



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated May 10, 2021)

Drafting Number: LLS 21-0832 Date: May 14, 2021
Prime Sponsors: Rep. Weissman; Neville Bill Status: House Second Reading
Sen. Smallwood; Zenzinger Fiscal Analyst: Max Nardo | 303-866-4776
Max.Nardo@state.co.us

Bill Topic: HEALTH-CARE PROVIDER LIENS FOR INJURED PERSONS

Summary of Fiscal Impact: [ ] State Revenue [ ] TABOR Refund
[X] State Expenditure [ ] Local Government
[ ] State Transfer [ ] Statutory Public Entity

The bill creates a new type of statutory lien for health care providers treating an individual injured by negligence or a wrongful act, and imposes limitations on business practices associated with these liens. It may affect expenditures in multiple state agencies.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The revised fiscal note reflects the introduced bill, as amended by the House Judiciary Committee.

Summary of Legislation

The bill creates a new type of statutory lien for health care providers treating an individual injured by negligence or a wrongful act, and imposes limitations on business practices associated with these liens.

Limitations on liens. The bill establishes the following requirements concerning health care provider liens asserted against money the injured person may receive from a settlement:

- the amount of the lien cannot exceed charges for services provided, which must be charged at the provider's customary rate;
the lien cannot include additional finance charges or interest;
if the injured person does not receive a settlement, they are not liable for any amount of the lien;
if the injured person receives a settlement that is less than the amount of the lien, they are not liable for any amount over the settlement; and
the lienholder cannot assign the lien to a collection agency.

Disclosure. A health care provider creating a lien must advise the injured person of the limitations described above. In addition, the provider must inform the injured person of their options for payment and additional disclosures about the lien, as detailed in the bill.

## **State Expenditures**

The bill may affect expenditures and workload in multiple state agencies.

**Department of Health Care Policy and Financing.** Medicaid is the payer of last resort and may recover costs from a lien if there is another responsible party. Depending on the value and number of liens and the judgment of the courts, the bill may reduce the department's recoveries of Medicaid liens against settlements by prioritizing other liens over the department's. Any such impacts will accrue to the department through the annual budget process.

**Other state agencies.** Workload will minimally increase for the Department of Regulatory Agencies to conduct outreach and education in the Insurance and Professions and Occupations Divisions. The Uniform Consumer Credit Code, regulated by the Department of Law, is not expanded under the bill, therefore no change in appropriations is required.

## **Effective Date**

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## **State and Local Government Contacts**

Counties	Health Care Policy and Financing
Judicial	Law
Public Health and Environment	Regulatory Agencies
Secretary of State	