



## Legislative Council Staff

*Nonpartisan Services for Colorado's Legislature*

# FISCAL NOTE

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<b>Drafting Number:</b>	LLS 18-0843	<b>Date:</b>	February 8, 2018
<b>Prime Sponsors:</b>	Sen. Aguilar Rep. Pettersen	<b>Bill Status:</b>	Senate SVMA
		<b>Fiscal Analyst:</b>	Ryan Long   303-866-2066 RyanC.Long@state.co.us

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**Bill Topic:** APPLY STARK LAWS TO MED REFERRALS OUTSIDE MEDICAID

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**Summary of Fiscal Impact:**

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

This bill prohibits all health care providers from making referrals for services to entities controlled by the provider or an immediate family member. This bill will minimally increase state fee revenue and workload on an ongoing basis.

**Appropriation Summary:** No appropriation is required.

**Fiscal Note Status:** The fiscal note reflects the introduced bill.

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## Summary of Legislation

This bill prohibits all medical providers from making referrals for medical services to an entity owned or controlled by the provider or an immediate family member, and designates these referrals as a deceptive trade practice. Under current law, this prohibition only applies to Medicaid providers.

## State Revenue

Beginning in FY 2018-19, to the extent that this bill increases the number of cases for deceptive trade practices, this bill may increase General Fund revenue from civil penalties. The enforcement of deceptive trade practices is permissive, and it is unknown how many new cases could be brought before the court. It is assumed that most health care providers will abide by the law and any increase in cases will be minimal.

## TABOR Refund

The bill minimally increases state revenue subject to TABOR beginning in FY 2018-19. State revenue is not currently expected to exceed the TABOR limit in the next two fiscal years and no refund is required. Therefore, the bill is not expected to impact TABOR refunds in these years. However, refunds in future years when the state next collects a TABOR surplus will be increased.

**State Expenditures**

Beginning in FY 2018-19, this bill may minimally increase state workload, as described below.

**Department of Law.** Workload may increase in the Department of Law to the extent that the Attorney General investigates and brings actions against providers that make the referrals prohibited by this bill. Enforcement of deceptive trade is permissive, and the Attorney General will prioritize any efforts within existing resources. In addition, it is assumed that health care providers will have a high level of compliance with this bill.

**Judicial Department.** This bill may increase the number of fines that are appealed to the Judicial Department. This resulting increase in workload is expected to be minimal and no change in appropriations is required.

**Department of Regulatory Agencies.** Workload will increase in the Department of Regulatory Agencies to update materials and communicate the changes to regulated health professionals. This workload is expected to be minimal and no change in appropriations is required.

**Local Government**

To the extent that District Attorneys charge providers for making prohibited referrals, this bill may increase their workload. It is assumed that any increase in workload will be minimal.

**Effective Date**

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

**State and Local Government Contacts**

Counties	District Attorneys	Health Care Policy and Financing
Human Services	Information Technology	Judicial
Law	Municipalities	