

**FINAL  
FISCAL NOTE**

**Drafting Number:** LLS 13-0552  
**Prime Sponsor(s):** Rep. Ginal  
 Sen. Newell

**Date:** July 1, 2013  
**Bill Status:** Signed into Law  
**Fiscal Analyst:** Josh Abram (303-866-3561)

**TITLE:** CONCERNING THE REGULATION OF NATUROPATHIC DOCTORS.

<b>Fiscal Impact Summary</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>
<b>State Revenue</b>		
General Fund	<\$2,500	<\$5,000
Cash Funds		
Fines Collection Cash Fund	<2,500	<5,000
Division of Professions and Occupations Cash Fund	111,000	144,975
<b>State Expenditures</b>		
Cash Funds		
Division of Professions and Occupations Cash Fund	\$90,489	\$118,124
<b>FTE Position Change</b>	0.9 FTE	1.8 FTE
<b>Effective Date:</b> The bill was signed into law by the Governor on June 5, 2013, and takes effect August 7, 2013, assuming no referendum petition is filed.		
<b>Appropriation Summary for FY 2013-2014:</b> See State Appropriations section.		
<b>Local Government Impact:</b> See Local Government Impact section.		

\* *Fee revenue exceeds state expenditures in order to pay for costs noted in the Expenditures not Included section of this fiscal note.*

**Summary of Legislation**

This bill creates a registration program for naturopathic doctors (ND) in the Division of Professions and Occupations in the Department of Regulatory Agencies (DORA), and creates the nine-member Naturopathic Medicine Advisory Committee to advise the director of the division in the regulation of NDs. Members of the advisory committee serve without compensation, but may receive reimbursement for actual and necessary expenses incurred in the performance of their duties.

Beginning January 1, 2014, only individuals properly registered by the DORA may use the title "naturopathic doctor" or otherwise represent themselves as such. In addition, the bill:

- defines NDs and the scope of their practice;
- specifies educational background, examination requirements, patient disclosure and record keeping requirements, and continuing professional competency of NDs;
- requires the division to adopt necessary rules, including application procedures;

- provides the division with the ability to set fees and schedule renewals;
- establishes the grounds for disciplinary proceedings;
- authorizes the division to take disciplinary actions, including assessing fines; and
- establishes a class 2 misdemeanor for practicing without an active ND registration.

The registration program is repealed September 1, 2017, following a sunset review.

**State Revenue**

*In FY 2013-14, this bill will increase revenue from fees by an estimated \$111,000. In FY 2014-15, increased fee revenue is estimated at \$144,975.* Fees are credited to the Division of Professions and Occupations Cash Fund at the DORA.

**Fee impact on naturopathic doctors.** 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. The fee amounts displayed in Table 1 are estimates only; actual fee calculations are set administratively by the DORA based on the cash fund balance, estimated program costs, and the estimated number of registrations. This fiscal analysis is based on annual registration; however, the actual renewal schedule is left to the discretion of the division. During annual fee setting for the program, it will be determined whether renewals can be completed every two years based on the fund balance, program costs, and fee amounts. Table 1 displays the estimated fee impact on NDs.

<b>Type of Fee</b>	<b>Proposed Fee</b>	<b>Number Affected</b>	<b>Total Fee Impact</b>
FY 2013-14 Initial Registration	\$925	120	\$111,000
FY 2014-15 Initial Registration	925	3	2,775
FY 2014-15 Renewal Registration	1,185	120	142,200
<b>FY 2013-14</b>			<b>\$111,000</b>
<b>FY 2014-15</b>			<b>\$144,975</b>
<b>2-YEAR TOTAL</b>			<b>\$255,975</b>

**Fines.** The bill may increase state revenue from fines, although less than \$5,000 in new state revenue is expected in FY 2013-14 and less than \$10,000 in new revenue is expected thereafter. Fines from disciplinary actions taken by the DORA are deposited in the General Fund.

The bill may also increase state revenue from fines for misdemeanor convictions. According to Section 18-1.3-501, C.R.S., the penalty for a class 2 misdemeanor is 3 to 12 months imprisonment in a county jail, a fine of \$250 to \$1,000, or both. Fine revenue that is not otherwise appropriated is deposited into the Fines Collection Cash Fund. Because the courts have the discretion of ordering incarceration, imposing a fine, or both, the impact to state revenue cannot be determined.

**State Expenditures**

*In FY 2013-14, this bill will result in total costs of \$90,489 and 0.9 FTE in the DORA. In FY 2014-15, total costs are \$118,124 and 1.8 FTE.* Major cost components are discussed below and summarized in Table 2.

<b>Table 2. Total Expenditures Under HB 13-1111</b>		
<b>Cost Components</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>
Personal Services*	\$62,397	\$100,016
FTE	0.9	1.8
Operating Expenses and Capital Outlay	5,088	5,377
Printing and Imaging	829	139
Legal Services	16,995	12,592
Computer Programing	5,180	-
<b>TOTAL</b>	<b>\$90,489</b>	<b>\$118,124</b>

*\*Includes temporary contract personnel in FY 2013-14 only.*

**Personnel and administration.** The DORA will require new staff plus temporary contract personnel beginning in FY 2013-14. Staff are needed to assist the board to research and adopt rules, implement the program, provide general direction and oversight, manage registration and renewal data, coordinate continued competency requirements, and provide outreach and technical assistance to newly regulated professionals in the community. In addition to new staff and related operating costs, the DORA will have expenses for travel, outreach, and printing.

Registration of a new primary care medical provider is anticipated to create additional personnel costs for the DORA beginning in FY 2014-15. The board will respond to and investigate complaints filed against both registered and unregistered NDs as public awareness of the program grows and more professionals obtain a registration. The DORA will investigate complaints, assign cases for internal disciplinary action, issues cease and desist orders, and refer cases to the Department of Law for criminal prosecution.

**Legal services.** The Department of Law will provide 220 hours of legal services in FY 2013-14 and 163 hours in FY 2014-15 at a blended rate of \$77.25 per hour. Legal services are provided for general counsel to the board for rule making, including rules for continued competency requirements, and to assist with enforcement and disciplinary actions.

**Computer programming.** Computer programing services from the Office of Information Technology (OIT) are needed to create and administer the new registration type and to create systems for tracking continued competency requirements. The DORA will purchase 70 hours of programming in FY 2013-14 at \$74 per hour.

**Other costs considered.** The registration of NDs is not expected to create any new costs to either Medicaid, the Children's Basic Health Plan (CBHP), or state employee insurance. While Medicaid does reimburse for services provided by non-physician practitioners, NDs are not currently on the list of approved non-physician practitioners, nor does the bill require their addition. Under

the bill, insurance providers for both the CBPH and the state's employee insurance plans would be able to use NDs to provide some medical services. However, since the registration of NDs does not create new types of medical services, no costs are anticipated. The bill simply adds another profession to the list of potential providers. Additionally, NDs will receive the same reimbursement rates currently set for services provided.

### **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 estimated in Table 3.

<b>Table 3. Expenditures Not Included Under HB 13-1111*</b>		
<b>Cost Components</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$6,047	\$12,093
Supplemental Employee Retirement Benefits	3,070	6,946
Indirect Costs	5,791	11,581
<b>TOTAL</b>	<b>\$14,908</b>	<b>\$30,620</b>

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

### **Local Government Impact**

The penalty for a class 2 misdemeanor is 3 to 12 months imprisonment in a county jail, a fine of \$250 to \$1,000, or both. Because the courts have the discretion of ordering incarceration or imposing a fine, the impact at the local level cannot be determined. The cost to house an offender in county jails varies from \$45 to \$50 per day in smaller rural jails to \$62 to \$65 per day for larger Denver metro-area jails. For the current fiscal year, the state reimburses county jails a daily rate of \$50.44 to house state inmates. It is assumed that the impact of this new misdemeanor will be minimal and will not create the need for additional county jail space.

### **State Appropriations**

Consistent with this final fiscal note, the bill contains an appropriation of \$90,489 from the Division of Professions and Occupations Cash Fund and 0.9 FTE to the Department of Regulatory Agencies. Of this amount, the Department of Law is receives \$16,995 in reappropriated funds, and the Office of Information Technology receives \$5,180 in reappropriated funds.

### **Departments Contacted**

Health Care Policy Financing  
Personnel

Judicial  
Regulatory Agencies

Law