



**Legislative Council Staff**

*Nonpartisan Services for Colorado's Legislature*

**Fiscal Note**

<b>Drafting Number:</b>	LLS 24-0643	<b>Date:</b>	February 1, 2024
<b>Prime Sponsors:</b>	Sen. Fields; Jaquez Lewis Rep. Young	<b>Bill Status:</b>	Senate Health & Human Services
		<b>Fiscal Analyst:</b>	Brendan Fung   303-866-4781 brendan.fung@coleg.gov

**Bill Topic:                   TRANSPARENCY IN HEALTH-CARE COVERAGE**

<b>Summary of Fiscal Impact:</b>	<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> State Diversion	<input checked="" type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill requires health insurance carriers to disclose certain information to enrollees and submit price transparency data to the Department of Regulatory Agencies. It creates a General Fund diversion and increases state expenditures beginning in FY 2024-25. It may increase state revenue and state and local expenditures on an ongoing basis.

**Appropriation Summary:** For FY 2024-25, the bill requires an appropriation of \$267,758 to the Department of Regulatory Agencies.

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

**Table 1  
State Fiscal Impacts Under SB 24-080**

		<b>Budget Year FY 2024-25</b>	<b>Out Year FY 2025-26</b>
<b>Revenue</b>		-	-
<b>Expenditures</b>	Cash Funds	\$267,758	\$231,088
	Centrally Appropriated	\$20,874	\$20,874
	<b>Total Expenditures</b>	<b>\$288,632</b>	<b>\$251,962</b>
	<b>Total FTE</b>	<b>1.0 FTE</b>	<b>1.0 FTE</b>
<b>Diversions</b>	General Fund	(\$288,632)	(\$251,962)
	Cash Funds	\$288,632	\$251,962
	<b>Net Diversion</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Budget Impacts</b>		-	-

## **Summary of Legislation**

The bill requires health insurance carriers to comply with federal price transparency laws, provide consumer access to accurate health care coverage price information, and report federal pharmacy and drug cost information to the Division of Insurance in the Department of Regulatory Agencies (DORA).

Beginning in July 2024, carriers must create a digital tool for enrolled people that discloses in-network provider cost-sharing information for covered items and services, out-of-network provider rates and billable limits, and provides real-time responses to questions related to carrier prices. Beginning in July 2025, carriers must publicly publish and update this price transparency information on a monthly basis.

The bill makes violation of price transparency disclosures by a carrier a deceptive trade practice.

## **State Revenue**

Starting in FY 2024-25, the bill may increase state revenue from civil penalties and court filing fees by a minimal amount.

**Civil penalties.** Under the Colorado Consumer Protection Act, a person committing a deceptive trade practice may be subject to a civil penalty of up to \$20,000 for each violation. Additional penalties may be imposed for subsequent violations of a court order or injunction. This revenue is classified as a damage award and not subject to TABOR. Given the uncertainty about the number of cases that may be pursued by the Attorney General and district attorneys, as well as the wide range in potential penalty amounts, the fiscal note cannot estimate the potential impact of these civil penalties.

**Filing fees.** The bill may increase revenue to the Judicial Department from an increase in civil case filings. Revenue from filing fees is subject to TABOR.

## **State Diversion**

This bill diverts General Fund to the Division of Insurance Cash Fund starting in FY 2024-25. This revenue diversion occurs because the bill increases costs in the Division of Insurance in the Department of Regulatory Agencies, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

## **State Expenditures**

The bill increases state expenditures in DORA by about \$289,000 in FY 2024-25 and \$252,000 in FY 2025-26, paid from the Division of Insurance Cash Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2  
Expenditures Under SB 24-080**

	FY 2024-25	FY 2025-26
<b>Department of Regulatory Agencies</b>		
Personal Services	\$94,808	\$94,808
Operating Expenses	\$1,280	\$1,280
Capital Outlay Costs	\$6,670	-
Data Contractor	\$105,000	\$105,000
Information Technology Systems	\$60,000	\$30,000
Centrally Appropriated Costs <sup>1</sup>	\$20,874	\$20,874
<b>Total Cost</b>	<b>\$288,632</b>	<b>\$251,962</b>
<b>Total FTE</b>	<b>1.0 FTE</b>	<b>1.0 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Department of Regulatory Agencies.** Starting in FY 2024-25, expenditures in DORA will increase to design, manage, and store carrier data and systems.

- **Staff.** DORA requires 1.0 FTE Statistical Analyst IV beginning in FY 2024-25 to standardize carrier data forms, assist in data warehouse implementation, analyze carrier data submissions, and oversee a data contractor. The fiscal note assumes a start date of July 1, 2024, and includes standard operating and capital outlay costs for staff.
- **Data contractor.** DORA requires an estimated \$105,000 to hire a data contractor to review and validate carrier data prior to publication, and analyze data for ongoing DORA initiatives. Based on the level of detail required in the bill, the fiscal note assumes that a contractor will perform 350 hours of work annually, at an estimated \$300 per hour. Actual costs will be determined through the contracting process.
- **Information technology systems.** In FY 2024-25, DORA will require \$30,000 to design and build a data warehouse to collect and itemize carrier price transparency files, implemented by the Office of Information Technology. Ongoing maintenance and data storage costs are estimated at \$30,000 per year.
- **Legal services.** DORA may require legal services, provided by the Department of Law, which can be accomplished within existing legal services appropriations. Legal counsel is related to rulemaking, implementation, and ongoing administration of the program, as well as a rise in complaints.

**Health Care Policy and Financing.** Starting in FY 2024-25, the bill may minimally increase expenditures in the Department of Health Care Policy and Financing for increased capitation rates from Child Health Plan Plus (CHP+) contract carriers complying with the bill's requirements.

**Department of Personnel and Administration.** The bill may increase workload starting in FY 2024-25 in the Office of Administrative Courts for disciplinary proceedings against health insurance carriers. This workload is expected to be minimal and no change in appropriation is required. Additionally, the fiscal note assumes that any increased cost to insure state employees resulting from higher insurance provider costs will be minimal and no change to total compensation appropriations will be required.

**Department of Law.** Workload in the Department of Law will minimally increase to the extent that deceptive trade practice complaints are filed. The department will review complaints under the bill and prioritize investigations as necessary within the overall number of deceptive trade practice complaints and available resources.

**Judicial Department.** Trial courts in the Judicial Department may have an increase in cases filed under the Colorado Consumer Protection Act from the addition of a new deceptive trade practice. It is assumed that health insurance carriers will abide by the law and that any violation of the legislation will result in minimal number of new cases. The fiscal note assumes that this can be accomplished within existing resources and that no change in appropriations is required.

**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 shown in Table 2.

## **Local Government**

Similar to the state, to the extent district attorneys receive deceptive trade practice complaints related to the new deceptive trade practice under the bill, workload will increase to investigate complaints and seek relief when appropriate. It is assumed most such cases will be handled at the state level by the Attorney General.

## **Technical Note**

The bill does not require the analysis or use of acquired pharmacy and drug cost data for DORA initiatives, which makes up a portion of the ongoing \$105,000 for a data contractor. Actual appropriation for this use is at the discretion of the General Assembly.

## **Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## **State Appropriations**

For FY 2024-25, the bill requires an appropriation of \$267,758 from the Division of Insurance Cash Fund to the Department of Regulatory Agencies, and 1.0 FTE, of which \$60,000 is reappropriated to the Office of Information Technology.

## **State and Local Government Contacts**

Health Care Policy and Financing  
Law

Information Technology  
Personnel

Judicial  
Regulatory Agencies

---

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).