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Fiscal Note

Drafting Number: LLS 21-0159 **Date:** April 9, 2021
Prime Sponsors: Sen. Danielson **Bill Status:** Senate Finance
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Bill Topic: DIALYSIS TREATMENT TRANSPORTATION FUNDING

- Summary of Fiscal Impact:**
- State Revenue
 - State Expenditure
 - State Transfer
 - TABOR Refund
 - Local Government
 - Statutory Public Entity

The bill creates a mileage reimbursement program to finance transportation to and from dialysis treatments for patients over the age of 50 who are not Medicaid clients. It increases state revenue and expenditures on an ongoing basis.

Appropriation Summary: No appropriation is required; program costs are paid from a continuously appropriated cash fund.

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

Table 1
State Fiscal Impacts Under SB 21-187

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue	Cash Funds	\$3,432,000	\$3,432,000
	Total Revenue	\$3,432,000	\$3,432,000
Expenditures	Cash Funds	\$2,319,710	\$4,507,510
	Centrally Appropriated	\$15,262	\$15,262
	Total Expenditures	\$2,334,972	\$4,522,772
	Total FTE	1.0 FTE	1.0 FTE
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The bill creates the Dialysis Transportation Provider Reimbursement Program in the Colorado Department of Transportation (CDOT). The program provides mileage reimbursement for transportation of eligible patients to and from dialysis appointments beginning January 1, 2022, subject to available funding. Eligibility for reimbursement is limited to the transportation of patients fifty years of age or older who are not covered by Medicaid. The reimbursement can be paid to a commercial nonmedical transportation provider, family member, or friend. Commercial providers must submit a monthly report to CDOT detailing their activity related to the program.

Beginning July 1, 2021, for-profit dialysis treatment clinics must pay a per-treatment fee to finance the program. The fee amount is determined by CDOT, and is capped at 15 percent of the per-treatment rate paid to providers by Medicaid in the preceding calendar year. The fee is deposited into a newly created Dialysis Transportation Fund, which is continuously appropriated to the department.

Background

Transportation to and from dialysis appointments is covered by Medicaid in Colorado, but not by Medicare. Medicaid reimburses for dialysis treatment at varying rates depending on medical setting and geography; the current rate for a freestanding dialysis clinic in the Denver area is \$203 per treatment.

State Revenue

The bill increases revenue in CDOT by an estimated \$3.4 million in FY 2021-22 and FY 2022-23. The revenue is from per-treatment fees on for-profit dialysis providers, and is estimated as an amount sufficient to cover mileage reimbursements and administrative costs in CDOT for the first two years of the program, which are discussed in the following section. Fee revenue is deposited into the newly created Dialysis Transportation Fund and is subject to TABOR.

Fee impact on for-profit dialysis providers. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are estimates only; actual fees will be set administratively by CDOT based on cash fund balance, estimated program costs, and the number of dialysis treatments subject to the fee. The table below identifies the fee impact of this bill, which is based on an estimate that 6,300 total kidney dialysis patients cumulatively receive about 800,000 treatments per year at for-profit clinics.

Table 2
Fee Impact on For-Profit Dialysis Providers

Fiscal Year	Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
FY 2021-22	Per-Treatment	\$4.29	800,000	\$3,432,000
FY 2022-23	Per-Treatment	\$4.29	800,000	\$3,432,000

State Expenditures

The bill increases cash fund expenditures in CDOT by \$2.3 million and 1.0 FTE in FY 2021-22 and \$4.5 million and 1.0 FTE in subsequent years. These costs are shown in Table 3 and discussed below.

**Table 3
 Expenditures Under SB 21-187**

	FY 2021-22	FY 2022-23
Department of Transportation		
Personal Services	\$58,160	\$58,160
Operating Expenses	\$1,350	\$1,350
Capital Outlay Costs	\$6,200	-
Transportation Reimbursements	\$2,224,000	\$4,448,000
Consultant	\$30,000	-
Centrally Appropriated Costs ¹	\$15,262	\$15,262
Total Cost	\$2,334,972	\$4,522,772
Total FTE	1.0 FTE	1.0 FTE

Department of Transportation. Costs to implement the bill consist of transportation reimbursements, one staff member to run the program, and a one-time consultant to assist in developing the program.

Transportation reimbursement. Beginning January 1, 2022, reimbursement is available to commercial operators or friends and family members transporting dialysis patients to and from appointments. The cost estimate is based on assumptions that there are 2,700 qualifying individuals receiving 3 treatments per week; travel averages 30 miles round-trip per visit; and mileage is reimbursed at a rate of \$0.44 per mile. It is further assumed that 20 percent of potential trips (as calculated above) will go unreimbursed for various reasons such as skipped appointments, out-of-state treatments, patients driving themselves or using alternative transportation, or friends and family not filing for reimbursement.

CDOT is granted authority to set the mileage reimbursement rate at or above the Medicaid non-emergency medical transportation rate. The fiscal note assumes the initial rate will be equivalent to the current Medicaid rate. Over time the rate may increase if the Medicaid rate increases or if CDOT deems it necessary, for example if the rate is inadequate to attract providers in certain areas.

Program Administration. CDOT requires one additional staff member to manage the program. Duties include tracking and fulfilling reimbursement requests, managing fee revenue from for-profit dialysis clinics, and recommending adjustments to the fee as needed.

Consultant. Because this program is not within CDOT’s current expertise, the agency requires a consultant to assist with developing the mileage reimbursement process. This is a one-time expense in FY 2021-22.

TABOR refunds. The bill increases state revenue subject to TABOR. For FY 2022-23, the March 2021 LCS forecast projects revenue to fall short of the TABOR limit by \$28.6 million, or 0.2 percent of the limit. If actual revenue exceeds the limit, the bill will increase the amount required to be refunded to taxpayers from the General Fund in FY 2023-24.

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. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$15,262 per year.

Effective Date

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

State and Local Government Contacts

Transportation

Health Care Policy and Financing

Public Health and Environment