



This Bill Analysis reflects the contents of the bill as it was presented in committee.

# SENATE BILL 825: Expand Hospital Disclosure Requirements.

2016-2017 General Assembly

<b>Committee:</b>	Senate Health Care. If favorable, re-refer to Appropriations/Base Budget	<b>Date:</b>	May 13, 2016
<b>Introduced by:</b>	Sens. Wells, Rucho	<b>Prepared by:</b>	Jason Moran-Bates Committee Co-Counsel
<b>Analysis of:</b>	First Edition		

**SUMMARY:** Senate Bill 825 amends the statute governing disclosure of charity care to expand hospital disclosure requirements relating to financial assistance, patient revenue, income, and spending for capital assets and improvements by requiring hospitals and ambulatory surgical facilities to provide this information to the public, post it at their places of business, and submit it to the Department of Health and Human Services (DHHS). DHHS is required to post the information provided by hospitals and ambulatory surgical facilities on its own Web site in a manner that is searchable by facility name. The bill also appropriates \$150,000 from the General Fund to DHHS for information technology costs associated with the Department's new responsibilities under the bill.

**CURRENT LAW:** G.S. 131E-214.14 requires hospitals and ambulatory surgical facilities to provide public access to their financial assistance policies and financial assistance costs reported on Schedule H, federal form 990. This information must be posted in a prominent place in the hospital or ambulatory surgical facility's place of business and reported annually to DHHS. DHHS is required to post the information on its Web site in a manner that is searchable and not merely links to other websites.

**BILL ANALYSIS:** Section 1 of SB 825 amends G.S. 131E-124.14 pertaining to the disclosure by hospitals and ambulatory surgical facilities of charity care/financial assistance, patient revenues, income, and capital assets and improvements as provided below.

Subsections (a)-(a3) of G.S. 131E-214.14 amend the law to require each hospital and ambulatory surgical facility to disclose the following:

- Financial assistance policy, or comparable policy
- Financial assistance costs
- Total net patient revenue
- Net operating income and total net income

On each element outlined above, the hospital or ambulatory surgical facility is required to:

1. Provide the public with access to the information.
2. Submit the information annually to DHHS in the time, manner, and format required by DHHS.
3. Display the information in a conspicuous place in the organization's place of business.

DHHS must post the information it receives in a single location on its own Web site in a manner that is searchable by facility.

Subsection (a4) requires each hospital and ambulatory surgical facility to disclose spending for capital assets and improvements. This information must be provided to the public. Capital assets and

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improvements information must be provided to DHHS annually and broken down by: (i) additions to land, (ii) land improvements, (iii) buildings, (iv) movable equipment, and (v) fixed equipment. For each category the hospital or ambulatory surgical facility must indicate the type and amount of all funding or funding mechanisms used to pay for these capital assets and improvements, such as borrowing, capital leasing, case reserves, funded depreciation, donations, or current operating surplus.

Subsection (a5) requires DHHS to calculate and post on its Web site the quotient obtained by dividing the facility's total amount of financial assistance costs by the sum of the facility's total net patient revenue as reported in the facility's financial statements.

Subsection (b) provides definitions for the following terms as they relate to G.S. 131E-214.14: covered officer, financial assistance costs, financial assistance policy, hospital, net operating income, total net income, total net patient revenue, and total spending for capital assets and improvements. "Financial assistance costs" is defined for hospitals or ambulatory surgical facilities that are required to file Schedule H, federal form 990 and for those that are not required to file the form.

**Section 2** appropriates \$150,000 from the General Fund to the Division of Health Services Regulation in DHHS to be used for information technology costs associated with the Department's responsibilities under this bill.

**EFFECTIVE DATE:** Section 2, containing the appropriation, becomes effective July 1, 2016. The remainder of the bill becomes effective October 1, 2016.

**BACKGROUND:** Section 9007 of the Affordable Care Act required hospitals to annually perform a community health needs assessment and report the results of this assessment to the IRS on Schedule H of federal form 990. As originally enacted, 131E-214.14 required hospitals and ambulatory surgical facilities to publicly disclose these assessments and submit them to DHHS. In 2015, 131E-214.14 was amended to require DHHS to post the information it received on its Web site.