



**COLORADO**  
Department of Health Care  
Policy & Financing

Department of Health Care Policy & Financing  
1570 Grant Street  
Denver, CO 80203

November 1, 2019

Members of the Colorado General Assembly  
c/o the Staff of the Legislative Council  
State Capitol Building  
200 E. Colfax Avenue  
Denver, CO 80203

Dear Members of the General Assembly:

Enclosed, please find the Department of Health Care Policy and Financing's legislative report with recommendations on the hospital report card and hospital charge report.

*Section 25.5-4-402.8 C.R.S., requires the state department, in consultation with the department of public health and environment and the division of insurance, shall review the hospital report card, created pursuant to section 25-3-703, and the hospital charge report, created pursuant to section 25-3-705, and make recommendations to the general assembly by November 1, 2019. The recommendations must identify any structural or substantive changes that should be made to the hospital report card or hospital charge report to increase the value of those reports, including a consideration of whether the hospital report card or hospital charge report still provides value to consumers and policymakers.*

The three agencies agree that the hospital report card and charge report still provide value to consumers and policymakers. Three areas of change are recommended: user-friendliness, maintenance of quality measures, and coordination of health care value information on state agency websites. The state agencies, in coordination with the Colorado Hospital Association, will continue improving these reports to create valuable resources for Coloradans.

If you require further information or have additional questions, please contact Nina Schwartz, Department of Health Care Policy and Financing at 303.866.6912.

Sincerely,

A handwritten signature in black ink, appearing to read 'K Bimestefer'.

Kim Bimestefer  
Executive Director  
Department of Health Care Policy and Financing

KB/nd

Enclosure(s): Hospital Reports Review Recommendation Report

CC: Legislative Council Library  
State Library  
John Bartholomew, Finance Office Director, HCPF  
Tracy Johnson, Medicaid Director, HCPF  
Tom Massey, Policy, Communications, and Administration Office Director, HCPF  
Bonnie Silva, Community Living Office Director, HCPF  
Parrish Steinbrecher, Health Information Office Director, HCPF  
Stephanie Ziegler, Cost Control and Quality Improvement Office Director, HCPF  
Rachel Reiter, External Relations Division Director, HCPF  
Nina Schwartz, Legislative Liaison, HCPF

# Hospital Reports Review Recommendation Report

House Bill 19-1001, Section 2(5) request for Hospital Report Card and Hospital Charge Report review

**November 1, 2019**

**Submitted to: Colorado General Assembly**



**COLORADO**

Department of Health Care  
Policy & Financing

# Contents

Executive Summary ..... 1

Introduction ..... 2

Value to Consumers and Policymakers ..... 3

    Hospital Report Card ..... 3

    Hospital Charge Report ..... 4

    DOI Hospital Price Report ..... 4

    Hospital Expenditure Report ..... 4

Structural or Substantive Recommendations ..... 5

    User-friendliness ..... 5

    Maintenance of quality measures ..... 6

    Coordinate health care value information ..... 6

Conclusion ..... 6



## Executive Summary

The Department of Health Care Policy and Financing (The Department) prepared this report pursuant to Section 25.5-4-402.8(2)(5), C.R.S. The General Assembly requested a review of the Hospital Report Card and Hospital Charge Report for structural or substantive changes including whether the reports still provide value to Coloradans and policymakers.

After holding two meetings, the Department, in consultation with the Department of Public Health and Environment (DPHE), the Division of Insurance (DOI), and the Colorado Hospital Association (CHA), all agreed the Hospital Report Card and the Hospital Charge Report still hold value for today's health care consumer and policymakers. Together with the Hospital Expenditure Report, consumers and policymakers gain a comprehensive picture of Colorado hospital costs, payments, and quality.

Recommendations for the reports include increasing the user-friendliness of current and future reports, maintaining quality measures, and creating a resource for health value information.



## Introduction

With the passage of House Bill 19-1001, enacted at section 25.5-4-402.8, C.R.S., the Department of Health Care Policy and Financing, (the Department), was charged with the following task:

The Department, in consultation with the Department of Public Health and Environment (DPHE) and the Division of Insurance (DOI), shall review the Hospital Report Card, created pursuant to section 25-3-703, C.R.S., and the Hospital Charge Report, created pursuant to section 25-3-705, C.R.S., and make recommendations to the General Assembly by November 1, 2019. The recommendations must identify any structural or substantive changes that should be made to the Hospital Report Card or Hospital Charge Report to increase the value of those reports, including a consideration of whether the Hospital Report Card or Hospital Charge Report still provides value to consumers and policymakers.<sup>1</sup>

The Department conducted two meetings with staff from DPHE, DOI, and the Colorado Hospital Association (CHA) on September 10, 2019 and September 25, 2019 to review the Hospital Charge Report and the Hospital Report Card. Attendees also discussed the Hospital Expenditure Report, created with the enactment of House Bill 19-1001, at section 25.5-4-402.8(2)(4), C.R.S., in the context of current reporting. While this report has not been produced, it will be a resource for consumers and policymakers similar to the Hospital Report Card and the Hospital Charge Report.

At the kick-off meeting on September 10th, the agencies discussed levels of participation, challenges for maintenance and opportunities for adding value to current reports. Agencies considered how well the current reports meet the needs of various stakeholders, including potential audience members' health literacy. DOI also presented its new Hospital Charge Report. On September 25<sup>th</sup>, new DOI subject matter experts provided more details regarding DOI requirements for the Hospital Charge Report.

---

<sup>1</sup> Hospital Transparency to Analyze Efficiency, HB19-1001, Section 2(5). 2019 Regular Session. (2019). Available from [www.leg.colorado.gov/bills/hb19-1001](http://www.leg.colorado.gov/bills/hb19-1001).



## Value to Consumers and Policymakers

The state agencies agreed the Hospital Report Card and the Hospital Charge Report still provide value to consumers and policymakers. Together with the Hospital Expenditure Report, consumers and policymakers will have a comprehensive picture of Colorado hospital costs, payments, and quality. The state agencies do not recommend eliminating any of these hospital reports. The value of each report is summarized below followed by helpful technical information.

### [Hospital Report Card](#)

Citation(s): Sections 25-3-601 and 25-3-702(1), C.R.S. (2019)

The value of the Hospital Report Card, also referred to as the Hospital Quality Report<sup>2</sup>, is that health care consumers can look up hospital quality over time. The report is maintained by CHA with DPHE advising CHA on the calculation of quality measures.

The Hospital Report Card is an online, electronic and multi-page data output and visualization website which provides various quality measures including mortality, volume, patient safety, infections, injuries, and nursing specific quality measures.

### The Health Care Transparency Act

The Health Care Transparency Act (HB 08-1393) created two complimentary reports related to hospital payments and charges. Together, the DOI Hospital Price Report and the CHA Hospital Charge Report allow consumers and policymakers to see the difference between 1) the average charge by hospitals and 2) the average allowed amount, or payment, by the insurance company.

The value of these reports for health care consumers is the ability to see the difference between the negotiated payment a health insurance company paid for a hospital service and the amount a hospital historically charged for the same hospital service. While this difference is not the same as a person's out of pocket costs (due to discounts and secondary resources of the person seeking care) the two reports provide an important contrast between charges and the actual amount paid. Insurance companies first negotiate rates for people covered under their health insurance products. DOI's Hospital Price Report presents this number: the average of allowed amounts from insurance companies for previous years. This allows the user to see on average what amount was agreed to be paid on behalf of people who had insurance. Hospitals also set charges for hospital services which they charge to insurance companies. The CHA Hospital Charge Report (known also as the Hospital Price Report online) shows this- the average of what hospitals charged in previous years.

---

<sup>2</sup> The Hospital Report Card is titled Hospital Quality Report on the report website. Colorado Hospital Quality Report by Measure. (2019). Available from [cohospitalquality.org](http://cohospitalquality.org).



## Hospital Charge Report

Citation(s): Section 25-3-705, C.R.S. (2019)

The Hospital Charge Report<sup>3</sup> as it is referred to in statute is an online, electronic and multi-page, Microsoft Power Business Intelligence (BI)<sup>4</sup> dashboard that presents average total hospital charges by MS-DRG. Data is available to view by year, hospital, and peer group. The user can also narrow by Major Diagnosis Category, which groups the MS-DRG by types of illness. The averages in this report are calculated from hospital self-reported usual and customary charges and MS-DRG specific discharges distinct by internal patient IDs. This reported charge does not include any discounts that could be offered under the Colorado Indigent Care Program<sup>5</sup> or other financial assistance programs hospitals may offer.

## DOI Hospital Price Report

Citation(s): Section 10-16-134, C.R.S. (2019)

The DOI Hospital Price Report<sup>6</sup> is an online, electronic and multi-page Tableau<sup>7</sup> dashboard which reports the average allowed amount for a selected MS-DRG<sup>8</sup>. Data is available by year, insurance coverage type and DOI region<sup>9</sup>. DOI reports the average allowed amount for MS-DRGs for inpatient and outpatient services separately. The average allowed amounts reported by DOI are sourced from the All Payer Claims Database<sup>10</sup> (APCD) and is calculated as the average of total payments by the health insurance company for policy holders who used that service, including all pharmaceuticals and services related to the MS-DRG specific payment. This allowed amount does not include any secondary finance resources a person might have like a flex spending account.

## Hospital Expenditure Report

Citation(s): Section 25.5-4-402.4, C.R.S. (2019)

This future report, created with the enactment of House Bill 19-1001 at section 25.5-4-402.8(2) and (4), C.R.S., will show hospital level costs of doing business and the volume of

<sup>3</sup>Colorado Hospital Association. Colorado Hospital Price Report. (2019). Available from <https://app.powerbi.com/view?r=eyJrIjoibDBlYmI0ODAtMTE4NS00NTg5LWE0ODAtNmM3ZjZjN2Y4ODZmliwidCI6IjA2MmEyYjU3LTZyOTQ0NGNjNy1hYjdkLWJjNDVmMmNmZTAwOSIsImMiOjZ9>.

<sup>4</sup>Microsoft Power BI is a data visualization software that allows the user to interact with the data and change the chart in front of them. See <https://powerbi.microsoft.com/en-us/> for more information.

<sup>5</sup>Department of Health Care Policy & Financing. Colorado Indigent Care Program (CICP). (2019). [www.colorado.gov/pacific/hcpf/colorado-indigent-care-program](http://www.colorado.gov/pacific/hcpf/colorado-indigent-care-program).

<sup>6</sup>Colorado Division of Insurance. (2019). Available from [www.colorado.gov/pacific/dora/colorado-hospital-price-report](http://www.colorado.gov/pacific/dora/colorado-hospital-price-report).

<sup>7</sup>Tableau is a data visualization software that allows the user to interact with the data and change the chart in front of them. See [www.tableau.com](http://www.tableau.com) for more information.

<sup>8</sup>MS-DRGs, or Medicare Severity- Diagnosis Related Groups, are a payment methodology used for medical services based on the severity of the primary diagnosis to be treated during a visit.

<sup>9</sup>Division of Insurance regions are “nine geographic areas for individual and small group health insurance” which recognizes the similar healthcare costs within regions. Division of Insurance. (2019). Available from [www.colorado.gov/pacific/dora/news/division-insurance-completes-geographic-rating-area-study](http://www.colorado.gov/pacific/dora/news/division-insurance-completes-geographic-rating-area-study).

<sup>10</sup>Methodology for Hospital Price Report. Division of Insurance. (2019). Available from <https://www.colorado.gov/pacific/dora/methodology-hospital-price-report>.



people receiving services. How a hospital has grown their business over time will also be included. This report will add value because consumers and policymakers will be able to compare how hospitals spend their dollars to serve Coloradans. The Hospital Expenditure Report will be “a written report detailing uncompensated hospital costs and the different categories of expenditures, by major payer group, made by hospitals in the state”<sup>11</sup>. The report will provide various hospital-specific, organization-level finance and volume metrics. It will also look at hospitals purchases of doctors’ offices and other organizations over time. No benchmarks are currently indicated for the report.

## Structural or Substantive Recommendations

After consultation with DPHE, DOI and CHA, the Department submits the following recommendations:

To continue to add value to these reports and better meet our goal of serving Coloradans, the state agencies will continue to explore with stakeholders how to align the reports to provide the most useful information to consumers, providers, policymakers and communities.

### User-friendliness

To aid in understanding these reports and how they work together to inform Colorado health care consumers and policymakers the user-friendliness of the reports will be reassessed. Some of the specific suggestions included:

- Consistency with labels: Align report titles and field labels to use the same language within reports, but also between reports so Coloradans will not be confused about navigation to the report landing page. An example of this is the Hospital Charge report being labeled the Hospital Price Report on the landing webpage. Similarly, the Hospital Report Card is called the Hospital Quality Report on the landing webpage.
- Use of plain language: Plain language is communication that an audience can understand the first time they read or hear it. The Department recommends plain language review of the reports to ensure they avoid wordy, complicated language or jargon and are instead easy to read, understand and use. The Department uses resources and guidelines such as those promoted by the federal government and does not use grade level assessment tools alone to determine whether a communication is in plain language<sup>12</sup>.

---

<sup>11</sup> Hospital Transparency Measures to Analyze Efficacy, HB19-1001. 2019 Regular Session. (2019). Available from [www.leg.colorado.gov/bills/hb19-1001](http://www.leg.colorado.gov/bills/hb19-1001)

<sup>12</sup> Centers for Disease Control and Prevention. Health Literacy. (2019). Available from [www.cdc.gov/healthliteracy/developmaterials/plainlanguage.html](http://www.cdc.gov/healthliteracy/developmaterials/plainlanguage.html).



- **Enhanced data visualization:** The Department recommends the use of updated software whenever possible to ease understanding of the information. For example, modern data visualization software reduces the amount of information a user must remember from one data chart to the next.

#### Maintenance of quality measures

To ensure the most appropriate quality measures are used as health system perspectives change over time, the state agencies will continue to review existing statutes to look for opportunities to improve quality measures. The state agencies will work to provide clarity and more flexibility to deliver quality measures that are meaningful to today's health care consumer. Additionally, the reports should use the most robust and useful data sets available.

#### Coordinate health care value information

The state agencies will work with stakeholders, including consumers and advocates, to create a central resource of health care value information for all Coloradans. Internet links will be provided as soon as possible on the report websites to show how the content of the reports relate to each other until more in-depth changes can be coordinated. In the long-term, presentation of how the overall report information relates to each other will be reviewed.

#### **Conclusion**

The Department of Health Care Policy and Financing was tasked with reviewing the Colorado Hospital Charge Report and the Hospital Report Card in coordination with the Department of Public Health and Environment and the Division of Insurance. The state agencies met with CHA and all agreed the reports still hold value to Colorado health care consumers and policy makers. Three areas of structural or substantive changes were recommended: user-friendliness, maintenance of quality measures, and coordination of health care value information on state agency websites. The state agencies, in coordination with stakeholders including consumers, are committed to improving these reports and create an informational resource for Coloradans.

