



Legislative
Council Staff

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HB 19-1043

FINAL FISCAL NOTE

Drafting Number:	LLS 19-0723	Date:	May 9, 2019
Prime Sponsors:	Rep. Galindo Sen. Danielson	Bill Status:	Signed into law
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Bill Topic: LIFE CARE INSTITUTIONS POST SURETY BOND AS RESERVE

Summary of Fiscal Impact: **No fiscal impact.** This bill allows life care institutions that are required to maintain certain financial reserves to use a surety bond as a type of reserve. The bill is not expected to have a fiscal impact on state or local governments.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the enacted bill.

Summary of Legislation

Under current law, life care institutions that provide care to aged persons are required to maintain financial reserves that cover a portion of the debt obligations for a provider's facility and at least 20 percent of the facility's operating expenses from the prior year. Savings accounts, certificates of deposit, notes receivable from residents, approved stocks and bonds, and certain investment certificates qualify as reserves.

This bill allows a surety bond to qualify as another form of reserve for a life care institution. This is a three-party contract, in which the surety bond will cover certain losses or damages if a life care institution fails to meet some obligation for its residents.

Assessment of No Fiscal Impact

The bill is not expected to change state or local government revenue or expenditures, and is therefore assessed as having no fiscal impact.

Effective Date

The bill was signed into law by the Governor on March 28, 2019, and takes effect August 2, 2019, assuming no referendum petition is filed. ***

State and Local Government Contacts

Health Care Policy and Financing

Regulatory Agencies

Secretary of State