

  
*Colorado Legislative Council Staff Fiscal Note*  
**STATE**  
**REVISED FISCAL IMPACT**  
 (replaces fiscal note dated March 2, 2010)

**Drafting Number:** LLS 10-0468  
**Prime Sponsor(s):** Rep. Riesberg  
 Sen. Sandoval

**Date:** March 9, 2010  
**Bill Status:** House Judiciary  
**Fiscal Analyst:** Josh Abram (303-866-3561)

**TITLE:** CONCERNING INCREASING PATIENT SAFETY OUTSIDE OF THE LITIGATION PROCESS, AND, IN CONNECTION THEREWITH, REQUIRING PHYSICIANS TO ENGAGE IN ONGOING PROFESSIONAL DEVELOPMENT, FACILITATING INFORMATION SHARING ABOUT HEALTH CARE WORKERS, AND REQUIRING DEMONSTRATION PROJECT DATA ABOUT REDRESS FOR ADVERSE HEALTH CARE OUTCOMES.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
<b>State Revenue*</b>		
Cash Funds		
Division of Registrations Cash Fund	\$221,040	
<b>State Expenditures</b>		
Cash Funds		
Division of Registrations Cash Fund	\$62,456	\$131,657
<b>FTE Position Change</b>	0.5 FTE	0.5 FTE
<b>Effective Date:</b> July 1, 2010.		
<b>Appropriation Summary for FY 2010-2011:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

\* Fee revenue will be collected in FY 2010-11 to cover the costs of the bill in both FY 2010-11 and FY 2011-12. Fee revenue exceeds state expenditures in order to pay for costs noted in the Expenditures Not Included section.

**This fiscal note reflects new information received from the Department of Regulatory Agencies.**

**Summary of Legislation**

*This bill was amended by the House Health and Human Services Committee.* The bill requires that the State Board of Medical Examiners in the Department of Regulatory Agencies (DORA) adopt rules for and implement a professional development program for physicians and physician assistants. The board must develop the program in conjunction with statewide professional associations, and must be in place no later than the 2013 license renewal cycle.

The bill creates the Patient Safety Act to require that health care providers make reasonable efforts to verify the employment history and references of all applicants for any job that involves access to patients. Health care providers and other employers must share known information regarding a health care employee's:

- ▶ work performance affected by drug or alcohol use;
- ▶ known drug tampering or diversion;
- ▶ patient abuse; or
- ▶ violent crimes.

The act permits protected communications with patients and other interested persons as part of a health care assessment and allows information to be shared among health care providers without waiving the confidentiality or privilege of the information.

Finally, the Health and Human Services Committees of the General Assembly must request that one or more health care provider associations prepare a report on demonstration projects that explore alternatives to the existing medical liability litigation system. The report is due January 31, 2012.

### **State Revenue**

*In FY 2010-11, this bill will increase revenue from fees by an estimated \$221,040.* Fees are credited to the Division of Registrations Cash Fund in the DORA.

**Fee Impact on Physicians.** Section 2-2-322, C.R.S., requires legislative service agency review of measures that create or increase any fee collected by a state agency. Fee calculations are set administratively by the DORA based on the cash fund balance, estimated program costs, and the estimated number of license renewals. It is anticipated that during the FY 2010-11 renewal period, any change in fees will include the proposed increase as noted in Table 1.

<b>Table 1. Fee Impact On Physicians</b>				
Type of Fee	Current Fee	Proposed Fee Change	Number Affected	Total Fee Impact
License Renewal	\$268	\$12.00	18,420	\$221,040

### **State Expenditures**

*In FY 2010-11, this bill will result in total cash funds expenditures of \$62,456 and 0.5 FTE in the Division of Registrations in the DORA. In FY 2011-12, total costs are \$131,657 and 0.5 FTE.* Major cost components are summarized in Table 2 and discussed below.

<b>Table 2. Total Expenditures Under HB10-1283</b>		
<b>Cost Components</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>
Personal Services	\$23,664	\$23,664
FTE	0.5	0.5
Standard Operating Expenses and Capital Outlay	2,810	475
Outreach Printing and Postage	9,848	741
Travel and Meeting Expenses	13,873	9,993
Professional Development Consultant	10,000	-
Information Technology	-	90,000
Legal Services	2,261	6,784
<b>TOTAL</b>	<b>\$62,456</b>	<b>\$131,657</b>

**Personal Services.** Beginning in FY 2010-11, the department requires the addition of 0.5 FTE . This bill requires that a professional development program be developed in conjunction with statewide professional associations representing physicians and physician assistants. New staff will work with the associations to develop the program, provide communication and outreach to impacted professionals, identify needed technology solutions, contract with outside vendors and consultants, and perform general administrative functions. The total cost of new FTE including standard expenses is \$26,474 in FY 2010-11 and \$24,139 in FY 2011-12.

**Outreach Printing and Postage.** The department will contact health care professionals to provide information about the new professional development standards. The department's outreach effort includes web site updates, mailing hard copy information and conducting legislative outreach sessions across the state. The combined costs for this outreach effort is estimated at \$9,848 in FY 2010-11 and reduces to \$741 in FY 2011-12.

**Travel and Meeting Expenses.** The department will conduct a total of 8 meetings over 2 years involving professional association members to develop the program. The state board will meet 2 additional times in FY 2011-12 to adopt rules. Travel and expenses are estimated at \$430 per participant for each meeting. In addition, the state board members receive per diem for the 2 rule setting meetings. These expenses are estimated at \$13,873 in FY 2010-11 and \$9,993 in FY 2011-12.

**Professional Development Consultant.** A consultant will assist the board with creating the professional development program by providing research, planning, and implementation expertise. Based on the department's experience implementing continuing competency programs for other professions, the estimated cost of a consultant is \$10,000.

**Information Technology.** The department's licensing system must be updated to collect information specific to the professional development program. The system will be changed to allow physicians to track their professional development and update information as needed. The department will be able to track individual progress, generate reports, and collect data for auditing purposes. Vendor cost to develop and implement the upgrade is estimated at \$90,000.

**Legal Services.** Finally, the Department of Law will provide 30 hours of legal services for rule making and general counsel to the DORA at a blended rate of \$75.38 per hour in FY 2010-11. Legal services are anticipated to increase to 90 hours in FY 2011-12.

**Expenditures Not Included**

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 summarized in Table 3.

<b>Table 3. Expenditures Not Included Under HB10-1283*</b>		
<b>Cost Components</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$3,848	\$3,848
Supplemental Employee Retirement Payments	742	880
Indirect Costs	6,146	6,146
Leased Space	2,100	2,100
Workers Compensation & Risk Management	134	134
<b>TOTAL</b>	<b>\$12,970</b>	<b>\$13,108</b>

\*More information is available at: <http://www.colorado.gov/cs/Satellite/CGA-LegislativeCouncil/CLC/1200536133924>

**State Appropriations**

In FY 2010-11, this bill requires an appropriation of \$62,456 from the Division of Registrations Cash Fund to the Department of Regulatory Agencies and 0.5 FTE. Of this amount, the Department of Law requires \$2,261 in reappropriated funds.

**Departments Contacted**

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|---------------------|-----------------------------|---------------|
| Corrections         | Human Services              | Law           |
| Local Affairs       | Public Health & Environment | Public Safety |
| Regulatory Agencies |                             |               |