

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 14-0963	Date: March 20, 2014
Prime Sponsor(s): Rep. Gardner Sen. Steadman	Bill Status: House Public Health Care and Human Services
	Fiscal Analyst: Kerry White (303-866-3469)

SHORT TITLE: REPURPOSING DOC DAY SURGERY CENTER

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures		
General Fund	\$199,000	Potential reduction.
FTE Position Change		
Appropriation Required: \$199,000 - Department of Corrections (FY 2014-15)		

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

Summary of Legislation

This bill allows the Department of Corrections (DOC) to use its day surgery center building at the Denver Reception and Diagnostic Center (DRDC) as an auxiliary medical facility and to amend or modify its lease purchase agreement as necessary. It also clarifies that the DOC may use savings for clinical services to make payments on the lease-purchase agreement.

Background

The DOC was granted lease-purchase authority for the day surgery center building at the DRDC in 2010 under House Bill 10-1083. DOC was authorized to enter into a lease-purchase agreement for up to 12 years and anticipated medical cost savings of \$601,920 per year.

House Bill 14-1309 proposes to use the building as an auxiliary medical facility, meaning it can be used for other medical purposes in addition to day surgeries. The DOC plans to expand its capacity to provide onsite dialysis for offenders who require this treatment. On average, dialysis treatments are provided three times per week to approximately 26 offenders.

State Expenditures

This bill will increase state expenditures by \$199,000 in FY 2014-15 to make modifications to the day surgery center to increase its capability for onsite dialysis services. This cost, which includes the installation of 16 dialysis chairs, electrical work, and recirculation loop and wall locks, is assumed to be paid with General Fund moneys, as no other fund source is specified for this purpose.

Beginning in FY 2015-16, this bill could reduce General Fund expenditures in the DOC for medical services. This bill authorizes the DOC to use the day surgery center building for additional medical procedures, which at this time are anticipated to be limited to dialysis. Dialysis is already performed at the DRDC, but is limited due to capacity. To the extent that the expansion of the dialysis unit allows for cost savings, the DOC may apply these savings towards the costs of the lease-purchase agreement. As of this writing, no estimate on the potential cost savings is available. The fiscal note assumes that, to the extent that savings are realized, the department will request a reduction in appropriations for the lease-purchase agreement payments through the annual budget process.

Local Government Impact

This bill may reduce costs for the City and County of Denver by a minimal amount. By expanding the number of chairs at the DRDC used for dialysis treatment, additional persons held at a jail facility within the City and County of Denver may be served as space is available. The DOC has a memorandum of understanding that allows the City and County of Denver to access its facilities and pay a lower rate for services to the department's third party administrator.

Effective Date

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

State Appropriations

For FY 2014-15, the bill requires a General Fund appropriation of \$199,000 for the Department of Corrections.

It should be noted that the DOC believes that no new appropriations are necessary to implement the bill, and that the increased expense can be accommodated by deferring other expenses for which appropriations are made under the medical services operating line in the Long Bill. Although the DOC may have access to other funds, this fiscal note identifies the need for an appropriation based on the assumption that current appropriations match the requirements under current law, and nothing more. In addition, it is not clear that the operating funds identified by the DOC can be used for capital projects such as those anticipated by the bill without approval by the General Assembly.

State and Local Government Contacts

Corrections

Personnel and Administration