



**Colorado
Legislative
Council
Staff**

SB16-069

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0391
Prime Sponsor(s): Sen. Garcia
Rep. Pabon

Date: January 25, 2016
Bill Status: Senate Health & Human Services
Fiscal Analyst: Bill Zepernick (303-866-4777)

BILL TOPIC: COMMUNITY PARAMEDICINE REGULATION

| Fiscal Impact Summary | FY 2016-2017 | FY 2017-2018 | FY 2018-2019 |
|------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
| State Revenue | \$0 | \$26,400 | \$34,400 |
| Cash Funds | 0 | 26,400 | 34,400 |
| State Expenditures | \$125,632 | \$79,999 | \$75,964 |
| General Fund | 112,064 | 44,367 | 41,908 |
| Cash Funds | 0 | 22,183 | 20,954 |
| Centrally Appropriated Costs | 13,568 | 13,449 | 13,102 |
| TABOR Impact | \$0 | \$26,400 | \$34,400 |
| FTE Position Change | 1.0 FTE | 1.0 FTE | 1.0 FTE |
| Appropriation Required: \$112,064 - Department of Public Health and Environment (FY 2016-17). | | | |
| Future Year Impacts: Ongoing state revenue and expenditure increase. | | | |

Summary of Legislation

The bill requires the Colorado Department of Public Health and Environment (CDPHE) to establish rules governing the scope of practice of community paramedicine, including the issuance of an endorsement in community paramedicine to emergency medical service providers. In addition, agencies managing and offering community paramedicine services must be licensed by CDPHE beginning July 1, 2018.

The bill sets minimum standards for community paramedicine agencies that must be incorporated in rules promulgated by the State Board of Health. These rules must be based on the report issued by the Community Paramedicine/Mobile Integrated Healthcare Task Force and address areas such as staffing, educational, and training requirements. The bill creates the Community Paramedicine Agencies Cash Fund to receive fee payments from licensed agencies. A person operating a community paramedicine agency without a license commits a misdemeanor offense and is also subject to civil penalties.

The bill also creates the Community Assistance Referral and Education Services (CARES) Program in the CDPHE. Under the CARES Program, licensed ambulance services, local fire departments, and fire protection districts may establish a program that provides community outreach on health issues and services, and health education to local residents. In addition, these agencies may provide referrals for low-cost medication programs and alternative resources to the 911 system. They may partner with hospitals, licensed home care agencies, other medical care facilities including licensed community paramedicine agencies, primary care providers, other health care professionals, or social services agencies to provide program services and ensure nonduplication of services.

Assumptions

The fiscal note is based on the following assumptions:

- 25 community paramedic agencies will be licensed in FY 2017-18 and an additional 25 will be licensed in FY 2018-19;
- 33 percent of community paramedic agencies will be privately owned agencies and 67 percent will be government-owned agencies;
- fee revenue will be used to pay the cost of regulating privately owned community paramedic agencies;
- General Fund is required to pay for the costs of regulating government-owned community paramedic agencies (under the CDPHE statutes, government-owned facilities are issued certificates of compliance for meeting CDPHE regulations, rather than licensed to operate; CDPHE does not charge a fee for issuing certificates of compliance);
- licenses are renewed annually;
- new staff is hired beginning July 1, 2016; and
- agencies may begin seeking licensure as a community paramedic agency beginning July 1, 2017.

State Revenue

The bill increases cash fund revenue to the CDPHE from fees by **\$26,400 in FY 2017-18 and \$34,400 in FY 2018-19**. This revenue is collected to cover the costs of licensing privately owned community paramedic agencies. Based on the assumptions above, fees will be paid by 8 community paramedic agencies in FY 2017-18 and 16 in FY 2018-19 (including both initial and renewal licenses). Funds will be deposited into the Community Paramedicine Agencies Cash Fund.

Fee Impact on Business. State law requires legislative service agency review of measures which create or increase any fee collected by a state agency. The Table 1 on the following page identifies the fee impact of this bill. The fees shown below are estimates only; the actual fees will be set and adjusted annually by the CDPHE to cover the direct and indirect costs of the bill, specifically those costs associated with licensing privately owned agencies.

| Table 1. Fee Impact on Business | | | |
|----------------------------------------|---------------------|------------------------|-------------------------|
| Type of Fee | Proposed Fee | Number Affected | Total Fee Impact |
| <i>FY 2017-18</i> | | | |
| Initial license fee | \$3,300 | 8 | \$26,400 |
| FY 2017-18 Total | | | \$26,400 |
| <i>FY 2018-19</i> | | | |
| Initial license fee | \$3,300 | 8 | \$26,400 |
| Renewal license fee | \$1,000 | 8 | 8,000 |
| FY 2018-19 Total | | | \$34,400 |

TABOR Impact

This bill increases state cash fund revenue from fees beginning in FY 2017-18, which will increase the amount of money required to be refunded under TABOR. TABOR refunds are paid out of the General Fund.

State Expenditures

The bill increase costs in the CDPHE by **\$125,632 in FY 2016-17, \$79,999 in FY 2017-18, and \$75,964 in FY 2018-19**. An allocation of 1.0 FTE is required for each year. Costs and FTE will decrease slightly in future years after the initial wave of new licensees and facility inspections has passed. First-year costs are General Fund only; future year costs are split between 67 percent General Fund and 33 percent cash funds. The exact mix of funding will be adjusted through the annual budget process based on the actual mix of privately owned and government-owned agencies participating in the program. The costs of the bill are summarized in Table 2 and discussed below.

| Table 2. Expenditures Under SB 16-069 | | | |
|----------------------------------------------|-------------------|-------------------|-------------------|
| Cost Components | FY 2016-17 | FY 2017-18 | FY 2018-19 |
| Personal Services | \$64,436 | \$60,300 | \$56,512 |
| FTE | 1.0 FTE | 1.0 FTE | 1.0 FTE |
| Operating Expenses and Capital Outlay Costs | 5,748 | 950 | 950 |
| Computer System Changes | 38,080 | 0 | 0 |
| Legal Services | 3,800 | 3,800 | 2,850 |
| Travel | 0 | 1,500 | 2,550 |
| Centrally Appropriated Costs* | 13,568 | 13,449 | 13,102 |
| TOTAL | \$125,632 | \$79,999 | \$75,964 |

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

Personal services. In the first year, the CDPHE will require 1.0 FTE to conduct rule-making, public and local government outreach, and other duties associated with establishment of the new programs created by the bill for community paramedic endorsements and facility licensing. FTE and costs for this year are pro-rated to reflect the General Fund payday shift and an assumed July 1, 2016, start date. In the second and third years, 1.0 FTE will be required to process license applications for community paramedic agencies and to conduct an initial inspection of these facilities. In the fourth year and beyond, inspections will occur once every three years for community paramedic agencies renewing their license, assuming prior compliance. This will decrease workload in future years.

Ongoing costs for processing the new community paramedic endorsements will be minimal and can be accomplished by existing staff responsible for emergency medical service provider licensing. Existing staff will also be able to receive annual reports from local agencies establishing CARES Programs.

Information technology system changes. The CDPHE will require \$38,080 in the first year to modify its facility licensing data system. This work will include 240 hours of programming (\$103 per hour), 80 hours of project management (\$114 per hour), and 40 hours of business analysis (\$106 per hour). The Office of Information Technology will conduct this work for the CDPHE.

Legal services. The CDPHE will have costs for legal services. Legal service hours are estimated to be 40 hours per year in the first two years and 30 hours per year in future years. Legal services are needed for rulemaking and handling appeals by community paramedic agencies concerning licensing denials and other issues. Legal services are provided by the Department of Law.

Travel costs. Staff travel will be required to conduct inspections outside of the Denver metro area, which will total \$1,500 in FY 2017-18 and \$2,550 in FY 2018-19. The fiscal note assumes 10 days of travel in the second year and 17 days in the third year. Costs per day will be \$100 for hotel and \$50 for expenses and per diem.

Background checks. The Department of Public Safety may have a minimal increase in workload to provide background checks for persons applying for community paramedic licensing. However, given the small number of applicants and the fact that many of these individuals will already have undergone a background check, any additional workload is assumed to be minimal.

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. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 3.

| Cost Components | FY 2016-17 | FY 2017-18 | FY 2018-19 |
|----------------------------------------------------------------------|-------------------|-------------------|-------------------|
| Employee Insurance (Health, Life, Dental, and Short-term Disability) | \$8,054 | \$8,046 | \$8,038 |
| Supplemental Employee Retirement Payments | 5,514 | 5,403 | 5,064 |
| TOTAL | \$13,568 | \$13,449 | \$13,102 |

Local Government Impact

Local governments that choose to start a community paramedic agency and participate in the CARES Program will have costs associated with training, administration, and other duties. Local agencies participating in the CARES Program are also required to file a report with the CDPHE annually about program outcomes. The provisions of the bill potentially apply to local governments that operate fire departments or licensed ambulance services and to fire protection districts.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2016-17, the bill requires a General Fund appropriation to the Department of Public Health and Environment of \$112,064 and an allocation of 1.0 FTE. Of this amount, \$38,080 is reappropriated to the Office of Information Technology and \$3,800 is reappropriated to the Department of Law.

State and Local Government Contacts

| | |
|----------------------------------|----------------|
| Public Health & Environment | Counties |
| Office of Information Technology | Law |
| Special District Association | Municipalities |

Research Note Available

An LCS Research Note for SB 16-069 is available online and through the iLegislate app. Research notes provide additional policy and background information about the bill and summarize action taken by the General Assembly concerning the bill.