First Regular Session Seventy-fourth General Assembly STATE OF COLORADO

PREAMENDED

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

LLS NO. 23-0404.01 Brita Darling x2241

HOUSE BILL 23-1215

HOUSE SPONSORSHIP

Sirota and Boesenecker,

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House Committees

Senate Committees

Health & Insurance Appropriations

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A BILL FOR AN ACT

CONCERNING LIMITATIONS ON HOSPITAL FACILITY FEES.

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 defines "health-care provider" as a person that is licensed or otherwise authorized in this state to furnish a health-care service, which includes a hospital and other providers and health facilities.

The bill prohibits a health-care provider (provider) affiliated with or owned by a hospital or health system from charging a facility fee for health-care services furnished by the provider for:

> Outpatient services provided at an off-campus location or through telehealth; or

• Certain outpatient, diagnostic, or imaging services identified by the medical services board as services that may be provided safely, reliably, and effectively in nonhospital settings.

The bill:

- Requires a provider that charges a facility fee to provide notice to a patient that the provider charges the fee and to use a standardized bill that includes itemized charges identifying the facility fee, as well as other information;
- Requires the administrator of the all-payer health claims database to prepare an annual report of the number and amount of facility fees by payer, codes with the highest total paid amounts and highest volume, and other information; and
- Makes it a deceptive trade practice to charge, bill, or collect a facility fee when doing so is prohibited.

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

2 SECTION 1. In Colorado Revised Statutes, add 6-20-102 as

3 follows:

4 6-20-102. Limits on facility fees - rules - definitions.

5 (1) **Definitions.** As used in this section, unless the context

6 OTHERWISE REQUIRES:

- 7 (a) "AFFILIATED WITH" MEANS:
- 8 (I) EMPLOYED BY A HOSPITAL OR HEALTH SYSTEM; OR
- 9 (II) Under a professional services agreement, faculty
- 10 AGREEMENT, OR MANAGEMENT AGREEMENT WITH A HOSPITAL OR HEALTH
- 11 SYSTEM THAT PERMITS THE HOSPITAL OR HEALTH SYSTEM TO BILL ON
- BEHALF OF THE AFFILIATED ENTITY.
- 13 (b) "CAMPUS" MEANS:
- 14 (I) A HOSPITAL'S MAIN BUILDINGS;
- 15 (II) THE PHYSICAL AREA IMMEDIATELY ADJACENT TO A HOSPITAL'S
- 16 MAIN BUILDINGS AND STRUCTURES OWNED BY THE HOSPITAL THAT ARE

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1	NOT STRICTLY CONTIGUOUS TO THE MAIN BUILDINGS BUT ARE LOCATED
2	WITHIN TWO HUNDRED FIFTY YARDS OF THE MAIN BUILDINGS; OR
3	(III) ANY OTHER AREA THAT THE FEDERAL CENTERS FOR
4	MEDICARE AND MEDICAID SERVICES IN THE UNITED STATES DEPARTMENT
5	OF HEALTH AND HUMAN SERVICES HAS DETERMINED, ON AN
6	INDIVIDUAL-CASE BASIS, TO BE PART OF A HOSPITAL'S CAMPUS.
7	(c) "CRITICAL ACCESS HOSPITAL" MEANS A HOSPITAL THAT IS
8	FEDERALLY CERTIFIED OR UNDERGOING FEDERAL CERTIFICATION AS A
9	CRITICAL ACCESS HOSPITAL PURSUANT TO 42 CFR 485, SUBPART F.
10	(d) "FACILITY FEE" MEANS ANY FEE A HOSPITAL OR HEALTH
11	SYSTEM CHARGES OR BILLS FOR OUTPATIENT HOSPITAL SERVICES THAT IS:
12	
13	(I) INTENDED TO COMPENSATE THE HOSPITAL OR HEALTH SYSTEM
14	FOR ITS OPERATIONAL EXPENSES; AND
15	$(II) \ SEPARATE \ AND \ DISTINCT \ FROM \ A \ PROFESSIONAL \ FEE \ CHARGED$
16	OR BILLED BY A HEALTH-CARE PROVIDER FOR PROFESSIONAL MEDICAL
17	SERVICES.
18	(e) "Freestanding emergency department" means a health
19	FACILITY AS DEFINED IN AND REQUIRED TO BE LICENSED UNDER SECTION
20	25-1.5-114.
21	(f) "HEALTH-CARE PROVIDER" MEANS ANY PERSON, INCLUDING A
22	HEALTH FACILITY, THAT IS LICENSED OR OTHERWISE AUTHORIZED IN THIS
23	STATE TO FURNISH A HEALTH-CARE SERVICE.
24	(g) "Health-care service" has the meaning set forth in
25	SECTION 10-16-102 (33).
26	(h) "HEALTH FACILITY" MEANS A FACILITY LICENSED OR CERTIFIED
27	DUDGITANT TO SECTION 25-1 5-103 OD ESTABLISHED DUDGITANT TO DADT

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1	5 of article 21 of title 23 or article 29 of title 25.
2	(i) "HEALTH SYSTEM" HAS THE MEANING SET FORTH IN SECTION
3	10-16-1303 (9).
4	(j) "HOSPITAL" MEANS A HOSPITAL CURRENTLY LICENSED OR
5	CERTIFIED BY THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
6	PURSUANT TO THE DEPARTMENT'S AUTHORITY UNDER SECTION 25-1.5-103
7	(1)(a) OR ESTABLISHED PURSUANT TO PART 5 OF ARTICLE 21 OF TITLE 23
8	OR ARTICLE 29 OF TITLE 25.
9	
10	(k) "MEDICARE" MEANS THE "HEALTH INSURANCE FOR THE AGED
11	ACT", TITLE XVIII OF THE FEDERAL "SOCIAL SECURITY ACT", AS
12	AMENDED BY THE SOCIAL SECURITY AMENDMENTS OF 1965, AND AS LATER
13	AMENDED.
14	(l) "Off-campus location" has the meaning set forth in
15	SECTION 25-3-118.
16	(m) "OWNED BY" MEANS OWNED BY A HOSPITAL OR HEALTH
17	SYSTEM WHEN BILLED UNDER THE HOSPITAL'S TAX IDENTIFICATION
18	NUMBER.
19	(n) "PAYER TYPE" MEANS COMMERCIAL INSURERS; MEDICARE; THE
20	MEDICAL ASSISTANCE PROGRAM ESTABLISHED PURSUANT TO ARTICLES 4
21	TO 6 OF TITLE 25.5; INDIVIDUALS WHO SELF-PAY; A FINANCIAL ASSISTANCE
22	PLAN; OR THE "COLORADO INDIGENT CARE PROGRAM", ESTABLISHED IN
23	PART 1 OF ARTICLE 3 OF TITLE 25.5.
24	(o) "SOLE COMMUNITY HOSPITAL" HAS THE MEANING SET FORTH
25	IN 42 CFR 412.92.
26	(p) "TELEHEALTH" HAS THE MEANING SET FORTH IN SECTION
27	10-16-123 (4)(e).

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1	(2) Limitations on charges. (a) ON AND AFTER JULY 1, 2024, A
2	HEALTH-CARE PROVIDER OR HEALTH SYSTEM SHALL NOT CHARGE, BILL, OR
3	COLLECT A FACILITY FEE THAT IS NOT COVERED IN FULL BY A PATIENT'S
4	INSURANCE, REGARDLESS OF PAYER TYPE, FOR:
5	(I) PREVENTIVE HEALTH-CARE SERVICES, AS DESCRIBED IN
6	SECTION 10-16-104, THAT ARE PROVIDED IN AN OUTPATIENT SETTING;
7	(II) HEALTH-CARE SERVICES PROVIDED THROUGH TELEHEALTH; OR
8	(III) PRIMARY CARE SERVICES PROVIDED IN AN OUTPATIENT
9	SETTING, AS DESCRIBED IN 3 CCR 702-4, RULE 4-2-72.
10	(b) This subsection (2) does not prohibit a health-care
11	PROVIDER FROM CHARGING A FACILITY FEE FOR:
12	(I) HEALTH-CARE SERVICES PROVIDED IN AN INPATIENT SETTING;
13	(II) HEALTH-CARE SERVICES PROVIDED AT A HEALTH FACILITY
14	THAT INCLUDES A LICENSED HOSPITAL EMERGENCY DEPARTMENT; OR
15	(III) EMERGENCY SERVICES PROVIDED AT A LICENSED
16	FREESTANDING EMERGENCY DEPARTMENT.
17	
18	(3) Transparency. (a) On AND AFTER JULY 1, 2024, A
19	HEALTH-CARE PROVIDER AFFILIATED WITH OR OWNED BY A HOSPITAL OR
20	HEALTH SYSTEM THAT CHARGES A FACILITY FEE SHALL:
21	(I) (A) PROVIDE NOTICE IN PLAIN LANGUAGE TO PATIENTS THAT A
22	FACILITY FEE MAY BE CHARGED, INDICATE IN THE NOTICE THE AMOUNT OF
23	THE FACILITY FEE, AND REQUIRE THE HEALTH-CARE PROVIDER TO PROVIDE
24	THE NOTICE TO A PATIENT AT THE TIME AN APPOINTMENT IS SCHEDULED
25	AND AGAIN AT THE TIME THE HEALTH-CARE SERVICES ARE RENDERED; AND
26	(B) POST A SIGN, IN ENGLISH AND SPANISH AND THAT IS PLAINLY
27	VISIBLE AND LOCATED IN THE AREA WITHIN THE HEALTH FACILITY WHERE

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1	AN INDIVIDUAL SEEKING CARE REGISTERS OR CHECKS IN, THAT STATES
2	THAT THE PATIENT MAY BE CHARGED A FACILITY FEE IN ADDITION TO THE
3	COST OF THE HEALTH-CARE SERVICE. THE SIGN MUST ALSO INCLUDE A
4	LOCATION WITHIN THE HEALTH FACILITY WHERE A PATIENT MAY INQUIRE
5	ABOUT FACILITY FEES AND AN ONLINE LOCATION WHERE INFORMATION
6	ABOUT FACILITY FEES MAY BE FOUND.
7	(II) PROVIDE TO A PATIENT A STANDARDIZED BILL THAT:
8	(A) INCLUDES ITEMIZED CHARGES FOR EACH HEALTH-CARE
9	SERVICE;
10	(B) SPECIFICALLY IDENTIFIES ANY FACILITY FEE;
11	(C) IDENTIFIES SPECIFIC CHARGES THAT HAVE BEEN BILLED TO
12	INSURANCE OR OTHER PAYER TYPES FOR HEALTH-CARE SERVICES; AND
13	$(D) \ \ Includes \ contact \ information \ for \ filing \ an \ appeal \ \overline{with}$
14	THE HEALTH-CARE PROVIDER TO CONTEST CHARGES.
15	(b) THE HEALTH-CARE PROVIDER SHALL PROVIDE THE REQUIRED
16	NOTICE AND STANDARDIZED BILL IN A CLEAR MANNER AND, TO THE
17	EXTENT PRACTICABLE, IN THE PATIENT'S PREFERRED LANGUAGE.
18	(4) Subsection (2) of this section does not apply to a
19	CRITICAL ACCESS HOSPITAL, A SOLE COMMUNITY HOSPITAL IN A RURAL OR
20	FRONTIER AREA, OR A COMMUNITY CLINIC AFFILIATED WITH A SOLE
21	COMMUNITY HOSPITAL IN A RURAL OR FRONTIER AREA.
22	(5) Subsection (2) of this section does not apply to a
23	HOSPITAL ESTABLISHED PURSUANT TO ARTICLE 29 OF TITLE 25.
24	SECTION 2. In Colorado Revised Statutes, 25.5-1-204, add
25	(3)(d) as follows:
26	25.5-1-204. Advisory committee to oversee the all-payer health
2.7	claims database - creation - members - duties - legislative declaration

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1	- rules - report - definitions. (3) (d) (I) BEGINNING IN THE 2024-25
2	STATE FISCAL YEAR, AND ANNUALLY THEREAFTER, SUBJECT TO AVAILABLE
3	APPROPRIATIONS AND AVAILABILITY OF DATA AT THE TIME OF REPORTING,
4	THE ADMINISTRATOR SHALL PROVIDE A REPORT THAT AGGREGATES THE
5	FOLLOWING DATA FROM THE COLORADO ALL-PAYER HEALTH CLAIMS
6	DATABASE AND OTHER SOURCES FOR ALL PAYERS THAT REIMBURSE
7	FACILITY FEES:
8	(A) THE NUMBER OF PATIENT VISITS FOR WHICH FACILITY FEES
9	WERE CHARGED;
10	(B) THE TOTAL ALLOWED AMOUNTS COLLECTED IN FACILITY FEES;
11	(C) THE TOP TEN MOST FREQUENT CPT CODES AND THE TOP TEN
12	CPT CODES WITH THE HIGHEST TOTAL ALLOWED AMOUNTS FROM FACILITY
13	FEES; AND
14	(D) MEDIAN ALLOWED AMOUNTS, TWENTY-FIFTH AND
15	SEVENTY-FIFTH PERCENTILE ALLOWED AMOUNTS, AND THE PERCENTAGE
16	OF CLAIMS AND VOLUME OF CLAIMS WITH NO ALLOWED AMOUNTS.
17	(II) TO FACILITATE REPORTING PURSUANT TO THIS SUBSECTION
18	(3)(d), THE ADMINISTRATOR SHALL:
19	(A) IDENTIFY PAYER DATA SOURCES THAT ARE AFFILIATED WITH
20	OR OWNED BY A HOSPITAL; AND
21	(B) IDENTIFY FACILITY FEES BY LOCATION, OR, IF NOT
22	PRACTICABLE, BY FACILITY TYPE INDICATED ON THE PROFESSIONAL FEE
23	OUTPATIENT CLAIM.
24	(III) AS USED IN THIS SUBSECTION (3)(d), UNLESS THE CONTEXT
25	OTHERWISE REQUIRES:
26	(A) "AFFILIATED WITH" HAS THE MEANING SET FORTH IN SECTION
27	6-20-102 (1)(a).

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1	(B) "CPT CODE" HAS THE MEANING SET FORTH IN SECTION
2	25.5-1-204.7 (1)(d).
3	(C) "FACILITY FEE" HAS THE MEANING SET FORTH IN SECTION
4	6-20-102 (1)(d).
5	(D) "HOSPITAL" HAS THE MEANING SET FORTH IN SECTION
6	6-20-102 (1)(j).
7	(E) "OWNED BY" HAS THE MEANING SET FORTH IN SECTION
8	6-20-102 (1)(m).
9	SECTION 3. In Colorado Revised Statutes, 6-1-105, add
10	(1)(uuu) as follows:
11	6-1-105. Unfair or deceptive trade practices. (1) A person
12	engages in a deceptive trade practice when, in the course of the person's
13	business, vocation, or occupation, the person:
14	(uuu) CHARGES, BILLS, OR COLLECTS A FACILITY FEE OR FAILS TO
15	COMPLY WITH OTHER PROVISIONS RELATING TO FACILITY FEES IN
16	VIOLATION OF SECTION $6-20-102$ (2) OR (3).
17	SECTION 4. In Colorado Revised Statutes, add 25.5-4-216 as
18	follows:
19	25.5-4-216. Report on impact of hospital facility fees in
20	Colorado - definitions. (1) AS USED IN THIS SECTION:
21	(a) "AFFILIATED WITH" HAS THE MEANING SET FORTH IN SECTION
22	6-20-102 (1)(a).
23	(b) "CPT CODE" HAS THE MEANING SET FORTH IN SECTION
24	25.5-1-204.7 (1)(d).
25	(c) "FACILITY FEE" HAS THE MEANING SET FORTH IN SECTION
26	6-20-102 (1)(c).
27	(d) "HEALTH-CARE PROVIDER" HAS THE MEANING SET FORTH IN

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1	SECTION 6-20-102 (1)(e).
2	(e) "HEALTH SYSTEM" HAS THE MEANING SET FORTH IN SECTION
3	10-16-1303 (9).
4	(f) "Hospital" has the meaning set forth in section 6-20-102
5	(1)(i).
6	(g) "OWNED BY" HAS THE MEANING SET FORTH IN SECTION
7	6-20-102 (1)(n).
8	(2) On or before December 1, 2023, the state department
9	SHALL ISSUE A REPORT DETAILING THE IMPACT OF FACILITY FEES ON THE
10	COLORADO HEALTH-CARE SYSTEM, INCLUDING THE IMPACT ON
11	CONSUMERS, HEALTH-CARE PROVIDERS, AND HOSPITALS. IN DEVELOPING
12	THE REPORT, THE STATE DEPARTMENT SHALL CONTRACT WITH AN
13	INDEPENDENT THIRD PARTY TO CONDUCT ACTUARIAL RESEARCH OF
14	ECONOMIC MODELING TO IDENTIFY AND EVALUATE THE IMPACT OF
15	FACILITY FEES.
16	(3) THE REPORT SHALL INCLUDE:
17	(a) Data from Plan Years 2017 through 2022 from the
18	COLORADO ALL-PAYER HEALTH CLAIMS DATABASE AND OTHER SOURCES
19	FOR ALL PAYERS THAT REIMBURSE FACILITY FEES, INCLUDING, BUT NOT
20	LIMITED TO:
21	(I) THE NUMBER OF PATIENT VISITS FOR WHICH FACILITY FEES
22	WERE CHARGED;
23	(II) THE TOTAL ALLOWED AMOUNTS COLLECTED IN FACILITY FEES
24	(III) THE TOP TEN MOST FREQUENT CPT CODES AND THE TOP TEN
25	CPT CODES WITH THE HIGHEST TOTAL ALLOWED AMOUNTS FROM FACILITY
26	FEES; AND
27	(IV) MEDIAN ALLOWED AMOUNTS, TWENTY-FIFTH AND

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1	SEVENTY-FIFTH PERCENTILE ALLOWED AMOUNTS, AND THE PERCENTAGE
2	OF CLAIMS AND VOLUME OF CLAIMS WITH NO ALLOWED AMOUNTS;
3	(b) AN ANALYSIS OF THE IMPACT OF FACILITY FEES ON:
4	(I) PATIENT COST SHARING AND ANY VARIATION BASED ON PAYER
5	TYPE;
6	(II) EMPLOYERS;
7	(III) THE COST OF HEALTH-CARE SERVICES RENDERED BY
8	INDEPENDENT HEALTH-CARE PROVIDERS;
9	(IV) THE COST OF HEALTH-CARE SERVICES RENDERED BY
10	HEALTH-CARE PROVIDERS AFFILIATED WITH OR OWNED BY A HOSPITAL OR
11	HEALTH SYSTEM, INCLUDING HEALTH-CARE PROVIDERS AFFILIATED WITH
12	OR OWNED BY AN ACADEMIC MEDICAL CENTER;
13	(V) HEALTH INSURANCE PREMIUMS; AND
14	(VI) VERTICAL INTEGRATION AND CONSOLIDATION BY HEALTH
15	SYSTEMS AND PRIVATE EQUITY FIRMS;
16	(c) A DESCRIPTION OF THE WAY IN WHICH HEALTH-CARE
17	PROVIDERS MAY BE PAID OR REIMBURSED BY MEDICARE AND COMMERCIAL
18	HEALTH INSURANCE CARRIERS FOR OUTPATIENT HEALTH-CARE SERVICES
19	WITH OR WITHOUT FACILITY FEES:
20	(I) AT ON-CAMPUS LOCATIONS;
21	(II) AT OFF-CAMPUS LOCATIONS BY HEALTH-CARE PROVIDERS
22	AFFILIATED WITH OR OWNED BY A HOSPITAL OR HEALTH SYSTEM; OR
23	(III) AT OFF-CAMPUS LOCATIONS BY INDEPENDENT HEALTH-CARE
24	PROVIDERS NOT AFFILIATED WITH OR OWNED BY A HOSPITAL SYSTEM; AND
25	(d) Considerations of whether additional measures may
26	BE TAKEN TO ENSURE CONSUMER AFFORDABILITY, PROMOTE COMPETITION,
2.7	AND PREVENT ADVERSE IMPACTS OF HEALTH-CARE CONSOLIDATION ON

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1	INDEPENDENT HEALTH-CARE PROVIDERS AND HEALTH-CARE CONSUMERS.
2	THE DEPARTMENT OF LAW MAY ALSO MAKE POLICY RECOMMENDATIONS
3	RELATED TO FACILITY FEES.
4	(4) IN DEVELOPING THE REPORT, THE STATE DEPARTMENT SHALL
5	CONSULT WITH, AT A MINIMUM, THE FOLLOWING STAKEHOLDERS:
6	(a) HEALTH-CARE CONSUMERS AND CONSUMER ADVOCATES;
7	(b) HOSPITALS AND HEALTH SYSTEMS;
8	(c) HEALTH-CARE PROVIDERS AFFILIATED WITH OR OWNED BY A
9	HOSPITAL OR HEALTH SYSTEM; AND
10	(d) INDEPENDENT HEALTH-CARE PROVIDERS NOT AFFILIATED WITH
11	OR OWNED BY A HOSPITAL OR HEALTH SYSTEM.
12	(5) The state department may include in the report
13	INFORMATION FROM THE STATE DEPARTMENT, THE DEPARTMENT OF LAW,
14	STAKEHOLDERS, PUBLICLY AVAILABLE DATA SOURCES, AND HOSPITALS
15	AND HEALTH SYSTEMS IN ACCORDANCE WITH SUBSECTION (3) OF THIS
16	SECTION; EXCEPT THAT ANY INFORMATION THE STATE DEPARTMENT
17	RECEIVES THAT IS PROPRIETARY OR CONTAINS TRADE SECRETS MAY NOT
18	BE MADE PUBLIC.
19	(4) (a) The state department shall work with the
20	ALL-PAYER CLAIMS DATABASE TO IDENTIFY DATA, INCLUDING DATA FROM
21	THE HOSPITAL EXPENDITURE REPORT, AS DESCRIBED IN SECTION
22	25.5-4-402.8, THAT MAY BE USED TO UNDERSTAND FACILITY FEES.
23	(b) EACH HOSPITAL LICENSED PURSUANT TO PART 1 OF ARTICLE 3
24	of title 25 , or certified pursuant to section $25-1.5-103$ (1)(a)(II),
25	SHALL MAKE INFORMATION AVAILABLE TO THE STATE DEPARTMENT FOR
26	PURPOSES OF PREPARING THE REPORT; EXCEPT THAT THE STATE
27	DEPARTMENT SHALL NOT REQUIRE A HOSPITAL OR HEALTH SYSTEM TO

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1	RESHARE INFORMATION ALREADY RECEIVED BY THE STATE DEPARTMENT
2	(c) IF NECESSARY TO FULFILL THE REPORTING REQUIREMENTS OF
3	THIS SECTION, THE ATTORNEY GENERAL MAY ISSUE A CIVIL INVESTIGATIVE
4	DEMAND REQUIRING A STATE DEPARTMENT, CARRIER AS DEFINED IN
5	SECTION 10-16-102 (8), HOSPITAL, HEALTH SYSTEM, OR HEALTH-CARE
6	PROVIDER TO FURNISH MATERIALS, ANSWERS, DATA, OR OTHER RELEVANT
7	INFORMATION.
8	(d) A PERSON OR BUSINESS SHALL NOT BE COMPELLED TO PROVIDE
9	TRADE SECRETS, AS DEFINED IN SECTION 7-74-102(4).
10	SECTION 5. Safety clause. The general assembly hereby finds
11	determines, and declares that this act is necessary for the immediate
12	preservation of the public peace, health, or safety.

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