistency in reporting the components in each annual report with those~~  
21 ~~in the report of the enterprise board required pursuant to section~~  
22 ~~25.5-4-402.4 (7)(c).~~

23 (e) Prior to issuing the hospital ~~expenditure~~ TRANSPARENCY  
24 report, the state department shall provide any hospital referenced in the  
25 hospital ~~expenditure~~ TRANSPARENCY report a copy of the report. Each  
26 hospital ~~shall~~ MUST have a minimum of fifteen days to review the hospital  
27 ~~expenditure~~ TRANSPARENCY report and any underlying data and submit

1 corrections or clarifications to the state department.

2 (g) (I) IF A HOSPITAL DOES NOT PROVIDE ALL OF THE INFORMATION  
3 REQUIRED PURSUANT TO SUBSECTION (2)(b) OF THIS SECTION, THE STATE  
4 DEPARTMENT SHALL INFORM THE HOSPITAL OF ITS NONCOMPLIANCE  
5 WITHIN SIXTY DAYS AND IDENTIFY THE INFORMATION THAT NEEDS TO BE  
6 PROVIDED. IF A HOSPITAL DOES NOT COMPLY, THE STATE DEPARTMENT  
7 SHALL ISSUE A CORRECTIVE ACTION PLAN WITH A TIMELINE OF SIXTY DAYS  
8 REQUIRED FOR COMPLIANCE. IF A HOSPITAL CONTINUES TO NOT COMPLY,  
9 THE STATE DEPARTMENT MAY CREATE A MANDATORY  
10 PAY-FOR-REPORTING COMPLIANCE MEASURE WITHIN THE HOSPITAL  
11 TRANSFORMATION PROGRAM THAT IS TIED TO THE HEALTHCARE  
12 AFFORDABILITY AND SUSTAINABILITY FEE SUPPLEMENTAL PAYMENT AND  
13 IS BASED ON COMPLIANCE WITH SUBSECTION (2)(b) OF THIS SECTION.

14 (II) IF THE STATE DEPARTMENT DETERMINES A HOSPITAL'S  
15 NONCOMPLIANCE WITH THIS SECTION IS KNOWING OR WILLFUL OR THERE  
16 IS A REPEATED PATTERN OF NONCOMPLIANCE, THE STATE DEPARTMENT  
17 SHALL CONSIDER THE SIZE OF THE HOSPITAL AND THE SERIOUSNESS OF THE  
18 VIOLATION IN SETTING A FINE AMOUNT WHICH, FOR HOSPITALS OWNED OR  
19 AFFILIATED WITH A HOSPITAL SYSTEM COMPRISED OF THREE OR MORE  
20 HOSPITALS, MUST NOT EXCEED TWENTY THOUSAND DOLLARS PER  
21 VIOLATION PER WEEK UNTIL THE HOSPITAL TAKES CORRECTIVE AND, FOR  
22 ALL OTHER HOSPITALS, MUST NOT EXCEED FIVE THOUSAND DOLLARS PER  
23 WEEK UNTIL THE HOSPITAL TAKES CORRECTIVE ACTION.

24 (3) The hospital ~~expenditure~~ TRANSPARENCY report must include,  
25 but not be limited to:

26 (4) (a) On or before January 15, 2020, and on or before January  
27 15 each year thereafter, the state department shall submit the annual



1 hospital expenditure TRANSPARENCY report to:

2 (I) The public health care and human services committee of the  
3 house of representatives HEALTH AND INSURANCE COMMITTEE AND THE  
4 HOUSE OF REPRESENTATIVES PUBLIC AND BEHAVIORAL HEALTH AND  
5 HUMAN SERVICES COMMITTEE, or any successor committee;

6 (b) The state department may request that the enterprise board  
7 combine the hospital expenditure TRANSPARENCY report described in this  
8 section with the report of the enterprise board specified in section  
9 25.5-4-402.4 (7)(e), so long as the specific requirements of this section  
10 are fulfilled, and so long as the enterprise board agrees to the request. The  
11 state department shall post the annual report on its website by January 15  
12 of each year.

13 (4.5) THE STATE DEPARTMENT SHALL REPORT ON THE ANNUAL  
14 HOSPITAL TRANSPARENCY REPORT DURING THE STATE DEPARTMENT'S  
15 "SMART ACT" HEARING.

16 **SECTION 2.** In Colorado Revised Statutes, add 25.5-4-427 as  
17 follows:

18 **25.5-4-427. Hospital and provider billing requirements -**  
19 **description of service provided - rules.** (1) BEGINNING JULY 1, 2024,  
20 ANY PATIENT BILL FOR SERVICES RENDERED MUST FOLLOW INDUSTRY  
21 STANDARD BILLING PRACTICES, INCLUDING, AT A MINIMUM, THE DATE OF  
22 SERVICE, THE PATIENT'S NAME, THE PROVIDER'S NAME, A DESCRIPTION OF  
23 THE SERVICES PROVIDED, AND THE CHARGES FOR EACH SERVICE.

24 **SECTION 3. Appropriation.** (1) For the 2023-24 state fiscal  
25 year, \$75,167 is appropriated to the department of health care policy and  
26 financing for use by the executive director's office. This appropriation is  
27 from the healthcare affordability and sustainability fee cash fund created

1 in Section 25.5-4-402.4 (5)(a), C.R.S. To implement this act, the office  
2 may use this appropriation as follows:

3 (a) \$67,349 for personal services, which amount is based on an  
4 assumption that the office will require an additional 1.7 FTE; and

5 (b) \$7,818 for operating expenses.

6 (2) For the 2023-24 state fiscal year, the general assembly  
7 anticipates that the department of health care policy and financing will  
8 receive \$75,165 in federal funds to implement this act, which amount is  
9 subject to the "(I)" notation as defined in the annual general appropriation  
10 act for the same fiscal year. The appropriation in subsection (1) of this  
11 section is based on the assumption that the department will receive this  
12 amount of federal funds to be used as follows:

13 (a) \$67,348 for personal services; and

14 (b) \$7,817 for operating expenses.

15 **SECTION 4. 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; except  
18 that, if a referendum petition is filed pursuant to section 1 (3) of article V  
19 of the state constitution against this act or an item, section, or part of this  
20 act within such period, then the act, item, section, or part will not take  
21 effect unless approved by the people at the general election to be held in  
22 November 2024 and, in such case, will take effect on the date of the  
23 official declaration of the vote thereon by the governor.