



Legislative Council Staff

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Fiscal Note

Drafting Number:	LLS 24-0920	Date:	February 15, 2024
Prime Sponsors:	Sen. Pelton R.	Bill Status:	Senate Health & Human Services
		Fiscal Analyst:	Matt Bishop 303-866-4796 matt.bishop@coleg.gov

Bill Topic: LICENSURE OF CRITICAL ACCESS HOSPITALS

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

The bill creates a new licensure process for critical access hospitals. It increases state expenditures in FY 2024-25 and FY 2025-26 only.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$45,722 to the Department of Public Health and Environment.

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

**Table 1
State Fiscal Impacts Under SB 24-121**

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-
Expenditures	General Fund	\$45,722	\$100,993
	Cash Funds	-	\$45,304
	Centrally Appropriated	\$7,687	\$10,450
	Total Expenditures	\$53,409	\$156,747
	Total FTE	0.4 FTE	0.6 FTE
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$6,858	\$15,149

Summary of Legislation

Under current law, critical access hospitals are licensed as general hospitals with the Department of Public Health and Environment (CDPHE). The bill requires critical access hospitals to be licensed separately, and directs CDPHE to adopt rules for this new license.

Background

There are 32 critical access hospitals in Colorado. A general hospital's license renewal fee is determined by how many inpatient beds the facility has. It includes a base fee, which ranges from \$846.49 to \$1,881.09, and a per-bed fee of \$12.54. License renewal fees are capped at \$8,360.40.

State Revenue

The fiscal note assumes that the new fee for critical access hospitals, which will be set administratively by CDPHE, will be similar to the fee these entities are already paying to register as general hospitals. Therefore, the bill is assessed as having no impact on state revenue nor a net fee impact on critical access hospitals.

State Expenditures

The bill increases state expenditures in CDPHE by about \$50,000 in FY 2024-25 and \$160,000 in FY 2025-26, paid from the General Fund and the Health Facilities General Licensure Cash Fund—see Technical Note. No additional costs are required after FY 2025-26. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under SB 24-121

	FY 2024-25	FY 2025-26
Department of Public Health and Environment		
Personal Services	\$32,925	\$37,866
Operating Expenses	\$512	\$768
Capital Outlay Costs	-	\$6,670
Computer Programming	\$12,285	\$100,993
Centrally Appropriated Costs ¹	\$7,687	\$10,450
Total Cost	\$53,409	\$156,747
Total FTE	0.4 FTE	0.6 FTE

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

Staff. CDPHE must conduct stakeholder engagement and rulemaking for the new licensure program, mostly in FY 2024-25, and facilitate the license application process, including supporting critical access hospitals with any differences in the timeline and requirements between their existing licenses and the new ones. Any additional workload beyond FY 2025-26 is expected to be minimal as inspection and enforcement requirements are largely unaffected by changing the license distinction. Standard operating and capital outlay costs are included, and positions are prorated for staggered start dates based on the implementation rollout.

Computer programming. The new license type must be added to the Colorado Health Facilities Interactive system, which requires updating by the Office of Information Technology. Development is anticipated to start in late FY 2024-25, with the bulk of programming costs coming in early FY 2025-26.

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

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.

Technical Note

Typically, expenditure for licensure programs are paid from cash funds and fees levels are adjusted to cover these expenditures. Due to cash flow concerns for the Health Facilities General Licensure Cash Fund, the fiscal note assumes that General Fund is required for FY 2024-25 and for technology costs in FY 2025-26.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2024-25, the bill requires a General Fund appropriation of \$45,722 to the Department of Public Health and Environment, and 0.4 FTE.

State and Local Government Contacts

Health Care Policy and Financing
Public Health and Environment

Information Technology
Regulatory Agencies

Law

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).