

DEPARTMENT OF REGULATORY AGENCIES  
FY 2021-22  
JOINT BUDGET COMMITTEE HEARING AGENDA

Wednesday, January 6, 2021  
3:45 pm – 4:45 pm

**3:45 - 4:00 INTRODUCTIONS AND OPENING COMMENTS**

Presenter: Patty Salazar, Executive Director, Slides 1-6

**4:00 - 4:15 COMMON QUESTIONS**

Main Presenters:

- Patty Salazar, Executive Director
- Justin Lippard, Budget Director

Topics:

- Implementation of FY 2020-21 HLD Decrease: Page 2, Question 1 in the packet
- COVID-19 Changes: Pages 2-4, Question 2 in the packet, Slides 8 & 9

**4:15 - 4:25 PUBLIC UTILITIES COMMISSION**

Main Presenters:

- Patty Salazar, Executive Director
- Justin Lippard, Budget Director
- Doug Dean, PUC Division Director

Topics:

- FTE Vacancy: Page 4, Question 3 in the packet

**4:25 - 4:35 BROADBAND**

Main Presenters:

- Patty Salazar, Executive Director
- Justin Lippard, Budget Director
- Brian Martin, Director of Broadband Deployment Office

Topics:

- Overview of Projects: Pages 4-6, Questions 4 & 5 in the packet, Slide 12
- Criteria for Acceptance or Denial of Requests: Pages 6 & 7, Question 6 in the packet

**4:35 - 4:45 COLORADO OPTION HEALTH INSURANCE**

Main Presenters:

- Patty Salazar, Executive Director
- Justin Lippard, Budget Director
- Michael Conway, Division Director and Commissioner of Insurance

Topics:

- Difference between SB20-215 and This Proposal: Page 7, Question 7 in the packet
- Specifics About the Proposal: Page 7, Question 8 in the packet
- Impact of COVID -19 on 'long haulers': Page 7 & 8, Question 9 in the packet
- How decreased utilization of medical care is reflected in premiums: Page 8, Question 10 in the packet

Common Questions

1. Please describe the Department's actions to implement the Health, Life, and Dental decrease in lieu of a 5.0 percent General Fund salary base reduction. Please include dollar and percentage share data on planned "allocations" of the decrease to all divisions and programs within the Department. Please describe the use of vacancy savings, delayed hiring, and the implementation of one-time or ongoing operating savings. Please describe the urgency of the Department's need to engage in a furlough in FY 2020-21 due to the inability to achieve savings in other ways.

**Response:**

**With respect to the 5 percent General Fund budget reduction of \$74,526 during FY 2020-21, the Department was required to allocate this decrease to the Colorado Civil Rights Division, as that is the only Division within the Department with a General Fund program. This figure amounts to the rough equivalent of approximately one General Fund investigator position. To absorb this reduction from a fiscal perspective, the Department intends to manage any unexpected workload impacts related to employment or housing by supplementing with eligible federal funding sources, as well as using any vacancy savings that happen to occur. Furthermore, investigator workload will be distributed amongst staff in order to preserve resources needed with respect to work related to issues regarding places of public accommodation. The statewide furloughs undertaken during FY 2020-21 will partially mitigate the need for these efforts by incrementally reducing General Fund payroll in this division.**

2. Please describe how the changes implemented in response to the COVID-19 pandemic have changed the nature of the Department's work. Please address programmatic, budgetary, and office space impacts.

**Response:**

**The Department of Regulatory Agencies is committed to safely and effectively managing the challenges presented by COVID-19, including ensuring remote work operations, while continuing to provide services to the people of Colorado.**

**DORA strategically approached the pandemic as an opportunity to transform state Government for the better. Enhancing our already robust in person engagement opportunities by transitioning to primarily virtual engagement with staff members and stakeholders. The Department developed and executed a multi-step emergency**

preparedness plan to maximize workforce capability and avoid service disruption during the COVID-19 pandemic, which resulted in the successful transition of 90 percent of staff to remote work within less than a two-week period. Prior to the pandemic, the department did not have any employees who worked from home on a FULL-TIME and permanent basis. Pre-COVID-19, approximately 20 percent of the workforce had some type of standard telecommuting arrangement where they worked from home on a part-time basis and either from DORA offices or the field the rest of the time. This is an increase of more than 70 percent.

Ongoing operational strategies have included enhancing telework tools and the development of online portals, resources, training, and guidelines for employees to support employee engagement during emergency remote work.

Department services continue to be reliably provided to the public through a variety of different platforms and has had to be operationally agile and innovative. The Department has also taken great care to ensure robust and ongoing stakeholder communication regarding the impact of COVID-19 on our regulated industries. The diversity and complexity of our regulated entities and licensed individuals requires communications to be timely, accurate and impactful. Within this messaging we prioritized what services were most fundamental and basic for operation of our state services.

Noteworthy innovations include the following:

- Created remote alternatives for plumbing and electrical inspections and financial examinations to comply with guidelines established by the executive and public health orders while still supporting the inspection services needed by the public, the construction industry and Colorado's economy.
- Increased virtual engagement with employees, board and commission members and the public. Reduced in-person interaction where possible in order to lessen the risk of exposure. Increased safety and accessibility for our employees and the public, ensuring that all boards and commissions are able to meet and be publicly accessible online.
- Acquired sufficient PPE for our critical state employees that conduct field work.
- Removed restrictions on auto insurance for drivers for restaurant delivery by increasing flexibility and accommodations on premiums and continuing insurance coverage.
- Issued 4,062 temporary licenses to healthcare professionals dealing with the surging medical needs, as of December 22, 2020.

Further, we are utilizing the following communication strategies:

- Development of a centralized inbox to allow for streamlined, individualized and timely responses to questions from DORA stakeholders about recently released Executive Orders and Public Health Orders.
- Frequent and regular stakeholder meetings with the Executive Director and Governor's Office to help inform industry-specific guidance of the Executive Orders and Public Health Orders.
- Over 200 unique communications to licensees and consumers in the first four months of the crisis, with regular updates and direct communications provided in the

following months. The communications to licensees included industry specifics to comply with new and amended public health orders. Targeted updates through social media includes both our regulated industries as well as their consumers on COVID-related messaging. Topics include health insurance, civil rights, financial scams, and profession-specific guidance on the public health orders.

- Developed a DORA COVID-19 webpage for licensees and consumers to provide one stop access for comprehensive updates for all licensees and occupations. This page, along with the Governor's home page listing Executive Orders and the CDPHE webpage listing specifics about the virus and public health orders provide the most comprehensive strategy for communicating with our publics.
- The DORA website was migrated to a new platform and is undergoing a customer user analysis to ensure that our customers can find answers to their questions the first time they land on our website.

## PUBLIC UTILITIES COMMISSION

### *FTE VACANCY*

3. *[Sen. Hansen]* Regarding the 28% vacancy rate in the PUC in FY 2019-20 that I mentioned in my briefing and how that relates to SB19-236, what specific PUC FTE positions are currently vacant and what is the PUC doing to address those vacancies?

#### **Response:**

As of December 23, 2020 the employment vacancy rate for the PUC has been reduced to 12 percent; the 28 percent rate cited in the question for actual FY 19-20 was a one-time occurrence that is now reduced as a result of increased hiring activity as well as strategies to overcome lack of sufficient expertise in the labor market for this important but complex work. All positions created in the 2019 legislative session had been filled as of July 1, 2020, and significant contract resources are also being brought to bear in carrying out important SB 19-236 mandates. Additionally, no statutory deadlines for this work have been missed, and the existing staff has contributed greatly to the effort.

With respect to other vacancies, those are as follows: 4.0 FTE Gas pipeline safety; 3.0 FTE Transportation Criminal Investigators; 1.0 FTE Fixed Utilities Economist; 1.0 FTE 911 Surcharge Analyst; 2.0 FTE Administrative Assistants; 1.0 FTE Contracts Administrator; and 1.0 FTE Transportation Section Chief. It is important to note that vacancies occur for a number of specific but routine reasons: attraction and retention of qualified employees, the timing of hires with respect to cost-sharing with other sources (for instance federal funds), the timing of hires with respect to the effective date of new legislation; attrition/turnover; cash flow management with respect to available revenue; and, overall economic and labor market conditions. However, positions related to SB 19-236 have been filled and present vacancies primarily reflect relatively normal business conditions (notwithstanding the ongoing pandemic); nevertheless, the PUC continues to recruit, hire, and retain necessary staff to carry out statutory mandates.

## BROADBAND

### *OVERVIEW OF PROJECTS*

4. *[Sen. Rankin]* Can you provide breakdowns of recent broadband projects funded through the

Broadband Deployment Board Grants, and also breakdowns for projects you plan to fund if the stimulus request is approved?

**Response:**

Summarized in the chart below, the Broadband Deployment Board, with support from the Broadband Fund, runs two grant cycles each year: January and July. The 2020 grant cycles yielded the data explained in the chart below. The attached Appendix I provides a detailed list of all applicants and grantees: 36 applicants requested \$40,567,326 in total funding. Over two cycles, the Broadband Deployment Board awarded grants to 13 projects, which asked for a total of \$14,100,691 for 4,353 households.

Cycle Cohort	January 2020	August 2020
Applicants	21	15
Funded Projects	5	8
Total Funded Request	\$7,274,314	\$6,826,377
Average Match	36%	34%
Total Project Cost	\$11,618,597	\$10,793,335
Total Households	2,026	2,237

**Our proposed process to fund projects with the funding from broadband stimulus would be through a competitive grant process administered by the Broadband Deployment Board. At this time, we do not have a planned list of projects the Board will consider for funding.**

5. *[Sen. Rankin and Sen. Hansen]* Can you give a more detailed explanation of how the PUC would administer grants and projects for the proposed stimulus funding? Will this be done with existing resources through the Broadband Deployment Board, or would new resources be needed to carry out the stimulus funding administration? How is something like this operationalized on top of what the PUC is already doing regarding broadband?

**Response:**

As background, currently, the Public Utilities Commission (PUC) is only authorized<sup>1</sup> to disseminate funds by the Broadband Deployment Board through a third-party contractor, Solix. The Broadband Deployment Board determines who and in what amount proposed projects receive their award and then Solix disburses the funds.

**For the purposes of our proposed broadband stimulus, it is not the intention of the Governor’s Office or the Department to suggest to the General Assembly that the PUC be**

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<sup>1</sup> See CRS 40.15.208. As stated in 40.15.509.5, “The commission may allocate the Colorado high cost support mechanism, established under section 40-15-208 and referred to in this section as the "HCSM", for the deployment of broadband service in unserved areas of the state pursuant to this section and section 40-15-208 only. The commission may fund the deployment of broadband service in unserved areas of the state through use of the HCSM surcharge and surcharge rate in effect on January 1, 2018. Pursuant to subsection (4) of this section and consistent with sections 40-15-207 and 40-15-208, the commission shall determine funds available for broadband deployment and the administration of the board as prescribed in section 40-15-208 or from the HCSM money that it determines is no longer required by the HCSM to support universal basic service through an effective competition determination.”

authorized for oversight or management related to any projects proposed in the Governor’s stimulus package. The current suggestion is to implement a competitive application process.

Specifically, DORA will leverage the Broadband Deployment Board to award funding to local recipients for last mile broadband infrastructure. As previously mentioned, the broadband stimulus dollars will be deployed through a competitive grant process administered by the Broadband Deployment Board. At this time, we do not have a planned list of projects the Board will consider for funding.. The projects must be 1) shovel ready, 2) include an income qualified plan, and 3) demonstrate that the project will not overbuild existing broadband infrastructure. Depending on the volume of funded projects and the language of the bill, it is expected that a small amount of contract funding may be required to assist in administering the projects. However, existing resources will also be leveraged in order to keep such costs to the minimum possible.

*CRITERIA FOR ACCEPTANCE OR DENIAL OF REQUESTS*

6. *[Rep. Ransom]* Can you provide specific data concerning the applications and awards for the existing broadband programs? More specifically, how many applications have been received, how many of those were deemed eligible, and how many received an award? Are all requests that are submitted accepted, or are some denied due to certain criteria?

**Response:**

Throughout the course of this program, there have been a total of 115 applications to all the Broadband Deployment Board grant cycles. A total of 51 awards have been made since its inception. As mandated by CRS 40-15-509.5 (8)(k)(III), projects cannot exceed two years.

	Applications	Awardees	Closed	Active	Pending Start
2016	15	8	8	0	0
2017	14	7	4	7	0
2018	16	7	1	7	0
2019 (January)	15	4	0	4	0
2019 (August)	20	12	0	12	0
2020 (January)	20	5	0	5	0
2020 (August)	15	8	0	0	8
Total	115	51	13	32	8

Award decisions receive significant scrutiny for how they meet the eligibility criteria found in both CRS 40-15- 509.5 (8) and Broadband Deployment Board Policy.<sup>2</sup> Project eligibility is determined by many factors including but not limited to the following: the area must be unserved, grant funds are for infrastructure only, a broadband network will exist, the project

<sup>2</sup> Broadband Deployment Board policy can be accessed at <https://broadbandfund.colorado.gov/broadband-deployment-board>.

serves the last mile only, the match meets or exceeds the 25 percent requirement, and the project does not overbuild.

## COLORADO OPTION HEALTH INSURANCE

### *DIFFERENCES BETWEEN SB20-215 AND THIS PROPOSAL*

7. *[Sen. Moreno]* Can you provide an analysis of how the provisions of SB20-215 (Health Insurance Affordability Enterprise) compare to this proposal with regards to the planned activities and goals of the proposal?

#### **Response:**

Both SB20-215 and the Colorado Option proposal share the goal of making coverage more affordable for consumers, but they differ in how to achieve that goal. SB20-215, the Health Insurance Affordability Enterprise, establishes a fee on health insurers and a special assessment on hospitals, which will be used to make coverage more affordable. Specifically, the fund will be used to lower the cost of health insurance in three ways:

- funding the reinsurance program;
- increasing the affordability of individual health coverage for subsidized Coloradans; and providing subsidies for state-subsidized individual plans purchased by qualified individuals.

The underlying cost of care is what drives premiums. However, SB 20-215 does not address the underlying costs of care and instead subsidizes premiums in the three ways listed above. In contrast, the Colorado Option would be a new, more affordable health benefits plan available to all Coloradans. It would also be available to small businesses. The Colorado Option would achieve savings by reducing the underlying cost of health care.

### *SPECIFICS ABOUT THE PROPOSAL*

8. *[Rep. Ransom]* Concerning the idea of a public-private ‘partnership’ that is planned, does the department plan to require private insurers to offer the public option?

#### **Response:**

All stakeholders in health care share a stated goal of making health care more affordable. To that end, whenever possible, the Division of Insurance looks to partner with the healthcare industry to save people money on health care. While HB 20-1349 would have required the carriers to offer the product, it would have been a partnership between the Division and private insurers because the private insurers would have provided the product while the Division would have been tasked with creating the benefit design. The structure of the Colorado Option this session, and any requirements for insurer participation, will certainly be the subject of stakeholder meetings and ultimately will depend on the legislation.

9. *[Rep. Herod]* Is the department considering the impacts of COVID-19 ‘long-haulers’, or those who experience extended adverse effects, on insurance premiums? If so, how is the department taking these into account?

#### **Response:**

During the Division of Insurance's rate approval process, the carriers were directed to reduce their anticipated COVID-19 related costs to account for the impacts of the pandemic up to this point and the expected impact next year. The impact that "long haulers" may have on insurance premiums is still uncertain. We do not know the extent of health care services that they will need and how long those services will be needed.

However, all those who have had COVID-19 will be protected by state and federal laws prohibiting carriers from discriminating against individuals based on health status. According to the Affordable Care Act and Colorado law, carriers offering individual or small employer health benefit plans are prohibited from imposing any preexisting condition exclusion with respect to Plan coverage. The Colorado Option would comply with these requirements and thus, would be available to all Coloradans, including those who have had COVID-19.

10. *[Rep. Herod]* How is the decreased utilization of medical care via delayed routine medical appointments, etc., being reflected in insurance premiums?

**Response:**

During the Division of Insurance's review of the 2021 health insurance rate filings, changes in utilization of healthcare services were considered as a result of the COVID-19 pandemic. Subsequently, the Division directed insurance companies to adjust their premiums and save Coloradans money. One of those adjustments was a cap on what companies can charge for the anticipated use of medical services in 2021.



# Colorado Department of Regulatory Agencies Joint Budget Committee Hearing

January 6, 2021



**COLORADO**

Department of  
Regulatory Agencies

# Overview

- About DORA
- Joint Budget Committee Responses
  - Common Questions
  - Public Utilities Commission
  - Broadband
  - Colorado Option Health Insurance



CONSUMER  
PROTECTION  
IS OUR  
MISSION

*We strive to preserve the integrity of  
the marketplace while promoting a  
fair and competitive business  
environment throughout Colorado.*



# About DORA

- 600.8 FTE
- \$118.8 M Budget
- 40 Boards, Commissions and Advisory Committees
- 50 Regulatory programs
- 886,000 individual licensees
- 65,000 regulated business and institutions



# About DORA: Divisions and Offices

- Colorado Civil Rights Division
- Division of Banking
- Division of Conservation
- Division of Financial Services
- Division of Insurance
- Division of Professions and Occupations
- Division of Real Estate

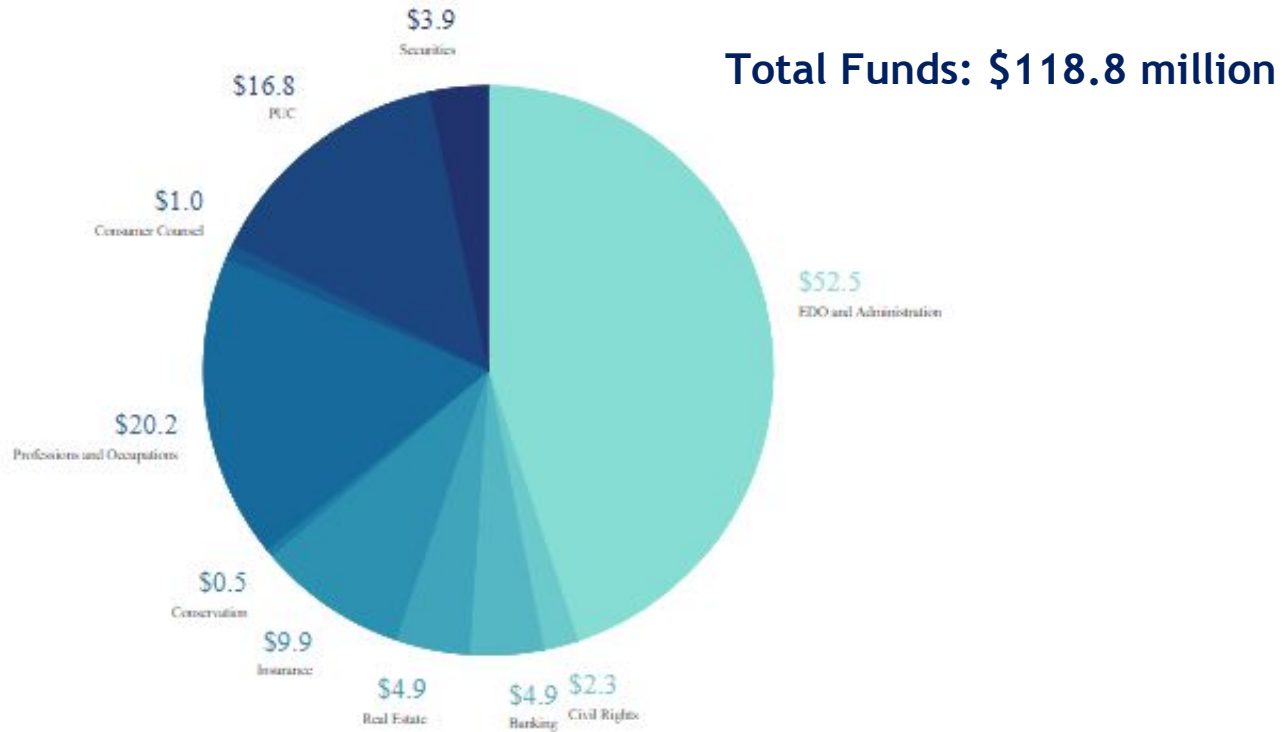
- Division of Securities
- Office of Consumer Counsel
- Public Utilities Commission

## **Within Executive Director's Office**

- Colorado Office of Policy, Research and Regulatory Reform
- Office of Broadband Deployment



# About DORA: Funding



# Common Questions

Patty Salazar, Executive Director  
Justin Lippard, Budget Director



# Responding to COVID

- Continuity of Operations
- Innovate remote and virtual alternatives
- Emergency and temporary licensure through Executive Orders

 **COLORADO**  
Department of  
Regulatory Agencies

- DORA.net Home
- Accounting
- Communications/  
Branding
- Divisions
- Forms
- Human Resources
- Operations
- Policies and Procedures
- Boards and  
Commissions  
Administration
- OIT Services
- DORA.net on Google -  
Feedback Form

## DORA EMERGENCY PREPAREDNESS INFORMATION

PERCENTAGE OF DORA WORKFORCE WORKING REMOTELY: 90% (3.27.20)

### EMPLOYEE NOTIFICATIONS

## HR Forms for COVID-19 Related Reporting

- Home
- HR Forms for COVID-19  
Related Reporting
- Guidance/Action-items for  
Non-exempt Employees  
Who are Working  
Remotely
- Employee Wellness and

Please also continue to submit the appropriate HR forms, depending on any changes to circumstances.

## Employee Wellness and Self-Care

- Home
- HR Forms for COVID-19  
Related Reporting
- Guidance/Action-items for  
Non-exempt Employees  
Who are Working  
Remotely
- Employee Wellness and  
Self-Care



It's important to make sure you're taking care of your mental health during this time. We all need a little help from time to time, and we want our employees to feel empowered to take care of themselves and know they have the support of their colleagues and friends who work alongside them.





# Responding to COVID

- Stakeholder Engagement
- Industry-specific guidance
- Fraud Prevention Education

## Updates by Topic Area

Healthcare

Insurance

Public Utilities

Civil Rights

Finance

Real Estate

## DORA Supplemental Guidance by Profession

Please note: DORA's supplemental guidance documents are being updated to reflect the state's new [Dual system](#). If your profession has not yet been updated from Safer at Home, please check back soon.



Guidance for  
Dentists and  
Dental  
Hygienists



Guidance for  
Mental Health  
Professionals



Guidance for  
Personal  
Services  
Salons & Spas



Guidance for  
Massage  
Therapists



Guidance for Real Estate  
Brokers



Guidance for Electrical &  
Plumbing Inspections



Emergency  
Licensing for  
Physicians



Emergency  
Licensing for  
Nurses and  
Assistants



Emergency  
Licensing for  
Pharmacists



Emergency  
Licensing for  
Respiratory  
Therapists



# Public Utilities Commission

Patty Salazar, Executive Director  
Justin Lippard, Budget Director  
Doug Dean, PUC Division Director



# Office of Broadband Deployment

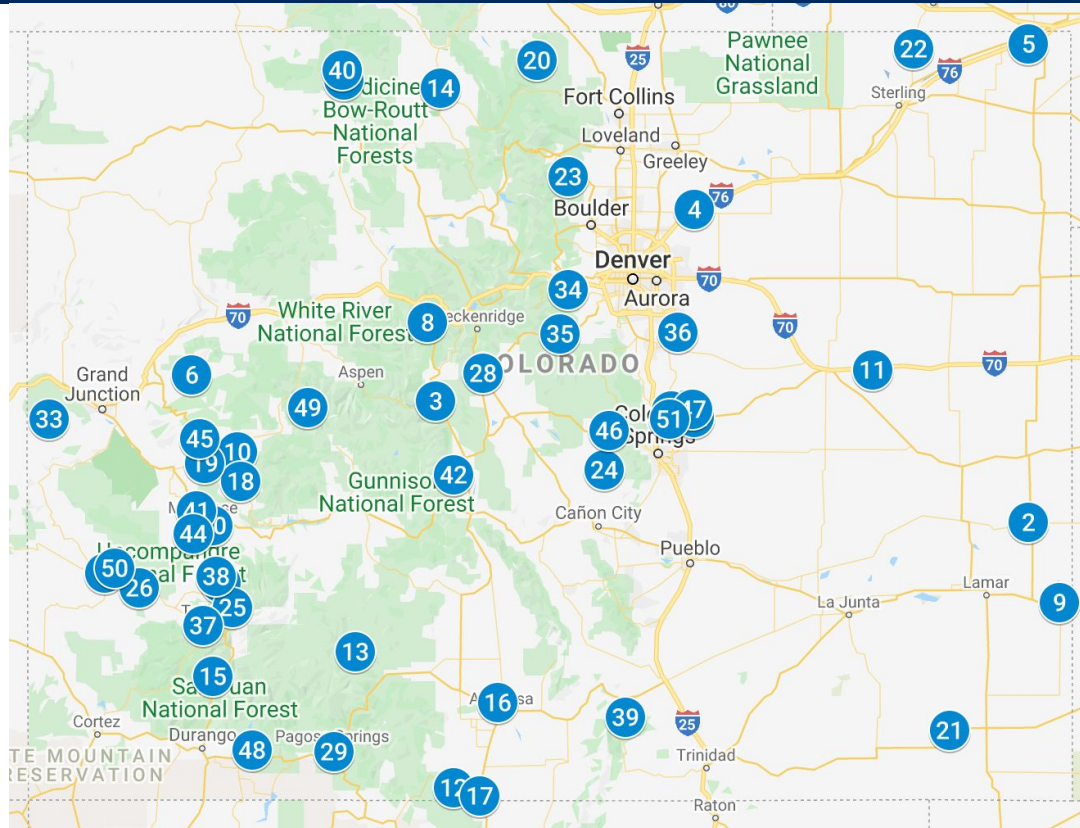
Patty Salazar, Executive Director

Justin Lippard, Budget Director

Brian Martin, Director of Broadband Deployment



# Broadband



# Colorado Option Health Insurance

Patty Salazar, Executive Director

Justin Lippard, Budget Director

Mike Conway, Insurance Commissioner and Director, Division of Insurance



# Questions?



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