

Hospital Financial Transparency



Background

While efforts to tackle transparency and affordability in health care were wide-ranging in the 2019 legislative session, hospitals were a key target for legislators and the Polis administration. CHA initially opposed but then successfully amended and ultimately supported two bills aimed at improving transparency of hospital financial operations. Hospitals should be aware of new reporting requirements beginning later this year.

HB 19-1001: Hospital Transparency Measures to Analyze Efficacy

HB 19-1001 requires hospitals to submit annual Medicare cost reports and audited financials to the Department of Health Care Policy and Financing (HCPF). It also directs HCPF to issue an annual Hospital Expenditure Report to the General Assembly, similar to the *Financial Health of Colorado Hospitals* report issued by CHA in 2017.

What You Need to Know

To complete the Hospital Expenditure Report, hospitals will be required to submit the following on an annual basis:

- Audited Financial Statements
- Medicare Cost Reports (with accompanying forms and worksheets)
- Financial and utilization information
- Acquisition and affiliations

For the first submission, hospitals must also submit audited financial statements and Medicare costs reports dating back to Fiscal Year (FY) 2011-12.

Protections for Hospitals

- Prior to HCPF issuing its annual report, each hospital will have a minimum of 15 days to review the report and submit corrections or clarifications.
- Information regarding acquisitions and affiliations are considered trade secrets, protected by the Colorado Open Records Act and may not be published as part of the state's report except in an aggregated and de-identified manner.

This guidance does not constitute legal advice to CHA members or others. Each hospital should consult with legal counsel on these matters and have legal counsel review any policies proposed as a result of this guidance.



HB 19-1320: Hospital Community Benefit Accountability

HB 19-1320 requires nonprofit hospitals subject to federal community benefit reporting requirements, as well as University of Colorado Hospital and Denver Health, to submit community benefit reports to HCPF for inclusion on a state-run transparency website. A statewide community benefit summary will also be included in HCPF's Hospital Expenditure Report required by HB 19-1001.

What You Need to Know

Each year, each reporting nonprofit hospital must, and all tax-paying hospitals may:

- Submit a report to HCPF that includes:
 - The most recent community health needs assessment;
 - The upcoming year's implementation plan;
 - The most recent IRS Form 990;
 - A description of certain community benefit spending and investments from the preceding year;
 - A list of investments made in the preceding year that were included in Schedule H of the hospital's most recent IRS Form 990; and,
 - The expenses and revenue as reported in the most recent IRS Form 990.
- Host an annual public meeting to seek the public's input on the community benefit activities of the preceding year.

Additional Resources

- HB 19-1001 [Final Bill](#) and [Fiscal Note](#)
- HB 19-1001 takes effect Aug. 2, 2019
- HB 19-1320 [Final Bill](#) and [Fiscal Note](#)
- HB 19-1320 takes effect Aug. 2, 2019

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