



Legislative
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FISCAL NOTE

Drafting Number: LLS 19-0723
Prime Sponsors: Rep. Galindo

Date: January 16, 2019
Bill Status: House Business
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Bill Topic: LIFE CARE INSTITUTIONS POST SURETY BOND AS RESERVE

Summary of Fiscal Impact: **No fiscal impact.** This bill allows life care institutions that must maintain certain financial reserves to use a surety bond as a type of reserve. The bill is not expected to have a fiscal impact on state or local governments.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Summary of Legislation

Under current law, life care institutions that provide care to aged persons are required to maintain financial reserves that cover a portion of the debt obligations for a provider's facility and at least 20 percent of the facility's operating expenses from the prior year. Savings accounts, certificates of deposit, notes receivable from residents, approved stocks and bonds, and certain investment certificates qualify as reserves.

This bill allows a surety bond to qualify as another form of reserve for a life care institution. This is a three-party contract, in which the surety bond will cover certain losses or damages if an individual in a life care institution fails to meet some obligation.

Assessment of No Fiscal Impact

The bill is not expected to change state or local government revenue or expenditures, and is therefore assessed as having no fiscal impact.

Effective Date

The bill takes effect August 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Health Care Policy and Financing

Regulatory Agencies

Secretary of State