



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

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

Date: July 26, 2023
Bill Status: Signed into Law
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Bill Topic: HOSPITAL COMMUNITY BENEFIT

Summary of Fiscal Impact:

<input 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 restricts out-of-state spending for hospitals, and adds reporting, enforcement, and stakeholder engagement requirements to the Hospital Community Benefit Program. The bill increases state expenditures beginning in FY 2023-24.

Appropriation Summary: For FY 2023-24, the bill requires and includes an appropriation of \$100,000 to the Department of Health Care Policy and Financing.

Fiscal Note Status: The fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under HB 23-1243

	Budget Year FY 2023-24	Out Year FY 2024-25
Revenue	-	-
Expenditures		
Cash Funds	\$50,000	\$50,000
Federal Funds	\$50,000	\$50,000
Total Expenditures	\$100,000	\$100,000
Transfers	-	-
Other Budget Impacts	-	-

Summary of Legislation

The bill establishes corrective action procedures for hospitals that fail to meet the minimum community investment threshold. 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. As part of these requirements, the bill requires the Department of Revenue to calculate the federal, state, and local tax exemption received by each hospital. HCPF can enforce compliance with the bill through fines and additional reporting requirements.

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.

Assumptions

While the bill allows HCPF to impose fines on reporting hospitals for noncompliance, it is assumed that these fines do not constitute state revenue and are not subject to TABOR. Instead, hospitals are required to spend the amount of any fines imposed on eligible community benefit activities.

State Expenditures

The bill increases state expenditures in HCPF by \$100,000 in FY 2023-24 and ongoing, split evenly from the Health Care Affordability and Sustainability Cash Fund and federal funds. This amount will be reappropriated to the Department of Revenue to calculate the federal, state, and local tax exemption received by each hospital.

Additionally, 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. These requirements can be absorbed within existing resources.

Effective Date

This bill was signed into law by the Governor on May 10, 2023 and takes effect on August 7, 2023, assuming no referendum petition is filed.

State Appropriations

For FY 2023-24, the bill requires and includes an appropriation of \$100,000, split evenly between the Health Care Affordability and Sustainability Cash Fund and federal funds, to the Department of Health Care Policy and Financing. This amount is entirely reappropriated to the Department of Revenue.

State and Local Government Contacts

Counties
Law

Health Care Policy and Financing
Public Health and Environment

Information Technology