

April 27, 2023

Dear Chairwoman Fields and members of the Senate Health and Human Services Committee,

I am writing in support of HB23-1226.

Peak Health Alliance is a health insurance purchasing cooperative leveraging the power of the community to bring down the cost of health care in Colorado. We analyze data to determine the true cost of care in a community so we can negotiate directly with providers and carriers. Our mission is to create more comprehensive, lower-cost health insurance options for our citizens.

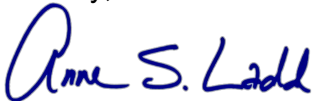
Given my CEO role with PEAK and my 30 years in healthcare, I am well acquainted with the challenges in health care and in negotiating with hospital systems for better pricing. The hospital transparency data delivered by the Department of Health Care Policy & Financing provides us with more leverage in our negotiations because it illuminates the true financials and makes them readily available to us. HB 1226 also improves the timeliness of data submissions by requiring quarterly data submissions. This is information which hospitals already prepare for their boards on a monthly if not quarterly basis (income statement and balance sheet). Current data is 18 months old. More timely information will be more valuable and relevant, and it will not increase administrative burden.

In addition, this bill will also help craft future policy by providing insights and analysis into drivers of rising costs and prices – like mergers and acquisitions, executive incentive plans, building and construction and more.

Health care is complicated and the various players in the industry fight hard to protect their black box of secrecy because it works for them. The data to be reported and the subsequent analysis that HCPF and others are expected to generate will make it easier to see inside that black box. We will have improved ability to untangle the Gordian Knot of health care and gain essential insights. We expect those insights to help PEAK Health Alliance save Coloradans – small employers and individuals - money on healthcare.

Thank you for your YES vote on HB23-1226.

Sincerely,



Anne Ladd  
CEO

## **In Support of HB 23-1226**

Testimony before the Colorado Senate Health & Human Services Committee

Robert J. Smith, Executive Director, CBGH

May 3<sup>rd</sup>, 2023

Good day, Honorable Committee members. My name is Bob Smith. As the retiring CEO of the Colorado Business Group on Health, comprised of 18 Colorado employers and employer trusts, I am here in support of HB1226.

Having spent 38 years as a hospital executive, including four as the CEO of a hospital-owned health plan, I understand and appreciate the complexities of US healthcare and the dominant role that hospitals play in our uniquely market-based model. Given that experience, I am convinced that the additional transparency that this bill provides is critical to identifying and addressing pricing opacity along with other barriers to competition in Colorado's dysfunctional<sup>1</sup> and highly concentrated health care marketplaces.

We support this bill because it does several things:

1. First, this bill provides insights into the mergers and acquisitions that have taken place in our state over the last decade. As cited in a 2020 report titled "*The Effects of Hospital Consolidation in Colorado*,"<sup>2</sup> these consolidations across our State are taking place solely for the purpose of being able to increase prices. (In fact, contrary to the unsupported argument that consolidations decrease costs, Colorado hospital operating expenses, which were already 3.2 percent higher than the national average in 2009, grew to 14 percent higher in 2018.<sup>3</sup>)
2. Second, this bill will allow us to better evaluate and address the impact of mergers on overall healthcare costs paid by Colorado employers and their plan members.
3. Third, this bill provides a line of sight for each community into what their hospital CEOs are paid to do. Are using tax incentives to grow market share in the most profitable lines of business or to respond to their communities with more affordable prices, higher quality, and improved access to the continuum of care the community needs?
4. Finally, this bill provides the Department of Health Care Policy & Financing with more timely data and creates the non-compliance penalties to ensure that hospitals provided the data they are required to.

The most important action we can take to create good policy is to have good information. This bill will generate the information that we need to continue to drive the type of policy that will save Coloradans and our employers money on health care.

Colorado employers and I appreciate your YES vote on HB1226.

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<sup>1</sup> CBGH has documented that, unlike other markets, no reliable relationship between hospital outcomes and hospital prices exist. Some hospitals provide outcomes in the highest decile at half the price of hospitals in the bottom decile.

<sup>2</sup> See "[The Effects of Hospital Consolidation in Colorado](#)," Center for Economic Policy and Research, March 2020.

<sup>3</sup> Ibid.

**John Bartholomew**  
**Independent Hospital Financial Consultant**  
**Denver, Colorado**

April 28, 2023

Good day Chair Fields, Vice Chair Ginal and Members of the Committee. Thank you for the opportunity to share my support for HB23-1226, which strengthens hospital financial insights and accountability.

I am now retired from the state Department of Health Care Policy and Financing but have been a part of studying hospital costs and prices since the Cost Commission created by SB14-187. For nearly a decade, I have been studying hospital costs, prices and profits in Colorado as an employee of the Department, as a prior contractor to NASHP, and as an independent consultant. And I am proud of Colorado's leading national position on hospital transparency.

I have read and studied the data collected as part of the original hospital financial transparency bill, HB19-1001 and I appreciate and support the additional provisions that HB23-1226 adds to that foundation. Specifically, more financial information is needed to understand why Colorado hospitals are high price, high cost AND high profit, though I applaud the hospitals movement out of the top ten nationally on the cost metric. Still, The Colorado hospital industry is rare to be categorized as high in all three categories and the information collected from HB19-1001 is not enough to answer all the questions as to why this is. HB23-1226 in its original, unamended draft will create a sharing of data hospitals already have to better understand the drivers of high cost, high price and/or high profit at the hospital or system level.

For too long, hospital finances have been a black box despite numerous legislative attempts to unravel them. Over the years and during the pandemic, we have witnessed record hospital profits and costs and prices that grow as much as 50% faster than the national median. Why? We do not know with existing information. Lately, we have heard of hospital losses; however, these are from investments in the stock market.

The requested information in HB23-1226 is information that any hospital should have to properly run a not-for-profit business. Other benefits of HB23-1226 are the improvements to the timeliness of data the department will receive. Hospitals already complete quarterly financial information, in the form of income statements and balance sheets, for their boards. By requiring submission of quarterly data, the Department will be better informed in their reporting as current department reports use data that is 18 months old.

Amendments to this bill watering down the requested information are attempts to further the opaque nature of hospital finances and should not be allowed. This state and its citizens deserve to better understand the hospital industry's finances in Colorado.

Thank you for considering my expertise and thoughts on this important bill.

John Bartholomew



# PRIMARY CARE PARTNERS

Your Healthcare Destination

To the honorable members of the House Health & Insurance Committee:

My name is Michael J. Pramenko M.D. I am writing in support of HB 1226.

As a practicing Family Physician and Chief Medical Officer for a large primary care practice and clinically integrated network in Western Colorado, I am writing to support HB-1226. Being a long-time advocate for my patients and a more equitable health care system, I endorse efforts to improve transparency of cost and quality in health care.

HB-1226 will increase transparency in the hospital sector. In turn, the public will have a better understanding of cash transfers, profits and reserves. Given that our national health care system is 50% publicly funded, we deserve further access to the finances of the hospitals and hospital systems within Colorado.

The public and private sectors must work in concert to enhance Colorado's ongoing progress towards a more equitable health care system. This requires alignment of policy and principles will only occur with transparency in public policy and private investments. HB-1226 represents another important tool to help our state move down the affordability in health care road.

I also believe that we need to have a better understanding of the impact of hospital mergers and physician acquisition. The ramifications of statewide mergers of hospital systems and the ongoing loss of independent-private practice must be evaluated for the cost to our health care system. HB-1226 can help with this analysis.

I appreciate your YES vote on HB1226.

Thank you.

Michael J. Pramenko M.D  
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Chief Medical Officer – Primary Care Partners  
Past-President - Colorado Medical Society  
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