



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1088: COSTS FOR GROUND AMBULANCE SERVICES

Prime Sponsors:

Rep. McCormick; Brown

Sen. Baisley; Mullica

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Fiscal note status: This revised fiscal note reflects the reengrossed bill.

Summary Information

Overview. The bill modifies cost and billing practices for ground ambulance services.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- State Diversion
- Local Government
- Special Districts

Appropriations. For FY 2025-26, the bill requires and includes an appropriation of \$38,149 to the Department of Regulatory Agencies.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$45,928	\$49,035
Diverted Funds	\$45,928	\$49,035
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.4 FTE	0.5 FTE

**Table 1A
State Expenditures**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$0	\$0
Cash Funds	\$38,149	\$39,311
Federal Funds	\$0	\$0
Centrally Appropriated	\$7,779	\$9,724
Total Expenditures	\$45,928	\$49,035
Total FTE	0.4 FTE	0.5 FTE

**Table 1B
State Diversions**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	-\$45,928	-\$49,035
Cash Funds	\$45,928	\$49,035
Net Diversion	\$0	\$0

Summary of Legislation

The bill modifies cost and billing practices for ground ambulance services related to rate submissions, rate requirements, and out-of-network reimbursements.

Rate Submission and Requirements

The bill allows a political subdivision (a city, town, county, special district, or governmental emergency service provider) or contracted ambulance service to submit rates for ambulance services to the Division of Insurance in the Department of Regulatory Agencies (DORA). Submitted rates must be calculated to offset service costs, approved by the political subdivision, and applied uniformly to all patients. Any rates exceeding 325 percent of Medicare reimbursement must be justified by a cost analysis report.

Out-of-Network Reimbursement

The bill requires insurance carriers to reimburse out-of-network ambulance services at the rates submitted to DORA or, if rates are not submitted, the lesser of billed charges or 325 percent of Medicare reimbursement rates. Additionally, out-of-network ambulance services cannot bill covered individuals for unpaid balances, except for cost-sharing amounts. Lastly, the bill requires insurance carriers to apply payments towards a covered individual's in-network deductible and out-of-pocket maximum.

State Diversion

This bill diverts around \$46,000 in FY 2025-26 and \$49,000 in FY 2026-27 and ongoing from the General Fund to the Division of Insurance Cash Fund. This revenue diversion occurs because the bill increases costs in the Division of Insurance in the Department of Regulatory Agencies, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

The bill increases state expenditures in DORA by about \$46,000 in FY 2025-26 and \$49,000 in FY 2026-27 and ongoing. These costs, paid from the Division of Insurance Cash Fund, are summarized in Table 2 and discussed below.

Table 2
State Expenditures
Department of Regulatory Agencies

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$30,217	\$37,771
Operating Expenses	\$1,262	\$1,540
Capital Outlay Costs	\$6,670	\$0
Centrally Appropriated Costs	\$7,779	\$9,724
Total Costs	\$45,928	\$49,035
Total FTE	0.4 FTE	0.5 FTE

Staff

Starting in FY 2025-26, DORA requires 0.5 FTE Rate/Financial Analyst II to investigate consumer and ambulance service complaints. The fiscal note assumes that an additional 150 consumer and nonemergency ambulance service complaints will arise each year and that each complaint requires 8 hours of staff time to resolve. This increase is based on the assumption that between two-thirds and three-fourths of ambulance services in the state are publicly owned. Currently, DORA receives about 100 complaints per year for privately-owned ground ambulance services.

The department also requires \$75 per month to purchase a software licensing platform to standardize the reporting process, receive rate submissions, and post ambulance service data. In addition, standard operating and capital outlay costs for this new staff are included. Costs are prorated in the first year based on the bill's effective date.

Legal Services

DORA may require legal services, provided by the Department of Law, which can be accomplished within existing legal services appropriations. Legal counsel is related to rulemaking and ongoing administration of the program, as well as a rise in complaints.

State Employee Insurance

State employee insurance is offered through two carriers, one of which is subject to state regulation and would be required to comply with the requirements in the bill. It is assumed that the other carrier would also conform to the change. Reduced cost sharing from patients contributes to higher costs and potentially higher insurance premiums, which would be shared by state agencies and employees. Because insurance premiums are influenced by a number of variables and the premium costs shared between the state and employees has not been determined for future fiscal years, a cost to the state is not estimated.

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. These costs, which may include employee insurance, supplemental employee retirement payments, leased space, and indirect cost assessments, are shown in the expenditure table(s) above.

Local Government and Special Districts

Starting in FY 2025-26, workload may increase for local governments and special ambulance, fire, and health service districts to establish and submit ambulance service rates in accordance with the bill. This workload is expected to be minimal. Additionally, revenue from collections

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and applies to ambulance services provided on or after the bill's effective date.

State Appropriations

For FY 2025-26, the bill requires and includes an appropriation of \$38,149 from the Division of Insurance Cash Fund to the Department of Regulatory Agencies, and 0.4 FTE.

State and Local Government Contacts

Information Technology

Regulatory Agencies

Local Affairs

Special District Association