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Fact Sheet Memo

SB18-155

HOSPITAL COMMUNITY BENEFITS REPORTING

Sponsors: Sen. Aguilar; Rep. Pettersen

Staff Name: Douglas Hernandez

Date: February 12, 2018

What the Bill Does:

The Bill requires hospitals exempt from state or local taxes to report information about the tax benefits they receive, and the community benefits they provide. The bill also creates an advisory council within the Department of Health Care Policy and Financing. This advisory board would accept and analyze hospital reports, make recommendations to the Executive Director, and produce annual reports to legislative committees.

Colorado Context:

Currently not-for-profit Hospitals receive property tax, income tax, and sales tax exemptions. Colorado law does not require nonprofit hospitals to report community benefits. The Colorado Hospital Association self-reported spending 320 million on uncompensated care, 300 million on voluntary community benefits, and 108 million in charitable donations. However, the Colorado Health institute found large variation in the spending at different hospitals, and no association between community need and spending.¹

National Context:

Nonprofit hospitals are required to report community benefits on IRS form 990 H, unless they are government operated. Thirty-one states require nonprofit hospitals to report on community benefits. The Colorado Health Institute found that spending, as a percent of operating cost, was higher in states with broader reporting requirements.

Bill Provisions:

- Creates an Advisory Council for collecting, analyzing and reporting on the tax benefits received, and Community benefits given by tax exempt hospitals.
- Lays out rules for Council member composition.
- Requires tax exempt hospitals, that are not critical access hospitals, to provide a report to the council, including:
 - Taxes from which the hospital is exempt, and the amount the hospital would have payed.
 - Category of Community benefits provided, and the value of those benefits.
 - How the hospital calculated the value of those benefits.
 - Calculated value of benefits on the actual cost of care.
 - How the hospital has informed the public about benefits provided.
 - Benefits in communities outside that which the hospital is located.
- Sunset review set for 2022

Fiscal implications: Negligible

History

Assigned for hearing by Senate State, Veterans, and Military Affairs on 2/14/2018

Concerns:

Colorado law does not expressly require nonprofit hospitals to provide community benefits. The affected hospitals are likely to protest this added bureaucratic requirement.

Talking Points

In Support

- Hospitals spend more on the community when there is a reporting requirement.
- Allows transparency for the public.
- Ensures the public is getting a benefit in return for tax exemptions.

In Opposition

- Requiring reporting before a requirement to provide community benefit, seems backwards.
- Adds another bureaucratic requirement to a “non-profit” institution