First Regular Session
Seventy-first General Assembly
STATE OF COLORADO

**INTRODUCED**

LLS NO. 17-0788.01 Debbie Haskins x2045 **HOUSE BILL 17-1236**

## HOUSE SPONSORSHIP

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## A BILL FOR AN ACT

**CONCERNING PREPARATION BY THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING OF HEALTH CARE PROVIDER EXPENDITURE REPORTS.**

### 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.)*

The department of health care policy and financing (department), in consultation with the hospital provider fee oversight and advisory board, shall prepare an annual report detailing uncompensated hospital costs and the different categories of expenditures made by general hospitals in the state (hospital expenditure report). In compiling the

hospital expenditure report on expenses by hospitals in the state, the department shall use publicly available data sources whenever possible. Each general hospital in the state is required to submit certain specified information to the department, including:

- Hospital cost reports submitted to the federal centers for medicare and medicaid services;
- Annual audited financial statements; except that, if a hospital is part of a consolidated or combined group, the hospital may submit a consolidated or combined financial statement if the group's statement separately identifies the information for each of the group's licensed hospitals.
- Utilization and staffing information and standard units of measure.

The bill directs the department to consult with the hospital provider fee oversight and advisory board on the development of the hospital expenditure report.

The hospital expenditure report shall include, but not be limited to:

- A description of the analysis methods and definitions of report components;
- Uncompensated care costs; and
- The percentage that different categories of expenses contribute to overall expenses of hospitals.

The department is required to submit each hospital expenditure report to the governor; the joint budget committee; the public health care and human services committee of the house of representatives, or any successor committee; the health and human services committee of the senate, or any successor committee; and the medical services board in the department. The department is also directed to place the hospital expenditure reports on the department's website.

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

**SECTION 1.** In Colorado Revised Statutes, 25.5-4-402.3, **add** (8) as follows:

**25.5-4-402.3. Providers - hospital - provider fees - legislative declaration - federal waiver - fund created - rules - advisory board - repeal.** (8) **Hospital expenditure reports.** (a) AS PART OF ITS ADMINISTRATION OF THE HOSPITAL PROVIDER FEE, THE STATE DEPARTMENT, IN CONSULTATION WITH THE ADVISORY BOARD, SHALL

ANNUALLY PREPARE A WRITTEN HOSPITAL EXPENDITURE REPORT DETAILING UNCOMPENSATED HOSPITAL COSTS AND THE DIFFERENT CATEGORIES OF EXPENDITURES MADE BY HOSPITALS IN THE STATE. IN COMPILING THE HOSPITAL EXPENDITURE REPORT, THE STATE DEPARTMENT SHALL USE PUBLICLY AVAILABLE DATA SOURCES WHENEVER POSSIBLE. SPECIFICALLY, EACH GENERAL HOSPITAL IN THE STATE SHALL SUBMIT THE FOLLOWING INFORMATION TO THE STATE DEPARTMENT:

(I) THE HOSPITAL COST REPORT SUBMITTED TO THE FEDERAL CENTERS FOR MEDICARE AND MEDICAID SERVICES PURSUANT TO 42 CFR SEC. 413.20 (b), INCLUDING A COPY OF THE ANNUAL FINANCIAL AND STATISTICAL DOCUMENTS SUBMITTED TO THE FEDERAL CENTERS FOR MEDICARE AND MEDICAID SERVICES;

(II) (A) AN ANNUAL AUDITED FINANCIAL STATEMENT PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES. EACH HOSPITAL SHALL SUBMIT THE STATEMENT WITHIN ONE HUNDRED TWENTY DAYS AFTER THE END OF ITS FISCAL YEAR UNLESS THE STATE DEPARTMENT GRANTS AN EXTENSION IN WRITING IN ADVANCE OF THAT DATE.

(B) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (8)(a)(II)(A) OF THIS SECTION, IF A HOSPITAL IS PART OF A CONSOLIDATED OR COMBINED GROUP AND IS NORMALLY INCLUDED IN THAT GROUP'S FINANCIAL STATEMENT, THE HOSPITAL MAY SUBMIT THE CONSOLIDATED OR COMBINED STATEMENT IF THE GROUP'S STATEMENT SEPARATELY IDENTIFIES THE FINANCIAL INFORMATION FOR EACH OF THE GROUP'S LICENSED HOSPITALS OPERATING IN THIS STATE. FOR EACH HOSPITAL OPERATING IN THIS STATE AND FOR EACH ADDITIONAL OPERATING UNIT THAT ACCOUNTS FOR FIVE PERCENT OR MORE OF THE CONSOLIDATED OR

COMBINED GROUP'S GROSS REVENUES, THE STATEMENT SHALL INCLUDE FINANCIAL BALANCES AND INFORMATION FOR THAT UNIT, INCLUDING A BALANCE SHEET, AN INCOME STATEMENT, A STATEMENT OF CHANGES IN EQUITY OR FUND BALANCE, AND A STATEMENT OF CASH FLOWS. THE FINANCIAL INFORMATION FOR EACH HOSPITAL INCLUDED IN A CONSOLIDATED OR COMBINED FINANCIAL STATEMENT SHALL REFLECT FINANCIAL BALANCES AND INFORMATION FOR ONLY THE HOSPITAL AND SHALL NOT INCLUDE NONHOSPITAL OPERATIONS.

(III) UTILIZATION AND STAFFING INFORMATION AND STANDARD UNITS OF MEASURE.

(b) PRIOR TO DEVELOPING THE FIRST ANNUAL REPORT, THE STATE DEPARTMENT SHALL CONSULT WITH THE ADVISORY BOARD REGARDING THE DEVELOPMENT OF THE REPORT. THE STATE DEPARTMENT SHALL STRIVE FOR CONSISTENCY IN REPORTING THE COMPONENTS IN EACH ANNUAL REPORT.

(c) THE HOSPITAL EXPENDITURE REPORT MUST INCLUDE, BUT NOT BE LIMITED TO:

(I) A DESCRIPTION OF THE ANALYSIS METHODS AND DEFINITIONS OF REPORT COMPONENTS;

(II) UNCOMPENSATED CARE COSTS; AND

(III) THE PERCENTAGE THAT EACH OF THE FOLLOWING CATEGORIES CONTRIBUTES TO OVERALL EXPENSES OF HOSPITALS:

(A) DELIVERY OF INPATIENT HEALTH CARE AND SERVICES;

(B) DELIVERY OF OUTPATIENT HEALTH CARE AND SERVICES;

(C) ADMINISTRATIVE COSTS;

(D) CAPITAL CONSTRUCTION COSTS;

(E) MAINTENANCE;

(F) CAPITAL EXPENDITURES FOR EQUIPMENT AND TECHNOLOGY;

(G) PERSONNEL SERVICES;

(H) UNCOMPENSATED CARE; AND

(I) OTHER EXPENDITURE CATEGORIES, AS DETERMINED BY THE STATE DEPARTMENT.

(d) ON OR BEFORE JANUARY 15, 2018, AND ON OR BEFORE JANUARY 15 EACH YEAR THEREAFTER, THE STATE DEPARTMENT SHALL SUBMIT THE ANNUAL HOSPITAL EXPENDITURE REPORT TO THE PUBLIC HEALTH CARE AND HUMAN SERVICES COMMITTEE OF THE HOUSE OF REPRESENTATIVES, OR ANY SUCCESSOR COMMITTEE; THE HEALTH AND HUMAN SERVICES COMMITTEE OF THE SENATE, OR ANY SUCCESSOR COMMITTEE; THE JOINT BUDGET COMMITTEE OF THE GENERAL ASSEMBLY; THE GOVERNOR; AND THE STATE BOARD. NOTWITHSTANDING THE REQUIREMENT IN SECTION 24-1-136 (11)(a)(I), THE REQUIREMENT TO SUBMIT THE ANNUAL REPORT REQUIRED IN THIS SECTION TO THE LEGISLATIVE COMMITTEES OF THE GENERAL ASSEMBLY CONTINUES INDEFINITELY. THE STATE DEPARTMENT SHALL POST EACH ANNUAL REPORT ON THE STATE DEPARTMENT'S WEBSITE.

**SECTION 2. Act subject to petition - effective date.** This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 9, 2017, if adjournment sine die is on May 10, 2017); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in

November 2018 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.