



Legislative Council Staff

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Fiscal Note

Drafting Number: LLS 23-0849
Prime Sponsors: Rep. Amabile
Sen. Moreno

Date: March 27, 2023
Bill Status: House Public & Behavioral Health
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Bill Topic: **HOSPITAL COMMUNITY BENEFIT**

**Summary of
Fiscal Impact:**

- | | |
|---|--|
| <input checked="" type="checkbox"/> State Revenue | <input type="checkbox"/> TABOR Refund |
| <input checked="" type="checkbox"/> State Expenditure | <input type="checkbox"/> Local Government |
| <input type="checkbox"/> State Transfer | <input type="checkbox"/> Statutory Public Entity |

The bill requires the Department of Health Care Policy and Financing to establish a minimum annual community investment threshold for hospitals, restricts out-of-state spending for hospitals, and adds reporting and stakeholder engagement requirements to the Hospital Community Benefit Program. The bill increases state workload and may increase state revenue on an ongoing basis.

**Appropriation
Summary:** No appropriation is required.

**Fiscal Note
Status:** The fiscal note reflects the introduced bill.

Summary of Legislation

The bill requires the Department of Health Care Policy and Financing (HCPF) to establish a minimum annual community investment threshold for hospitals under the Hospital Community Benefit Program. Hospitals that do not meet the minimum are subject to corrective action or penalties. Hospitals that meet the minimum investment requirements are eligible for the Disproportionate Share Hospital (DSH) payment, even if they do not otherwise meet the requirements for a DSH payment. The bill also restricts out-of-state spending and transactions for covered hospitals, with the amount spent out of state not to exceed the total margins earned in Colorado.

Finally, the bill places reporting requirements on hospitals that participate in the Hospital Community Benefit Program and requires HCPF to review the reports and conduct a stakeholder meeting. HCPF can enforce compliance with the bill through fines and changes to Healthcare Affordability and Sustainability (HAS) supplemental payments.

Background

The Hospital Community Benefit Program requires nonprofit hospitals to make investments that address health needs in their communities. HCPF collects and publishes annual reports from hospitals regarding these investments. HCPF is also required to summarize these reports in its annual hospital expenditure report.

State Revenue

Beginning in FY 2023-24, the bill may increase state revenue from fines. This revenue is classified as a damage award and not subject to TABOR. Given the uncertainty about the number of violations and the potential penalty amounts, the revenue impact cannot be estimated.

State Expenditures

The bill minimally increases workload for HCPF in several areas. HCPF will be required to take additional actions to enforce compliance with the community investment thresholds, as well as for additional reporting and stakeholder engagement. HCPF already calculates a minimum investment threshold, so this provision will not affect agency workload. Also, allowing DSH payments to additional hospitals and withholding HAS supplemental payments may change or shift the amount of funding individual hospitals receive, but will not affect total expenditures on DSH or HAS supplemental payments. No change in appropriations is required.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Counties
Law

Health Care Policy and Financing
Public Health and Environment

Information Technology