

**STATE and LOCAL  
FISCAL IMPACT**

---

<b>Drafting Number:</b> LLS 08-0332	<b>Date:</b> January 7, 2008
<b>Prime Sponsor(s):</b> Sen. Morse	<b>Bill Status:</b> Senate Health and Human Services
Rep. Massey	<b>Fiscal Analyst:</b> Clare Pramuk (303-866-2677)

---

**TITLE:** CONCERNING FUNDING FOR THE PROVISION OF UNCOMPENSATED TRAUMA CARE TO PERSONS INJURED IN MOTOR VEHICLE ACCIDENTS IN COLORADO, AND, IN CONNECTION THEREWITH, ESTABLISHING AN EMERGENCY RESPONDERS AND TRAUMA CARE REIMBURSEMENT PROGRAM, INCREASING THE FEE FOR REGISTERING A MOTOR VEHICLE TO FUND THE PROGRAM, AND REQUIRING AUTOMOBILE INSURANCE POLICIES ISSUED IN THE STATE TO CONTAIN EMERGENCY MEDICAL CARE COVERAGE.

<b>Fiscal Impact Summary</b>	<b>FY 2007-2008</b>	<b>FY 2008-2009</b>	<b>FY 2009-2010</b>
<b>State Revenue*</b>			
Cash Funds			
Emergency Responders and Trauma Care Reimbursement Fund		\$79,630,000	\$82,020,000
<b>State Expenditures*</b>			
General Fund	\$31,500		
Cash Funds			
Emergency Responders and Trauma Care Reimbursement Fund		\$678,900	\$56,551,800 - 121,058,800
<b>FTE Position Change</b>	0.0 FTE	2.7 FTE	2.7 FTE
<b>Effective Date:</b> Upon signature of the Governor or upon the bill becoming law without his signature.			
<b>Appropriation Summary for FY 2008-2009:</b> See State Appropriations section of the fiscal note.			
<b>Local Government Impact:</b> See Local Government Impact section of the fiscal note.			

\*Rounded

**Summary of Legislation**

This bill, recommended by the Health Care Task Force, creates the Emergency Responders and Trauma Care Reimbursement Program and requires insurance companies to include emergency medical coverage of at least \$15,000 on all motor vehicle policies beginning January 1, 2009. The emergency medical care coverage would pay for at least \$15,000 per person for trauma care administered within 72 hours for injuries resulting from a motor vehicle accident regardless of fault.

The program will be established in the Department of Public Health and Environment. Beginning no later than July 1, 2009, the program will reimburse emergency and trauma care providers for care to patients injured in motor vehicle accidents who have not paid for those services

within the time frame to be established by the program administrator. The Emergency Responders and Trauma Care Reimbursement Fund will receive a \$16 fee on motor vehicle registrations and any moneys recovered from responsible parties. The program will pay trauma care providers in the following priority order: licensed ambulances or air ambulances; trauma doctors; level III, IV or V trauma centers in rural areas; and level I, II or III trauma centers or regional pediatric trauma centers.

**State Revenue**

The \$16 fee requirement of this bill would begin July 1, 2008, and will generate approximately \$79,630,000 in FY 2008-09 and \$82,020,000 in FY 2009-10. The executive director of the Department of Public Health and Environment will have the authority to reduce this fee in order to reduce the uncommitted reserves of the Emergency Responders and Trauma Care Reimbursement Fund and to increase the amount once the uncommitted reserves are sufficiently reduced.

After reimbursements are made to trauma care providers, the program will attempt to recover those funds from the responsible parties. These funds will be returned to the Emergency Responders and Trauma Care Reimbursement Fund. These recovery amounts cannot be determined at this time.

**State Expenditures**

The bill has a current year fiscal impact of \$31,500 General Fund for programming costs to enable the Department of Revenue to begin collecting the new motor vehicle registration fee July 1, 2008. This bill has a cash funds fiscal impact of \$678,900 in FY 2008-09 and a range of \$56,551,800 to \$121,058,800 in FY 2009-10 to the Department of Public Health and Environment; 2.7 FTE will be required in both fiscal years.

<b>Table 1 Expenditures Under SB08-011</b>			
<b>Cost Components</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>
Personal Services		\$184,200	\$184,200
FTE		2.7	2.7
Operating Expenses		\$11,900	\$2,600
Contractor Expenses	\$31,500	\$402,800	\$1,274,000
HIPAA Expenses		\$80,000	
Reimbursement Payments			\$55,091,000 - 119,598,000
<b>TOTAL</b>	<b>\$31,500</b>	<b>\$678,900</b>	<b>\$56,551,800 - 121,058,800</b>

*Department of Public Health and Environment, Health Facilities and Emergency Medical Services Division* — will serve as administrator of the program but contract for the claims processing and collections functions. Program administrative funds, including the costs of the division and contractors, cannot exceed 3.0 percent of the moneys in the fund. The administrative expenses, as currently estimated, are below the 3.0 percent threshold. Because the department will become a payer for individual billing claims for medical care, the Health Facilities and Emergency Medical Services Division will need to become Health Insurance Portability and Accountability Act of 1996 (HIPAA) compliant. This will require a contract for a privacy and security assessment and software to implement any requirements found in the assessment. Department staff will include a full-time program manager and a program specialist. Part-time fiscal, informational technology and HIPAA subject matter experts will also be required. Programming services will be procured on a contract basis. For the reimbursement part of the program, the contractor will earn \$45 per claim. The actual amount of reimbursements requested and paid cannot be determined at this time but cannot exceed the amount of money in the fund. Based on findings in a 2005 study by the Trauma Care Preservation Coalition, reimbursements required after emergency medical insurance coverage payments, could range from \$55,091,000 to \$119,598,000 or the fund balance, whichever is less. Fees for the payment recovery portion of the program will be a percentage of the recovered amounts.

*Department of Regulatory Agencies, Division of Insurance* — expects an additional 1,100 inquiries from insurance agents, companies, and consumers during FY 2008-09. The division will promulgate rules and review rates for the coverage and insurance companies will file rates with their routine filings January 1. These activities can be absorbed using existing resources.

### **Expenditures Not Included**

Pursuant to a Joint Budget Committee policy, funding for the items noted below will not be included in fiscal note expenditure estimates. However, indirect costs are calculated for the purpose of identifying the "per applicant" cost of a new or revised fee to reflect the total direct and indirect costs required to support a particular program.

- group health, life and dental insurance (\$17,007)
- short-term disability (\$215)
- amortization equalization disbursements (\$2,640)
- supplemental amortization equalization disbursements (\$825)
- indirect costs (\$59,691)

### **Local Government Impact**

Local governments providing trauma care services would be eligible to seek reimbursement from the fund for uncompensated care. This amount cannot be determined at this time.

**State Appropriations**

To implement this bill, the Department of Revenue requires a General Fund appropriation of \$31,527 for FY 2007-08. The Department of Public Health and Environment requires a cash funds appropriation of \$678,863 from the Emergency Responders and Trauma Care Reimbursement Fund and 2.7 FTE for FY 2008-09.

**Departments Contacted**

Health Care Policy and Financing  
Public Health and Environment  
Treasury

Regulatory Agencies  
Revenue