



**Colorado
Legislative
Council
Staff**

SB16-170

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-1100
Prime Sponsor(s): Sen. Tate

Date: March 24, 2016
Bill Status: Senate Health & Human Services
Fiscal Analyst: Clare Pramuk (303-866-2677)

BILL TOPIC: HEALTH BENEFIT EXCHANGE FOR MEDICAID ELIGIBLE

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	up to \$50,000	
General Fund	up to 25,000	Expenditure increase.
Federal Funds	up to 25,000	
FTE Position Change		
Appropriation Required: At least \$50,000 - Department of Health Care Policy and Financing (FY 2016-17).		
Future Year Impacts: Potential ongoing expenditure increase.		

Note: While multiple agencies were canvassed for this analysis, no agencies were able to respond with complete information within the time frame provided. The fiscal note will be updated when more information becomes available.

Summary of Legislation

This bill authorizes the Department of Health Care Policy and Financing (HCPF) to purchase individual insurance on the Colorado health benefit exchange (Connect for Health Colorado) for an individual who is eligible for Medicaid but who chooses not to receive Medicaid, if the individual's enrollment will save the state money.

The bill requires HCPF to work with a stakeholder group to develop waivers and to apply to the federal Department of Health and Human Services for all waivers necessary to receive federal funds to subsidize the insurance premiums, co-deductibles, co-insurance, and co-pays for Medicaid-eligible individuals choosing to receive private insurance via the exchange. The stakeholder group will include Connect for Health Colorado, Medicaid recipients and advocates for recipients, counties, and providers.

The waivers must be submitted to the federal Department of Health and Human Services by January 1, 2017. If the waivers are approved, HCPF is required to offer individual insurance in cases where costs savings can be realized. If the waivers are not approved, the bill will not be implemented.

Finally, the bill requires Connect for Health Colorado to provide information to the public about the process created by the bill.

Background

Connect for Health Colorado is the state's health insurance exchange established in response to federal health care reform under the Affordable Care Act (ACA). Through Connect for Health Colorado, consumers can shop for health insurance and determine eligibility for federal tax subsidies for the purchase of health insurance or other public health programs. Under the ACA, states may establish state-based health insurance exchanges or participate in a federally operated health exchange.

Medicaid is a joint state-federal program that provides health coverage primarily to low-income individuals and persons with disabilities. Currently, individuals eligible for Medicaid cannot purchase subsidized health insurance via Connect for Health Colorado.

State Expenditures

Based on the fiscal impact identified in other recent bills requiring HCPF to apply for waivers, this bill is expected to increase state expenditures by at least \$50,000 in FY 2016-17, split between General Fund and federal funds. If the waivers are approved, HCPF will have increased expenditures to administer the waivers. These costs will be detailed in the revised fiscal note.

Statutory Public Entity Impact

If the waivers are approved, Connect for Health Colorado will have costs to develop procedures for enrolling Medicaid-eligible individuals. It will also need to update its promotional materials about Medicaid-eligible individuals purchasing a health benefit plan via the exchange. These costs will be detailed in the revised fiscal note.

Technical Note

Because the bill is not effective until August 10, 2016, and the waivers must be submitted to the federal Department of Health and Human Services by January 1, 2017, HCPF may not have sufficient time to prepare the waivers by the deadline specified in the bill.

Appropriations

For FY 2016-17, the Department of Public Health and Environment requires an appropriation of \$50,000; \$25,000 from the General Fund and \$25,000 from federal funds.

Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Colorado Health Benefit Exchange
Health Care Policy Financing
Law

Counties
Information Technology
Regulatory Agencies