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Revised Fiscal Note

(replaces fiscal note dated February 3, 2022)

Drafting Number: LLS 22-0295
Prime Sponsors: Rep. Ricks
Sen. Buckner

Date: April 5, 2021
Bill Status: House Appropriations
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Bill Topic: INTL MED GRADUATE INTEGRATE HEALTH-CARE WORKFORCE

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill creates two programs to assist international medical graduates entering the workforce and makes other regulatory changes. Starting in FY 2022-23, the bill increases state revenue and expenditures on an ongoing basis.

Appropriation Summary:

For FY 2022-23, the bill requires an appropriation of \$846,275 to the Colorado Department of Labor and Employment.

Fiscal Note Status:

The fiscal note reflects the introduced bill, as amended by the House Health and Insurance Committee. The revised fiscal note has been amended to reflect new information.

**Table 1
State Fiscal Impacts Under HB 22-1050**

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-
Expenditures	General Fund	\$846,275	\$841,314
	Centrally Appropriated	\$21,362	\$23,031
	Total Expenditures	\$867,637	\$864,345
	Total FTE	1.4 FTE	1.5 FTE
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$126,941	\$126,197

Summary of Legislation

The bill creates two programs for international medical graduates (IMG) - the IMG Assistance Program and the Clinical Readiness Program, and makes other changes that allow IMGs to get medical licenses, as described below.

IMG Assistance Program. The bill creates the IMG Assistance Program to provide direct services to IMGs wishing to reestablish their medical careers in Colorado. The Colorado Department of Labor and Employment (CDLE) must contract with a third party to administer the program, and determine the eligibility criteria for participation in the program as well as any limits on the amount of direct services provided. Direct services for IMGs include:

- reviewing the background, education, training, and experience of program participants, and recommending steps to integrate into the healthcare workforce;
- providing technical support through the credential evaluation process, including preparation for tests and evaluations;
- providing scholarships to help cover cost of the licensure process;
- working with community organizations to develop a roster of interested IMGs, and
- providing guidance to apply for medical residency programs or other path ways.

In addition, the third-party administrator must annually submit a report to CDLE about the program, beginning one year after implementation.

Clinical Readiness Program. The bill creates the Clinical Readiness Program to help IMGs build the skills necessary to become successful residents in the United States medical system. By January 1, 2023, CDLE must contract with a Colorado-based medical school or a residency program accredited by the Accreditation Council for Graduate Medical Education to serve as the program administrator. By January 1, 2024, the program administrator must develop and implement the clinical program and must have a mechanism for processing program applications, a program curriculum, and an assessment system to determine clinical readiness of program participants.

To qualify for the program, an applicant must be an IMG whose medical degree or qualifications have been determined to be equivalent to a medical degree from the United States or another country that has a reciprocal license agreement, and have achieved a passing score on the USMLE step one and step two examinations. Once a participant completes the curriculum and passes the program assessment, the program director must issue an industry recognized credential of clinical readiness and submit a recommendation to the assistance program administrator and CDLE. The bill requires the program administrator to allow an IMG to interview for a position in their own residency program if the IMG successfully completes the readiness program. Starting January 1, 2025, the program director must annually submit a report to DORA about the program.

Report. The bill requires the CDLE to submit a report on the IMG Assistance Program and the Clinical Readiness Program as part of the department's SMART Act hearing.

IMG degree equivalence. Under current law, the Medical Board may require certain foreign medical students to complete three years of postgraduate clinical training. The bill reduces this requirement to one year and applies it to IMGs.

Reentry licenses for IMGs. The bill allows IMGs who hold a current or expired international license and satisfy other requirements established by the Medical Board to apply for a reentry license. The Medical Board may approve an assessment model to assess the competency of IMGs applying for a reentry license.

State Revenue

Starting in FY 2022-23, the bill will minimally increase cash fund revenue in DORA from additional reentry licenses, as described below.

Reentry licenses. Starting in FY 2022-23, revenue to the Professions and Occupation Cash Fund will increase to the extent IMGs apply for reentry medical licenses. The fiscal note assumes that the number of IMGs applying for reentry medical licenses, at least initially, will be minimal and any increase in revenue will likewise be minimal. Revenue from reentry medical licenses is subject to the state’s TABOR limit.

State Expenditures

The bill increases state expenditures in the CDLE by \$867,637 in FY 2022-23 and \$864,345 in FY 2023-24 from the General Fund. The bill will also increase workload in DORA. Expenditures are shown in Table 2 and detailed below.

**Table 2
 Expenditures Under HB 22-1050**

	FY 2022-23	FY 2023-24
Department of Labor & Employment		
Personal Services	\$81,850	\$89,289
Operating Expenses	\$2,025	\$2,025
Capital Outlay Costs	\$12,400	-
IMG Program Contractors	\$750,000	\$750,000
Centrally Appropriated Costs ¹	\$21,362	\$23,031
Total Cost	\$867,637	\$864,345
Total FTE	1.4 FTE	1.5 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Labor and Employment. Starting in FY 2022-23, the CDLE will require 1.5 FTE to administer the two IMG programs established by the bill. These FTE will oversee and manage contracts with two contractors, help develop rules and other program criteria, and report on the two programs. Staffing costs include personnel services, operating expenses, and capital outlay costs, as shown in Table 1. Costs in FY 2022-23 are prorated to reflect the General Fund paydate shift.

- **IMG program contractors.** Starting in FY 2022-23, expenditures in CDLE will increase to contract with two parties to run the two new IMG programs. Based on similar programs offered in Minnesota, the fiscal note assumes that expenditures will increase by a total of \$750,000 annually, of which \$500,000 is for the clinical readiness program, and \$250,000 is for the IMG assistance program.

Department of Regulatory Agencies. Starting in FY 2022-23, workload in DORA will increase to update rules and to conduct any outreach to IMG applicants. This workload can be accomplished within existing appropriations.

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 shown in Table 2.

Other Budget Impacts

TABOR refunds. The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by an indeterminate amount, as described in the State Revenue section above. This estimate assumes the March 2021 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2023-24. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve as shown in Table 1, which will decrease the amount of General Fund available for other purposes.

Effective Date

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

State Appropriations

For FY 2022-23, the bill requires a General Fund appropriation of \$846,275 and 1.4 FTE to the Colorado Department of Labor and Employment.

State and Local Government Contacts

Health Care Policy and Financing
Information Technology
Public Health and Environment

Higher Education
Labor
Regulatory Agencies