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SENATE BILL DRS25303-MG-138C (02/01)

Short Title: Expand Hospital Disclosure Requirements. (Public)

Sponsors: Senators Wells and Rucho (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT EXPANDING HOSPITAL DISCLOSURE REQUIREMENTS PERTAINING TO CHARITY CARE, PATIENT REVENUES, INCOME, AND CAPITAL ASSETS AND IMPROVEMENTS; AND APPROPRIATING FUNDS TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES, DIVISION OF HEALTH SERVICE REGULATION, FOR INFORMATION TECHNOLOGY COSTS ASSOCIATED WITH THE DEPARTMENT'S EXPANDED RESPONSIBILITIES UNDER THESE REQUIREMENTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 131E-214.14 reads as rewritten:

"§ 131E-214.14. Disclosure of charity care policy and costs, patient revenues, income, and capital assets and improvements.

(a) Requirements: Disclosure of Financial Assistance Policies. – ~~A~~ Each hospital or ambulatory surgical facility required to file Schedule H, federal form 990, under the Code must provide shall disclose its financial assistance policy or a comparable policy in all of the following ways:

(1) Provide the public access to its financial assistance policy and its annual financial assistance costs reported on its Schedule H, federal form 990. The information must be submitted policy or a comparable policy.

(2) Submit annually to the Department in the time, manner, and format required by the Department. Department an Internet Web site address for access to its financial assistance policy or a comparable policy. The Department must shall post all of the information submitted pursuant to this subsection on its internet Web site in one location and in a manner that is searchable-searchable by facility. The posting requirement shall not be satisfied by posting links to internet Web sites. The information must also be displayed. If a hospital or ambulatory surgical facility does not have a financial assistance policy or comparable policy, or does not provide the Department with the information required by this subdivision, then the Department shall indicate this information on its Internet Web site.

(3) Display its financial assistance policy or a comparable policy in a conspicuous place in the organization's place of business.

(a1) Disclosure of Financial Assistance Costs. – Each hospital or ambulatory surgical facility shall disclose its financial assistance costs in all of the following ways:

(1) Provide the public with access to its financial assistance costs.

(2) Submit annually to the Department in the time, manner, and format required by the Department its financial assistance costs. The Department shall post the



- 1 information it receives pursuant to this subsection on its Internet Web site in  
2 one location and in the manner required by subsection (a4) of this section. This  
3 posting requirement shall not be satisfied by posting links to Internet Web sites.  
4 (3) Display its financial assistance costs in a conspicuous place in the  
5 organization's place of business.
- 6 (a2) Disclosure of Patient Revenue. – Each hospital or ambulatory surgical facility shall  
7 disclose its total net patient revenue in all of the following ways:  
8 (1) Provide the public with access to its total net patient revenue.  
9 (2) Submit annually to the Department in the time, manner, and format required by  
10 the Department its total net patient revenue. The Department shall post the  
11 information it receives pursuant to this subsection on its Internet Web site in  
12 one location and in a manner that is searchable by facility. This posting  
13 requirement shall not be satisfied by posting links to Internet Web sites.  
14 (3) Display its total net patient revenue in a conspicuous place in the organization's  
15 place of business.
- 16 (a3) Disclosure of Income. – Each hospital or ambulatory surgical facility shall disclose its  
17 net operating income and total net income in all of the following ways:  
18 (1) Provide the public with access to its net operating income and total net income.  
19 (2) Submit annually to the Department in the time, manner, and format required by  
20 the Department its net operating income and total net income. The Department  
21 shall post the information it receives pursuant to this subsection on its Internet  
22 Web site in one location and in a manner that is searchable by facility. This  
23 posting requirement shall not be satisfied by posting links to Internet Web sites.  
24 (3) Display its net operating income and total net income in a conspicuous place in  
25 the organization's place of business.
- 26 (a4) Disclosure of Spending for Capital Assets and Improvements. – Each hospital or  
27 ambulatory surgical facility shall disclose its total spending for capital assets and improvements in  
28 all of the following ways:  
29 (1) Provide the public with access to its total spending for capital assets and  
30 improvements.  
31 (2) Submit annually to the Department in the time, manner, and format required by  
32 the Department its total spending for capital assets and improvements, broken  
33 down by the following categories: (i) additions to land, (ii) land improvements,  
34 (iii) buildings, (iv) movable equipment, and (v) fixed equipment. For each  
35 category, the hospital or ambulatory surgical facility shall indicate the type and  
36 amount of all funding or funding mechanisms used to pay for these capital  
37 assets and improvements, such as borrowing, capital leasing, cash reserves,  
38 funded depreciation, donations, or current operating surplus. The Department  
39 shall post the information it receives pursuant to this subsection on its Internet  
40 Web site in one location and in a manner that is searchable by facility. This  
41 posting requirement shall not be satisfied by posting links to Internet Web sites.
- 42 (a5) For each hospital or ambulatory surgical facility subject to the disclosure requirements  
43 of this section, the Department shall calculate and post the following information on its Internet  
44 Web site in one location and in a manner that is searchable by facility: the quotient obtained by  
45 dividing the facility's total amount of financial assistance costs by the sum of the facility's total net  
46 patient revenue as reported in the facility's financial statements. This posting requirement shall not  
47 be satisfied by posting links to Internet Web sites. If a hospital or ambulatory surgical facility does  
48 not provide the Department with the information required by this subdivision, then the Department  
49 shall indicate this information on its Internet Web site.

50 (b) Definitions. – The following definitions apply in this section:

- 51 (1) Code. – Defined in G.S. 105-228.90.

- 1           (1a) Covered officer. – Defined in G.S. 131E-257.2(b2).
- 2           (2) Financial assistance costs. —The For a hospital or ambulatory surgical facility  
3 required to file Schedule H, federal form 990, under the Code, the information  
4 reported on the hospital's Cost Report (CMS 2552-10); Schedule S10 related to  
5 charity care, if filed by the hospital or ambulatory surgical facility; and the  
6 information reported on Schedule H, federal form 990, related to the  
7 organization's financial assistance at cost and the amounts reported on that  
8 schedule related to the organization's bad debt expense and the estimated  
9 amount of the organization's bad debt expense attributable to patients eligible  
10 under the organization's financial assistance policy. For a hospital or  
11 ambulatory surgical facility that is not required to file Schedule H, federal form  
12 990, under the Code, the term means the information the hospital or ambulatory  
13 surgical facility would report on Schedule H, federal form 990, under the Code,  
14 related to the organization's bad debt expense and the estimated amount of the  
15 organization's bad debt expense attributable to patients eligible under the  
16 organization's financial assistance policy or a comparable policy, if it were  
17 required to file Schedule H, federal form 990, under the Code; and the  
18 information reported on the hospital's or ambulatory surgical facility's Cost  
19 Report (CMS 2552-10) and on Schedule S10 related to charity care, if the  
20 hospital or ambulatory surgical facility files a Cost Report (CMS 2552-10) and  
21 Schedule S10.
- 22           (3) Financial assistance policy. – A policy that meets the requirements of section  
23 501(r) of the Code.
- 24           (4) Hospital. – A facility licensed under Article 2 or Article 5 of this Chapter or  
25 Article 2 of Chapter 122C of the General Statutes, but does not include the  
26 following:
- 27           a. A facility with all of its beds designated for medical type "LTC"  
28 (long-term care).
- 29           b. A facility with the majority of its beds designated for medical type  
30 "PSY-3" (mental retardation).
- 31           c. A facility operated by the Division of Adult Correction of the  
32 Department of Public Safety.
- 33           (5) Net operating income. – The difference between a hospital or ambulatory  
34 surgical facility's total net patient revenue and total operating expenses.
- 35           (6) Total net income. – The sum of a hospital's or ambulatory surgical facility's net  
36 operating income plus its net income from all nonoperating sources.
- 37           (7) Total net patient revenue. – The total net patient revenue from the hospital's or  
38 ambulatory surgical facility's annual audited financial statement.
- 39           (8) Total spending for capital assets and improvements. – The total amount  
40 expended by a hospital or ambulatory surgical facility for additions to land,  
41 land improvements, buildings, movable equipment, and fixed equipment. In  
42 calculating this amount, a hospital shall include the amount of all funding or  
43 funding mechanisms used to pay for capital assets and improvements such as  
44 borrowing, capital leasing, cash reserves, funded depreciation, donations, and  
45 current operating surplus."

46           **SECTION 2.** There is appropriated from the General Fund to the Department of  
47 Health and Human Services, Division of Health Service Regulation, the sum of one hundred fifty  
48 thousand dollars (\$150,000) for the 2016-2017 fiscal year, to be used for information technology  
49 costs associated with the Department's responsibilities under G.S. 131E-214.14, as amended by  
50 Section 1 of this act.

1                   **SECTION 3.** Section 2 of this act becomes effective July 1, 2016. The remainder of  
2 this act becomes effective October 1, 2016.