

Adopted

**STATEMENT OF BASIS AND PURPOSE
AND SPECIFIC STATUTORY AUTHORITY FOR**

Amendments to Rules Pertaining to the Standards for Hospitals and Health Facilities
6 CCR 1011-1

Chapter VII, Assisted Living Residences
Adopted by the Board of Health on August 17, 2011

Basis and Purpose:

State statute requires that the Department's regulations contain provisions governing the licensing of assisted living residences (ALRs). See Section 25-1.5-103(a)(I) C.R.S. (2011). Section 25-27-107(1.5), C.R.S. (2011) requires the state board to promulgate rules establishing a schedule of fees for ALRs sufficient to meet the direct and indirect costs of administration and enforcement of the ALR licensing statute. The board last established a schedule of fees in November 2008. Those fees were phased in over two years and based on Department projections of the ALR program costs and anticipated license revenue.

Revenue in the ALR cash fund has subsequently exceeded the both the Department's projections and spending authority and thus needs to be reduced. At the time the fees were raised in 2008, the Department's standard expense projections included annual cost of living increases for Department personnel which have not occurred for the past several years. In addition, there has been an unexpected increase in the number of new ALRs which generate larger initial license and plan review fees. This trend appears to be continuing. Since section 25-27-107(1.5)(a)(3) gives the board the authority to reduce the amount of one or more of the ALR licensing fees, the Department proposes to reduce the bed fee for renewal licenses from \$56 to \$30.

These rules are promulgated pursuant to the following statutes:

Section 25-27-107(1.5), C.R.S. (2011).

Section 25-1.5-103, C.R.S. (2011).

Major Factual and Policy Issues Encountered:

The major consideration regarding these rules was to ascertain how to fairly and equitably reduce licensing revenue so that the Department does not continue to exceed its spending authority for the ALR program. The Department has determined that the most equitable way to accomplish this goal is to reduce the license renewal bed fees for ALR license renewals on or after January 1, 2012.

Alternative rules considered:

In developing these rules, the Department considered different possibilities to meet its statutory requirements, needs of various stakeholders, and its responsibilities for public health and safety. No other alternatives were deemed appropriate.