SB 24-073

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated February 1, 2024)

Drafting Number:	LLS 24-0623	**Date:**	April 3, 2024
Prime Sponsors:	Sen. Smallwood; Rodriguez Rep. Velasco; Titone	**Bill Status:**	House Third Reading
		Fiscal Analyst:	Brendan Fung | 303-866-4781 brendan.fung@coleg.gov

Bill Topic:	**MAX NUMBER OF EMPLOYEES TO QUALIFY AS SMALL EMPLOYER**
Summary of Fiscal Impact:	☐ State Revenue ☒ State Expenditure ☐ State Transfer ☐ TABOR Refund ☐ Local Government ☐ Statutory Public Entity The bill changes the definition of small employer for health insurance coverage and requires the Department of Regulatory Agencies to conduct a review of the bill's impact prior to enactment. It increases state expenditures in FY 2025-26 only.
Appropriation Summary:	No appropriation is required.
Fiscal Note Status:	This revised fiscal note reflects the revised bill.

Table 1
State Fiscal Impacts Under SB 24-073

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-
Expenditures	Cash Funds	-	$44,395
	Centrally Appropriated	-	$8,914
	Total Expenditures	**-**	**$53,309**
	Total FTE	**-**	**0.4 FTE**
Transfers		-	-
Other Budget Impacts		-	-

Summary of Legislation

Current law defines a small employer eligible for a small group health benefit plan as an individual, firm, corporation, partnership, or association that employs between one and 100 employees. The bill reduces the upper threshold to 50 employees on January 1, 2026.

Employers with 51 to 100 employees who were issued small group health benefit plans prior to January 1, 2026, may remain in the small group health benefit market for five years after the issuance of the plan, switch between small group health benefit plans, or enter the large group market. Employers that elect to enter the large group market may not switch back to receiving small group health benefit coverage.

By July 1, 2025, carriers offering small group health group benefit plans must submit two rate filings for plan year 2026 that demonstrate the impact of the bill's new provisions. If premiums for the majority of individuals covered by these plans increases by more than 3 percent, the new provisions are repealed. Additionally, the bill authorizes the Department of Regulatory Agencies (DORA) to use funding appropriated for health insurance actuarial analyses for costs related to new rate filing reviews required by the bill.

Background and Assumptions

Senate Bill 22-040 created a process for the actuarial review of proposed legislation that may impose a new health benefit coverage mandate or reduce or eliminate coverage mandated under health benefit plans. The Division of Insurance may contract for an actuarial review so long as there are adequate resources within existing appropriations to compensate a contractor.

Because the bill authorizes the use of SB 22-040 funds in the Division of Insurance Cash Fund for costs related to new rate filing reviews, the fiscal note assumes that no state appropriations nor state diversions are required.

State Expenditures

The bill increases state expenditures in the Department of Regulatory Agencies by about $53,000 in FY 2025-26 only, paid from the Division of Insurance Cash Fund to review additional rate filings and analyze the impact of the bill's requirements on insurance premiums. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under SB 24-073

	FY 2024-25	FY 2025-26
Department of Regulatory Agencies		
Personal Services	-	$43,883
Operating Expenses	-	$512
Centrally Appropriated Costs[1]	-	$8,914
Total Cost	-	$53,309
Total FTE	-	0.4 FTE

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

Staff. In FY 2025-26, DORA requires 0.4 FTE Actuary III to update existing filing instructions for carriers, review additional small group and large group rate filings, and analyze the impact of the bill on insurance premiums prior to enactment.

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 contract language and implementation of the study.

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.

Effective Date

The bill takes effect January 1, 2026, except that take effect upon signature of the Governor or upon becoming law without his signature.

State and Local Government Contacts

Health Care Policy and Financing	Personnel	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.