

Colorado Legislative Council Staff Fiscal Note

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

(replaces fiscal note dated March 1, 2014)

**Drafting Number:** LLS 14-0291 **Date:** April 10, 2014  
**Prime Sponsor(s):** Rep. Ginal; McCann **Bill Status:** Senate Health & Human Services  
 Sen. Newell **Fiscal Analyst:** Dave DeNovellis (303-866-3140)

**SHORT TITLE:** SUNSET CONTROLLED SUBSTANCES ABUSE ACT

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
<b>State Revenue</b>	<b><u>\$3,840</u></b>	<b><u>\$5,040</u></b>
Cash Funds - Base Funding		1,125
Cash Funds - New Funding	3,840	3,915
<b>State Expenditures</b>	<b><u>\$7,500</u></b>	<b><u>\$51,990</u></b>
Federal Funds - Base Expenditures		45,623
Cash Funds - New Expenditures	7,500	
Centrally Appropriated Costs**		6,367
<b>FTE Position Change</b>		0.7 FTE
<b>Appropriation Required:</b> \$7,500 - Department of Regulatory Agencies (FY 2014-15)		

\* This summary shows changes from current law under the bill for each fiscal year. Base funding and expenditures reflect the continuation of existing operations; new funding and expenditures reflect additional program modifications included in this sunset bill.

\*\* These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

**Summary of Legislation**

The **reengrossed bill** extends the Colorado Licensing of Controlled Substances Act (the act) within the Department of Human Services (DHS) until September 1, 2019, and implements the recommendations of the Department of Regulatory Agencies' (DORA) 2013 sunset review. Changes to the program include:

- removing the \$75 licensing fee for addiction programs and allowing the DHS to administratively set fees to recover the program's direct and indirect costs;
- allowing the medical director at substance abuse treatment facilities, or his or her designee, with patient permission, to access the state prescription drug monitoring program (PDMP); and
- granting authority to the DHS to impose a wider range of disciplinary actions against licensed addiction programs that compound, administer, or dispense controlled substances, with fines being capped at \$500.

### **Fiscal Impact of Programs Set to Expire**

This bill continues a program in the Office of Behavioral Health in the DHS that is set to repeal, effective July 1, 2014. Under current law, state agencies may be appropriated funds to wind up the affairs of an expiring program for 12 months following the repeal date. To account for the wind-up period, the impact of extending the program beyond the current repeal date is shown as beginning in FY 2015-16, one year after the repeal date. There is no need for an appropriation of the division's base funding in FY 2014-15 since the program's authorization has not yet expired, and ongoing funding for the program is included in the department's base budget request for FY 2014-15.

The state revenue and state expenditures impact for FY 2015-16 reflects the program's anticipated fee revenue and base budget request beginning that year, plus increases to cover the implementation of this bill. Based on the DHS's FY 2014-15 budget request for the program, costs are expected to be \$51,990 and 0.7 FTE in FY 2015-16. Under current law, the program receives \$1,125 in licensing revenue per year.

### **Background**

The act requires addiction programs that compound, administer, or dispense controlled substances to obtain an annual license from the DHS. The program is funded with licensing fees, moneys from the Controlled Substance Program Fund, and a portion of the federal Substance Abuse Prevention and Treatment Block Grant (SAPT). For FY 2013-14, the program received \$46,614 from the SAPT, and \$5,719 and an allocation of 0.7 FTE from the Controlled Substance Program Fund.

The SAPT is subject to annual renewal and federal restrictions, including that grant funding cannot be used to supplant current funding of existing activities. Additionally, it is subject to federal sequestration and will gradually be reduced until sequestration ends in Federal FY 2022-23.

The PDMP in the DORA tracks information regarding prescriptions for controlled substances dispensed in Colorado and is funded by gifts, grants, donations, and user fees received in the Prescription Drug Monitoring Fund.

### **State Revenue**

The bill increases state revenue by \$3,840 in FY 2014-15 and by \$5,040 in FY 2015-16.

This revenue includes \$3,540 in FY 2014-15 and \$4,665 in FY 2015-16 to the Controlled Substances Program Fund in the DHS, and \$300 in FY 2014-15 and \$325 in FY 2015-16 to the Prescription Drug Monitoring Fund in the DORA. In the DHS, this estimate includes revenue from fee increases to cover the ongoing costs of the program, as well as the expected base revenue to the program. In the DORA, this revenue includes fees from addiction program licenses for access to the PDMP. Currently, the office licenses 21 addiction programs. Only 15 of these programs pay licensing fees because political subdivisions of the state of Colorado or the United States are statutorily exempt from licensing fees.

**Assumptions.** The revenue estimates above are based on the following assumptions:

- the SAPT will partially cover the ongoing costs of the program, and the DHS will establish fees based on the program's remaining costs; and
- each nonexempt licensed addiction program will pay a fee to the DORA of \$20 in FY 2014-15 and \$25 in FY 2015-16 to access the PDMP.

**Fee impact on individuals and business.** Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. Fee calculations are based on the estimated costs of the bill, including centrally appropriated costs, and the estimated number of licenses provided. The actual fee amounts will be set by the division based on the actual costs of the program. Table 1 below identifies the fee impact of this bill.

Table 1. Fee Impact on Individuals, Families or Business					
Type of Fee	Current Fee	Proposed Fee	Fee Change	Number Affected	Total Fee Impact
Addiction Program License (FY 2014-15)	\$75	\$311	\$236	15	\$3,540
Addiction Program License (FY 2015-16)	\$75	\$311	\$236	15	\$3,540

### State Expenditures

This bill continues and expands the act, which increases state expenditures in the DORA by \$7,500 in FY 2014-15 and in the DHS by \$51,990 and 0.7 FTE in FY 2015-16. These costs are discussed below and summarized in Table 2.

**Assumptions.** Cost estimates in the bill are based on the following assumptions:

- the amount of the SAPT available for the program is estimated to be \$46,967 in federal funds in FY 2014-15 and \$47,323 in federal funds in FY 2015-16, and will be used to partially cover the program's ongoing costs;
- costs of the bill associated with the PDMP will be funded by an appropriation from the Prescription Drug Monitoring Fund; and
- in FY 2015-16, direct program costs will be paid with \$45,623 in federal funds, and centrally appropriated costs will be paid with \$1,700 in federal funds and \$4,667 in cash funds from the Controlled Substance Program Fund.

<b>Table 2. Expenditures Under HB14-1173</b>		
<b>Cost Components</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>
Personal Services (DHS)	\$0	\$43,946
FTE		0.7 FTE
Operating Expenses and Capital Outlay Costs (DHS)	0	640
Travel (DHS)	0	1,037
Prescription Drug Monitoring Program (DORA)	7,500	0
Centrally Appropriated Costs*	<u>0</u>	<u>6,367</u>
Cash Funds		4,667
Federal Funds		1,700
<b>TOTAL</b>	<b><u>\$7,500</u></b>	<b><u>\$51,990</u></b>
Cash Funds	7,500	4,667
Federal Funds	0	47,323

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

**Personal services, operating expenses, and travel costs.** Personal services costs are expected to be \$43,946 and 0.7 FTE per year beginning in FY 2015-16. Standard operating costs of \$640 for telephone and supplies are included. Travel costs of \$1,037 are expected for DHS staff to visit the 21 licensed facilities up to two times per year.

**Prescription Drug Monitoring Program.** The DORA will have a one-time cost of \$7,500 from the Prescription Drug Monitoring Fund to make computer system changes to allow addiction programs access the PDMP.

**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. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 3.

<b>Table 3. Centrally Appropriated Costs Under HB14-1173*</b>	
<b>Cost Components</b>	<b>FY 2015-16</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$2,961
Supplemental Employee Retirement Payments	\$3,406
<b>TOTAL</b>	<b><u>\$6,367</u></b>

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

**Effective Date**

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

**State Appropriations**

For FY 2014-15, the DORA requires an appropriation of \$7,500 from the Prescription Drug Monitoring Fund.

**State and Local Government Contacts**

Human Services  
Public Health and Environment

Office of Information Technology  
Regulatory Agencies