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## Testimony Related to Hospital Transparency and Reporting Requirements

*From:* Maureen Hensley-Quinn, Senior Director, NASHP  
*To:* Colorado Health Care & Health Insurance Committee  
*Re:* HB23-1226  
*Date:* March 28, 2023

Thank you Chair and Members for allowing me to speak with you today. My name is Maureen Hensley-Quinn, Senior Director of Coverage, Cost, and Value at the National Academy for State Health Policy. NASHP is a non-partisan forum of policymakers that works to develop and promote innovative health policy solutions, largely at the state level. We approach our work by engaging and convening policymakers to solve problems, conducting policy analysis and research, and providing technical assistance to states. NASHP is neutral on specific legislation but generally supports increased transparency and health care affordability and can speak to the importance and benefits of such efforts across the nation.

### Why Transparency Matters

In short, we find that robust access to hospital financial and cost driver data, the capacity to analyze these data, and the authority to ensure hospital accountability are critical to policymakers' ability to understand and address high and rising health care spending.

NASHP has provided technical assistance to nearly 30 states seeking to address hospital costs, each with differing authority and capacity to collect and analyze health care data. We note that states such as Oregon and Massachusetts – with strong health care data collection, analytics capacity, and accountability measures – have a greater ability to:

- View multiple years of data,
- Place data within broader contexts such as policy or market changes,
- Understand the nuances of hospital finances,
- Identify cost/ price trends among certain hospitals or systems, and
- Hold hospitals and other health care entities accountable to limited spending.

Data provided by hospitals on their cash/asset transfers to a parent organization or related third party, salaries and benefits, planned capital investments, provider acquisitions, and more are important building blocks for future policymaking. Once policymakers can access and understand such data, they are better able to enact solutions. Addressing health care costs/ prices can be a long-term, iterative process. Regulatory staff are better equipped to engage in this process and build on prior efforts when provided with the data and authority to navigate the rapidly shifting health care landscape. For example,



as health care transactions become increasingly complex and significantly impact prices, improved reporting can help the state understand critical changes to the health care market and take targeted action when necessary.

### **Purchasers and Consumers Can Be Empowered Through Transparency**

Additionally, we have engaged with employers (including state employee health plans) across the country that purchase health insurance for employees. These employers aim to negotiate reasonable rates with hospitals through third-party administrators, and to direct employees to low-cost, high-quality care. However, their ability to do so can be limited by a lack of data to inform what constitutes a “reasonable rate.” Likewise, absent accessible and comprehensible price data, consumers have limited ability to compare prices and choose a more affordable option when seeking non-emergency care.

### **Accountability Measures Help Ensure Compliance with Transparency Efforts**

Lastly, the benefit of state efforts to access and analyze hospital data is furthered by hospitals’ failure to fully comply with the federal price transparency regulations that went into effect January 1, 2021. To date, federal regulators have sent warning notices to more than 300 non-compliant hospitals and imposed financial penalties on two hospitals. However, given hospitals’ large revenues and limited compliance, the federal government has since [increased the minimum penalty](#) for large hospitals. Colorado’s accountability measures would build on these federal efforts, as well as the state’s efforts through HB22-1285 to ensure compliance by prohibiting debt collection by non-compliant hospitals.

Given their greater familiarity with the regional health care landscape, states have increased ability to implement effective accountability measures, and work with hospitals to fill these gaps in transparency.

## **Conclusion**

As nearly [half of U.S. adults struggle to afford health care](#) services, numerous states have turned to increased transparency as a critical part of the solution. NASHP has developed resources at the direction of, and alongside, such states. These resources include NASHP’s [Hospital Cost Tool](#) – which analyzes hospital’s federally submitted Medicare Cost Reports – and our [Model Law and Reporting Template](#) to Increase Hospital and Health Care System Financial Transparency.

We assist states and other interested parties as they leverage these resources to contain health care costs, and [track state legislative efforts](#) to improve transparency and other cost-containment strategies. In our experience, policymakers are better able to understand and address health care costs and prices when they have the authority and tools to collect specified data and hold hospitals accountable to submission of these data.

I would be happy to provide follow-up information to answer any questions you may have and can be reached at [mhq@nashp.org](mailto:mhq@nashp.org). Thank you for the opportunity to share this information.

Respectfully,

**Maureen Hensley-Quinn**

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