

Colorado Legislative Council Staff Fiscal Note

STATE
REVISED FISCAL IMPACT

(replaces fiscal note dated February 20, 2015)

Drafting Number: LLS 15-0799 **Date:** March 17, 2015
Prime Sponsor(s): Rep. Young **Bill Status:** Senate Health & Human Services
 Sen. Sonnenberg **Fiscal Analyst:** Bill Zepernick (303-866-4777)

BILL TOPIC: LICENSE REQUIREMENTS FOR DURABLE MEDICAL EQUIPMENT SUPPLIERS

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue	Potential increase or decrease.	
Cash Funds	See State Revenue section.	
State Expenditures	Minimal increase.	
	See State Expenditures section.	
FTE Position Change		
TABOR Set Aside	Potential increase or decrease.	
Appropriation Required: None.		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

The **reengrossed bill** makes several changes to the licensing of durable medical equipment (DME) suppliers. Specifically, the bill modifies the definition of "DME supplier" to cover persons and entities who bill or plan to bill the federal Medicare program for certain products listed by the Center for Medicare and Medicaid Services (CMS) in competitive bidding categories for the DME, prosthetics, orthotics, and supplies. It also exempts the following from the definition of a DME supplier:

- persons and entities who provide products through the Medicare national mail order program;
- Colorado pharmacies with a current pharmacy accreditation exemption to supply DME through Medicare;
- medical practitioner providing DME to his or her own patients as part of the practitioner's own services; and
- persons and entities who provide devices directly to a medical practitioner that require a prescription for dispensing to the practitioner's own services, whether mailed directly to the practioner or to the patient.

The bill also modifies the physical location requirement for DME suppliers to be licensed in Colorado. Under the bill, a supplier must have at least one accredited physical facility that is staffed during reasonable business hours and is within 100 miles of any Colorado resident who is a Medicare beneficiary served by the license applicant. Under current law, providers must be located within 50 miles of the border of the state. In addition, a DME supplier license is not required for a provider to serve Medicaid clients.

Background

House Bill 14-1369 required all suppliers providing DME through Medicare to be licensed by the Secretary of State. Currently, to be licensed, supplier must be located in Colorado or within 50 miles of the state border. DME suppliers must pay a license or renewal fee of \$350. As of February 2015, there are approximately 1,000 DME suppliers in Colorado.

DME must serve a medical purpose and be able to withstand repeated use. Some examples of DME include oxygen equipment, wheelchairs, walkers, and bathroom/bedroom safety equipment.

State Revenue

To the extent the bill impacts the number of DME suppliers in Colorado, the bill may increase or decrease fee revenue to the Department of State Cash Fund by a minimal amount. The bill loosens the physical presence requirement, which will increase the potential number of licensees, but it also creates several exemptions to the license requirement, which will decrease the number of licensees. The net impact of these changes is not known at this time, but overall, it is assumed to be minimal.

TABOR Impact

This bill potentially increases or reduces state revenue from fees, which will increase or reduce the amount required to be refunded under TABOR, respectively. TABOR refunds are paid from the General Fund.

State Expenditures

The Department of State will have a minimal increase in workload to update information on its website and respond to additional inquiries regarding DME supplier licensing. This workload is assumed to be minimal and no change in appropriations is required. Given that a DME supplier license is not required to serve clients under Medicaid, the impact of the bill on the Department of Health Care Policy and Financing is assumed to be minimal.

Effective Date

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

State and Local Government Contacts

Health Care Policy and Financing

State