

**Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 24-0920.01 Kristen Forrester x4217

SENATE BILL 24-121

SENATE SPONSORSHIP

Pelton R.,

HOUSE SPONSORSHIP

(None),

Senate Committees

Health & Human Services
Appropriations

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF A SEPARATE HEALTH FACILITY**
102 **LICENSE FOR CRITICAL ACCESS HOSPITALS.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Currently, certain rural hospitals must be licensed as general hospitals under state law and under federal law are designated as critical access hospitals.

The bill:

- Authorizes the department of public health and environment (department) to license critical access

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

- hospitals separately from general hospitals;
- Prohibits a person from operating a critical access hospital without a license; and
- Requires the department to promulgate rules concerning the licensure of critical access hospitals.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 25-1.5-103, **amend**
3 **as it will become effective July 1, 2024,** (1)(a)(I)(A) as follows:

4 **25-1.5-103. Health facilities - powers and duties of department**
5 **- rules - limitations on rules - definitions - repeal.** (1) The department
6 has, in addition to all other powers and duties imposed upon it by law, the
7 powers and duties provided in this section as follows:

8 (a) (I) (A) To annually license and to establish and enforce
9 standards for the operation of general hospitals, hospital units as defined
10 in section 25-3-101 (2), freestanding emergency departments as defined
11 in section 25-1.5-114, CRITICAL ACCESS HOSPITALS AS DEFINED IN
12 SECTION 25-1.5-114.5, psychiatric hospitals, community clinics,
13 rehabilitation hospitals, convalescent centers, facilities for persons with
14 intellectual and developmental disabilities, nursing care facilities, hospice
15 care, assisted living residences, dialysis treatment clinics, ambulatory
16 surgical centers, birthing centers, home care agencies, and other facilities
17 of a like nature, except those wholly owned and operated by ~~any~~ A
18 governmental unit or agency.

19 **SECTION 2.** In Colorado Revised Statutes, **add** 25-1.5-114.5 as
20 follows:

21 **25-1.5-114.5. Critical access hospitals - licensure - rules -**
22 **definitions.** (1) AS USED IN THIS SECTION:

23 (a) "BOARD" MEANS THE STATE BOARD OF HEALTH CREATED IN

1 SECTION 25-1-103.

2 (b) (I) "CRITICAL ACCESS HOSPITAL" MEANS A HOSPITAL THAT IS
3 FEDERALLY DESIGNATED OR UNDERGOING FEDERAL DESIGNATION AS A
4 CRITICAL ACCESS HOSPITAL PURSUANT TO 42 CFR 485, SUBPART F.

5 (II) "CRITICAL ACCESS HOSPITAL" INCLUDES A RURAL EMERGENCY
6 HOSPITAL AS DEFINED IN 42 U.S.C. SEC. 485.502.

7 (2) (a) ON OR AFTER JANUARY 1, 2026, A PERSON OPERATING OR
8 THAT WISHES TO OPERATE A CRITICAL ACCESS HOSPITAL SHALL SUBMIT TO
9 THE DEPARTMENT ON AN ANNUAL BASIS A COMPLETED APPLICATION FOR
10 A CRITICAL ACCESS HOSPITAL LICENSE. ON AND AFTER JULY 1, 2026, A
11 PERSON SHALL NOT OPERATE A CRITICAL ACCESS HOSPITAL WITHOUT A
12 CRITICAL ACCESS HOSPITAL LICENSE ISSUED BY THE DEPARTMENT.

13 (b) A PERSON OPERATING A HOSPITAL LICENSED BY THE
14 DEPARTMENT AS A CRITICAL ACCESS HOSPITAL IS NOT REQUIRED TO HOLD
15 A GENERAL HOSPITAL LICENSE TO OPERATE THE HOSPITAL.

16 (3) THE BOARD SHALL ADOPT RULES ESTABLISHING THE
17 REQUIREMENTS FOR LICENSURE OF, WAIVER FROM THE REQUIREMENTS FOR
18 LICENSURE OF, SAFETY AND CARE STANDARDS FOR, AND FEES FOR
19 LICENSING AND INSPECTING CRITICAL ACCESS HOSPITALS. THE BOARD
20 SHALL SET THE FEES IN ACCORDANCE WITH SECTION 25-3-105.

21 **SECTION 3.** In Colorado Revised Statutes, 25-3-101, **amend as**
22 **it will become effective July 1, 2024,** (1) as follows:

23 **25-3-101. Hospitals - health facilities - licensed - definitions.**

24 (1) It is unlawful for any person, partnership, association, or corporation
25 to open, conduct, or maintain any general hospital; hospital unit;
26 freestanding emergency department as defined in section 25-1.5-114;
27 CRITICAL ACCESS HOSPITAL AS DEFINED IN SECTION 25-1.5-114.5;

1 psychiatric hospital; community clinic; rehabilitation hospital;
2 convalescent center; facility for persons with developmental disabilities
3 as defined in section 25-1.5-103 (2)(c); nursing care facility; hospice care;
4 assisted living residence, except an assisted living residence shall be
5 assessed a license fee as set forth in section 25-27-107; dialysis treatment
6 clinic; ambulatory surgical center; birthing center; home care agency; or
7 other facility of a like nature, except those wholly owned and operated by
8 ~~any~~ A governmental unit or agency, without first having obtained a
9 license from the department.

10 **SECTION 4.** In Colorado Revised Statutes, 25-3.5-103, **amend**
11 (8.1) as follows:

12 **25-3.5-103. Definitions.** As used in this article 3.5, unless the
13 context otherwise requires:

14 (8.1) "Emergency medical services facility" means a licensed or
15 certified facility that provides emergency medical services, including but
16 not limited to hospitals, hospital units as defined in section 25-3-101,
17 freestanding emergency departments as defined in section 25-1.5-114,
18 CRITICAL ACCESS HOSPITALS AS DEFINED IN SECTION 25-1.5-114.5,
19 psychiatric hospitals, community clinics, community mental health
20 centers, and acute treatment units.

21 **SECTION 5.** In Colorado Revised Statutes, 25.5-3-501, **amend**
22 (1)(c) and (1)(d)(II); and **add** (1)(e) as follows:

23 **25.5-3-501. Definitions.** As used in this part 5, unless the context
24 otherwise requires:

25 (1) "Health-care facility" means:

26 (c) Any freestanding emergency department licensed pursuant to
27 section 25-1.5-114; ~~or~~

1 (d) Any outpatient health-care facility that is licensed as an
2 on-campus department or service of a hospital or that is listed as an
3 off-campus location under a hospital's license, except:

4 (II) A student-learning medical and dental clinic that is established
5 for the purpose of student learning AND offering discounted patient care
6 as part of a program of student learning and is physically situated within
7 a health sciences school; OR

8 (e) A CRITICAL ACCESS HOSPITAL AS DEFINED IN SECTION
9 25-1.5-114.5.

10 **SECTION 6.** In Colorado Revised Statutes, 25.5-4-402.4, **amend**
11 (4)(c)(I)(C) as follows:

12 **25.5-4-402.4. Hospitals - healthcare affordability and**
13 **sustainability fee - legislative declaration - Colorado healthcare**
14 **affordability and sustainability enterprise - federal waiver - fund**
15 **created - rules - reports - repeal. (4) Healthcare affordability and**
16 **sustainability fee. (c) (I) In accordance with the redistributive method**
17 **set forth in 42 CFR 433.68 (e)(1) and (e)(2), the enterprise, acting in**
18 **concert with or through an agreement with the state department if**
19 **required by federal law, may seek a waiver from the broad-based**
20 **healthcare affordability and sustainability fee requirement or the uniform**
21 **healthcare affordability and sustainability fee requirement, or both. In**
22 **addition, the enterprise, acting in concert with or through an agreement**
23 **with the state department if required by federal law, shall seek any federal**
24 **waiver necessary to fund and, in cooperation with the state department**
25 **and hospitals, support the implementation of a health-care delivery system**
26 **reform incentive payments program as described in subsection (8) of this**
27 **section. Subject to federal approval and to minimize the financial impact**

1 on certain hospitals, the enterprise may exempt from payment of the
2 healthcare affordability and sustainability fee certain types of hospitals,
3 including but not limited to:

4 (C) Critical access hospitals that are licensed ~~as general hospitals~~
5 and ~~are~~ certified by the department of public health and environment
6 under 42 CFR ~~part~~ 485, subpart F;

7 **SECTION 7.** In Colorado Revised Statutes, 25.5-4-402.8, **amend**
8 (2)(c)(III) as follows:

9 **25.5-4-402.8. Hospital transparency report - definitions.**

10 (2) (c) The state department may exempt from certain reporting
11 requirements described in subsections (2)(b) and (2)(b.5) of this section
12 certain types of hospitals, including but not limited to:

13 (III) Critical access hospitals that are licensed ~~as general hospitals~~
14 and ~~are~~ certified by the department of public health and environment
15 pursuant to 42 CFR 485, subpart F;

16 **SECTION 8. Act subject to petition - effective date.** (1) Except
17 as specified in subsection (2) of this section, this act takes effect at 12:01
18 a.m. on the day following the expiration of the ninety-day period after
19 final adjournment of the general assembly; except that, if a referendum
20 petition is filed pursuant to section 1 (3) of article V of the state
21 constitution against this act or an item, section, or part of this act within
22 such period, then the act, item, section, or part will not take effect unless
23 approved by the people at the general election to be held in November
24 2024 and, in such case, will take effect on the date of the official
25 declaration of the vote thereon by the governor.

26 (2) Section 25-3-101 (1), Colorado Revised Statutes, as amended
27 in section 3 of this act; section 25-3.5-103 (8.1), Colorado Revised

1 Statutes, as amended in section 4 of this act; section 25.5-3-501 (1)(c),
2 (1)(d)(II), and (1)(e), Colorado Revised Statutes, as amended or enacted
3 in section 5 of this act; section 25.5-4-402.4 (4)(c)(I)(C), Colorado
4 Revised Statutes, as amended in section 6 of this act; and section
5 25.5-4-402.8 (2)(c)(III), Colorado Revised Statutes, as amended in
6 section 7 of this act, take effect July 1, 2026.