



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

HB 19-1216

FINAL FISCAL NOTE

Drafting Number:	LLS 19-0082	Date:	July 8, 2019
Prime Sponsors:	Rep. Roberts Sen. Donovan; Priola	Bill Status:	Signed into Law
		Fiscal Analyst:	Erin Reynolds 303-866-4146 Erin.Reynolds@state.co.us

Bill Topic: REDUCE INSULIN PRICES

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input checked="" type="checkbox"/> State Diversion	<input type="checkbox"/> Statutory Public Entity

This bill requires insurance carriers that provide coverage for prescription insulin drugs to cap the total amount that a covered person is required to pay at an amount not to exceed \$100 per 30-day supply of insulin, regardless of the amount or type of insulin needed to fill the covered person's prescription. The bill will increase state expenditures and General Fund diversions on an ongoing basis.

Appropriation Summary: For FY 2019-20, the bill requires and includes an appropriation of \$26,054 to the Department of Regulatory Agencies.

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

**Table 1
State Fiscal Impacts Under HB 19-1216**

		FY 2019-20	FY 2020-21
Revenue		-	-
Expenditures	Cash Funds	\$26,054	\$13,027
	Centrally Appropriated	\$6,024	\$3,013
	Total	\$32,078	\$16,040
	Total FTE	0.4 FTE	0.2 FTE
Diversions	General Fund	(\$32,078)	(\$16,040)
	Cash Funds	\$32,078	\$16,040
	Total	\$0	\$0
TABOR Refund		-	-

Summary of Legislation

This bill requires an insurance carrier that provides coverage for prescription insulin drugs to cap the total amount that a covered person is required to pay at an amount not to exceed \$100 per 30-day supply of insulin, regardless of the amount or type of insulin needed to fill the covered person's prescription.

Commissioner of Insurance. The Commissioner of Insurance in the Department of Regulatory Agencies (DORA) is permitted to use his or her current enforcement powers to obtain carrier compliance with the bill's requirements and may promulgate rules, as necessary, to implement and administer the policy and to align with federal requirements.

Department of Law. The Department of Law must investigate the pricing of prescription insulin drugs made available in Colorado to ensure adequate consumer price protection and submit a report of its findings on whether additional measures are needed to protect consumers to the Governor, the Commissioner of Insurance, and the Judiciary Committees of the General Assembly by November 1, 2020. For its investigation, the Department of Law must compile and analyze information from companies engaged in the manufacturing and sale of prescription insulin drugs. The department may request the court to order subpoenas for this information.

State Diversions

The bill diverts \$32,078 from the General Fund in FY 2019-20 and \$16,040 in FY 2020-21 and ongoing. This revenue diversion occurs because the bill increases costs in the Division of Insurance (DOI) in DORA, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

The bill will increase state cash fund expenditures in the DOI by \$32,078 in FY 2019-20 and \$16,040 in FY 2020-21 and ongoing, as shown in Table 2, paid from the DOI Cash Fund. The bill also increases workload in the Department of Law from FY 2019-20 to FY 2020-21. These impacts are discussed further below.

Table 2
Expenditures Under HB 19-1216

	FY 2019-20	FY 2020-21
Department of Regulatory Agencies		
Personal Services	\$26,054	\$13,027
Centrally Appropriated Costs*	\$6,024	\$3,013
Total Cost	\$32,078	\$16,040
Total FTE	0.4 FTE	0.2 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Department of Regulatory Agencies. The DOI requires additional time from a Rate and Financial Analyst to manage inquiries and complaints and an additional form review.

- ***Inquiries and complaints.*** Beginning in FY 2019-20, the DOI requires 0.2 FTE to manage inquiries and complaints. Approximately 300,000 Coloradans have been diagnosed with Type 1 or Type 2 diabetes. The fiscal note assumes that approximately 15 percent of this population is insulin dependent, or 45,000 people. The DOI regulates approximately one-third of insurers, so it is assumed that 15,000 people in plans regulated by the DOI are insulin-dependent. Assuming 1 percent of these individuals make an inquiry with DOI, this represents 150 additional inquiries requiring 0.5 hour each of staff time, one-quarter of which are assumed to become complaints requiring 6 hours each of staff time to resolve.
- ***Rates and forms.*** In FY 2019-20 only, 0.2 FTE is required to perform an additional rate and form review of all health coverage filings to ensure compliance with the requirements of this bill.

Department of Law. The Department of Law's consumer protection division will have a workload increase to investigate the U.S. companies that manufacture and sell insulin, which are comprised of Eli Lilly and Company, Novo Nordisk, and Sanofi. The fiscal note assumes these three companies will be the primary focus of the investigation, analysis, and final report, and that the department can accommodate this work within the existing appropriations of its consumer protection division.

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 include employee insurance and supplemental employee retirement payments, are estimated to be \$6,024 in FY 2019-20 and \$3,013 in FY 2020-21.

Effective Date

The bill was signed into law by the Governor on May 22, 2019, and takes effect August 2, 2019, assuming no referendum petition is filed. It applies to health coverage plans issued or renewed on or after January 1, 2020.

State Appropriations

For FY 2019-20, the bill requires and includes an appropriation of \$26,054 from the Division of Insurance Cash Fund to the Division of Insurance in the Department of Regulatory Agencies and an allocation of 0.4 FTE.

State and Local Government Contacts

Governor
Personnel

Health Care Policy and Financing
Public Health and Environment

Law
Regulatory Agencies