



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated February 26, 2021)

Drafting Number:	LLS 21-0236	Date:	April 01, 2021
Prime Sponsors:	Rep. Rich; Mullica Sen. Pettersen; Coram	Bill Status:	House Finance
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Bill Topic: EXPAND PRESCRIPTION DRUG MONITORING PROGRAM

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue (<i>conditional</i>)	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure (<i>conditional</i>)	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill expands the Prescription Drug Monitoring Program to cover all drugs prescribed in Colorado, contingent on the program's continuation by Senate Bill 21-098 and receipt of gifts, grants, and donations to finance a portion of the expansion. It increases state revenue and expenditures on an ongoing basis beginning in FY 2023-24.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill, as amended by the House Health and Insurance Committee.

**Table 1
State Fiscal Impacts Under HB 21-1012**

		Budget Year FY 2021-22	Out Year FY 2022-23	Out Year FY 2023-24
Revenue	Cash Fund – fees	-	-	\$594,100
	Cash Fund – donations ¹	-	\$699,109	-
	Total	-	\$699,109	\$594,100
Expenditures	Cash Fund	-	-	\$1,198,803
	Centrally Appropriated	-	-	\$94,406
	Total	-	-	\$1,293,209
	FTE	-	-	4.7 FTE
Transfers		-	-	-
TABOR Refund		-	-	-

¹ Receipt of at least this amount in donations is required in order for the bill to be implemented.

Summary of Legislation

Current law requires the Prescription Drug Monitoring Program (PDMP) to track all controlled substances prescribed in Colorado. Beginning July 1, 2023, the bill expands the program to track all prescription drugs prescribed in the state, except for non-controlled substances prescribed by veterinarians. The bill directs the Department of Regulatory Agencies (DORA) to solicit gifts, grants, and donations for implementing the PDMP. The bill is contingent upon the passage of Senate Bill 21-098 (the PDMP sunset bill) and the receipt of sufficient revenue in the Prescription Drug Monitoring Fund.

Background

The PDMP currently covers 45,700 practitioners, including dentists, doctors, nurses, optometrists, podiatrists, and veterinarians, who issue about seven million prescriptions annually for controlled substances. Operating costs for the program are paid as a PDMP surcharge on license renewal fees by these practitioners.

The seven million prescriptions tracked by the PDMP result in 1,440 calls to DORA, 1,100 patient requests for data, and 250 subpoenas for information each year. The fiscal note estimates that the number of prescriptions tracked in the PDMP will grow by 35 to 40 million per year.

Assumptions

Based on the estimated costs described in the State Expenditure section and the amount of additional fee revenue that DORA may collect given the current statutory cap on PDMP fees, the fiscal note assumes that DORA must receive sufficient revenue from a combination of fees and donations in order to implement the bill. If DORA collects sufficient donations in FY 2022-23, it will implement the expansion and raise the PDMP fee to generate the remainder of the needed revenue beginning in FY 2023-24. If sufficient revenue is not raised via donations before the bill's effective date, the program expansion and PDMP fee increase will be delayed.

State Revenue

Based on the above assumptions, the bill increases state expenditures by \$1,293,309 in FY 2023-24. The fiscal note assumes DORA will increase the PDMP fee on dentists, doctors, nurses, optometrists, podiatrists, and veterinarians, generating \$594,100 in FY 2023-24 and future years. The remaining \$699,109 is from gifts, grants and donations that are required in order to implement the bill. This revenue is deposited into the Prescription Drug Monitoring Fund. Fee revenue is subject to TABOR; donation revenue is not.

Fee impact on licensed practitioners. 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 DORA based on cash fund balance, estimated program costs, and the estimated number of licenses subject to the fee. The table below identifies the fee impact of this bill.

The PDMP surcharge is applied to certain practitioners licensed by DORA, for which the variety of licenses cover different durations and have different renewal schedules. The table below shows the proposed fees as a yearly rate; however, actual fees for any given license will be adjusted based on its renewal schedule. In future years, the fee may be lower once initial costs to expand the program have been covered. The current PDMP surcharge is \$12.00 per license per year and statutorily capped at \$25.00 per license per year.

Table 2
Annual Fee Impact on Licensed Practitioners
Beginning in FY 2023-24

Type of Fee	Proposed Fee Increase¹	Number Affected	Total Fee Impact
PDMP Surcharge	\$13.00	45,700	\$594,100

¹ The total surcharge will be \$25; the current fee is \$12.

Gifts, grants, and donations. Because the PDMP fee cannot be raised above the statutory cap of \$25, the PDMP expansion requires donation revenue of at least \$699,109 in FY 2022-23 to be implemented by the bill’s effective date. Any additional revenue received will result in a reduction of the PDMP surcharge on licensed practitioners.

State Expenditures

Conditional upon DORA receiving sufficient donations, the program will be expanded, increasing state cash fund expenditures by \$1,293,209 and 4.7 FTE beginning in FY 2023-24. These costs are summarized in Table 3 and discussed below.

Table 3
Expenditures Under HB 21-1012

	FY 2022-23	FY 2023-24
Department of Regulatory Agencies		
Personal Services	-	\$236,458
Operating Expenses	-	\$6,345
Capital Outlay Costs	-	\$31,000
IT Contractor	-	\$925,000
Centrally Appropriated Costs ¹	-	\$94,406
FTE – Personal Services	-	4.7 FTE
Total Cost	-	\$1,293,209
Total FTE	-	4.7 FTE

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

Personal services. DORA will require 4.7 FTE beginning in FY 2023-24 to respond to calls and complaints regarding the expanded PDMP and to respond to subpoenas and other requests for information. Workload may also increase in DORA to pursue gifts, grants, and donations.

Information technology system. DORA contracts with a third-party service provider to manage the system for the PDMP. The system will require adaptation to handle new types of prescriptions, and its capacity must be increased to handle the new volume, estimated at \$800,000 in FY 2023-24. While in operation, annual maintenance costs associated with the system are \$125,000 per year.

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 estimated to be \$94,406 in FY 2023-24.

TABOR refunds. The bill may increase state revenue subject to TABOR in FY 2023-24. The Legislative Council Staff March 2021 forecast does not estimate whether or not revenue will exceed the limit in this year. If revenue does exceed the limit, the bill will increase the amount required to be refunded to taxpayers from the General Fund in FY 2024-25.

Effective Date

The bill takes effect July 1, 2023 if Senate Bill 21-098 becomes law and DORA notifies the Revisor of Statutes that sufficient revenue has been collected to expand the program.

State and Local Government Contacts

Corrections
Higher Education
Information Technology
Regulatory Agencies

Health Care Policy and Financing
Human Services
Public Health and Environment