

**STATE REVISED**  
**CONDITIONAL FISCAL IMPACT**

(replaces fiscal note dated February 12, 2013)

**Drafting Number:** LLS 13-0782  
**Prime Sponsor(s):** Rep. Gerou  
Sen. Hodge

**Date:** February 26, 2013  
**Bill Status:** House Appropriations  
**Fiscal Analyst:** Kirk Mlinek (303-866-2756)

**TITLE:** CONCERNING REVISION OF THE CONDITION PRECEDENT UPON WHICH THE TRANSFERS AUTHORIZED BY HOUSE BILL 12-1268 ARE CONTINGENT.

Fiscal Impact Summary*	FY 2013-2014	FY 2014-2015
<b>State Revenue</b>	See State Revenue section.	
<b>State Transfers</b>	See State Transfers section.	
<b>State Expenditures</b>		
<b>Net Increase</b>	<b>\$911,770</b>	<b>\$1,367,022**</b>
General Fund	(\$109,736)	0
Cash Funds	389,804	735,320
Reappropriated Funds	631,702	631,702
<b>FTE Position Change</b>	4.1 FTE	3.8 FTE
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2013-2014:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

\* The costs in this bill derive from HB12-1268.

\*\* Ongoing costs for the Department of Public Safety

**Summary of Legislation**

This bill, **recommended by the Joint Budget Committee**, makes the interdepartmental transfer of staff responsible for the life safety code inspections of health facilities contained in House Bill (HB) 12-1268 contingent upon approval from the Secretary of the federal Department of Health and Human Services (federal DHHS). Staff will be transferred from the Department of Public Health and Environment (DPHE) to the Department of Public Safety (DPS). Specifically, this bill makes the following changes:

- indicates that DPS requested and received approval from the federal DHHS to transfer life safety code inspection responsibilities from DPHE to DPS; and
- amends the effective date requirements for HB12-1268 to require the DPS to notify the Revisor of Statutes that the federal DHHS approved the request to transfer inspection functions.

## **Background**

HB12-1268 transfers the life safety code inspection responsibilities of health facilities from the Health Facilities and Emergency Medical Services Division in DPHE to the Division of Fire Prevention and Control in DPS beginning in FY 2013-14. The transfer is contingent on the federal DHHS's approval because a majority of inspections are funded with Medicaid funds. There are three important deadlines specified in HB12-1268:

- by October 1, 2012, the DPS must submit an application to the Secretary requesting approval to modify the federal certification agreement (completed);
- by June 30, 2013, DPS must notify the Revisor of Statutes in writing that DHHS has granted the agreement modifications; and.
- the transfer occurs on July 1, 2013, assuming the Revisor has been notified of federal approval.

Based on the response from the federal DHHS, it was determined by the departments that no modifications to the certification agreement were required. Therefore, the requirement in statute to modify the agreement in order to transfer the inspection responsibilities is not necessary. Without this legislation it will be a violation of state law to transfer the inspection responsibilities without a modification of the state agreement, even though no modification is required and federal approval for the transfer has been received.

## **Technical Note**

HB12-1268 identified the cost of implementing the transfer, and acknowledged that affected departments would include the expenditures as part of the FY 2013-14 budget request process. This fiscal note reflects those budget requests; Joint Budget Committee figure setting for these departments will be completed in the near future. The fiscal impact of this bill is contingent on the timing of its passage. Provided this bill passes before the Long Bill, appropriations required under this bill will be included in the FY 2013-14 Long Bill. If this bill passes after the Long Bill, then the appropriations identified in this bill are required.

The DPHE is designated by the Centers for Medicare and Medicaid Services as the state survey agency for purposes of conducting both health care surveys and life safety code inspections. As such, only DPHE is authorized to receive federal funds for these purposes. The fiscal note assumes that funds received by DPHE for life safety code inspections will be reappropriated to DPS. This amount is estimated at \$308,302 for FY 2013-14.

## **State Transfers**

Effective June 30, 2013, House Bill 12-1268 requires balances in the Health Facilities General Licensure Cash Fund and the Assisted Living Residence Cash Fund in DPHE that are attributable to health facility building and structure code plan reviews and inspections be transferred to the Health Facility Construction and Inspection Cash Fund in DPS. Actual balances as of July 1, 2013, will be transferred.

**State Revenue**

Fee revenue is expected to remain constant after the transfer. Licensing revenue that is currently collected by DPHE in the Health Facilities Licensure Cash Fund will continue after the transfer of duties. Fees collected for life safety code inspections will be collected by DPS, rather than DPHE, after the transfer.

**State Expenditures**

By changing the effective date conditions of HB12-1268, this bill will allow the transfer and associated expenses in HB 12-1268 to occur. For FY 2013-14, net expenditures in the DPHE will decrease by \$455,252 and 10.9 FTE. For DPS, net expenditures will increase by \$1,367,022 and 15.0 FTE. Expenditures are summarized in Table 1 below, and fund splits are identified in the State Appropriations section.

<b>Table 1. Expenditures Under HB13-1155</b>		
<b>Department</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>
Department of Public Health and Environment		
Administration and Support	(\$165,543)	
Health Facilities and Emergency Medical Services Division	(289,709)	
FTE	-10.9	
<i>Total Department of Public Health and Environment</i>	(\$455,252)	
Department of Public Safety		
Executive Director's Office	179,828	179,828
Division of Fire Protection and Control	1,187,194	1,187,194
FTE	15.0	15
<i>Total Department of Public Safety</i>	\$1,367,022	\$1,367,022
<b>GRAND TOTAL*</b>	<b>\$911,770</b>	<b>\$1,367,022</b>

\*FY 2014-15 costs are ongoing costs in the Department of Public Safety.

**State Appropriations**

For FY 2013-14, the Department of Public Health and Environment requires a negative appropriation of \$455,252 and 10.9 FTE (\$109,736 General Fund; and \$345,516 from the Health Facilities General Licensure Cash Fund). The Department of Public Safety requires an appropriation of \$1,367,022 (\$735,320 Cash Funds and \$631,702 reappropriated funds) and 15.0 FTE.

**Departments Contacted**

Public Health and Environment  
Public Safety  
Local Affairs  
Municipalities

Health Care Policy and Financing  
Law  
Counties