

Colorado Legislative Council Staff Fiscal Note

**STATE
FISCAL IMPACT**

Drafting Number: LLS 15-0865 **Date:** April 14, 2015
Prime Sponsor(s): Sen. Cadman **Bill Status:** Senate Finance
 Rep. Hullinghorst **Fiscal Analyst:** Lauren Schreier (303-866-3523)

BILL TOPIC: HEALTH INSURANCE HOSPITAL LIENS

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures	Minimal workload increase. See State Expenditures section.	
FTE Position Change		
Appropriation Required: None.		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

The bill requires hospitals licensed by the Department of Public Health and Environment (DPHE) to submit charges for hospital care and services for a person injured by a third party to all of an injured person's payers of benefits before a lien for hospital care is created. The bill defines an injured person's payer of benefits as any of the following:

- an insurer;
- a health maintenance organization;
- a health benefit plan;
- a preferred provider organization;
- an employee benefit plan;
- a program of medical assistance under the Colorado Medical Assistance Act;
- the Children's Basic Health Plan;
- any other insurance policy or plan; or
- any other benefit available as a result of a contract entered into and paid for by or on behalf of an injured person.

If an injured person does not identify a payer of benefits, the hospital must make all reasonable efforts to locate any payer of benefits that may be available to the injured person prior to creating a lien. The bill allows injured persons who are subject to a lien in violation of the bill to bring action in a district court to recover reasonable attorney fees and court costs and two times the amount of the lien.

Background

A hospital lien is a lien filed by a hospital for all reasonable and necessary charges for care. Hospital liens are connected to the care of a person who was injured by the negligent or wrongful acts of another person.

State Expenditures

The bill increases workload in the DPHE by a minimal amount. The DPHE licenses hospitals that must comply with the requirements of the bill. The DPHE will manage any potential complaints filed by injured persons and ensure compliance by hospitals. The fiscal note assumes a high level of compliance among hospitals licensed by the DPHE. As a result, the bill will increase workload in the DPHE by a minimal amount and does not require new appropriations.

The bill may increase workload in the Judicial Department by a minimal amount for actions brought by injured persons brought against hospitals that violate the bill. The bill may result in additional filings in district courts. However, any potential increase in filings is anticipated to be minimal and does not require new appropriations.

Effective Date

The bill takes effect August 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Public Health and Environment
Health Care Policy and Financing
Corrections

Counties
Labor and Employment
Judicial Department