

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 12-0373

Date: February 8, 2012

Prime Sponsor(s): Sen. Aguilar

Bill Status: Senate Health and Human Services

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TITLE: CONCERNING FINANCIAL ASSISTANCE IN COLORADO HOSPITALS.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
State Expenditures		
Cash Funds		
Health Facilities General Licensure Cash Fund	\$4,447	\$4,447
FTE Position Change	0.1 FTE	0.1 FTE
Effective Date: August 8, 2012, if the General Assembly adjourns on May 9, 2012, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2012-2013: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

The bill places requirements on hospitals regarding financial aid to qualified patients who are uninsured, have a family income of less than 400 percent of the federal poverty income guidelines, and who do not receive a discount through the Colorado Indigent Care Program.

Under the bill, hospitals are required to:

- provide information to all patients concerning the hospital's financial assistance and charity care program;
- communicate the required information in a clear and understandable way and in languages appropriate to communities served;
- post the information conspicuously on its web site and in waiting areas;
- provide the information upon each patient's discharge; and
- include the information in each patient's billing statement.

Hospitals are required to provide a discount program for qualified patients. Qualified patients are not required to pay more than the hospital's cost of providing care as determined by the formula in the bill. Each hospital must offer to screen every uninsured patient for discount program eligibility, and the hospital is to request each patient's signature for verification that the screening offer was made.

Each hospital is required to offer a payment plan to a qualified patient. Interest charges may not exceed 3 percent per annum, and the total paid in a year by a qualified patient may not exceed 5 percent of the patient's annual income. Collection proceedings on a delinquent account may not commence until:

- the hospital confirms, in writing, that the patient received the hospital's financial assistance and charity care information, including information about the discount program, and the opportunity for eligibility through screening;
- the hospital has offered a payment plan; and
- the account is delinquent at least 150 days past the due date of the last scheduled payment.

The Department of Public Health and Environment (CDPHE) is to consider compliance with provisions in the bill upon a hospital's application for a license or license renewal.

State Expenditures

State expenditures in the **Department of Public Health and Environment (DPHE)** will increase by \$4,447 CF and 0.1 FTE per year beginning in FY 2012-13. The source of funds is the Health Facilities General Licensure Cash Fund. These resources are necessary to fund the requirement in the bill that the DPHE perform compliance reviews for each hospital as part of the license application or renewal process.

The **Department of Human Services** operates the Colorado Mental Health Institutes, which are substantially in compliance with the bill in current practice. Current law and the Colorado Code of Regulations require the institutes to charge each patient according to his or her ability to pay. Patients without assets or income are not required to pay; a sliding scale determines payments for everyone else. Payment plans are offered. Anticipated costs associated with changes to the institutes' billing practices will be insignificant in workload and related expenditures.

The **Department of Health Care Policy and Financing (HCPF)** provides funding to Colorado hospitals for care provided to low-income, uninsured patients through the Colorado Indigent Care Program (CICP). These payments are subject to available funding and are not affected by the bill. Further, patients who are receiving discounted services through the CCIP are exempt from the provisions of the bill. As a result, there is no fiscal impact of the bill for HCPF.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Expenditures Not Included Under SB12-134*		
Cost Components	FY 2012-13	FY 2013-14
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$612	\$612
Supplemental Employee Retirement Payments	237	273
TOTAL	\$849	\$885

**More information is available at: <http://colorado.gov/fiscalnotes>*

Local Government Impact

This fiscal note does not estimate the extent to which costs for hospitals wholly owned and operated by local governments will be affected by the bill. Typically, county and municipal hospitals have charity policies, allowing uninsured patients flexibility in settling their accounts. Interest free payment options over time are available. Efforts are made to follow up with patients for purposes of resolving accounts receivable issues.

State Appropriations

For FY 2012-13, the Department of Public Health and Environment requires an appropriation of 4,447 and 0.1 FTE from the Health Facilities General Licensure Cash Fund.

Departments Contacted

Public Health and Environment
Local Affairs
Colorado Counties

Health Care Policy and Financing
Human Services
Municipal League