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Nonpartisan Services for Colorado's Legislature

FINAL FISCAL NOTE

Drafting Number: LLS 18-0827 Date: September 24, 2018
Prime Sponsors: Sen. Smallwood Bill Status: Signed into Law
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Bill Topic: 1332 STATE WAIVER CATASTROPHIC HEALTH PLANS

- Summary of Fiscal Impact: State Revenue, State Expenditure, State Diversion, TABOR Refund, Local Government, Statutory Public Entity

This bill requires the Commissioner of Insurance to pursue a federal waiver to allow all Coloradans to purchase catastrophic health plans through the state health insurance exchange.

Appropriation Summary: For FY 2018-19, the bill requires and includes an appropriation of \$9,200 to the Department of Regulatory Agencies.

Fiscal Note Status: The fiscal note reflects the enacted bill.

Table 1 State Fiscal Impacts Under SB 18-132

Table with 3 columns: Category, FY 2018-19, FY 2019-20. Rows include Revenue, Expenditures (Cash Funds, Total), and Transfers (General Fund, Cash Funds, Total).

Summary of Legislation

This bill requires the Commissioner of Insurance to submit a Section 1332 state innovation waiver to the federal government to request the ability for all Coloradans to purchase catastrophic health plans through the state health insurance exchange, Connect for Health Colorado, if an actuarial analysis shows conducted by the commissioner determines that the sale of such health plans would not increase premiums or reduce federal subsidies for health insurance in the state. Under current law, catastrophic plans can only be purchased by persons under the age of 30 or who meet certain hardship criteria. The commissioner must report to the health committees of the General Assembly as part of the Department of Regulatory Agencies' SMART Government Act hearing prior to the 2022 session, if the waiver is approved.

Background

Section 1332 of the federal Affordable Care Act (ACA) allows states to apply for a waiver of various requirements of the federal law to pursue innovative strategies for providing residents with access to high-quality, affordable health care. To apply for a waiver, the state must enact a law authorizing a state agency to seek a waiver. To receive a waiver, a state must show that the waiver provides access to quality health care that will be least as comprehensive and affordable as it would be provided absent the waiver; that coverage is provided to a comparable number of residents as would be provided coverage absent a waiver; and that the changes under the waiver do not increase the federal deficit.

State Diversions

This bill diverts \$9,200 from the General Fund in FY 2018-19. This one-time revenue diversion occurs because the bill increases costs in the Department of Regulatory Agencies, Division of Insurance, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

This bill increases costs in the Department of Regulatory Agencies by \$9,200 in FY 2018-19 only. This cost, paid from the Division of Insurance Cash Fund, is for temporary contract staff to conduct rate and actuarial analysis for the waiver. Over the last year, as directed by SB 17-300, the Division of Insurance has been engaged in a stakeholder process to seek feedback and conduct planning on potential state innovation waivers, which will reduce the estimated costs and staff time associated with this bill.

If the waiver is approved, the Division of Insurance will have increased workload over the five years of the waiver to monitor and collect data on the impacts of the waiver. It is assumed that this future work can be accomplished as part of the division's current operations within its existing appropriations.

Statutory Public Entity

Assuming the state innovation waiver is approved, Connect for Health Colorado will have approximately \$16,000 in one-time programming costs to update its online health plan search tool to reflect that catastrophic health plans are available to additional populations. It is assumed that this cost can be paid within existing revenue streams to Connect for Health Colorado.

Effective Date

The bill was signed into law by the Governor on May 3, 2018, and took effect August 8, 2018.

State Appropriations

For FY 2018-19, the bill requires and includes an appropriation of \$9,200 to the Department of Regulatory Agencies from the Division of Insurance Cash Fund.

State and Local Government Contacts

Colorado Health Benefit Exchange
Information Technology
Regulatory Agencies

Health Care Policy and Financing
Law