



Legislative
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FISCAL NOTE

Drafting Number:	LLS 20-0112	Date:	January 27, 2020
Prime Sponsors:	Rep. Michaelson Jenet; Larson Sen. Fields	Bill Status:	House Health & Insurance
		Fiscal Analyst:	Max Nardo 303-866-4776 Max.Nardo@state.co.us

Bill Topic: **INSURANCE COVERAGE MENTAL HEALTH WELLNESS EXAM**

Summary of Fiscal Impact:

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

Beginning January 1, 2022, the bill requires that health insurance plans provide coverage for the total cost of an annual mental health examination. It increases state expenditures and creates a General Fund diversion on an ongoing basis.

Appropriation Summary: For FY 2020-21, the bill requires an appropriation of \$13,347 to the Department of Regulatory Agencies.

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

Table 1
State Fiscal Impacts Under HB 20-1086

		FY 2020-21	FY 2021-22
Revenue		-	-
Expenditures	Cash Funds	\$13,347	\$13,347
	Centrally Appropriated	\$4,466	\$4,466
	Total	\$17,813	\$17,813
	Total FTE	0.2 FTE	0.2 FTE
Diversions	General Fund	(\$13,347)	(\$13,347)
	Cash Funds	\$13,347	\$13,347
	Total	\$0	\$0
TABOR Refund		-	-

Summary of Legislation

Under current law, health insurance carriers offering individual or small group health benefit plans must ensure that coverage includes behavioral, mental health, and substance use disorder services, including behavioral health treatment. While this coverage is required in all individual and small-group health benefit plans, carriers are not required to provide coverage for the total cost of such services.

Beginning January 1, 2022, the bill requires that all applicable health plans provide coverage for the total cost of a 60 minute annual mental health examination, which is defined in the bill. The examination must be performed by a qualified mental health care provider, which is defined as any of the following:

- physician;
- physician assistant who has training in psychiatry or mental health;
- psychologist;
- clinical social worker;
- marriage and family therapist;
- licensed professional counselor;
- addiction counselor; or
- advanced practice nurse, with specific training in psychiatric nursing.

Background

The provisions of the bill apply to health insurance plans that are subject to state regulation. There are three primary markets that are subject to state regulation: the individual, small-group, and large-group markets, with the exception of self-insured employers. About one million Coloradans receive health insurance through such plans. The bill does not apply to Medicare, Medicaid, military plans, or self-insured employer-based health plans, which are regulated by the federal government.

State Diversions

The bill diverts an estimated \$13,347 from the General Fund in FY 2020-21 and future years for plan review in the Department of Regulatory Agencies (DORA). This revenue diversion occurs because the bill increases costs in the Division of Insurance in DORA, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

The bill increases state cash fund expenditures by \$17,813 in DORA in FY 2020-21 and future years, and may increase costs for other state agencies. These costs are shown in Table 2 and described below.

Table 2
Expenditures Under HB 20-1086

	FY 2020-21	FY 2021-22
Department of Regulatory Agencies		
Personal Services	\$13,347	\$13,347
Centrally Appropriated Costs*	\$4,466	\$4,466
Total Cost	\$17,813	\$17,813
Total FTE	0.2 FTE	0.2 FTE

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

Department of Regulatory Agencies. DORA will review filings for each health plan subject to the bill, adding about 30 minutes per review for 800 annual filings. The review ensures that the coverage meets the requirements set forth in the bill and is appropriately communicated to the policyholder. Review for calendar-year 2022 plans take place in spring or summer of 2021, requiring additional staffing in FY 2020-21. This work will require 0.2 FTE at the Rate and Financial Analyst II job class.

Health Care Policy and Financing. The Child Health Plan Plus (CHP+) program provides health insurance to pregnant women and children that meet the financial eligibility criteria for the program. CHP+ plans that are subject to the bill currently cover mental health visits, but there are no current requirements that visits be 60 minutes or that the program covers the total cost of the visit. To the extent that utilization of mental health services increases, costs will increase correspondingly. Any impact on state expenditures will be addressed through the annual budget process.

State employee insurance. Insurance carriers that offer health benefit plans to state employees will be required to expand coverage for mental health examinations in accordance with the bill. Any cost increase could contribute to higher insurance premiums, which would be shared by state agencies and employees. Because insurance rates are influenced by a number of variables, the impact of this bill on premiums 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 include employee insurance and supplemental employee retirement payments, are estimated to be \$4,466 in FY 2020-21 and future years.

Local Government

Similar to state employee insurance, to the extent that premiums increase for local government insurance plans, cost increases will be shared by local governments and employees.

Effective Date

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2020-21, the bill requires an appropriation of \$13,347 to DORA from the Division of Insurance Cash Fund, and 0.2 FTE.

State and Local Government Contacts

Health Care Policy and Financing

Personnel

Regulatory Agencies