



The Bell Policy Center

Health Care Policy and Financing Annual Report on Hospital Expenditures HB 17-1236

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Testimony to the Senate State, Veterans and Military Affairs Committee
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Thank you for the opportunity to testify today on behalf of the Bell Policy Center. The Bell is a non-partisan, non-profit research and advocacy organization founded on progressive values and dedicated to making Colorado a state of opportunity for all.

The Bell supports HB 17-1236, which requires the Department of Health Care Policy and Financing (HCPF) to prepare an annual report detailing the cost of uncompensated care and other costs provided by hospitals in Colorado. The bill also specifies what hospitals must report and requires the department to present the report to state policymakers and make it available on its website. We support HB 17-1236 because it makes information about health care costs in Colorado more transparent, which has the potential to lead to lowered health costs. It also will give us insight into the amount of hospital debt Colorado consumers owe, which could help policymakers and advocates target ways to assist them in paying for health care costs.

Transparency initiatives have been recognized as a promising approach for reducing health costs. National experts project that as people are asked to pay for more of their own health costs, given rising deductibles and co-insurance, transparency tools will become even more crucial. Colorado has made progress on this front, through efforts such as the All Payer Claims Database (APDC). Last year Colorado ranked among the top three states in the country on measures of health care price transparency, moving from a “B” to an “A” grade according to the Catalyst for Payment Reform’s report card. The report cited the ways we collect information from hospitals, facilities and clinicians and present that information to consumers.

But we still have work to do. Price is one piece of the health care puzzle. It indicates what consumers and other purchasers pay for health care goods and services. Cost is what it takes for the suppliers of these services to provide what consumers need. As documented by our own bipartisan Commission on Affordable Health Care, which is highly focused on examining costs, health costs are a major source of concern for Coloradans across the state. In conversations across the state, the Commission heard that people are frustrated by a lack of transparency in “billing, charges and costs,” particularly with respect to hospitals. Thus, commissioners recently recommended that Colorado “promote more transparent and publicly available data with a focus primarily around facilities, pharmaceuticals and providers’ prices using resources including but not limited to APCD.”

HB 17-1236 emphasizes individual hospital disclosure and collection of information about uncompensated care, which is comprised of charity care and “bad debt,” or the costs that

hospitals are unable to recoup from patients. Even though hospitals in Colorado and nationwide have seen dramatic decreases in uncompensated care, patients still have trouble paying their medical bills. A 2017 study by the Consumer Financial Protection Bureau found that nearly 60 percent of people who were contacted by debt collectors were contacted because of medical debt, far outpacing other reasons that people are contacted. Those with medical debt spanned a range of ages, income levels and credit scores.

Our work at the Bell is strongly focused on consumer protections and finding strategies to help people build assets and stay out of debt. If proposals coming out of Washington are successful, we could see 600,000 Coloradans lose health coverage. We would undoubtedly see a rise in people struggling with medical debt. It would become even more critical for us to have more data on uncompensated care so we can figure out targeted ways to help.

Hospitals receive the largest share of Medicaid funding in our state. As Medicaid is a major payor in our state health care system, it benefits the state to know how those uncompensated care costs, and others, are configured.

Arizona and Wisconsin are two examples of states that require individual hospitals to disclose uncompensated care information. Wisconsin's data, while aimed at providing information on charges, even goes so far as to include information about the collection procedures hospitals use.

We thank Senator Coram and Senator Smallwood for bringing this bill to you and thank the committee for the opportunity to share our thoughts.

If you would like more information or if I could answer any questions, please contact me at wood@thebell.org or 303.297.0456.