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Revised Fiscal Note

(replaces fiscal note dated February 29, 2024)

Drafting Number: LLS 24-0981 Date: May 2, 2024
Prime Sponsors: Sen. Van Winkle; Michaelson Jenet; Rep. Bradfield; Rutinel Bill Status: House Finance Fiscal Analyst: Brendan Fung | 303-866-4781 brendan.fung@coleg.gov

Bill Topic: OUT-OF-STATE TELEHEALTH PROVIDERS

Summary of Fiscal Impact: [X] State Revenue [ ] State Transfer [ ] Local Government [X] State Expenditure [X] TABOR Refund [ ] Statutory Public Entity

The bill permits out-of-state health care providers to register and practice telehealth in the state. It increases state expenditures and state revenue starting in FY 2025-26.

Appropriation Summary: No appropriation is required.

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

Table 1
State Fiscal Impacts Under SB 24-141

Table with 5 columns: Category, Sub-category, Budget Year FY 2024-25, Out Year FY 2025-26, Out Year FY 2026-27, Out Year FY 2027-28. Rows include Revenue (Cash Funds, Total Revenue), Expenditures (Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (TABOR Refund).

## **Summary of Legislation**

The bill permits out-of-state health care providers to deliver telehealth services in Colorado upon registration with the Division of Professions and Occupations in the Department of Regulatory Agencies (DORA).

**Program eligibility.** Applicants for telehealth registration must possess an active and unencumbered license, certificate, registration, or credential issued by a governmental authority in another state, District of Columbia, or United States territory. An applicant is ineligible for telehealth registration if their credential has been limited, suspended, or revoked due to disciplinary action in the five years preceding application.

**Telehealth registration.** Applicants must submit an application to DORA and designate an agent to practice under in the state. Upon registration, providers must adhere to Colorado laws, refrain from opening a physical office or providing in-person services without separate licensure, and report out-of-state disciplinary actions to DORA.

The bill authorizes DORA to make rules for program administration and take disciplinary action against a registered provider under certain circumstances.

## **Assumptions**

The fiscal note assumes that over the first three program years, 8,250 out-of-state providers will apply for registration based on adoption rates for similar programs in other states. Further, it is assumed that out-of-state telehealth registrants will pay initial registration fees and biennial renewal fees on the same two-year renewal cycle as equivalent in-state professional licensees. Some revenue and expenditure impacts could shift between fiscal years if the program is implemented sooner or later, or if participation differs from these assumptions.

## **State Revenue**

The bill increases state cash fund revenue by about \$151,000 in FY 2025-26, \$151,000 in FY 2026-27, and \$220,000 in FY 2027-28 to the Division of Professions and Occupations Cash Fund in DORA to cover the costs of implementing and administering the telehealth registration program. Starting in FY 2028-29, revenue will increase to DORA by around \$110,000 per year, on average, as the full population enters the renewal process. New registrations will also continue as out-of-state providers enter and leave the program, but are assumed to be at much lower rate than in the first three years and relative to the number of renewals. These impacts are shown in Table 2 and discussed in more detail below.

**Table 2**  
**Fee Impact on Out-of-State Health Care Providers**

<b>Fiscal Year</b>	<b>Type of Fee</b>	<b>Proposed Fee</b>	<b>Number Affected</b>	<b>Total Fee Impact</b>
<b>FY 2025-26</b>	Telehealth Registration Fee	\$55	2,750	\$151,235
<b>FY 2026-27</b>	Telehealth Registration Fee	\$55	2,750	\$151,235
<b>FY 2027-28</b>	Telehealth Registration Fee	\$55	2,750	\$151,235
	Telehealth Renewal Fee	\$25	2,750	\$68,743

**Fee impact on health care providers.** Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. In FY 2025-26 and FY 2026-27, DORA will collect about \$151,000 in initial telehealth registration fees from 2,750 assumed applicants each year. The fiscal note estimates an average fee of \$55 for all professional health care license types regulated by DORA.

Beginning in FY 2027-28 and every year thereafter, DORA will collect between \$69,000 and \$151,000 in renewal fees from telehealth registrants, depending on how registrations line up with the two-year renewal cycles for various professions. As shown in Table 2, the fiscal note estimates a reduced average fee of \$25 for renewals of all professional health care license types. These proposed fees are estimates only; actual fees will be set administratively by DORA based on cash fund balance, estimated program costs, and the estimated number of licensees subject to the fee.

### **State Expenditures**

The bill increases state expenditures in DORA by about \$171,000 in FY 2025-26, \$140,000 in FY 2026-27, and \$199,000 in FY 2027-28, paid from the Division of Professions and Occupations Cash Fund. Workload will also increase in the Judicial Department and Department of Personnel and Administration. Expenditures are shown in Table 3 and detailed below.

**Table 3  
 Expenditures Under SB 24-141**

	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>
<b>Department of Regulatory Agencies</b>				
Personal Services	-	\$108,581	\$83,871	\$122,310
Operating Expenses	-	\$2,176	\$1,792	\$2,560
Capital Outlay Costs	-	\$13,340	\$6,670	\$13,340
Legal Services	-	\$16,643	\$23,044	\$25,092
Centrally Appropriated Costs <sup>1</sup>	-	\$30,556	\$24,644	\$35,439
FTE – Personal Services	-	1.7 FTE	1.4 FTE	2.0 FTE
FTE – Legal Services	-	0.1 FTE	0.1 FTE	0.1 FTE
<b>Total Cost</b>	-	<b>\$171,296</b>	<b>\$140,021</b>	<b>\$198,741</b>
<b>Total FTE</b>	-	<b>1.8 FTE</b>	<b>1.5 FTE</b>	<b>2.1 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Department of Regulatory Agencies.** Starting in FY 2025-26, expenditures in DORA will increase to review telehealth applicants, administer the program, and resolve complaints.

- **Staff - applications.** Starting FY 2025-26, DORA requires 0.7 FTE Technician III to review out-of-state telehealth provider applications, 0.1 FTE Administrative Assistant II to answer and resolve applicant questions about the program and Colorado law, and 0.6 FTE Data Management IV to configure 72 new license types and establish a telehealth registration option for each regulated profession. Starting in FY 2027-28, DORA requires an additional 0.2 FTE Technician III to manage registration renewals.
- **Staff - enforcement.** In FY 2025-26, DORA requires 0.1 FTE Technician III to process complaints, issue subpoenas and gather information, and update case material for regulatory boards, and 0.3 FTE to review, investigate, and settle complaints in the Division of Professions and Occupations. On an ongoing basis, DORA requires 0.2 FTE Technician III, 0.7 FTE Criminal Investigator I, and 0.1 FTE Administrator I to manage the expected increase in complaints from registered telehealth providers. The fiscal note assumes an increase in complaints consistent with the increase in providers and current time to handle complaints.
- **Legal services.** DORA requires 130 hours of legal services in FY 2025-26 for rulemaking support to each health care regulatory board, which equates to 0.1 FTE in the Department of Law. Starting in FY 2026-27, legal services will increase as the registered population grows for costs related to investigations and disciplinary actions. Legal services are provided by the Department of Law at a rate of \$128.02 per hour.

**Judicial Department.** Starting in FY 2025-26, trial courts in the Judicial Department may experience an increase in workload to adjudicate civil cases or appeals for provider noncompliance. The fiscal note assumes that any increase will be minimal.

**Department of Personnel and Administration.** The bill may increase workload starting in FY 2025-26 for administrative law judges in the Office of Administrative Courts to hear cases challenging disciplinary actions by DORA. This workload is expected to be minimal and no change in appropriations is required.

**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 3.

## Other Budget Impacts

**TABOR refunds.** The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2023 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2025-26. 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.

## Effective Date

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

## State and Local Government Contacts

Behavioral Health Administration	Corrections	Health Care Policy and Financing
Human Services	Judicial	Law
Public Health and Environment	Personnel	Regulatory Agencies

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).