



**Colorado
Legislative
Council
Staff**

HB16-1280

FISCAL NOTE

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

Drafting Number: LLS 16-0830
Prime Sponsor(s): Rep. Winter
Sen. Lambert

Date: March 1, 2016
Bill Status: House Transportation and Energy
Fiscal Analyst: Bill Zepernick (303-866-4777)

BILL TOPIC: UPDATE AIR AMBULANCE REGULATION

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018	FY 2018-19
State Revenue	\$0	\$177,660	\$114,660
General Fund	0	5,000	5,000
Cash Funds	0	172,660	109,660
State Expenditures	\$31,329	\$187,122	\$90,308
Cash Funds	21,836	135,788	64,039
Centrally Appropriated Costs	9,493	51,334	26,269
TABOR Impact	\$0	\$177,660	Not estimated.
FTE Position Change	0.2 FTE	0.8 FTE	0.5 FTE
Appropriation Required: \$21,836 - Department of Public Health and Environment (FY 2016-17).			
Future Year Impacts: Ongoing state revenue and expenditure increase.			

Summary of Legislation

Under current law, the Department of Public Health and Environment (CDPHE) licenses air ambulances to operate in Colorado that are accredited with the Commission on Accreditation of Medical Transport Systems (CAMTS). This bill gives the CDPHE additional authority to establish state-level licensing of air ambulances that allows for air ambulance operators to receive a license either by gaining accreditation through an approved organization (such as CAMTS, which is no longer directly referenced in statute) or by meeting licensing standards established by the CDPHE and the State Board of Health. The bill requires the CDPHE to establish rules by December 31, 2017, for the licensing program, including:

- approval of an accrediting organization;
- medical, staffing, safety, and quality standards;
- recognition of licenses from other states;
- issuance of initial, renewal, provisional, and other licenses; and
- establishment of license fees.

The bill gives the CDPHE disciplinary authority to suspend or revoke licenses, impose civil penalties, and issue cease-and-desist orders. Any air ambulance operator that violates licensing rules or operates without a valid license may be subject to civil penalties of up to \$5,000 per violation or for each day of a continuing violation. Penalty revenue is deposited into the General Fund.

Background

Currently, 24 air ambulance operators accredited with CAMTS are licensed by the CDPHE to operate in Colorado. These air ambulance operators have 87 aircraft and about half are located in Colorado, with the remainder located in other states in the region and nationwide, but serving Colorado. Currently, the CDPHE is appropriated \$20,151 and 0.3 FTE related to air ambulance regulation.

Assumptions

The fiscal note assumes that an additional 14 unaccredited air ambulance operators, all located out of state, will seek Colorado licensure under the bill. These new licensees are assumed to have 2 aircraft each. It is assumed that the licensing program created by the bill will be implemented on July 1, 2017, and that licenses must be renewed annually. In the first year of licensure under the bill, all 14 new operators will undergo an inspection. Beginning in the second year, inspections will occur once every three years, resulting in about five agencies per year being inspected. In addition, it is assumed 20 air ambulance operators licensed in other states will seek to have their license recognized in Colorado and two agencies per year will have a change in ownership.

Further, the fiscal note assumes that each licensing inspection will require a site visit by two contract inspectors and one CDPHE staff person. Each site visit is assumed to last three days. The CDPHE is estimated to receive 10 complaints per year that will necessitate a one-day site visit and investigation by a CDPHE staff person. It is assumed three complaints will involve out-of-state operators and seven will involve in-state operators.

State Revenue

The bill increases state revenue by **\$177,660 in FY 2017-18 and \$114,660 in FY 2018-19**. No change in revenue is expected for FY 2016-17. The increase in revenue is primarily from fee revenue deposited into the Fixed-wing and Rotary-wing Ambulances Cash Fund, as well as a smaller amount of civil penalties deposited into the General Fund. These revenue impacts are discussed below.

Fee impact on businesses. State law requires legislative service agency review of measures which create or increase any fee collected by a state agency. This bill increases fees on existing and newly licensed air ambulance operators in Colorado. Based on the assumptions above, fee revenue under the bill will increase by \$172,660 in FY 2017-18 and \$109,660 in FY 2018-19. Table 1 summarizes the fee impact of the bill. Fees under the bill include licenses for air ambulance agencies and the individual aircraft operated, which must be renewed annually. Other new fees include a fee to recognize operators licensed in another state and to process a change in ownership of an air ambulance agency.

Table 1. Fee Impact on Businesses under HB 16-1280					
Type of Fee	Current Fee	Estimated Fee	Fee Change	Number Affected	Total Fee Impact
FY 2017-18					
Agency Fee (New operators)	\$0	\$1,500	\$1,500	14	\$21,000
Aircraft Fee (New operators)	\$0	\$200	\$200	28	\$5,600
Inspection Fee (New operators)	\$0	\$7,000	\$7,000	14	\$98,000
Agency Fee (Existing operators)	\$860	\$1,500	\$640	24	\$15,360
Aircraft Fee (Existing operators)	\$100	\$200	\$100	87	\$8,700
Recognition of Out-of-state License	\$0	\$1,000	\$1,000	20	\$20,000
Change of Ownership Fee	\$0	\$2,000	\$2,000	2	\$4,000
FY 2017-18 TOTAL					\$172,660
FY 2018-19					
Agency Fee (New operators)	\$0	\$1,500	\$1,500	14	\$21,000
Aircraft Fee (New Operators)	\$0	\$200	\$200	28	\$5,600
Inspection Fee (New Operators)	\$0	\$7,000	\$7,000	5	\$35,000
Agency Fee (Existing operators)	\$860	\$1,500	\$640	24	\$15,360
Aircraft Fee (Existing Operators)	\$100	\$200	\$100	87	\$8,700
Recognition of Out-of-state License	\$0	\$1,000	\$1,000	20	\$20,000
Change of Ownership Fee	\$0	\$2,000	\$2,000	2	\$4,000
FY 2018-19 TOTAL					\$109,660

Civil penalties. The fiscal note assume that at least one violation per year will result in civil penalties of \$5,000 per year beginning in FY 2017-18, credited to the General Fund.

TABOR Impact

This bill increases state cash fund revenue from fees and General Fund revenue from civil penalties, 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 cash fund expenditures by **\$31,329 and 0.2 FTE in FY 2016-17, \$187,122 and 0.8 FTE in FY 2017-18, and \$90,308 and 0.5 FTE in FY 2018-19.** These costs, paid from the Fixed-wing and Rotary-wing Ambulances Cash Fund, are summarized in Table 2 and discussed below.

Table 2. Expenditures Under HB 16-1280			
Cost Components	FY 2016-17	FY 2017-18	FY 2018-19
Personal Services	\$13,143	\$50,578	\$30,864
FTE	0.2 FTE	0.8 FTE	0.5 FTE
Operating Expenses and Capital Outlay Costs	4,893	760	475
Contract Inspectors	0	44,800	16,000
Travel	0	38,700	15,750
Legal Services	3,800	950	950
Centrally Appropriated Costs*	9,493	51,334	26,269
TOTAL	\$31,329	\$187,122	\$90,308

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

Program administration. The CDPHE requires additional staff, as listed in Table 1. In FY 2016-17, staff will be responsible for conducting rulemaking and other tasks to establish the modified air ambulance licensing program, including establishment of a new avenue for air ambulance operators to gain licensure under state standards, rather than through an accrediting organization. In FY 2017-18 and beyond, staff will be required to review applications, coordinate site visit travel, manage contractor reimbursement, and investigate complaints. Workload and costs will decrease beginning in FY 2018-19 once the newly licensed air ambulance operators shift to a three-year inspection schedule.

Contract inspectors. It is assumed that 28 aircraft for unaccredited license applicants must be inspected in FY 2017-18. Each inspection is assumed to last two hours per plane at a cost of \$100 per hour. In the first year of licensure, \$44,800 is required for contract inspections since all applicants must have an initial inspection. Costs in future years are lower (\$16,000) once inspections shift to once every three years.

Travel. The CDPHE will have travel costs of \$38,700 in FY 2017-18 and \$15,750 in FY 2018-19 and future years. All new applicants for licensure are assumed to be located outside of Colorado, and contract inspectors and CDPHE staff will be required to travel to the bases of operation of new applicants to conduct on-site inspections. Each inspection site visit is assumed to last three days and will result in costs for airfare (\$500 per person), rental car (\$50 per day), and hotel (\$100 per person per day). Similar travel costs will be incurred for out-of-state travel related to complaint investigation. The fiscal notes estimates that three out-of-state investigations will require travel for a one-day site visit by a CDPHE staff person.

Legal services. The CDPHE will require 40 hours of legal services in FY 2016-17 for initial rulemaking and 10 hours per year beginning in FY 2017-18 for ongoing legal counsel regarding complaints and program administration. At \$95.01 per hour, legal service costs will be \$3,800 in the first year and \$950 in future years.

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.

Table 3. Centrally Appropriated Costs Under HB 16-1280			
Cost Components	FY 2016-17	FY 2017-18	FY 2018-19
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$1,611	\$6,442	\$4,025
Supplemental Employee Retirement Payments	1,125	4,532	2,766
Indirect Costs	6,757	40,360	19,478
TOTAL	\$9,493	\$51,334	\$26,269

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 an appropriation of \$21,836 to the CDPHE for the Fixed-wing and Rotary-wing Ambulances Cash Fund and an allocation of 0.2 FTE. Of this amount, \$3,800 is reappropriated to the Department of Law for legal services.

State and Local Government Contacts

Counties	Health Care Policy and Financing	Higher Education
Law	Public Health and Environment	Municipalities
Public Safety	Special District Association	