



Legislative  
Council Staff

*Nonpartisan Services for Colorado's Legislature*

**FISCAL NOTE**

|                         |                             |                        |   |
|-------------------------|-----------------------------|------------------------|---|
| <b>Drafting Number:</b> | LLS 19-0385                 | <b>Date:</b>           | February 8, 2019                                  |
| <b>Prime Sponsors:</b>  | Sen. Crowder<br>Rep. Pelton | <b>Bill Status:</b>    | Senate SVMA                                       |
|                         |                             | <b>Fiscal Analyst:</b> | Max Nardo   303-866-4776<br>max.nardo@state.co.us |

**Bill Topic:** LICENSING REGULATION AMBULATORY SURGICAL CENTERS

**Summary of Fiscal Impact:**

|   |  |
|---|--|
| <input checked="" type="checkbox"/> State Revenue     | <input checked="" type="checkbox"/> TABOR Refund |
| <input checked="" type="checkbox"/> State Expenditure | <input type="checkbox"/> Local Government        |
| <input type="checkbox"/> State Transfer               | <input type="checkbox"/> Statutory Public Entity |

The bill authorizes the CDPHE to create subcategories of ambulatory surgical centers in order to license facilities conducting office-based surgeries and medical procedures. The bill increases state revenue and expenditures on an ongoing basis.

**Appropriation Summary:** For 2019-20, the bill requires an appropriation of \$42,787 to the Department of Public Health and Environment.

**Fiscal Note Status:** This fiscal note is preliminary and reflects the introduced bill. It will be updated as more information is received.

**Table 1  
State Fiscal Impacts Under SB 19-110**

|                     |                        | FY 2019-20      | FY 2020-21       |
|---------------------|------------------------|-----------------|------------------|
| <b>Revenue</b>      | Cash Funds             | -               | -                |
| <b>Expenditures</b> | General Fund           | \$42,787        | \$123,267        |
|                     | Centrally Appropriated | \$11,654        | \$37,625         |
|                     | <b>Total</b>           | <b>\$54,441</b> | <b>\$169,892</b> |
|                     | <b>Total FTE</b>       | <b>0.5 FTE</b>  | <b>1.7 FTE</b>   |
| <b>Transfers</b>    |                        | -               | -                |
| <b>TABOR Refund</b> | General Fund           | -               | -                |

## **Summary of Legislation**

The bill authorizes the State Board of Health (State Board) in the Colorado Department of Public Health and Environment (CDPHE) to establish and enforce standards for the operation of ambulatory surgical centers (ASCs). This authority may include specifying types or subcategories of ASCs and differentiating them from other facilities performing surgery. The CDPHE is authorized to assess penalties set by the department for facilities that do not comply with standards.

Under the bill, ASCs may be defined as facilities, including practitioners' private offices or treatment rooms, that perform any of the following procedures on humans without hospitalization or the anticipated need for post-procedural monitoring that exceeds 24 hours from admission to discharge:

- medically necessary surgery;
- elective surgery;
- radiological treatment or chemotherapy for cancer; or
- other treatments or procedures specified by the State Board by rule.

## **Background**

Various types of health facilities, such as hospitals and community clinics, are currently licensed by the Health Facilities and Emergency Medical Services Division in the CDPHE; however, other types of health facilities are not currently licensed, including private doctor's offices, cancer centers, and plastic surgery facilities.

Under current law, the CDPHE has the authority to license ASCs, which the State Board has defined in administrative rule to include certain facilities that perform surgery on an outpatient basis. As of January 2019, 120 ASCs are licensed by the CDPHE. Currently, ASCs pay \$6,600 for initial licensing and between \$1,295 and \$3,000 for renewal based on the size of the facility.

## **State Revenue**

The bill will increase state revenue through fees on newly licensed ASCs. Fee amounts will be set administratively by the CDPHE based on cash fund balance, program costs, and the number of facilities subject to the fee. Funds will be deposited into the General Licensure Cash Fund. This revenue impact has not been estimated as the exact number of new facilities potentially subject to licensure under the bill is not known. The fiscal note will be updated when more information is received.

## **State Expenditures**

This bill increases state General Fund expenditures in the CDPHE by \$54,441 and 0.5 FTE in FY 2019-20 and by \$160,892 and 1.7 FTE in FY 2020-21. The CDPHE will also have ongoing costs in FY 2021-22 and future years that will depend on future licensing requirements for ASCs established by the State Board.

**Table 2  
Expenditures Under SB 19-110**

|  | <b>FY 2019-20</b> | <b>FY 2020-21</b> |
|--|-------------------|-------------------|
| <b>Department of Public Health and Environment</b> |                   |                   |
| Personal Services                                  | \$35,018          | \$119,061         |
| Operating Expenses and Capital Outlay Costs        | \$5,178           | \$1,615           |
| Legal Services                                     | \$2,591           | \$2,591           |
| Centrally Appropriated Costs*                      | \$11,654          | \$37,625          |
| <b>Total Cost</b>                                  | <b>\$54,441</b>   | <b>\$160,892</b>  |
| <b>Total FTE</b>                                   | <b>0.5 FTE</b>    | <b>1.7 FTE</b>    |

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

**Department of Public Health and Environment.** In FY 2019-20, the CDPHE will conduct a stakeholder process to develop rules, which will include differentiating between types of facilities. This work can be accomplished with 0.5 FTE. In FY 2020-21, board rulemaking will require staff time for analysis, drafting, public comment, and meeting facilitation, which can be accomplished with 1.7 FTE. Other expenses include \$2,591 for the Department of Law to prepare and review rules in both years. It is assumed that these costs will be paid using General Fund, as licensing fee revenue from newly regulated ASCs will not be available until FY 2021-22.

Because the number of facilities to be licensed will be determined by the board, the cost to implement the expansion of the licensure program, which is assumed to begin in FY 2021-22, has not been estimated. These future costs will include inspection staff, administrative staff, legal services, vehicles, computer programming, and potentially office space. These expenditures will be financed by license fees. It is assumed that cash fund appropriations will be requested through the annual budget process once the scope of licensing developed by the CDPHE is known.

**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 estimated to be \$11,654 in FY 2019-20 and \$37,625 in FY 2020-21.

### **Effective Date**

The bill takes effect January 1, 2020, if no referendum petition is filed.

### **State Appropriations**

For FY 2019-20, the bill requires a General Fund appropriation of \$42,787 to the Colorado Department of Public Health and Environment.

**State and Local Government Contacts**

Counties  
Information Technology  
Personnel  
Regulatory Agencies

Health Care Policy and Financing  
Law  
Public Health and Environment