



JOINT BUDGET COMMITTEE STAFF FY 2023-24 BUDGET BRIEFING SUMMARY

Colorado General Assembly
Joint Budget Committee

Department of Regulatory Agencies

The Department of Regulatory Agencies is statutorily-tasked with ensuring that individuals and businesses who provide Colorado with professional services are doing so ethically and responsibly. These duties are carried out through regulatory programs that license, establish standards, approve rates, investigate complaints, and conduct enforcement through boards, commissions, and advisory committees. The Department's FY 2022-23 appropriation represents approximately 0.3 percent of statewide operating appropriations and 0.0 percent of statewide General Fund appropriations.

FY 2022-23 APPROPRIATION AND FY 2023-24 REQUEST

DEPARTMENT OF REGULATORY AGENCIES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
FY 2022-23 APPROPRIATION:						
HB 22-1329 Long Bill	\$116,915,270	\$2,905,370	\$106,162,769	\$6,250,779	\$1,596,352	651.7
Other legislation	3,947,489	110,383	3,782,287	55,637	(818)	17.2
TOTAL	\$120,862,759	\$3,015,753	\$109,945,056	\$6,306,416	\$1,595,534	668.9
FY 2023-24 REQUESTED APPROPRIATION:						
FY 2022-23 Appropriation	\$120,862,759	3,015,753	\$109,945,056	\$6,306,416	\$1,595,534	668.9
R1 Division of Insurance Senior Staffing	440,375	0	440,375	0	0	3.6
R2 Additional vehicles for required inspections	0	0	0	0	0	0.0
R3 Contracting resources for PDAB	260,000	0	260,000	0	0	0.0
R4 Insurance financial analytical support	155,900	0	155,900	0	0	1.8
Non-prioritized decision items	443,289	12,276	431,013	0	0	0.0
Centrally appropriated line items	5,861,223	248,516	5,353,059	107,884	151,764	0.0
Indirect cost assessment	526,321	0	510,159	0	16,162	0.0
Annualize prior year legislation	(1,705,895)	0	(1,705,895)	0	0	7.5
Annualize prior year budget actions	(956,026)	0	(956,026)	0	0	0.0
TOTAL	\$125,887,946	\$3,276,545	\$114,433,641	\$6,414,300	\$1,763,460	681.8
INCREASE/(DECREASE)	\$5,025,187	\$260,792	\$4,488,585	\$107,884	\$167,926	12.9
Percentage Change	4.2%	8.6%	4.1%	1.7%	10.5%	1.9%

R1 DIVISION OF INSURANCE SENIOR STAFFING: The request includes an increase of \$440,375 cash funds in FY 2023-24 and \$485,282 cash funds in FY 2024-25 and ongoing from the Division of Insurance Cash Fund for 4.0 FTE to assist senior leadership in implementing statutorily required programs including the Colorado Option, Reinsurance, and evaluating the accessibility and availability of homeowner's insurance. The Division proposes to hire a Chief of Staff, Division of Insurance Budget Director, Policy Advisor, and Human Resources and Procurement Liaison. *See the first issue brief for more information.*

R2 ADDITIONAL VEHICLES FOR REQUIRED ELECTRICAL, PLUMBING, AND PHARMACY INSPECTIONS: This request includes a budget neutral \$0 transfer from the Operating Expenses line item in the Division of Professions and Occupations to the Vehicle Lease Payments line item in the Executive Director’s Office for three new vehicles. At present the lease rate is anticipated to be approximately \$5,000 per vehicle, or a total of \$15,000 for the three requested vehicles.

R3 RESOURCES FOR PRESCRIPTION DRUG AFFORDABILITY REVIEW BOARD: The request includes an increase of \$260,000 from the Division of Insurance Cash Fund in FY 2023-24 and ongoing for consulting and data access services to the assist the Prescription Drug Affordability Review Board (PDAB) in analyzing prescription drug related data. The PDAB conducts affordability reviews and sets Upper Payment Limits for prescription drugs, as required by S.B. 21-175 (Prescription Drug Affordability Review Board). The Department indicates the request is evidence-informed. *See the second issue brief for more information.*

R4 INSURANCE FINANCIAL ANALYTICAL SUPPORT: The request includes an increase of \$155,900 Cash Fund in FY 2022-23 and \$168,998 in FY 2023-24 for 2.0 FTE to support the work of the Financial Affairs and Company Services section of the Division of Insurance. The additional FTE will help the Division manage its’ increasing workload given the 82 percent growth of premiums written by domestic insurers from 2017 to 2022.

NON-PRIORITIZED DECISION ITEMS: The request includes a net increase of \$443,289 total funds including \$12,276 General Fund for decision items requested by other departments that impact the agencies covered in this briefing document.

NON-PRIORITIZED DECISION ITEMS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
OIT Budget request package	\$299,634	\$11,789	\$287,845	0.0
Annual fleet decision item	131,273	0	131,273	0.0
COE Common policy	8,964	353	8,611	0.0
Transfer of performance budgeting to DPA	3,418	134	3,284	0.0
TOTAL	\$443,289	\$12,276	\$431,013	0.0

CENTRALLY APPROPRIATED LINE ITEMS: The request includes a net increase of \$5.8 million total funds, including \$248,516 General Fund, for adjustments to centrally appropriated line items. The following table itemizes each requested change.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
Salary survey	\$3,531,151	\$82,778	\$3,251,579	\$158,821	\$37,973	0.0
Legal services common policy	2,913,707	45,153	2,825,524	24,622	18,408	0.0
Payments to OIT common policy adjustment	918,050	57,428	860,622	0	0	0.0
Leased space escalation	231,869	28,745	172,968	18,626	11,530	0.0
AED	15,557	6,577	(10,914)	2,778	17,116	0.0
SAED	15,557	6,577	(10,914)	2,778	17,116	0.0
PERA Direct distribution	(872,318)	5,242	(819,115)	(52,651)	(5,794)	0.0
Health, life, and dental	(570,044)	28,904	(615,969)	(40,022)	57,043	0.0
ALJ services	(159,894)	(7,224)	(152,670)	0	0	0.0
CORE adjustment	(81,942)	(3,175)	(73,546)	(4,219)	(1,002)	0.0
Risk management and property adjustment	(54,415)	(1,831)	(49,899)	(1,869)	(816)	0.0
Workers’ compensation	(20,997)	(690)	(19,301)	(731)	(275)	0.0
Short-term disability	(5,058)	32	(5,306)	(249)	465	0.0
TOTAL	\$5,861,223	\$248,516	\$5,353,059	\$107,884	\$151,764	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes a net decrease of \$1.7 million total funds and an increase of 7.5 FTE to reflect the FY 2022-23 impact of bills passed in previous sessions, summarized in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
SB 22-173 Telepharmacy outlets	\$289,454	\$0	\$289,454	3.0
HB 22-1242 Hospice inpatient PDOs	222,871	0	222,871	2.5
SB 22-040 Actuarial review	178,219	0	178,219	2.0
HB 22-1346 E&P license ratios	158,391	0	158,391	2.0
HB 22-1235 Veterinarians sunset	39,107	0	39,107	0.4
HB 22-1314 Non-consensual towing	27,770	0	27,770	0.4
SB 22-219 Regulate dental therapists	21,232	0	21,232	0.2
HB 22-1246 Regulate tiny homes	6,184	0	6,184	0.0
HB 22-1122 Prescription drug benefit	3,421	0	3,421	0.0
HB 22-1115 PDMP	(1,996,704)	0	(1,996,704)	0.0
HB 22-1284 Health insurance surprise	(233,018)	0	(233,018)	(1.6)
SB 22-206 Disaster preparedness	(230,000)	0	(230,000)	0.0
HB 22-1370 Health-care product insurance requirement	(68,885)	0	(68,885)	0.0
HB 22-1111 Insured losses in fire disaster	(66,781)	0	(66,781)	(1.0)
HB 22-1269 Out-of-state health care	(25,082)	0	(25,082)	0.0
SB 22-077 Counselor compact	(19,312)	0	(19,312)	1.0
HB 22-1278 Behavioral health administration	(12,400)	0	(12,400)	(1.5)
HB 22-1228 Preneed funeral contracts	(362)	0	(362)	0.1
TOTAL	(\$1,705,895)	\$0	(\$1,705,895)	7.5

INDIRECT COST ASSESSMENT: The request includes a net increase to indirect costs of \$160,102 across the Department.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

R1 INCREASE RESOURCES FOR THE EXECUTIVE DIRECTOR’S OFFICE: This issue brief outlines the Department’s request for 4.0 FTE positions for the Division of Insurance to assist senior leadership in implementing statutorily required programs including the Colorado Option, Reinsurance, and evaluating the accessibility and availability of homeowner’s insurance.

R3 IMPLEMENTATION OF PRIMARY CARE AND MATERNAL HEALTH APMs: This issue brief describes outlines the Department’s request for funds for data and consulting services to support the implementation of S.B. 21-175 (Prescription Drug Affordability Review Board).

FOR MORE INFORMATION

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TO READ THE ENTIRE BRIEFING: Go to <http://leg.colorado.gov/content/budget/budget-documents> to use the budget document search tool. Select this department's name under *Department/Topic*, "Briefing" under *Type*, and select a *Start date* and *End date* to show documents released in November and December of 2022.