

**STATE
FISCAL IMPACT**

Drafting Number: LLS 14-0966	Date: April 21, 2014
Prime Sponsor(s): Rep. Young Sen. Crowder; Jahn	Bill Status: House Public Health Care and Human Services
	Fiscal Analyst: Bill Zepernick (303-866-4777)

SHORT TITLE: DURABEL MEDICAL EQUIPMENT SUPPLIER LICENSE

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	\$52,500	\$52,500
Cash Funds	52,500	52,500
State Expenditures	\$96,743	\$6,144
Cash Funds	95,775	5,135
Centrally Appropriated Costs**	968	1009
FTE Position Change	0.1 FTE	0.1 FTE
Appropriation Required: \$95,775 - Department of State (FY 2014-15)		

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

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

Summary of Legislation

The bill requires durable medical equipment (DME) suppliers that bill Medicare to be licensed with the Secretary of State (SOS). To receive a license, a DME supplier must meet various requirements, including having one or more physical locations within the state or within 50 miles of the state border in a neighboring state. DME suppliers must pay an annual fee not to exceed \$500. Licenses must be posted in a visible location at each business location.

State Revenue

The bill is estimated to increase revenue to the Department of State by \$52,500 per year in FY 2014-15 and FY 2015-16. This revenue to the Department of State Cash Fund is based on the assumption that the Secretary of State recoups the total two-year costs of the bill through fees on DME suppliers over the next two fiscal years, as described below.

Fee Impact on Businesses. 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. The fiscal note estimates that a \$350 license fee will be assessed on approximately 150 DME suppliers in the first two years, with the license fee decreasing significantly in FY 2016-17 and beyond after the initial start-up costs are paid. It should be noted that the fee schedule for business filings and other services is set at the discretion of the Secretary of State. The actual fee will be set by the Secretary of State based on the number of DME suppliers seeking licensure, and with consideration given to overall business filing fee revenue and costs in the department.

State Expenditures

The bill increases costs in the Department of State by \$96,743 and 0.1 FTE in FY 2014-15 and \$6,144 and 0.1 FTE in FY 2015-16 and future fiscal years. These costs, shown in Table 1, are paid from the Department of State Cash Fund. These costs include information technology costs to create online license system for DME suppliers and 0.1 FTE for staff to handle complaints and public inquiries concerning these licensees. The information technology costs include 880 hours of programming and analyst time at a contracted rate of \$103 per hour.

Cost Components	FY 2014-15	FY 2015-16
Personal Services	\$5,135	\$5,135
FTE	0.1 FTE	0.1 FTE
Information Technology Costs	90,640	0
Centrally Appropriated Costs*	968	1,009
TOTAL	\$96,743	\$6,144

* Centrally appropriated costs are not included in the bill's appropriation. These include employee health, life, dental, and short-term disability insurance, and PERA supplemental retirement payments. More information is available at: <http://colorado.gov/fiscalnotes>

Effective Date

The bill takes effect August 6, 2014, if the General Assembly adjourns on May 7, 2014, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2014-15, the Department of State requires an appropriation of \$95,775 from the Department of State Cash Fund and 0.1 FTE.

State and Local Government Contacts

State Health Care Policy and Financing