

**FINAL
FISCAL NOTE**

Drafting Number: LLS 12-0432
Prime Sponsor(s): Rep. Labuda
 Sen. Guzman

Date: June 27, 2012
Bill Status: Signed into Law
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TITLE: CONCERNING THE CREATION OF AN ELECTRONIC DEATH REGISTRATION SYSTEM IN THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2012-13	FY 2013-14
State Revenue		
Cash Funds		
Vital Statistics Records Cash Fund	\$480,000	\$576,000
State Expenditures		
Cash Funds		
Vital Statistics Records Cash Fund*	\$743,940	\$553,940
FTE Position Change		
Effective Date: The bill was signed into law by the Governor on June 6, 2012, and takes effect August 8, 2012, assuming no referendum petition is filed.		
Appropriation Summary for FY 2012-2013: See Appropriations section.		
Local Government Impact: See Local Government Impact section.		

**Fund balance of \$263,940 will be used to cover the difference between revenue and expenditures in FY 2012-13.*

Summary of Legislation

The bill requires the Department of Public Health and Environment (DPHE) to create an electronic death registration system to allow persons responsible for reporting death information to the Office of the State Registrar of Vital Statistics to do so electronically. The proposed system is an alternative to the current paper-based system that relies on the hand delivery of death certificates to required locations, and that requires families to travel to the county in which a death occurs for purposes of obtaining copies of death certificates.

DPHE is required to report on the development and implementation of the system no later than two years after the bill's effective date to the Senate Committee on Health and Human Services and the House Committee on Health and Environment. The report is to include whether or not staffing levels and fees have been modified since the implementation of the system.

Background

Under current law, the State Registrar, in the Department of Public Health and Environment, is responsible for the provision and maintenance of a centralized registry of vital statistics. The State Board of Health has statutory authority to adopt, promulgate, amend, and repeal rules necessary to carry out the centralized registry program. The registrar is authorized to designate local health agencies to aid in the administration of the system of vital statistics.

Under current law, when a person dies it is the funeral director, or person acting as such who first assumes custody of a dead body, who is responsible for filing the death certificate. The process consists of several steps, as outlined below.

Currently, the funeral director collects demographic data from the person's family, prints a preliminary copy of the death certificate, drives to the office of the attending physician to obtain cause of death and the physician's signature on the death certificate; and drives to the local health agency and registers the death certificate. The local health agency prints a death certificate on security paper and mails a copy to the State Registrar. The State Registrar scans the death certificate and electronically sends it to the state data entry center in Pueblo where it is entered into the database. Under the bill, all of the aforementioned steps will be done electronically.

Under the current system, a family may obtain the death certificate from the local health agency of the jurisdiction in which the death occurred or via mail from either the local health agency or DPHE. Under the bill, a family will be able to go to any local health agency that is tied into the electronic death registry system to obtain a certified copy of a death certificate.

State Revenue

Cash fund revenue to the Vital Statistics Records Cash Fund in the DPHE will increase by \$480,000 in FY 2012-13 and \$576,000 in FY 2013-14. Year one revenues are calculated based on 10/12 of a full year due to the implementation delay caused by the referendum clause. This analysis assumes that the DPHE will increase the death certificate fee by \$3.00 in FY 2012-13 and FY 2013-14 to cover the direct, one-time costs of implementing the electronic system. Therefore, in year one the cost of the first death certificate increases from \$17 to \$20; the cost of additional copies increases from \$10 to \$13. Families typically purchase six death certificates. Revenue estimates are predicated on 32,000 deaths, the number reported in calendar year 2010. The fee will be increased for a total of two years after which time DPHE plans to reduce the fee to cover direct and indirect costs of the program as calculated each year.

Fee Impact on Individuals, Families or Business. 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 table below identifies the fee impact of this bill.

Table 1. Fee Impact of HB12-1041 on Individuals, Families or Business					
Type of Fee	Current Fee	Proposed Fee	Fee Change	Number Affected	Total Fee Impact
FY 2012-13					
Death Certificate					
1st Copy	\$17.00	\$20.00	\$3.00	32,000	\$96,000
Additional copies*	\$10.00	\$13.00	\$3.00	160,000	<u>480,000</u>
					\$576,000
Reduction due to 1st year effective date (referendum clause)					<u>(\$96,000)</u>
Total FY 2012-13**					\$480,000
FY 2013-14					
Death Certificate					
1st Copy	\$17.00	\$20.00	\$3.00	32,000	\$96,000
Additional copies	\$10.00	\$13.00	\$3.00	160,000	<u>480,000</u>
Total FY 2013-14					\$576,000
TOTAL TWO-YEAR FEE REVENUE INCREASE					\$1,056,000

* If purchased at the same time as the first certificate.

** Year one total revenue available is 10/12 of the amount shown due to delay in implementation caused by the referendum clause. In year two, the fee increase raises the full \$576,000.

Section 25-2-121, C.R.S., requires the Office of the State Registrar to propose, as part of its annual budget request, an adjustment in the amount of each fee that the office is authorized to collect. The budget request and adjusted fees are to reflect the office's direct and indirect costs. Once the appropriation is made, and subject to the approval of the DPHE's executive director, fees are adjusted accordingly and are in effect for the fiscal year in which the budget applies.

State Expenditures

Cash fund expenditures will increase by \$743,940 in FY 2012-13, and by \$553,940 in FY 2013-14 from the Vital Statistics Records Cash Fund. These expenditures will cover the direct costs of implementing the system. Table 2 details planned expenditures by year. The purchase of the base system will be split over two years. The Office of the Governor, Office of Information Technology (OIT), will provide project management. The DPHE does not require additional staff to implement the proposed system.

Cost Components	FY 2012-13	FY 2013-14
Purchase of base system	\$375,000	\$375,000
System customization	150,000	100,000
Servers (6 @ \$15,000 each)*	90,000	
Server licenses (2 @ \$25,000 each)	50,000	
OIT project management (1,044 hours @ \$75.61/hour)	78,940	78,940
TOTAL ALL SOURCES	\$743,940	\$553,940

**These costs are for primary and backup directory, Internet, and database servers.*

The proposed system is a commercial, off-the-shelf system that will be customized for use by DPHE. The base system cost identified above represents an average of cost estimates provided by two vendors; final costs will be determined through the normal state contracting process.

System security. The costs identified above include data encryption security that is similar to that employed by banks for online transactions. Parties authorized to use the system will be assigned user names and passwords. The use of electronic signatures by physicians, funeral directors, and coroners is intended to provide the same attestation as that of a physical signature under the current system.

Savings. Once implemented, the system will eliminate costs associated with manually entering the death certificate data. This fiscal note does not quantify those savings. The proposed system will reduce costs for the funeral industry, physicians, coroners, and local health agencies.

Local Government Impact

Local governments could see a reduction in expenses associated with office space and staff time currently associated with the paper-based death certificate system. The DPHE will make the system available to local entities, at its option, at no charge. The Vital Records Field Unit will not charge for training provided to data providers, local vital records offices, or other interested parties.

Some counties may lack the technology or computer support necessary to use the new system. Costs to upgrade, if any, will vary by county.

State Appropriations

The Department of Public Health and Environment requires a FY 2012-13 appropriation of \$743,940 from the Vital Statistics Records Cash Fund, \$78,940 of which will be reappropriated to the Governor's Office of Information Technology.

Departments Contacted

Public Health and Environment