



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number:	LLS 22-1019	Date:	April 27, 2022
Prime Sponsors:	Sen. Zenzinger; Liston Rep. Roberts; Baisley	Bill Status:	Senate HHS
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Bill Topic: **AMBULANCE SERVICE SUSTAINABILITY & STATE LICENSING**

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill creates the Emergency Medical Services System Sustainability Task Force in the Department of Public Health and Environment and requires ambulances to be licensed at the state level beginning July 2024. Starting in FY 2022-23, the bill increases state and local expenditures on an ongoing basis.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$255,915 to multiple agencies.

Fiscal Note Status: This fiscal note reflects the introduced bill. Due to time constraints, this analysis is preliminary and will be updated following further review and any additional information received.

Table 1
State Fiscal Impacts Under SB 22-225

		Budget Year FY 2022-23	Out Year FY 2023-24	Out Year FY 2024-25
Revenue	Cash Funds	-	-	\$163,125
	Total Revenue	-	-	\$163,125
Expenditures	General Fund	\$255,915	\$121,957	\$2,131
	Cash Funds	-	-	\$57,350
	Centrally Appropriated	\$19,263	\$16,589	\$11,604
	Total Expenditures	\$275,178	\$138,546	\$71,085
	Total FTE	1.0 FTE	0.8 FTE	0.5 FTE
Transfers		-	-	-
Other Budget Impacts	GF Reserve	\$38,387	\$18,294	\$320
	TABOR Refund	-	-	\$163,125

Summary of Legislation

The bill requires ambulance operators to be licensed by the Department of Public Health and Environment (CDPHE) after July 1, 2024, and creates the Emergency Medical Services (EMS) System Sustainability Task Force to make recommendations regarding the regulatory structure for ambulance services.

Task force. The EMS Sustainability Task Force task force is created in the CDPHE and consists of 18 members, as outlined under the bill. The two legislative members are entitled to per diem compensation, while non-legislative are entitled to actual and necessary expense reimbursement. The task force is required to convene by September 30, 2022, and meet at least four times per year, to make recommendations for statutory, rule, and policy changes required to preserve, promote, and expand consumer access to EMS services. To develop the recommendations, the task force must complete phased work and reporting, as outlined under the bill, to be completed by January 1, 2027, at which time the task force is required to submit a final report summarizing finding and recommendations. The task force is repealed on September 1, 2027.

Rules and state licensing. By January 1, 2024, the state Board of Health is required to adopt rules establishing minimum standards for the operation of an ambulance service, as outlined in the bill, including minimum education and experience standards for ambulance service administrators, minimum general liability insurance coverage levels, and fees for ambulance service applications and licenses to cover the CDPHE's costs.

From July 1, 2024, ambulance service operators must obtain a license from the CDPHE and authorization from the local licensing authority, with violations subject to a new petty offense. Counties and city and counties are required to verify that an ambulance service has a valid state license before granting an ambulance services authorization, except in certain circumstances. The bill outlines procedures for licensing issuance, renewal, revocation, and suspension.

Ambulance Services Cash Fund. The bill creates the Ambulance Services Cash Fund. Any fees collected under the bill and all interest and income derived from the deposit and investment of money in the fund will be transmitted to the State Treasurer and credited to the fund. The money in the fund is subject to annual appropriation by the General Assembly to the CDPHE for direct and indirect costs in implementing and administering the bill. Any unencumbered or unexpended money in the fund at the end of a state fiscal year remains in the fund and is not transferred to the General Fund or any other fund.

Background

Ground ambulances are currently licensed by counties, with operators required to collect and submit patient care data to the CDPHE. There are currently 225 ambulance service operators in the state.

Comparable Crime Analysis

Legislative Council Staff is required to include certain information in the fiscal note for any bill that creates a new crime, changes the classification of an existing crime, or creates a new factual basis for an existing crime. This section outlines data on crimes comparable to the offense in this bill and discusses assumptions on future rates of criminal conviction for those offense.

Prior conviction data and assumptions. This bill creates the new offense of operating an ambulance without a proper license, a petty offense. To form an estimate on the prevalence of this new crime, the fiscal note analyzed the existing offense of unauthorized practice of a profession or occupation, a class 2 misdemeanor. From FY 2018-19 to FY 2020-21, zero offenders have been sentenced and convicted for this existing offense; therefore, the fiscal note assumes that there will be minimal or no additional case filings or convictions for the new offense under the bill. Because the bill is not expected to have a tangible impact on criminal justice-related revenue or expenditures at the state or local levels, these potential impacts are not discussed further in this fiscal note. Visit leg.colorado.gov/fiscalnotes for more information about criminal justice costs in fiscal notes.

State Revenue

The bill will increase state revenue from licensing fees beginning in FY 2024-25 by an estimated \$163,125 to the Ambulance Services Cash Fund. This revenue is subject to TABOR.

Fee impact on ambulance service operators. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are estimates only, actual fees will be set administratively by the CDPHE based on cash fund balance, estimated program costs, and the estimated number of licensees subject to the fee. The fee impact in Table 2 assumes that licensees will pay fees on a biennial basis and that revenue from one year of fees will cover two years of program costs.

Table 2
Fee Impact on Ambulance Service Operators

Fiscal Year	Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
FY 2024-25	Operator License	\$725.00	225	\$163,125

State Expenditures

The bill increases state General Fund expenditures in the Department of Public Health and Environment by \$275,178 in FY 2022-23 and \$136,226 in FY 2023-24. In future fiscal years, CDPHE costs will be paid for from the Ambulance Services Cash Fund. The bill also increases costs in the Legislative Department by \$2,320 from FY 2022-23 through FY 2026-27, when the task force repeals. Expenditures are shown in Table 3 and detailed below.

**Table 3
Expenditures Under SB 22-225**

Cost Components	FY 2022-23	FY 2023-24	FY 2024-25
Department of Public Health and			
Personal Services	\$79,492	\$72,004	\$49,933
Operating Expenses	\$1,350	\$1,080	\$675
Capital Outlay Costs	\$6,200	-	-
Environmental Scan Contractor	\$160,000	\$40,000	-
Travel Costs	\$6,742	\$6,742	\$6,742
Centrally Appropriated Costs ¹	\$19,074	\$16,400	\$11,415
FTE – Personal Services	1.0 FTE	0.8 FTE	0.5 FTE
CDPHE Subtotal	\$272,858	\$136,226	\$68,765
Legislative Department			
Per Diems and Expense Reimbursements	\$2,131	\$2,131	\$2,131
Centrally Appropriated Costs ¹	\$189	\$189	\$189
Legislative Dept. Subtotal	\$2,320	\$2,320	\$2,320
Total	\$275,178	\$138,546	\$71,085
Total FTE	1.0 FTE	0.8 FTE	0.5 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Public Health and Environment. Beginning in FY 2022-23, the CDPHE requires 1.0 FTE to manage the task force process, oversee the contract for an environmental scan and report completion, and coordinate stakeholder processes and rule development. Standard operating and capital outlay costs are included, as well as costs for travel. Because the CDPHE will not be collecting fees until FY 2024-25, the fiscal note assumes that these costs will be paid from the General Fund for the first two fiscal years. Beginning in FY 2024-25, the CDPHE will require 0.5 FTE to license ambulances.

- **Environmental scan contractor.** The CDPHE will hire a contractor to conduct an environment scan of the current status of EMS in Colorado, including funding for EMS services and agencies, inequity in access to emergency medical services, as well as workforce recruitment and retention. Costs will increase by \$160,000 in FY 2022-23 and \$40,000 in FY 2023-24.

Legislative Department. Beginning in FY 2022-23, it is assumed that two members of the legislature will participate in four meetings of the task force each year.

Department of Public Safety. Costs may increase in the Colorado Bureau of Investigation to conduct fingerprint-based background checks for ambulance operators.

Judicial Department. Workload in the Judicial Department may increase for trial courts to hear cases related to violation of new ambulance service licensing requirements, and to conduct judicial review of civil penalties issued against ambulance service providers by the CDPHE. The fiscal note assumes that increased workloads will be minimal and no change in appropriations is required.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, which will decrease the amount of General Fund available for other purposes.

TABOR refunds. The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section beginning in FY 2024-25. However, a forecast of state revenue subject to TABOR is not available beyond FY 2023-24. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

Local Government

Starting in FY 2024-25, workload will decrease in counties and city and counties related to ambulance licensing. Ongoing workload will include approval of ambulance service provider requests to operate and to ensure those operators are licensed with the state. Costs may increase for local governments that choose to enact additional requirements as allowed by the bill.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature, except that Sections 5 through 13 of the bill, which largely repeal current county regulations of ambulances, take effect on July 1, 2024.

State Appropriations

For FY 2022-23, the bill requires appropriation of \$255,915 from the General Fund, of which:

- \$253,784 is to the Department of Public Health and Environment, and 1.0 FTE; and
- \$2,131 is to the Legislative Department for use by the Legislative Council Staff.

State and Local Government Contacts

Counties	District Attorneys	Information Technology
Judicial	Law	Legislative Council Staff
Municipalities	Public Health and Environment	Treasury