

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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SENATE BILL 825

Short Title: Expand Hospital Disclosure Requirements. (Public)

Sponsors: Senators Wells and Rucho (Primary Sponsors).

Referred to: Health Care

May 11, 2016

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~~ 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.