



**Colorado
Legislative
Council
Staff**

HB17-1080

**REVISED
FISCAL NOTE**

(replaces fiscal note dated February 1, 2017)

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

Drafting Number: LLS 17-0709

Date: April 11, 2017

Prime Sponsor(s): Rep. Young
Sen. Sonnenberg

Bill Status: House Appropriations

Fiscal Analyst: Bill Zepernick (303-866-4777)

BILL TOPIC: REQUIREMENTS DURABLE MEDICAL EQUIPMENT SUPPLIERS

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue	<\$20,000	<\$20,000
Cash Funds	<20,000	<20,000
State Expenditures	\$10,300	Minimal workload increase.
Cash Funds	10,300	
TABOR Impact	<\$20,000	<\$20,000
Appropriation Required: \$10,300 - Department of State (FY 2017-18).		
Future Year Impacts: Ongoing revenue and workload increase.		

Summary of Legislation

The bill, *as amended by the House Health, Insurance, and Environment Committee*, clarifies and modifies the licensing requirements for durable medical equipment (DME) suppliers in several areas. First, it specifies that the definition of DME supplier applies for both the current competitive bid product categories for DME and to any successor bidding program established by the federal Centers for Medicare and Medicaid Services. Second, it requires a license to be obtained for each physical location from which a DME supplier provides services in Colorado. Third, the bill modifies the various requirements for the physical locations used by a DME supplier in the state, including prohibiting a DME supplier from using a supply warehouse or repair facility as a licensed location, unless it meets certain accreditation criteria.

Background

House Bill 14-1369 required DME suppliers to be licensed by the Department of State. Currently, there are around 515 suppliers licensed in the state, and the current license fee is \$350. The Department of State currently has 0.1 FTE dedicated to DME licensing.

Assumptions

While the bill takes effect immediately upon passage, the fiscal note assumes all revenue and spending impacts will begin starting in FY 2017-18.

State Revenue

The bill will increase cash fund revenue to the Department of State by less than \$20,000 per year beginning in FY 2017-18. Revenue is deposited into the Department of State Cash Fund. This revenue increase will result from DME suppliers getting licenses for multiple locations, rather than using a single license to operate multiple locations. Data on current licensees suggests that some suppliers are already licensing each location separately, which may limit the potential revenue increase.

Fee impact on businesses. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. This bill increases the number of business locations subject to a licensing fee. If 50 additional DME supplier locations are licensed under the bill at the current fee of \$350, fee revenue would increase by \$17,500. Given the uncertainty surrounding the potential number of new licenses issued, the fiscal note estimates additional cash fund revenue of less than \$20,000 per year. If significantly more licenses are issued for multiple locations than estimated in the fiscal note, it is assumed that the fee amount will be lowered to minimize excess revenue collection above the current program costs.

TABOR Impact

This bill increases state cash fund revenue from fees, which will increase the amount of money required to be refunded under TABOR for FY 2017-18 and FY 2018-19. TABOR refunds are paid out of the General Fund. Since the bill increases the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget will decrease by an identical amount.

State Expenditures

The bill increases costs in the Department of State by **\$10,300 in FY 2017-18 only**. In future years, the Department of State will have a minimal increase in workload. These impacts are described below.

Computer programming. The changes to the licensing requirements will require minor updates to the business licensing computer system used by the Secretary of State's Office. Assuming a rate of \$103 per hour and 100 hours of programming, these system changes will result in a one-time cost of \$10,300.

Licensing workload. Workload in the Department of State will increase by a minimal amount from additional DME supplier locations being licensed and the more stringent requirements concerning geographic location and licensing attestation. It is assumed this workload can be accomplished within existing appropriations.

Effective Date

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

State Appropriations

For FY 2017-18, the bill requires an appropriation of \$10,300 to the Department of State from the Department of State Cash Fund.

State and Local Government Contacts

Health Care Policy and Financing
Law

Information Technology
State

Research Note Available

An LCS Research Note for HB17-1080 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.