

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

INTRODUCED

LLS NO. 23-0849.01 Chelsea Princell x4335

HOUSE BILL 23-1243

HOUSE SPONSORSHIP

Amabile,

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House Committees

Public & Behavioral Health & Human Services

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A BILL FOR AN ACT

101 **CONCERNING CHANGES TO THE HOSPITAL COMMUNITY BENEFIT.**

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 bill makes changes to the hospital community benefit and imposes certain requirements on the public presentation of each hospital's community implementation plan. The bill requires each hospital to:

- Solicit feedback from the community during each annual presentation of its proposed community benefit implementation plan for the following year;
- Submit a report that details who attended the public meeting, the topics discussed at the meeting, and any

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.

- decisions made as a result of the discussion;
- Make the report available to the public; and
- Complete a community benefit implementation plan that addresses the needs described in the reporting hospital's community health needs assessment and includes an explanation of the community served by the hospital.

The bill requires the state board to promulgate rules governing the accessibility standards for the public meetings and to implement best practices to ensure public engagement from a diverse range of populations.

The bill requires the department of health care policy and financing (state department) to:

- Include in its annual report a summary of the estimated federal and state tax exemptions made by each hospital;
- Establish a minimum annual community investment target based on certain calculation standards; and
- Set requirements for compliance, and allows the state department to take remedial action if a hospital fails to comply with the hospital community benefit requirements.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
 3 finds and declares that:

4 (a) Colorado's nonprofit hospitals are exempt from local and state
 5 sales and property taxes and are exempt from state and federal income
 6 taxes. In addition to tax exemptions, a hospital's nonprofit status allows
 7 the hospital to benefit from tax-exempt bond financing and to receive
 8 charitable contributions that are tax-deductible to the donors. These tax
 9 exemptions save Colorado's nonprofit hospitals millions of dollars of tax
 10 liability each year.

11 (b) Colorado's largest urban and system-affiliated nonprofit
 12 hospitals realize profits after community benefit spending, and these
 13 profits incur no taxes;

14 (c) The tax exemption policies provide significant financial

1 benefits to nonprofit hospitals. In exchange for the tax exemptions,
2 nonprofit hospitals assume a social obligation to provide community
3 benefits of public interest.

4 (d) To meet the social obligation, nonprofit hospitals must be
5 transparent about their community benefit spending and must be held
6 accountable to their communities. Nonprofit hospitals must ensure that
7 their community benefit spending meets the needs expressed by
8 community members.

9 (2) Therefore, the general assembly hereby finds and declares that
10 detailed, consistent, and public reporting of Colorado's nonprofit
11 hospitals' community benefit spending is necessary for all communities
12 served by hospitals to understand the breadth and amount of hospital
13 community benefit spending and the impact that spending has on the
14 health of Coloradans.

15 **SECTION 2.** In Colorado Revised Statutes, 25.5-1-701, **add** (6)
16 as follows:

17 **25.5-1-701. Definitions.** As used in this part 7, unless the context
18 otherwise requires:

19 (6) "URBANSAFETYNETHOSPITAL" MEANS A REPORTING HOSPITAL
20 LOCATED IN THE DENVER-AURORA-LAKEWOOD, COLORADO
21 METROPOLITAN STATISTICAL AREA WHICH PARTICIPATES IN THE
22 COLORADO INDIGENT CARE PROGRAM, ESTABLISHED IN SECTION
23 25.5-3-104; HAS A MEDICAID INPATIENT UTILIZATION RATE OF ONE
24 STANDARD DEVIATION ABOVE THE MEAN COMPARED TO ALL GENERAL AND
25 CRITICAL ACCESS HOSPITALS; AND HAS HOSPITAL-BASED FEDERALLY
26 QUALIFIED HEALTH CENTERS.

27 **SECTION 3.** In Colorado Revised Statutes, 25.5-1-702, **amend**

1 (1), (2), and (3); and **add** (2.5), (2.7), (4), (5), and (6) as follows:

2 **25.5-1-702. Hospitals - public community meeting requirement**

3 - **rules.** (1) At least once each year, each REPORTING hospital shall
4 convene a public meeting to seek feedback regarding the REPORTING
5 hospital's community benefit activities during the previous year and the
6 REPORTING hospital's community benefit implementation plan for the
7 following year.

8 (2) (a) Each REPORTING hospital shall invite, at a minimum,
9 representatives from the following entities to participate in the meeting
10 described in subsection (1) of this section, if any such entities operate in
11 the REPORTING hospital's community:

12 (I) Local public health agencies;

13 (II) Local chambers of commerce and economic development
14 organizations;

15 (III) Local health-care consumer organizations;

16 (IV) School districts;

17 (V) County governments;

18 (VI) City and town governments;

19 (VII) Community health centers;

20 (VIII) Certified rural health clinics or primary care clinics located
21 in a county that has been designated by the federal office of management
22 and budget as a rural or frontier county;

23 (IX) Area agencies on aging; and

24 (X) Health-care consumer advocacy organizations.

25 (b) In addition to the entities described in subsection (2)(a) of this
26 section, each REPORTING hospital shall invite, at a minimum,
27 representatives from the following state agencies to participate in the

1 meeting described in subsection (1) of this section:

2 (I) The state department;

3 (II) The department of public health and environment;

4 (III) The department of human services;

5 (IV) The Colorado commission on higher education; and

6 (V) The office of saving people money on healthcare in the
7 lieutenant governor's office.

8 (c) In addition to the entities described in subsections (2)(a) and
9 (2)(b) of this section, each REPORTING hospital shall invite the general
10 public to the annual meeting described in subsection (1) of this section.
11 The REPORTING hospital shall issue such invitation in an advertisement
12 placed in any major newspaper published in the REPORTING hospital's
13 community.

14 (2.5) WHEN PRESENTING THE PROPOSED COMMUNITY BENEFIT
15 IMPLEMENTATION PLAN DESCRIBED IN SUBSECTION (1) OF THIS SECTION,
16 THE REPORTING HOSPITAL MUST:

17 (a) PRESENT PRIORITY AREAS IDENTIFIED IN THE REPORTING
18 HOSPITAL'S MOST RECENT COMMUNITY HEALTH NEEDS ASSESSMENT AND
19 ANY OTHER COMMUNITY BENEFIT INVESTMENT OPTION RECOMMENDED BY
20 THE REPORTING HOSPITAL. EACH PRIORITY RECOMMENDATION PRESENTED
21 MUST CLEARLY IDENTIFY THE SOURCE OF THE RECOMMENDATION.

22 (b) SOLICIT PUBLIC INPUT AND COMMUNITY APPROVAL FOR ANY
23 ADDITIONAL COMMUNITY BENEFIT INVESTMENT PRIORITY; AND

24 (c) CONSIDER THE PUBLIC FEEDBACK RECEIVED BEFORE THE
25 REPORTING HOSPITAL FINALIZES ITS ANNUAL COMMUNITY BENEFIT
26 IMPLEMENTATION PLAN. REPORTING HOSPITALS LOCATED IN THE
27 DENVER-AURORA-LAKEWOOD, COLORADO METROPOLITAN STATISTICAL

1 AREA SHALL INCLUDE SUPPORT FOR URBAN SAFETY NET HOSPITALS AS AN
2 OPTION FOR COMMUNITY BENEFIT INVESTMENT PRIORITIES.

3 (2.7) A REPORTING HOSPITAL MAY ONLY ADD COMMUNITY BENEFIT
4 PRIORITIES TO THE REPORTING HOSPITAL'S IMPLEMENTATION PLAN IF THE
5 COMMUNITY BENEFIT PRIORITIES RECEIVED COMMUNITY APPROVAL
6 PURSUANT TO SUBSECTION (2.5) OF THIS SECTION. THE REPORTING
7 HOSPITAL MUST INDICATE THAT THE IMPLEMENTED COMMUNITY BENEFIT
8 PRIORITIES ARE A RESULT OF REPORTING HOSPITAL RECOMMENDATIONS
9 AND NOT FROM COMMUNITY FEEDBACK.

10 (3) To satisfy the requirements of this section, a REPORTING
11 hospital may convene a joint public meeting with one or more other
12 REPORTING hospitals that share some or all of the hospital's community.

13 (4) FOR EACH PUBLIC MEETING AND COMMUNITY HEALTH NEEDS
14 ASSESSMENT COMMUNITY ENGAGEMENT MEETING HELD, EACH REPORTING
15 HOSPITAL SHALL SUBMIT A REPORT TO THE STATE DEPARTMENT AND MAKE
16 THE REPORT AVAILABLE TO COMMUNITY MEMBERS BY MAKING THE
17 REPORT PUBLICLY AVAILABLE ON THE REPORTING HOSPITAL'S WEBSITE.
18 THE REPORT MUST INCLUDE, AT A MINIMUM, THE FOLLOWING:

- 19 (a) MEETING MINUTES;
- 20 (b) A LIST OF THE MEETING ATTENDEES;
- 21 (c) THE CONTENT OF THE MEETING DISCUSSION, INCLUDING ANY
22 COMMUNITY BENEFIT PRIORITIES DISCUSSED AND THE DECISIONS MADE
23 REGARDING THOSE DISCUSSED COMMUNITY BENEFIT PRIORITIES;
- 24 (d) COMMUNITY FEEDBACK RECEIVED AND HOW THE HOSPITAL
25 PLANS TO INCORPORATE THE FEEDBACK INTO THE REPORTING HOSPITAL'S
26 COMMUNITY BENEFIT IMPLEMENTATION PLAN; AND
- 27 (e) ANY DATA COLLECTED FROM ATTENDEES, SUCH AS DATA

1 CONCERNING RACE, ETHNICITY, OR INCOME.

2 (5) THE STATE DEPARTMENT MUST CONDUCT A STAKEHOLDER
3 MEETING WITH CONSUMER ADVOCATES, COMMUNITY ORGANIZERS,
4 COMMUNITY ORGANIZATIONS, AND HOSPITAL REPRESENTATIVES TO
5 IDENTIFY AND DEVELOP, AT A MINIMUM, BEST PRACTICES TO ENSURE
6 LOW-INCOME RESIDENTS, RESIDENTS OF COLOR, PEOPLE WITH SERIOUS
7 MENTAL ILLNESS, PEOPLE WITH DISABILITIES, AND OTHER POPULATIONS
8 EXPERIENCING DISPROPORTIONATE HEALTH OUTCOMES IN LOCAL
9 COMMUNITIES ARE MEANINGFULLY ENGAGED AND TO ENSURE THEIR INPUT
10 IS INCORPORATED INTO THE DATA USED TO IDENTIFY COMMUNITY
11 PRIORITIES FOR THE COMMUNITY HEALTH NEEDS ASSESSMENT AND
12 COMMUNITY BENEFIT IMPLEMENTATION PLAN.

13 (6) THE STATE BOARD SHALL PROMULGATE RULES TO ESTABLISH
14 ACCOMMODATION STANDARDS FOR THE ANNUAL COMMUNITY BENEFIT
15 PUBLIC MEETINGS AND COMMUNITY HEALTH NEEDS ASSESSMENT THAT
16 INCLUDE LANGUAGE ACCESSIBILITY, ADEQUATE ADVANCED PUBLIC
17 NOTICE, AND ANY OTHER TYPE OF ACCESSIBILITY MEASURES DEEMED
18 NECESSARY BY THE STATE BOARD, AND TO IMPLEMENT THE BEST
19 PRACTICES IDENTIFIED AND DEVELOPED PURSUANT TO SUBSECTION (5) OF
20 THIS SECTION.

21 **SECTION 4.** In Colorado Revised Statutes, 25.5-1-703, **amend**
22 (2), (3)(d)(I)(C), (3)(d)(I)(D), (5)(a), (7)(b), and (7)(c); and **add** (3.5) and
23 (7)(d) as follows:

24 **25.5-1-703. Hospitals - community health needs assessments**
25 **- community benefit implementation plans - reports - rules.** (2) On or
26 before a date to be determined by rules promulgated by the state board,
27 and on or before such date each year thereafter, each reporting hospital

1 shall complete a community benefit implementation plan that:

2 (a) Addresses the needs described by the reporting hospital's
3 community health needs assessment;

4 (b) INCLUDES AN EXPLANATION OF THE COMMUNITY SERVED BY
5 THE HOSPITAL FACILITY; AND

6 (c) DESCRIBES HOW THE COMMUNITY WAS DETERMINED PURSUANT
7 TO 26 C.F.R. 1.501(r) 3(b).

8 (3) On or before a date to be determined by rules promulgated by
9 the state board, and on or before such date each year thereafter, each
10 reporting hospital shall prepare and submit to the state department a
11 report on certain community benefits, costs, and shortfalls. The report
12 must include:

13 (d) A description of certain spending and investments made by the
14 reporting hospital during the preceding year, including:

15 (I) A list of the investments made by the reporting hospital that
16 were included in part I, part II, and part III of schedule H of the reporting
17 hospital's form 990. For each such investment, the reporting hospital
18 shall:

19 (C) For any investment that addressed a community-identified
20 health need, identify any of the following categories, which may be
21 further defined by rules promulgated by the state board, that are
22 applicable: ~~Free or discounted health-care services, programs that address~~
23 ~~health behaviors or risks, programs that address the social determinants~~
24 ~~of health, and such other categories as may be defined in rules~~
25 ~~promulgated by the state board; and~~ BEHAVIORAL HEALTH;
26 COMMUNITY-BASED HEALTH CARE; SOCIAL DETERMINANTS OF HEALTH
27 SPENDING, INCLUDING HOUSING, FOOD, TRANSPORTATION, INTERPERSONAL

1 VIOLENCE, EDUCATION, AND JOB OPPORTUNITIES; AND PROVIDER
2 RECRUITMENT, EDUCATION, AND RESEARCH AND TRAINING. IN
3 IDENTIFYING THESE CATEGORIES, THE REPORTING HOSPITAL SHALL
4 DISTINGUISH DIRECT OR CASH EXPENDITURES FROM IN-KIND
5 CONTRIBUTIONS.

6 (D) For any investment that addressed a community-identified
7 health need, ~~describe available evidence that shows how the investment~~
8 ~~improves community health outcomes~~ PROVIDE EVIDENCE SHOWING HOW
9 THE INVESTMENT IMPROVES COMMUNITY HEALTH OUTCOMES AND HOW
10 THE INVESTMENT DIRECTLY CORRESPONDS TO COMMUNITY-IDENTIFIED
11 NEEDS.

12 (3.5) ON OR BEFORE A DATE TO BE DETERMINED BY RULES
13 PROMULGATED BY THE STATE BOARD, AND ON OR BEFORE SUCH DATE
14 EVERY THREE YEARS THEREAFTER, THE STATE DEPARTMENT SHALL
15 REVIEW EACH REPORTING HOSPITAL'S COMMUNITY HEALTH NEEDS
16 ASSESSMENT AND EACH REPORTING HOSPITAL'S ANNUAL COMMUNITY
17 BENEFIT IMPLEMENTATION PLAN TO IDENTIFY THE HIGHEST PRIORITY
18 AREAS AS REPORTED BY COMMUNITIES AS COMPARED TO THE REPORTING
19 HOSPITAL'S REPORTED SPENDING. THE STATE DEPARTMENT SHALL INCLUDE
20 SUCH INFORMATION IN THE REPORT DESCRIBED IN SUBSECTION (7) OF THIS
21 SECTION.

22 (5) (a) The state board shall promulgate rules ~~establishing~~
23 ~~reporting~~ THAT ESTABLISH:

24 (I) REPORTING requirements for reporting hospitals that are not
25 required to complete schedule H of the form 990. The rules must promote
26 uniformity with the requirements set forth in subsection (3) of this
27 section; AND

1 (II) REQUIREMENTS FOR THE EVIDENCE-BASED SUPPORTING
2 DOCUMENTATION THAT IS REQUIRED PURSUANT TO SUBSECTION
3 (3)(d)(I)(D) OF THIS SECTION.

4 (7) As part of the report authorized in section 25.5-4-402.8, the
5 state department shall include a summary of the reports submitted to the
6 state department pursuant to subsection (3) of this section during the
7 preceding year. The summary must include:

8 (b) A summary of the reporting hospitals' investments that have
9 been effective in improving community health outcomes; ~~and~~

10 (c) Any legislative recommendations the state department has for
11 the general assembly; AND

12 (d) THE ESTIMATED FEDERAL AND STATE TAX EXEMPTION
13 RECEIVED BY EACH HOSPITAL.

14 **SECTION 5.** In Colorado Revised Statutes, **add** 25.5-1-704 as
15 follows:

16 **25.5-1-704. Hospital community investments.** (1) THE STATE
17 DEPARTMENT SHALL ESTABLISH A MINIMUM ANNUAL COMMUNITY
18 INVESTMENT THRESHOLD, NOT INCLUDING MEDICAID SHORTFALLS OR FREE
19 OR REDUCED COSTS OF CARE, RESEARCH, PROVIDER RECRUITMENT, OR
20 TRAINING, WHICH IS:

21 (a) FOR THE FIRST THREE YEARS FOLLOWING THE EFFECTIVE DATE
22 OF THIS SECTION, THE LOWER OF THE ESTIMATED VALUE OF FEDERAL AND
23 STATE INCOME TAX EXEMPTION OR THREE PERCENT OF NET PATIENT
24 REVENUES; EXCEPT THAT THE AMOUNT OF THE INVESTMENT MUST NOT BE
25 LESS THAN THE REPORTING HOSPITAL'S AVERAGE COMMUNITY
26 INVESTMENTS AS A PERCENTAGE OF THE NET PATIENT REVENUES FOR THE
27 MOST RECENT REPORTING YEAR AS CALCULATED BY THE STATE

1 DEPARTMENT; AND

2 (b) FOR EACH SUBSEQUENT YEAR, THE HIGHER OF THE ESTIMATED
3 VALUE OF FEDERAL AND STATE TAX EXEMPTION OR A PERCENTAGE OF NET
4 PATIENT REVENUES, WHEN THE PERCENTAGE OF NET PATIENT REVENUE
5 EQUALS THREE PERCENT FOR THE FIRST YEAR FOLLOWING THE PASSAGE OF
6 THIS SECTION, THEN INCREASED BY ONE-HALF OF ONE PERCENT FOR EACH
7 SUBSEQUENT YEAR TO A MAXIMUM OF FIVE PERCENT OF NET PATIENT
8 REVENUE.

9 (2) SUBJECT TO FEDERAL REQUIREMENTS FOR DISPROPORTIONATE
10 SHARE HOSPITAL PAYMENTS, REPORTING HOSPITALS THAT MEET THE
11 MINIMUM ANNUAL COMMUNITY INVESTMENT THRESHOLD:

12 (a) ARE ELIGIBLE FOR DISPROPORTIONATE SHARE HOSPITAL
13 PAYMENTS EVEN IF THEY DO NOT MEET OTHER DISPROPORTIONATE SHARE
14 HOSPITAL PAYMENT REQUIREMENTS; AND

15 (b) MUST RECEIVE A DISPROPORTIONATE SHARE HOSPITAL
16 PAYMENT ADJUSTMENT FACTOR WHICH IS A FIVE PERCENT INCREASE TO
17 THE REPORTING HOSPITAL'S UNCOMPENSATED CARE COSTS.

18 (3) A COLORADO REPORTING HOSPITAL SHALL NOT EXPEND TOTAL
19 MARGINS EARNED IN COLORADO OUTSIDE OF COLORADO.

20 (4) A COLORADO REPORTING HOSPITAL SHALL NOT TRANSFER
21 CURRENT OR ANY FUTURE RESERVES OUT OF THIS STATE.

22 (5) THE STATE DEPARTMENT SHALL SUBJECT A REPORTING
23 HOSPITAL THAT FAILS TO MEET THE MINIMUM ANNUAL COMMUNITY
24 INVESTMENT THRESHOLD DETAILED IN SUBSECTION (1) OF THIS SECTION
25 TO A CORRECTIVE ACTION OR FINANCIAL PENALTIES AS DESCRIBED IN
26 SECTION 25.5-1-705.

27 (6) URBAN SAFETY NET HOSPITALS ARE EXCLUDED FROM THE

1 MINIMUM ANNUAL COMMUNITY INVESTMENT THRESHOLD THROUGH STATE
2 FISCAL YEAR 2025-26.

3 **SECTION 6.** In Colorado Revised Statutes, **add** 25.5-1-705 as
4 follows:

5 **25.5-1-705. Hospital community investment compliance.**

6 (1) (a) IF THE STATE DEPARTMENT FINDS THAT A REPORTING HOSPITAL IS
7 NOT IN MATERIAL COMPLIANCE WITH THE COMMUNITY BENEFIT
8 REQUIREMENTS OF THIS PART 7, THE STATE DEPARTMENT SHALL NOTIFY
9 THE REPORTING HOSPITAL OF ITS NONCOMPLIANCE AND IDENTIFY THE
10 INFORMATION THAT NEEDS TO BE PROVIDED. IF A REPORTING HOSPITAL
11 DOES NOT COMPLY, THE STATE DEPARTMENT SHALL REQUIRE THE
12 REPORTING HOSPITAL TO SUBMIT TO THE STATE DEPARTMENT A
13 CORRECTIVE ACTION PLAN WITHIN ONE HUNDRED AND TWENTY DAYS FOR
14 APPROVAL BY THE STATE DEPARTMENT. EXCEPT AS PROVIDED FOR IN
15 SUBSECTION (1)(b) OF THIS SECTION, IF NONCOMPLIANCE CONTINUES OR
16 A REPORTING HOSPITAL FAILS TO SUBMIT A CORRECTIVE ACTION PLAN, THE
17 STATE DEPARTMENT MAY CREATE A MANDATORY PAY-FOR-REPORTING
18 COMPLIANCE MEASURE WITHIN THE HOSPITAL TRANSFORMATION PROGRAM
19 THAT IS TIED TO THE HEALTHCARE AFFORDABILITY AND SUSTAINABILITY
20 SUPPLEMENTAL PAYMENT.

21 (b) IF THE STATE DEPARTMENT DETERMINES A HOSPITAL'S
22 NONCOMPLIANCE WITH THIS SECTION IS KNOWING OR WILLFUL OR A
23 REPEATED PATTERN OF NONCOMPLIANCE EXISTS, THE STATE DEPARTMENT
24 SHALL CONSIDER THE SIZE OF THE HOSPITAL AND THE SERIOUSNESS OF THE
25 VIOLATION IN SETTING A FINE AMOUNT OF NOT MORE THAN TWENTY
26 THOUSAND DOLLARS PER DAY PER VIOLATION, AS DETERMINED BY RULE.

27 (2) THE STATE DEPARTMENT SHALL DEPOSIT ANY FINES PURSUANT

1 TO SUBSECTION (1)(b) OF THIS SECTION INTO THE GENERAL FUND.

2 **SECTION 7. Safety clause.** The general assembly hereby finds,
3 determines, and declares that this act is necessary for the immediate
4 preservation of the public peace, health, or safety.