

## 8.4000

PURPOSE: To supply data for the Hospital Financial Transparency Report, which is an annually prepared written report detailing uncompensated hospital costs and the different categories of expenditures, by major payer group, made by hospitals in the state.

### 8.4001.A DEFINITIONS

1. "Certified Financial Statements" means financial statements, along with accompanying notes, that have been prepared in accordance with Generally Accepted Accounting Principles and that have been audited by an independent certified public accountant(s) in accordance with generally accepted auditing standards.
2. "Critical Access Hospital" means a hospital qualified as a critical access hospital under 42 U.S.C. § 1395i-4(c)(2) and licensed or certified as a critical access hospital by the Colorado Department of Public Health and Environment.
3. "DATABANK Program" means the Colorado Hospital Association program that collects hospital utilization and financial data.
4. "Enterprise Board" means the Colorado Healthcare Affordability and Sustainability Enterprise Board described at § 25.5-4-402.4(7), C.R.S..
5. "General Hospital" means a hospital licensed as a general hospital by the Colorado Department of Public Health and Environment.
6. "Health System" is a larger corporation or an organizational structure that owns, contains, or operates more than one hospital.
7. "Long Term Care Hospital" means a General Hospital that is certified as a long-term care hospital by the Colorado Department of Public Health and Environment.
8. "Medicare Cost Report" means the Medicare hospital cost report, form CMS 2552-96 or CMS 2552-10, or any successor form created by CMS, and the annual required submission of worksheets and schedules by Medicare certified providers used for Medicare reimbursement.
9. "Psychiatric Hospital" means a hospital licensed as a psychiatric hospital by the Colorado Department of Public Health and Environment.
10. "Quarterly Financial Statements" means internal unaudited financial statements including an income statement and balance sheet prepared in accordance with Generally Accepted Accounting Principles.
11. "Rehabilitation Hospital" means an inpatient rehabilitation facility.

### 8.4002 RESPONSIBILITIES OF THE DEPARTMENT AND HOSPITALS FOR ANNUAL REPORTING REQUIREMENTS

#### 8.4002.A ANNUAL STATEMENT SUBMISSION

1. ~~For the purposes of compiling historic data for the Hospital Financial Transparency Report, all General Hospitals and Critical Access Hospitals shall submit Certified Financial Statements and Medicare Cost Reports for all fiscal periods ending after January 1, 2012 through the most recently available fiscal period.~~
  - a. ~~Hospitals shall submit within fifteen (15) days of the effective date of this rule.~~

1. For the purposes of ongoing data compilation for the Hospital Financial Transparency Report, all General Hospitals and Critical Access hospitals shall submit their Certified Financial Statements, ~~and~~ Medicare Cost Reports, and a hospital specific statement of cash flows.
  - a. Hospitals shall submit a Certified Financial Statement within 120 days after the end of its fiscal year, unless the Department grants an extension in writing in advance of that date.
  - b. Hospitals shall submit annual Medicare Cost Reports to the Department within thirty (30) days after submitting them to CMS.
  - c. Hospitals shall submit a specific statement of cash flows within a time frame specified by HCPF, but not less than 120 days after the hospital's fiscal year end.
2. Psychiatric Hospitals, Long Term Care Hospitals and Rehabilitation Hospitals are exempted from submitting Certified Financial Statements, ~~and~~ Medicare Cost Reports and statements of cash flows.
3. For a hospital that operates within a Health System or other corporate structure, and is normally included in the Health System or other corporate structure's Certified Financial Statements
  - a. The hospital may submit the Health System or other corporate structure's Certified Financial Statements if the statements separately identify the financial information for each licensed hospital operating in the state including:
    - i. A statement of operations.
    - ii. A balance sheet.
    - iii. If available, a statement of changes in net assets (or equity).
    - iv. If available, a statement of cash flows.
  - b. For hospitals in which the consolidated Certified Financial Statements do not separately identify the financial information for each licensed hospital operating in the state, then the hospital shall submit the financial statements that were submitted with its Medicare Cost Report and shall submit a reconciliation of the consolidated financial statement and hospital-specific revenue and expenses reported on the Medicare Cost Report pursuant to the federal centers for Medicare and Medicaid services provider reimbursement manual form 339.
4. If total revenues and total expenses on the submitted financial statements differ from the Medicare Cost Report, the hospital shall submit a reconciliation.
5. A hospital may choose to submit a written explanation of operating, investing, or financing decisions that impact the interpretation of the Certified Financial Statements or Medicare Cost Report.
6. A hospital may choose to submit a written explanation detailing changes in reporting methodology between fiscal periods that would impact the interpretation of the statements and what period may be affected. Examples of reporting methodologies that could change include:
  - a. Measurements of financial assets and liabilities.
  - b. Recording of retirement benefit plans.
  - c. Recording of income tax expense.
  - d. Rates of depreciation.
7. The Department is not responsible for the review and authentication of the Certified Financial Statements and the Medicare Cost Report. The authentication of the submitted Certified Financial Statements and the Medicare Cost Report is the responsibility of the hospital or Health System.

8. Submissions shall be certified by the hospital's Chief Executive Officer, Chief Financial Officer, or an individual who reports directly to the Chief Executive Officer or Chief Financial Officer with delegated authority to sign for the Chief Executive Officer or Chief Financial Officer so that the Chief Executive Officer or Chief Financial Officer is ultimately responsible for the certification.

#### 8.4002.B ANNUAL REPORTING SUBMISSION

1. ~~For the purposes of compiling historic data for the Hospital Financial Transparency Report, hospitals shall report utilization and financial information for fiscal periods ending after January 1, 2012 through the most recently available fiscal period if such information is available. The Department shall make available or distribute a data reporting template to all hospitals.~~
  - a. ~~The Department shall include instructions for completing the data reporting template, including definitions and descriptions of each reported data field, which will include at a minimum those items required by C.R.S. § 25.5-4-402.8(2)(b)(III).~~
  - b. ~~The Department may allow hospitals to submit data submitted to the DATABANK Program as an alternative to the Department's reporting template. The Department shall instruct hospitals what is an acceptable DATABANK Program submission.~~
  - c. ~~Hospitals shall return the completed reporting template to the Department within fifteen (15) days after receiving the request or on the stated due date, whichever is later.~~
1. For the purposes of ongoing data compilation for the Hospital ~~Transparency~~Expenditure Report, hospitals shall report utilization, and financial, service line, and large project information on the hospital for the requested fiscal year. The Department shall make available or distribute a data reporting template to all hospitals.
  - a. The Department shall inform hospitals of the fiscal period of the request.
  - b. The Department shall include instructions for completing the data reporting template, including definitions and descriptions of each reported data field, which will include at a minimum those items required by C.R.S. § 25.5-4-402.8(2)(b)(III) as well as several required by C.R.S. § 25.5-4-402.8(2)(b)(II).
  - c. Hospitals shall return the completed reporting template to the Department within thirty (30) days after receiving the request or on the stated due date, whichever is later.
2. Hospitals shall submit the following items required by C.R.S. § 25.5-4-402.8(2)(b)(II).
  - a. Hospitals shall submit an annual summary of the hospital's transfer of cash, equity, investments, or other assets to and from related parties, including but not limited to the hospital's parent organization along with the report pursuant to Section 25.5-4-402.8(2)(b)(III), C.R.S.. Hospitals shall submit this summary within 120 days after the end of its fiscal year, unless the Department grants an extension in writing in advance of that date. A hospital may aggregate the transfers for each entity receiving or making the transfer. The summary shall include:
    - i. The purpose of the transfer, and
    - ii. Whether the transfer was made within or outside of Colorado.
  - b. Hospitals shall submit changes to no more than twenty-five categories of specific major service lines along with the report pursuant to Section 25.5-4-402.8(2)(b)(III), C.R.S..
    - i. HCPF shall determine up to twenty-five service line categories and inform hospitals of them before the submission period begins.
  - c. Hospitals shall submit a narrative report of major planned and completed projects and capital investments greater than twenty-five million dollars along with the report pursuant to Section

25.5-4-402.8(2)(b)(III), C.R.S.. Hospitals shall submit this summary within 120 days after the end of its fiscal year, unless the Department grants an extension in writing in advance of that date. Except the information HCPF receives from hospitals regarding planned activities is confidential, proprietary, contains trade secrets, and is not a public record pursuant to Part 2 of Article 72 of Title 24.

3. Hospitals shall submit a roll-forward schedule detailing the changes in property, plant, and equipment balances from the beginning to the end of the reporting period.
  - a. Changes shall be appropriately categorized as either purchases, other acquisitions, sales, disposals, depreciation expense or other changes. Significant amounts categorized as other changes should be separately described. The roll-forward schedule should provide details of changes by property, plant, and equipment category including, but not limited to land, buildings, buildings – accumulated depreciation, building improvements, building improvements – accumulated depreciation, leasehold improvements – leasehold improvements – accumulated depreciation, equipment, equipment – accumulated depreciation, other and other – accumulated depreciation. The beginning and ending balances on the roll-forward schedule should agree to the respective balance sheet.
4. For the purposes of compiling historic data for the Hospital Financial Transparency Report, hospitals shall report no later than July 1, 2024: The Department shall make available or distribute a data reporting template to all hospitals
  - a. For each fiscal year 2014-15 through 2019-20, a summary of the hospital's transfer of cash, equity, investments, or other assets to and from related parties, including but not limited to the hospital's parent organization. A hospital may aggregate the transfer of each entity receiving or making the transfer. The summary shall include:
    - i. The purpose of the transfer, and
    - ii. Whether the transfer was made within or outside of Colorado.
  - b. For each fiscal year from 2014-15 through 2019-20, information on affiliations and a report of physician practice acquisitions including but not limited to:
    - i. The names and transaction price of acquired hospitals, affiliated hospitals, newly constructed hospitals, and rehabilitation hospitals,
    - ii. The names and transaction price of acquired or affiliated physician group practices, and
    - iii. the number and transaction price of individual physician practices acquired or affiliated..
  - c. For each fiscal year from 2019-20 through 2022-23, details of significant other revenue that would otherwise be reported in the Medicare Cost Report.
  - d. HCPF shall include instructions for completing the one-time data reporting template, including definitions and descriptions of each reported data field, which will include at a minimum those items required by C.R.S. § 25.5-4-402.8(2)(b.5).
  - e. Hospitals shall return the completed reporting template to the Department within thirty (30) days after receiving the request or on the stated due date, whichever is later.
5. Psychiatric Hospitals, Long Term Care Hospitals and Rehabilitation Hospitals are exempted from the reporting submission.
6. The Department shall determine the reasonableness of the data submitted by comparing it to the submitted Certified Financial Statement.

7. Submissions shall be certified by the hospital's Chief Executive Officer, Chief Financial Officer, or an individual who reports directly to the Chief Executive Officer or Chief Financial Officer with delegated authority to sign for the Chief Executive Officer or Chief Financial Officer so that the Chief Executive Officer or Chief Financial Officer is ultimately responsible for the certification.

#### **8.4002.C DEPARTMENT REPORTING & TRANSPARENCY**

1. The Department is responsible for the compilation of the hospital submissions.
2. The Department shall consult with the Enterprise Board on the structure and format of the Hospital Expenditure Report at the Enterprise Board meetings.
3. The Department shall share the hospital's data in the Hospital Financial Transparency Report and a copy of the report with the hospital a minimum of fifteen (15) days before the report is publicly available or issued to the Enterprise Board.
4. After the collection and review of the data submission, a machine-readable format of the hospital data shall be made available to the statewide hospital association at no cost to the association.
5. HCPF shall report on the annual Hospital Transparency Report during HCPF's State Measurement for Accountable, Responsive, and Transparent Government Act hearing.

#### **8.4003 RESPONSIBILITIES OF THE DEPARTMENT AND HOSPITALS FOR QUARTERLY REPORTING REQUIREMENTS**

##### **8.4003.A QUARTERLY STATEMENT SUBMISSIONS**

1. All General Hospitals and Critical Access Hospitals shall submit Quarterly Financial Statements within ninety (90) days of the end of the calendar quarter.
2. Psychiatric Hospitals, Long Term Care Hospitals and Rehabilitation Hospitals are exempted from submitting Quarterly Financial Statements.
3. For a hospital that operates within a Health System or other corporate structure, and is normally included in the Health System or other corporate structure's Quarterly Financial Statements, the hospital may submit the Health System or other corporate structure's Quarterly Financial Statements.
4. A hospital may choose to submit a written explanation detailing changes in reporting methodology between fiscal periods that would impact the interpretation of the statements and what period may be affected. Examples of reporting methodologies that could change include:
  - a. Measurements of financial assets and liabilities.
  - b. Recording of retirement benefit plans.
  - c. Recording of income tax expense.
  - d. Rates of depreciation.
5. The Department is not responsible for the review and authentication of the Quarterly Financial Statements. The authentication of the submitted Quarterly Financial Statements is the responsibility of the hospital or Health System.
6. Submissions shall be certified by the hospital's Chief Executive Officer, Chief Financial Officer, or an individual who reports directly to the Chief Executive Officer or Chief Financial Officer with delegated authority to sign for the Chief Executive Officer or Chief Financial Officer.

##### **8.4003.B QUARTERLY REPORTING SUBMISSION**

1. For the purposes of ongoing quarterly data compilation for the Hospital Financial Transparency Report, hospitals shall report Quarterly Financial Statements for the requested quarter. The Department shall make available or distribute a data reporting template to all hospitals.
  - a. The Department shall inform hospitals of the time period of the request.
  - b. The Department shall include instructions for completing the data reporting template, including definitions and descriptions of each reported data field, which will include at a minimum those items required by C.R.S. § 25.5-4-402.8(2)(b)(IV)(A).
  - c. Hospitals shall return the completed reporting template to the Department within ninety (90) days after receiving the request or on the stated due date, whichever is later.

#### 8.4003.C DEPARTMENT QUARTERLY REPORTING & TRANSPARENCY

1. The Department is responsible for the compilation of the hospital Quarterly Financial Statement submissions.
2. The Department shall provide any analysis, report, or presentation based on the Quarterly Financial Statements to each hospital at least fifteen (15) days prior to the public release of any analysis, report, or presentation. The Department shall clearly state any analysis, report, or presentation based on Quarterly Financial Statements is unaudited when applicable.
3. After the collection and review of the Quarterly Financial Statement submissions, a machine-readable format of the hospital data shall be made available to the statewide hospital association at no cost to the association.

#### **8.4004.A HOSPITAL FINANCIAL TRANSPARENCY COMPLIANCE AND CORRECTIVE ACTION PROCESS**

1. If a hospital does not provide all the of the information required pursuant to subsection (2)(b) of section 25.5-4-402.8 of the Colorado Revised Statute HCPF shall inform the hospital of its noncompliance within sixty (60) days and identify the information needs to be provided.
  - a. If a hospital does not comply, HCPF shall issue a corrective action plan with a timeline of sixty (60) days required for compliance.
  - b. If a hospital continues to not comply, HCPF may create a mandatory pay-for-reporting compliance measure within the Hospital Transformation Program that is tied to the Healthcare Affordability and Sustainability Fee Supplemental Payment.
2. If the HCPF determines a hospital's noncompliance with reporting requirements is knowing or willful or there is a repeated pattern of noncompliance, HCPF shall consider the size of the hospital and the seriousness of the violation in setting a fine amount which:
  - a. For hospitals owned or affiliated with a hospital system comprised of three or more hospitals shall not exceed \$20,000 per violation per week until the hospital takes corrective action, and
  - b. For all other hospitals the fine shall not exceed \$5,000 per week until the hospital takes corrective action.