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**FINAL
FISCAL NOTE**

Drafting Number:	LLS 19-0385	Date:	August 12, 2019
Prime Sponsors:	Sen. Crowder Rep. Pelton	Bill Status:	Postponed Indefinitely
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Bill Topic: LICENSING REGULATION AMBULATORY SURGICAL CENTERS

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input 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 would have authorized the CDPHE to create subcategories of ambulatory surgical centers in order to license facilities conducting office-based surgeries and medical procedures. It would have increased state revenue and expenditures on an ongoing basis.

Appropriation Summary: For 2019-20, the bill would have required an appropriation of \$40,196 to the Department of Public Health and Environment.

Fiscal Note Status: The fiscal note reflects the introduced bill. The bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

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

		FY 2019-20	FY 2020-21
Revenue	Cash Funds	<i>not estimated</i>	<i>not estimated</i>
Expenditures	General Fund	\$40,196	\$120,676
	Centrally Appropriated	\$11,654	\$37,625
	Total	\$51,850	\$158,301
	Total FTE	0.5 FTE	1.7 FTE
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The bill authorizes the State Board of Health 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 board 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 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 due to the high degree of uncertainty concerning the types of surgical facilities that will be brought into regulation by the board.

State Expenditures

This bill increases state General Fund expenditures in the CDPHE by \$51,850 and 0.5 FTE in FY 2019-20 and by \$158,301 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 board.

Table 2
Expenditures Under SB 19-110

	FY 2019-20	FY 2020-21
Department of Public Health and Environment		
Personal Services	\$35,018	\$119,061
Operating Expenses and Capital Outlay Costs	\$5,178	\$1,615
Centrally Appropriated Costs*	\$11,654	\$37,625
Total Cost	\$51,850	\$158,301
Total FTE	0.5 FTE	1.7 FTE

* 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. 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 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.

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 was postponed indefinitely by the Senate State, Veterans, and Military Affairs Committee on February 11, 2019.

State Appropriations

For FY 2019-20, the bill would have required a General Fund appropriation of \$40,196 to the Colorado Department of Public Health and Environment and an allocation of 0.5 FTE.

State and Local Government Contacts

Health Care Policy and Financing
Public Health and Environment
Information Technology

Counties
Law

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