



Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 07-0133
Prime Sponsor(s): Sen. Renfroe
 Rep. Kefalas

Date: March 19, 2007
Bill Status: Senate Health and Human Services
Fiscal Analyst: Janis Baron (303-866-3523)

TITLE: CONCERNING THE CONTINUATION OF THE LICENSING OF ADDICTION TREATMENT PROGRAMS BY THE DEPARTMENT OF HUMAN SERVICES.

Fiscal Impact Summary	FY 2007-2008	FY 2008-2009
State Revenue		
Cash Funds — Controlled Substance Program Fund	\$ 34,873	\$ 34,873
State Expenditures		
Cash Funds — Controlled Substance Program Fund	\$ 34,873	\$34,873
FTE Position Change	0.0 FTE	0.0 FTE
Effective Date: July 1, 2007		
Appropriation Summary for FY 2007-2008: See State Appropriations section of fiscal note.		
Local Government Impact: None		

Summary of Legislation

As part of its 2006 sunset review, the Department of Regulatory Agencies (DORA) made several recommendations regarding the licensing of addiction treatment programs under the Colorado Licensing of Controlled Substances Act. This bill includes the following provisions that came out of DORA's review:

- continues program licensing through June 30, 2014;
- requires the Department of Human Services to update existing rules or adopt new rules by September 1, 2007, and to make the rules available on its website; and
- repeals the \$25 licensing fee and requires the department to determine license fees to cover both the direct and indirect costs of the program.

State Revenue

Background — Current Fees Collected. The Department of Human Services, Alcohol and Drug Abuse Division (ADAD), currently assesses two annual fees on addiction treatment programs: (1) a \$200 registration fee, and (2) a \$25 licensing fee. The \$200 registration fee is authorized under ADAD Rule 4.3 and the \$25 licensing fee is statutorily set in Section 12-22-305 (3) (a) (I), C.R.S. There are 17 licensed controlled substance treatment sites. Of these, three are public entities exempt from the registration and license fees. In total, the ADAD collects \$3,150 annually.

Proposed Fee Under SB07-213. The bill repeals the annual \$25 license fee and requires that the ADAD establish an annual fee to cover both the direct and indirect costs of the licensing program. DORA's review of the program identifies the allocation of 1.1 FTE to licensing activities. However, for purposes of this fiscal note, the ADAD identifies the allocation of 0.6 FTE to licensing activities at a total cost of \$36,274 annually. In order to cover all costs of the program, the ADAD must set its annual licensing fee at \$2,591 ($\$2,591 * 14$ treatment sites = \$36,274). The bill is silent on the \$200 registration fee. The fiscal note assumes that, through rule, this fee will be eliminated and incorporated into the new licensing fee of \$2,591. Currently, all fees are deposited in the Controlled Substance Program Fund.

The net increase in revenue is \$34,873. This amount represents the difference between the amount of cash funds currently allocated to licensing activities (\$1,401) vs. total licensing costs of \$36,274.

State Expenditures

The bill requires that funding for the 0.6 FTE allocated to licensing activities be refinanced so that all licensing costs are funded with the fee. Currently, licensing activities for the 0.6 FTE total \$36,274 and are funded accordingly:

<u>\$ 36,274</u>	Total
34,873	Federal Funds — Substance Abuse Prevention and Treatment Block Grant
1,401	Cash Funds — Controlled Substance Program Fund (includes both the \$25 fee and the \$200 fee)

For FY 2007-08 and FY 2008-09, the bill's expenditure impact is increased by \$34,873 cash funds. This amount represents the difference between cash funds currently applied to licensing activities (\$1,401) vs. the total required under the bill (\$36,274). There will be no reduction in the federal funds the state receives due to the increase in cash funds. The General Assembly can choose to redirect federal Substance Abuse Prevention and Treatment Block Grant moneys from the Administration - Personal Services line item to line items in either Community Programs or Prevention and Intervention for direct services.

State Appropriations

For FY 2007-08, the fiscal note indicates that the Department of Human Services, Alcohol and Drug Abuse Division, should receive a cash funds appropriation of \$34,873 from the Controlled Substance Program Fund. Line item adjustments regarding federal funds are at the discretion of the General Assembly.

Departments Contacted

Human Services Regulatory Agencies