

Colorado Legislative Council Staff Fiscal Note

**STATE
FISCAL IMPACT**

Drafting Number: LLS 15-1127
Prime Sponsor(s): Sen. Crowder

Date: May 1, 2015
Bill Status: Senate Health & Human Services
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BILL TOPIC: CAP FEE INCREASES ASSISTED LIVING RESIDENCES

| Fiscal Impact Summary* | FY 2015-2016 | FY 2016-2017 |
|--------------------------------------|---------------------|---------------------|
| State Revenue | | |
| Cash Funds | Potential decrease. | |
| State Expenditures | Potential decrease. | |
| FTE Position Change | | |
| Appropriation Required: None. | | |

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

Summary of Legislation

Under current law, the State Board of Health within the Department of Public Health and Environment (DPHE) is authorized to establish a fee schedule for health facilities, including assisted living facilities. The fees must be sufficient to meet the DPHE's direct and indirect costs associated with regulating health facilities. The State Board of Health currently holds the discretion to set the fees associated with the assisted living facilities. The bill specifies that fees associated with assisted living facilities cannot increase by more than the inflation rate.

Background

Senate Bill 15-234, known as the Long Bill, provided DPHE with a decision item of \$249,407 and 3.0 FTE to increase funding for the Assisted Living Residence Program. The additional funding will allow the Assisted Living Residence Program to visit and inspect approximately 265 of the 586 assisted living facilities each year, as current funding levels only permit the DPHE to visit 220 of the 586 assisted living facilities each year.

State Revenue

The bill may decrease cash fund revenues in the DPHE. The bill prohibits the DPHE from increasing any assisted living facility fees more than the inflation rate. This reduction in revenue will require the DPHE to discontinue certain current and future activities. To the extent that the anticipated fee increases are higher than the inflation rate, the bill will require the DPHE to reduce the anticipated fee increases.

Based on Senate Bill 15-234, the Assisted Living Residence Program anticipates raising certain fees assessed on assisted living facilities, as described in Table 1.

| Table 1. Fee Impact Based on Current Fees Changing | | | | | |
|---|--------------------------|----------------------|-------------------|------------------------------------|-------------------------------|
| Type of Fee | Current Fee Level | Potential Fee | Fee Change | Number of entities affected | Incremental Fee Impact |
| Initial Fee | \$5,000 | \$5,000 | \$0 | \$10 | \$0 |
| Bed Fee Regular | \$30 | \$56 | \$26 | 9,884.0 | \$256,986.69 |
| Bed Fee High Medicaid | \$15 | \$15 | \$0 | 8,966 | \$0 |
| Renewal Fee | \$150 | \$200 | \$50 | 576 | \$28,800 |
| Change of Ownership | \$5,000 | \$5,000 | \$0 | 45 | \$0 |
| TOTAL | | | | | \$285,787 |

State Expenditures

The bill may decrease state expenditures for the DPHE. If the fee increase cap is instituted, appropriations for the DPHE Assisted Living Facilities Program will likely need to be adjusted downward to allow the program to operate within the fee constraints. As a result, the DPHE may have less staff capacity to conduct inspections at assisted living facilities. It is assumed that any adjustments in appropriations will occur through the annual budget process.

Effective Date

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

State and Local Government Contacts

Public Health and Environment