

**STATE  
FISCAL IMPACT**

**Drafting Number:** LLS 13-0060  
**Prime Sponsor(s):** Sen. Carroll; Aguilar

**Date:** January 29, 2013  
**Bill Status:** Senate Health & Human Services  
**Fiscal Analyst:** Bill Zepernick (303-866-4777)

**TITLE:** CONCERNING EXPANSION OF THE "MICHAEL SKOLNIK MEDICAL TRANSPARENCY ACT OF 2010" TO REQUIRE ADDITIONAL HEALTH CARE PROVIDERS TO DISCLOSE INFORMATION ABOUT THEIR PRACTICE HISTORY.

<b>Fiscal Impact Summary</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>
<b>State Revenue</b>		
General Fund – Fines	<\$10,000	<\$10,000
Cash Funds – Fees		
Division of Professions and Occupations Cash Fund*	212,450	212,450
<b>State Expenditures</b>		
Cash Funds		
Division of Professions and Occupations Cash Fund	\$149,313	\$207,285
<b>FTE Position Change</b>	2.0 FTE	4.0 FTE
<b>Effective Date:</b> July 1, 2014, assuming no referendum petition is filed.		
<b>Appropriation Summary for FY 2013-2014:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

\* Fee revenue exceeds state expenditures to pay for costs noted in both the State Expenditures and the Expenditures Not Included sections of this fiscal note.

**Summary of Legislation**

This bill modifies the Michael Skolnik Medical Transparency Act, which requires most regulated medical practitioners to disclose certain information to the Division of Professions and Occupations in the Department of Regulatory Agencies (DORA) whenever they obtain or renew a license. The division gathers the specified information and makes it available to the public. This bill requires that beginning July 1, 2014, the following regulated professions also comply with the disclosure and reporting requirements:

- athletic trainers;
- massage therapists;
- certified nurse aides;
- occupational therapists;
- respiratory therapists;
- pharmacists;
- psychiatric technicians; and
- surgical assistants and surgical technologists.

In addition, the bill removes hearing aid providers from the list of medical professionals required to comply with the disclosure requirements, as the state no longer licenses this profession.

**State Revenue**

This bill will increase fee revenue by an estimated **\$212,450 per year beginning in FY 2013-14**. Estimated revenue is balanced across both fiscal years. Actual revenue in each fiscal year may vary; however, the 2-year combined state revenue from fees is expected to be \$424,900. Fees are credited to the Division of Professions and Occupations Cash Fund at the DORA.

**Fee Impact on Health Care Professions.** Section 2-2-322, C.R.S., requires legislative service agency review of measures that create or increase any fee collected by a state agency. The DORA sets fees based on the existing fund balance in each regulatory program and the estimated costs of a program distributed across the estimated number of licensees or registrations. The DORA adjusts fees to cover all direct and indirect costs. The fiscal note assumes that fees will be increased prior to the effective date of the bill in order for sufficient revenue to be available to implement the bill on July 1, 2014.

SB13-026 impacts 11 license types across 9 health care professions. In the next two fiscal years it is estimated that about 60,700 licenses and registrations will be subject to the bill's requirements and each professional will pay a fee. Because license renewals occur on different schedules, the fee increase for each license type is unknown. On average, fees are expected to increase by \$7.00 per license or registration; however, actual amounts will depend on the renewal schedule. Table 1 shows the total **2-year** impact.

<b>License Types</b>	<b>Estimated Fee Increase</b>	<b>Number Affected</b>	<b>2-year Fee Impact</b>
Health Care Professionals	\$7.00	60,700	\$424,900

**Administrative Fines.** Persons who fail to provide required information are subject to an administrative fine of up to \$5,000. Any administrative fines collected will be credited to the General Fund. Although compliance with the bill's requirements is expected to be high, there are many persons impacted. Therefore, up to \$10,000 in new fine revenue is anticipated each year.

**State Expenditures**

The bill is expected to increase cash fund expenditures in the DORA by **\$149,313 and 2.0 FTE in FY 2013-14 and \$207,285 in FY 2014-15** from the Division of Professions and Occupations Cash Fund. The fiscal note assumes that expenditures will increase prior to the effective date of the bill in order to implement the disclosure requirements for the regulated professions on July 1, 2014. Costs in the bill are described below and summarized in Table 2.

<b>Table 2. Expenditures Under SB 13-026</b>		
<b>Cost Components</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>
Personal Services	\$107,545	\$185,138
FTE	2.0	4.0
Operating Expenses and Capital Outlay	14,272	17,457
Travel	827	827
Computer Programming	18,944	0
Legal Services	7,725	3,863
<b>TOTAL</b>	<b>\$149,313</b>	<b>\$207,285</b>

**Personal services.** The DORA requires 2.0 FTE in the first year and 4.0 FTE in the second year, as well as 1,560 hours of temporary staff time in each year to implement the bill. In the first year, this staff will also coordinate communication and outreach with health care professionals, train division staff, assist boards with adopting rules, and oversee the revision of application and renewal materials. Temporary staff will be responsible for scanning and processing the additional documents and records that must be disclosed under the bill.

**Operating expenses, capital outlay, and travel.** DORA will incur the standard operating expenses and capital outlay costs for the new staff, as well as costs for printing, postage, and program specific software licenses, for total costs of \$14,272 in the first year and \$17,457 in the second year. In addition, \$827 per year is required for travel, including per diem and mileage costs, for staff to hold meetings with regulated professionals throughout the state on the requirements of the bill.

**Computer programming.** The DORA requires 256 hours of programming in order to update its registrations systems and the web-based system for displaying profiles of the newly regulated professions. At the standard rate of \$74 per hour, these programming costs will be \$18,944 in FY 2013-14.

**Legal services.** The Department of Law will provide 100 hours of legal services for rule making and general counsel to the DORA at a blended rate of \$77.25 per hour, resulting in \$7,725 in costs in the first year. Legal services are anticipated to decrease to 50 hours annually beginning in FY 2014-15.

**Expenditures Not Included**

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. The centrally appropriated costs subject to this policy are summarized in Table 3.

<b>Table 3. Expenditures Not Included Under SB 13-026*</b>		
<b>Cost Components</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$13,380	\$26,760
Supplemental Employee Retirement Payments	4,763	10,777
<b>TOTAL</b>	<b>\$18,143</b>	<b>\$37,537</b>

*\*More information is available at: <http://colorado.gov/fiscalnotes>*

### **State Appropriations**

The DORA requires an appropriation of \$149,313 from the Division of Professions and Occupations Cash Fund and 2.0 FTE in FY 2013-14, of which \$7,725 is reappropriated to the Department of Law.

### **Departments Contacted**

Regulatory Agencies                      Law