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Fiscal Note

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Prime Sponsors:

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Bill Topic: **PREVENTION OF SUBSTANCE USE DISORDERS**

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| Summary of Fiscal Impact: | <input checked="" type="checkbox"/> State Revenue | <input checked="" type="checkbox"/> TABOR Refund |
| | <input checked="" type="checkbox"/> State Expenditure | <input checked="" type="checkbox"/> Local Government |
| | <input type="checkbox"/> State Transfer | <input type="checkbox"/> Statutory Public Entity |

The bill establishes several measures for the prevention of substance use disorders. The bill increases state revenue and expenditures and local workload on an ongoing basis beginning in FY 2024-25.

Appropriation Summary: For FY 2024-25, the bill requires appropriations of \$4.0 million to multiple state agencies.

Fiscal Note Status: The fiscal note reflects the bill draft requested by the Opioid and Other Substance Use Disorders Study Committee.

Table 1
State Fiscal Impacts Under Bill 1

		Budget Year	Out Year
		FY 2024-25	FY 2025-26
Revenue	Cash Funds	\$1,282,320	\$576,880
	Total Revenue	\$1,282,320	\$576,880
Expenditures	General Fund	\$2,652,977	\$418,001
	Cash Funds	\$1,247,832	\$414,482
	Federal Funds	\$75,000	\$37,500
	Centrally Appropriated	\$142,298	\$104,774
	Total Expenditures	\$4,118,108	\$974,757
Total FTE		7.7 FTE	5.8 FTE
Transfers		-	-
Other Budget Impacts	TABOR Refund	\$1,282,320	\$576,880
	General Fund Reserve	\$397,947	\$62,700

Summary of Legislation

The bill creates several measures regarding the prevention of substance use disorders, including creating a grant program, modifying the Prescription Drug Monitoring Program (PDMP), creating a data linkage project, establishing procedures for local drug overdose fatality review teams, and providing additional modifications to existing programs.

Grant program. The bill creates the Substance Use Disorder Prevention Gap Grant Program in the Colorado Department of Public Health and Environment (CDPHE) to provide two-year grants to community-based organizations to fill gaps in funding for substance use disorder prevention services in areas of highest need. The CDPHE must develop rules to implement the grant program, including developing a prevention services gap assessment tool to use in their grant making process. Grant applications must open by December 31, 2024 and the program repeals July 1, 2028.

Prescription Drug Monitoring Program modifications. The bill modifies the Prescription Drug Monitoring Program as follows:

- exempting veterinarians from certain aspects of the program that are specific to prescriptions for humans;
- including the reporting of all psychotropic prescription drugs dispensed to the PDMP;
- allowing the medical director of a practice or hospital to appoint designees to access the program on behalf the practitioner; and
- allowing HCPF to access program data for review and analysis around current rules, appropriate utilization, and safe prescribing practices.

Data linkage project. The bill creates a data linkage project for the University of Colorado's School of Medicine to estimate the scope of opioid misuse and use disorders in Colorado. The school will report on the project by January 31, 2025, and every year through the duration of the project.

Local overdose fatality review team. The bill establishes a process for multidisciplinary and multiagency drug overdose fatality review teams created for a county, city, group of counties and cities, or an Indian tribe, to obtain information to identify system gaps in overdose prevention. Certain entities must provide information requested by a local team within five business days and can charge a reasonable fee for providing records to the local team. Entities are not subject to civil or criminal liability or disciplinary action as a result of providing information as requested. Local teams must maintain confidentiality of the provided information and the information is not subject to inspection through the Colorado Open Records Act. Individuals can participate at meetings with the local teams, which are exempt from open meetings provisions, but must sign a confidentiality form. A person who violates confidentiality provisions is subject to civil penalty of up to \$1,000.

Modifications to existing measures. The bill expands the Substance Use Screening, Brief Intervention, and Referral to Treatment Grant Program to require adolescent substance use screening, intervention, and referral practices for professionals in Colorado schools and for pediatricians and professionals in pediatric settings. The bill also requires the Center for Research into Substance Use Disorder Prevention, Treatment, and Recovery Support Strategies (center) to conduct their data linkage project and expands the scope of data to be used.

State Revenue

State revenue to the Division of Professions and Occupations Cash Fund in DORA is estimated to increase by about \$1.3 million in FY 2024-25, \$577,000 in FY 2025-26, and \$681,000 in FY 2026-27. Revenue to the Professions and Occupation Cash Fund is subject to the state’s TABOR limit.

State revenue may also increase from individuals who violate the confidentiality provisions for local overdose review teams. The fiscal note assumes individuals will generally follow the law and any revenue increase will be minimal.

Fee impact on practitioners with prescriptive authority. 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 DORA based on cash fund balance, program costs, and the number of licenses subject to the fee. Currently, operation costs for the PDMP are covered by a surcharge of \$11 to \$22 on the license renewal fees paid by 58,100 practitioners with a prescriptive authority license. This fee amount would increase by \$16 to \$32 in FY 2024-25 and FY 2025-26 to cover the new program costs described in the State Expenditures section, and by \$8.50 to \$17 beginning in FY 2026-27 to cover the increased ongoing program costs. The table below identifies the fee impact of this bill through FY 2026-27.

**Table 2
 Fee Impact on Practitioners**

Fiscal Year	Type of Fee	Proposed Fee Increase	Number Affected	Total Fee Impact
FY 2024-25	PDMP surcharge – 2-year renewal	\$32	39,910	\$1,277,120
	PDMP surcharge – Annual renewal	\$16	325	\$5,200
FY 2024-25 Total				\$1,282,320
FY 2025-26	PDMP surcharge – 2-year renewal	\$32	17,865	\$571,680
	PDMP surcharge – Annual renewal	\$16	325	\$5,200
FY 2025-26 Total				\$576,880
FY 2026-27	PDMP surcharge – 2-year renewal	\$17	39,910	\$678,470
	PDMP surcharge – Annual renewal	\$8.5	325	\$2,763
FY 2026-27 Total				\$681,233

State Expenditures

The bill increases state expenditures in the CDPHE by about \$2.4 million in FY 2024-25 and \$152,000 in FY 2025-26, paid from the General Fund; in DORA by about \$1.3 million in FY 2024-25 and \$500,000 in FY 2025-26, paid from the Professions and Occupations Cash Fund; in the Department of Higher Education by \$250,000 per year beginning in FY 2024-25 from the General Fund; and in HCPF by \$150,000 in FY 2024-25 and \$75,000 in FY 2025-26 and thereafter, paid from both the General Fund and federal funds. Expenditures are shown in Table 3 and detailed below.

**Table 3
 Expenditures Under Bill 1**

	FY 2024-25	FY 2025-26
Department of Public Health and Environment		
Personal Services	\$263,783	\$97,423
Operating Expenses	\$3,840	\$1,408
Capital Outlay Costs	\$20,010	\$6,670
Grant Awards	\$1,180,344	-
Assessment Tool Contractor	\$250,000	-
Consent Management Module Purchase	\$610,000	\$25,000
Centrally Appropriated Costs ¹	\$59,353	\$21,829
FTE – Personal Services	3.0 FTE	1.1 FTE
CDPHE Subtotal	\$2,387,330	\$152,330
Department of Regulatory Agencies		
Personal Services	\$283,467	\$283,466
Operating Expenses	\$6,016	\$6,016
Capital Outlay Costs	\$33,350	-
PDMP Data System Update	\$800,000	-
PDMP Data System Maintenance	\$125,000	\$125,000
Centrally Appropriated Costs ¹	\$82,945	\$82,945
FTE – Personal Services	4.7 FTE	4.7 FTE
DORA Subtotal	\$1,330,788	\$497,428

**Table 3
 Expenditures Under Bill 1 (Cont.)**

	FY 2024-25	FY 2025-26
Department of Higher Education		
Staff	\$65,000	\$65,000
Data Linkage Contractor	\$185,000	\$185,000
DHE Subtotal	\$250,000	\$250,000
Department of Health Care Policy and Financing		
Data System Configuration	\$75,000	-
Data Access	\$75,000	\$75,000
HCPF Subtotal	\$150,000	\$75,000
<i>General Fund</i>	<i>\$75,000</i>	<i>\$37,500</i>
<i>Federal Funds</i>	<i>\$75,000</i>	<i>\$37,500</i>
Total	\$4,118,108	\$974,757
Total FTE	7.7 FTE	5.8 FTE

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

Department of Public Health and Environment. The CDPHE requires a total of 3.0 FTE and approximately \$2.3 million in other costs in FY 2024-25 to administer the grant program, create the gap assessment tool, and expand data sources for the data linkage project.

- **Grant program.** Beginning in FY 2024-25, CDPHE requires 1.0 FTE for grant administration activities, including developing program policies, writing Request for Applications for the grant program, reviewing grant applications, providing technical assistance, and distributing grant funding. Staff costs will continue through FY 2027-28 until the repeal date of the program.

Beginning in FY 2024-25, the remainder of the \$1,500,000 appropriated for the program after staffing costs for the duration of the program, or \$1,180,344, will be used by CDPHE to provide grant awards to applicants through the repeal date of the program. Exact grant amounts and number of recipients will be determined by CDPHE, based on the amount of applicants, results of the gap assessment tool, and rules promulgated by the department.

- **Gap assessment tool contractor and staff.** In FY 2024-25, CDPHE requires a one-time cost of \$250,000 for an external contractor to create the gap assessment tool for the newly created grant program. The contractor fee estimate is similar to current contracts in place with external entities tasked with developing similar projects to the assessment tool.

Beginning in FY 2024-25, 0.3 FTE is also required to procure and manage the contract with the external contractor and convene the Collaborative for purposes of reviewing applications for the grant program. Staff support is required through FY 2026-27 to convene the Collaborative for application review of a potential second round of grants. The fiscal note assumes that contractor and staff for the gap assessment tool will be funded outside of the \$1,500,000 appropriation in the bill for the grant program; however, should more information on funding sources for the assessment tool be provided, the fiscal note will be updated accordingly.

- **Expand data linkage project.** In FY 2024-25 only, CDPHE requires 1.7 FTE and \$610,000 to purchase a consent management module to gain explicit consent and be able to use participant data from pregnant individuals. Once purchased, the module must be embedded into the department's existing data management system.

Beginning FY 2025-26 and in the following years, CDPHE requires 0.8 FTE and \$25,000 annually for ongoing operation of the consent process and data management, as well as for system maintenance and technical enhancements by the vendor.

Department of Regulatory Agencies. The DORA requires staff and system modifications to cover the changes made to the PDMP from the Division of Professions and Occupations Cash Fund.

- **Staff.** Beginning in FY 2024-25, DORA requires 4.7 FTE to manage the increased number of prescriptions tracked by the PDMP each year, handle calls and complaints regarding this expanded program data, and to respond to subpoenas and patient requests for information.
- **PDMP data system update.** DORA requires \$800,000 initially in FY 2024-25, and \$125,000 for maintenance costs annually, to update the PDMP data system to include new types of prescriptions and increase the system's capacity to handle the new volume of entries.

University of Colorado Medical Campus. The university will have ongoing staff and contractor costs for the data linkage project beginning in FY 2024-25.

- **Staff.** The university requires 0.4 FTE at \$65,000 to provide administrative oversight, fiscal management, and generate policy recommendations for the data linkage project.
- **Contractor.** The university requires \$185,000 to engage a contractor to administer the data linkage project, which includes developing and implementing the project, analyzing data, and sharing findings. This cost is inclusive of data linkage fees and indirect costs for the contractors.

Department of Health Care Policy and Financing. To perform analysis and review of PDMP data, HCPF will have one-time costs of \$75,000 to configure data systems, as well as \$75,000 annually for data access.

Other departments. To the extent that state agencies are requested to provide information to local teams, workload will increase. This workload is expected to be minimal and can be absorbed within existing resources; however, should there be significant demand, these impacts will be addressed through the annual budget process.

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 the amounts shown in the State Revenue section above. This estimate assumes the September 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.

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. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Local Government

Similar to state departments, to the extent that local entities are requested to provide information to local teams, workload will increase. This workload is may vary depending on the entity and number of requests received.

Technical Note

There is currently a fee cap for the PDMP fee of \$25 per year. To cover the increased operational costs of the program through the fee, the bill would need to modify this cap to allow for sufficient funds to be collected.

Effective Date

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

State Appropriations

For FY 2024-25, the bill requires total appropriations of \$3,975,810 to multiple state agencies, including:

- \$2,327,977 from the General Fund to the Department of Public Health and Environment, and 3.0 FTE;
- \$1,247,833 from the Professions and Occupations Cash Fund to the Department of Regulatory Agencies, and 4.7 FTE;
- \$250,000 from the General Fund to the Department of Higher Education, for use by the University of Colorado; and
- \$150,000 to the Department of Health Care Policy and Financing, split evenly between the General Fund and federal funds.

State and Local Government Contacts

Health Care Policy and Financing
Public Health and Environment

Higher Education
Regulatory Agencies

Information Technology