



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number: LLS 23-0528 **Date:** February 3, 2023
Prime Sponsors: Sen. Cutter; Jaquez Lewis **Bill Status:** Senate Health & Human Services
Rep. Weissman **Fiscal Analyst:** Kristine McLaughlin | 303-866-4776
kristine.mclaughlin@coleg.gov

Bill Topic: **INCREASE CONSUMER PROTECTIONS MEDICAL TRANSACTIONS**

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input 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 makes several changes to consumer protections related to medical debt and self-pay medical care. The bill minimally impacts state and local revenue and expenditures on an ongoing basis.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Summary of Legislation

The bill makes changes to state laws related to consumer protections in medical transactions, including:

- placing a 3 percent cap on the interest rate on medical debt;
- establishing requirements for payment plans and legal actions by a creditor or debt collector related to medical debt;
- specifying what must be included on itemized statements for debt collection disputes;
- requiring a health care facility to provide an estimate of the cost for a person who intends to self-pay for services and limiting by how much the final cost can exceed the initial estimate; and
- prohibiting collection of debt during an appeals process.

The bill makes failure to comply with the bill's requirements and current laws related to out-of-network billing a deceptive trade practice.

State Revenue

The bill may increase state revenue from civil penalties and court filing fees by a minimal amount.

Civil penalties. Under the Colorado Consumer Protection Act, a person committing a deceptive trade practice may be subject to a civil penalty of up to \$20,000 for each violation. Additional penalties may be imposed for subsequent violations of a court order or injunction. This revenue is classified as a damage award and not subject to TABOR. Given the uncertainty about the number of cases that may be pursued by the Attorney General and district attorneys, as well as the wide range in potential penalty amounts, the fiscal note cannot estimate the potential impact of these civil penalties.

Filing fees. The bill may increase revenue to the Judicial Department from an increase in civil case filings. Revenue from filing fees is subject to TABOR.

State Expenditures

The bill increases workload in the Department of Law and Judicial Department by a minimal amount.

Department of Law. Workload in the Department of Law will minimally increase to the extent that deceptive trade practice complaints are filed. The department will review complaints under the bill and prioritize investigations as necessary within the overall number of deceptive trade practice complaints and available resources.

Judicial Department. The trial courts in the Judicial Department may have an increase in cases filed under the Colorado Consumer Protection Act from the addition of a new deceptive trade practice. It is assumed that impacted entities will abide by the law and that any violation of the legislation will result in minimal number of new cases. In addition, requirements for documents filed in legal proceedings related to medical debt may slightly streamline court workload. The fiscal note assumes that workload changes can be accomplished within existing resources and that no change in appropriations is required.

Department of Public Health and Environment (CDPHE). Workload in CDPHE will minimally increase from an increase in complaints. The Health Facilities and Emergency Medical Services division is responsible for enforcing rules for a number of different health care facilities, which will refer complaints to the appropriate entity.

Department of Regulatory Agencies (DORA). Workload in DORA will minimally increase to notify regulated professions of the new policies.

Local Government

Similar to the state, to the extent district attorneys receive deceptive trade practice complaints related to the new deceptive trade practice under the bill, workload will increase to investigate complaints and seek relief when appropriate. It is assumed most such cases will be handled at the state level by the Attorney General.

Effective Date

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

State and Local Government Contacts

District Attorneys
Judicial
Regulatory Agencies

Health Care Policy and Financing
Law

Information Technology
Public Health and Environment