

**STATE
FISCAL IMPACT**

Drafting Number: LLS 14-0292
Prime Sponsor(s): Rep. Young
 Sen. Aguilar

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Bill Status: House Public Health Care and
 Human Services
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SHORT TITLE: SUNSET REVIEW LICENSURE OF HOME CARE AGENCIES

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	<u>\$1,410,374</u>	<u>\$1,469,108</u>
Cash Funds - Base Funding	1,091,500	1,206,255
Cash Funds - New Funding	318,874	253,853
State Expenditures	<u>\$317,854</u>	<u>\$1,387,282</u>
Cash Funds - Base Expenditures		1,132,692
Cash Funds - New Expenditures	238,949	189,209
Centrally Appropriated Costs**	78,905	65,381
FTE Position Change	2.3 FTE	11.6 FTE
Appropriation Required: \$238,939 - Multiple Agencies (FY 2014-15)		

* This summary shows changes from current law under the bill for each fiscal year. Transfers and diversions result in no net change to state revenue. Parentheses indicate a decrease in funds.

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

Summary of Legislation

This bill continues the regulation of home care agencies and home care placement agencies until September 1, 2019, and implements the recommendations contained in the Department of Regulatory Agencies' sunset report, as modified by the House Public Health Care and Human Services Committee. The bill:

- clarifies that owners, managers, and administrators must obtain a criminal history record check when applying for a home care agency license or a home care placement agency (placement agency) registration;
- identifies a list of convictions that will disqualify an applicant from employment at a home care agency or placement agency;
- directs the State Board of Health (board) to set fees for the direct and indirect costs of the department's oversight of placement agencies, and to promulgate rules for agencies to consider in determining disqualifying crimes for providers and rules regarding placement agency record retention and inspection;
- authorizes the Department of Public Health and Environment (CDPHE) to inspect home care placement agencies and to remove home care placement agencies from the registry for noncompliance; and
- excludes programs of all-inclusive care for the elderly (PACE) regulated by the Department of Health Care Policy and Financing (HCPF) from the definition of home care agencies, but requires the CDPHE to coordinate with HCPF regarding the regulation of PACE providers.

Background

The Division of Health Facilities and Emergency Medical Services (division) in the CDPHE regulates home care agencies and placement agencies, and the board adopts rules for home care agencies and placement agencies.

The division licenses two types of home care agencies:

- Class A agencies that provide skilled healthcare services (e.g., medication administration, injections, intravenous therapy, and wound care), personal care services (e.g., getting in and out of bed, walking or mobility, bathing, and dressing), and other services such as homemaker and companion services; and
- Class B agencies that provide personal care, homemaker, and companion services, but are not licensed to provide skilled healthcare services.

Placement agencies provide referrals for home care attendants, for a fee, and do not employ or contract with home care attendants. The division assesses licensing fees to cover the direct and indirect costs of regulating home care agencies. Placement agencies are required to register with the division, but are not charged a registration fee.

Fiscal Impact of Programs Set to Expire

This bill continues a program in the Division of Health Facilities and Emergency Medical Services in the Department of Public Health and Environment (CDPHE) 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 CDPHE's budget request for FY 2014-15 for the regulation of home care agencies and placement agencies by the department, costs are expected to be \$1,132,692 and 9.4 FTE in FY 2015-16. The anticipated base revenue is \$1,953,550 for two years of base expenditures.

State Revenue

This bill increases cash fund revenue by \$1,410,374 in FY 2014-15 and \$1,469,108 in FY 2015-16.

This revenue is required to cover the additional costs of the bill beyond the continuance of base expenditures. This fiscal note assumes that fee increases will be applied uniformly across all Class A and Class B agencies, and placement agency registrants. The board will set fees to cover the direct and indirect cost of home care agency and placement agency regulation. Specific fee breakdowns will be provided as more information becomes available.

Background Check Fees. Background check fees are separate from license and registration fees, and total \$39.50 each (\$22.25 for CBI check and \$17.25 for FBI check). Based on an estimated 1,040 background checks, fee revenue to the CBI Identification Unit Fund in the DPS is projected to be \$41,080 per year beginning in FY 2014-15. Of this revenue, \$17,940 is passed through to the federal government for FBI background checks.

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. Tables 1 and 2 identify the fee impact of this bill in FY 2014-15 and FY 2015-16, respectively.

Table 1. Fee Impact on Individuals and Business (FY 2014-15)					
Type of Fee	Current Fee	Proposed Fee	Fee Change	Number Affected	Total Fee Impact
Class A - Original License Fee	\$3,000	\$3,366	\$366	27	\$9,882
Class A - Renewal License Fee	1,550	1,916	366	261	95,526
Class B - Original License Fee	2,200	2,566	366	55	20,130
Class B - Renewal License Fee	1,325	1,691	366	366	133,956
Home Care Placement Agency Registration Fee	0	366	366	50	18,300
Background Check Fees	39.50	39.50	0	1,040	41,080
TOTAL					\$318,874

Table 2. Fee Impact on Individuals and Business (FY 2015-16)					
Type of Fee	Current Fee	Proposed Fee	Fee Change	Number Affected	Total Fee Impact
Class A - Original License Fee	\$3,000	\$3,253	\$253	27	\$6,831
Class A - Renewal License Fee	1,550	1,803	253	288	72,864
Class B - Original License Fee	2,200	2,453	253	55	13,915
Class B - Renewal License Fee	1,325	1,578	253	421	106,513
Home Care Placement Agency Registration Fee	0	253	253	50	12,650
Background Check Fees	39.50	39.50	0	1,040	41,080
TOTAL					\$253,853

State Expenditures

Because this bill makes several changes to the regulation of home care agencies and home care placement agencies, this bill is expected to increase expenditures in the CDPHE and the DPS by \$317,854 and 2.3 FTE in FY 2014-15 and by \$254,590 and 2.2 FTE in FY 2015-16. These costs are in addition to the continuation of base expenditures of the program in FY 2015-16. Continuation of base expenditures for the program will be \$1,132,692 and 9.4 FTE beginning in FY 2015-16. Table 3 and the following discussion describe the expected costs of the bill.

Table 3. Expenditures Under HB14-1360		
Cost Components	FY 2014-15	FY 2015-16
<i>Department of Public Health and Environment</i>	<u>\$274,073</u>	<u>\$211,933</u>
Personal Services	\$132,552	\$115,407
FTE	2.1 FTE	2.0 FTE
Operating Expenses and Capital Outlay Costs	11,871	1,900
Computer Programming	53,560	32,136
Centrally Appropriated Costs*	76,090	62,490
<i>Department of Public Safety</i>	<u>\$43,781</u>	<u>\$42,657</u>
Personal Services	9,362	9,362
FTE	0.2 FTE	0.2 FTE
Operating Expenses and Capital Outlay Costs	31,604	30,404
Centrally Appropriated Costs*	2,815	2,891
TOTAL	<u>\$317,854</u>	<u>\$254,590</u>

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

Department of Public Health and Environment. CDPHE will have new costs of \$277,199 and 2.1 FTE in FY 2014-15 and \$211,933 and 2.0 FTE in FY 2015-16, as described below.

Personal Services. In addition to the base expenditures for the continuation of the program, the CDPHE will have personal services costs of \$132,552 and 2.1 FTE in FY 2014-15 and \$115,407 and 2.0 FTE in FY 2015-16 in the CDPHE. In FY 2014-15, this staff will develop regulations concerning disqualifying crimes, background checks, PACE coordination, and home care placement agency fee setting. In FY 2015-16 the additional FTE will be needed for implementation of regulations, inspection for compliance, and processing the home care placement agency registry.

Operating Expenses and Capital Outlay Costs. Standard operating costs (telephone and supplies) and capital costs (furniture, software, computers) for the required staff are estimated to be \$11,871 in FY 2014-15 and \$1,900 in FY 2015-16.

Computer Programming. CDPHE will require programming modifications to the licensing system and the survey and inspection tracking system, resulting in a one-time cost of \$53,560 in FY 2014-15 and a one-time cost of \$32,136 in FY 2015-16, respectively. The Governor's Office of Information Technology (OIT) will conduct this work with reappropriated funds from CDPHE.

Department of Public Safety. DPS will have costs of \$43,781 and 0.2 FTE in FY 2014-15 and \$42,657 and 0.2 FTE in FY 2015-16, as described below.

Personal services. Personal services costs are based on the monthly salary of \$4,148 for a fingerprint examiner II and \$2,843 for a data specialist. Based on the anticipated increase in workload, the bill requires 0.1 FTE fingerprint examiner II and 0.1 FTE data specialist. Each fingerprint examiner can process about 8,250 requests per year and each data specialist can perform support functions for about 16,500 requests per year. This fiscal note assumes that the bill will require 1,040 background checks per year.

Operating and capital outlay costs. Background check costs in the DPS include \$17.25 to access federal databases, \$0.58 in postage for mailing fingerprint cards, \$7.65 for fingerprint equipment and maintenance costs, and \$0.88 in Colorado database access charges. Annual costs of \$2,990 are required for software licenses. Total operating costs are \$30,404. One-time costs of \$1,000 are required for specialized equipment and \$200 is required for a one-time professional certification in FY 2014-15 only.

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 4.

Table 4. Centrally Appropriated Costs Under HB14-1360*		
Cost Components	FY 2014-15	FY 2015-16
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$14,093	\$13,459
Supplemental Employee Retirement Payments	\$9,855	\$9,671
Indirect Costs	\$54,957	\$42,251
TOTAL	\$78,905	\$65,381

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

Department of Law. The bill will require legal services regarding rulemaking and enforcement. The Department of Law currently advises CDPHE in this area of regulation. The need for additional legal services is expected to be minimal and can be accomplished within existing resources.

Department of Health Care Policy and Financing. The bill requires HCPF to coordinate with CDPHE regarding compliance and enforcement of regulations of PACE providers. HCPF expects the coordination costs to be minimal and accomplished within existing resources.

Effective Date

The bill takes effect July 1, 2014.

State Appropriations

For FY 2014-15, the CDPHE requires an appropriation of \$197,983 from the Home Care Agency Cash Fund and an allocation of 2.1 FTE. Of this amount, OIT will require spending authorization of \$53,560 to implement the bill.

For FY 2014-15, the DPS requires an appropriation of \$40,966 from the Colorado Bureau of Investigation Identification Unit Fund and an allocation of 0.2 FTE.

State and Local Government Contacts

Health Care Policy and Financing
Public Health and Environment

Law
Public Safety