



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

Drafting Number: LLS 23-0468 **Date:** August 3, 2023
Prime Sponsors: Sen. Gardner; Roberts **Bill Status:** Signed into Law
Rep. McCormick; **Fiscal Analyst:** Kristine McLaughlin | 303-866-4776
Bockenfeld kristine.mclaughlin@coleg.gov

Bill Topic: **ALLOW PUBLIC HOSPITAL COLLABORATION AGREEMENTS**

Summary of Fiscal Impact:

<input 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 exempts hospitals with fewer than 50 beds from select antitrust requirements for the purpose of improving healthcare access in rural or frontier communities. The bill increases state expenditures and potential local savings on an ongoing basis.

Appropriation Summary: For FY 2023-24, the bill requires and includes an appropriation of \$60,519 to the Department of Health Care Policy and Financing.

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

Table 1
State Fiscal Impacts Under SB 23-298

	Budget Year	Out Year
	FY 2023-24	FY 2024-25
Revenue	-	-
Expenditures		
Cash Funds	\$30,260	\$32,336
Federal Funds	\$30,259	\$32,336
Centrally Appropriated	\$13,754	\$16,945
Total Expenditures	\$74,273	\$81,617
Total FTE	0.8 FTE	1.0 FTE
Transfers	-	-
Other Budget Impacts	-	-

Summary of Legislation

The bill exempts hospitals with fewer than 50 beds from select antitrust requirements for the purpose of improving healthcare access in rural or frontier communities. The bill specifies this exemption does not extend to actions that have the effect of setting reimbursement rates, dividing services among hospitals, or reducing the wages of hospital staff. To qualify, hospitals must submit proposals to the Department of Health Care Policy and Financing (HCPF) and to the Department of Regulatory Agencies (DORA) if the proposed agreement involves negotiating with health insurance payers. Proposals of merit must be referred to the Attorney General within 15 days. Proposals must be approved or denied within 45 days and may be reviewed annually. The bill specifies an appeals process for denied proposals.

State Expenditures

The bill increases state expenditures in HCPF by \$74,000 in FY 2023-24 and \$82,000 in FY 2024-25 and ongoing, paid from the Healthcare Affordability and Sustainability Cash Fund and federal funds. The bill also increases workload in DORA and the Department of Law. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under SB 23-298

	FY 2023-24	FY 2024-25
Department of Health Care Policy and Financing		
Personal Services	\$52,769	\$63,322
Operating Expenses	\$1,080	\$1,350
Capital Outlay Costs	\$6,670	-
Centrally Appropriated Costs ¹	\$13,754	\$16,945
Total Cost	\$74,273	\$81,617
Total FTE	0.8 FTE	1.0 FTE

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

Department of Health Care Policy and Financing. HCPF requires 1.0 FTE to evaluate proposals and study the effectiveness of approved proposals including economy-wide impacts. Standard operating and capital outlay costs are included and costs are prorated for the bill's effective date. Additionally, HCPF may require legal services for rulemaking purposes; however, this is assumed to require fewer than 100 hours and can be absorbed within existing resources.

Department of Regulatory Agencies. Workload will increase in the Division of Insurance in DORA to evaluate the relevant proposals. This fiscal note assumes that this work will consist primarily of assisting HCPF and can be accommodated within existing resources.

Department of Law. Workload will increase in the Consumer Protection Unit of DOL to evaluate proposals that have been referred to the unit from HCPF. These evaluations are assumed to require fewer than 40 hours each and can be accommodated within existing resources.

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.

Local Government and Special Districts

Certain county public hospitals and health services districts may experience cost savings due to participation in the cooperative activities authorized in the bill.

Effective Date

The bill was signed into law by the Governor on June 3, 2023, and takes effect on August 7, 2023, assuming no referendum petition is filed.

State Appropriations

For FY 2023-24, the bill requires and includes an appropriation of \$60,519 split evenly between the Healthcare Affordability and Sustainability Cash Fund and federal funds, to the Department of Health Care Policy and Financing, and 0.8 FTE.

State and Local Government Contacts

Counties	Health Care Policy and Financing	Information Technology
Judicial	Law	Regulatory Agencies