



## Summary of Legislation

The bill creates the Health Care Cost Analysis Task Force in the Department of Health Care Policy and Financing (HCPF) to analyze and compare methods of financing health care in Colorado. The task force consists of 17 members, as specified by the bill, including legislators, gubernatorial appointees, and executive branch officials. The task force must select a contract analyst to provide a detailed analysis of the following health care financing systems:

- the current Colorado health care financing system;
- a multi-payer universal health care system in which all residents of Colorado are covered under a plan with a mandated set of benefits that is publicly and privately funded and also paid for by employer and employee contributions; and
- a publicly financed and privately delivered universal health care system that directly compensates providers.

Before preparing the analysis, the analyst must host at least three stakeholder meetings to determine the methodology to be used in the study. The analysis must model funding systems for each system studied, including options financed with General Fund, federal funds, and various state taxes, as listed by the bill. Among other things, each analysis may include:

- the first, second, fifth, and tenth year costs;
- the number of uninsured, underinsured, and at-risk insured individuals;
- health expenditures by payer, including coinsurance, deductibles, and copayments;
- analyses of provider payments and rates;
- a description of how the system provides certain health services, as listed in the bill; and
- a review of existing literature regarding the certain collateral costs to society of high health care costs.

The actions required by the bill are to be completed by the dates listed as follows:

- September 1, 2019, the members of the task force will be appointed;
- October 1, 2019, the task force will issue a competitive solicitation to select an analyst;
- January 1, 2021, the task force will submit a preliminary report to the General Assembly outlining the analyst's methodology for the study; and
- September 1, 2021, the task force will deliver to the General Assembly a final report of the task force's findings received from the analyst.

Task force members may be reimbursed for expenses incurred in performing their duties. The task force is repealed September 1, 2022.

## State Revenue

HCPF and the task force may utilize gifts, grants, or donations for the purposes of the study. No revenue source has been identified at this time.

## State Expenditures

This bill will increase state General Fund expenditures by \$102,936 and 0.9 FTE in FY 2019-20, \$386,063 and 1.0 FTE in FY 2020-21, and \$111,276 and 0.3 FTE in FY 2021-22. These costs are shown in Table 2 and described below.

**Table 2  
 Expenditures Under HB 19-1176**

<b>Cost Components</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
<b>Department of Health Care Policy and Financing</b>			
Personal Services	\$70,278	\$76,667	\$19,166
Operating Expenses and Capital Outlay Costs	\$5,653	\$950	\$285
Task Force Reimbursement - non-legislative members	\$5,200	\$5,200	-
Contract Analyst	-	\$280,000	\$87,500
Centrally Appropriated Costs*	\$14,137	\$15,578	\$4,325
FTE – Personal Services	0.9 FTE	1.0 FTE	0.3 FTE
<b>HCPF (Subtotal)</b>	<b>\$95,268</b>	<b>\$378,395</b>	<b>\$111,276</b>
<b>Legislative Department</b>			
Legislator Per Diem and Reimbursement	\$7,351	\$7,351	-
Centrally Appropriated Costs*	\$317	\$317	-
<b>Legislative Department (Subtotal)</b>	<b>\$7,668</b>	<b>\$7,668</b>	
<b>Total</b>	<b>\$102,936</b>	<b>\$386,063</b>	<b>\$111,276</b>
<b>Total FTE</b>	<b>0.9 FTE</b>	<b>1.0 FTE</b>	<b>0.3 FTE</b>

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

**Health Care Policy and Financing.** The fiscal note assumes that HCPF will be the primary agency to coordinate the task force, the contract analyst, and report to the General Assembly. As such, costs associated with the implementation are assumed to be housed within HCPF. These costs will include temporary HCPF staffing, the contract analyst, and reimbursements for members of the task force.

*Contract analyst.* The bill requires a contract analyst to prepare a detailed analysis of at least three health care financing systems, with each analysis including certain components specified by the bill. Based on recent health care studies of comparable scope, the fiscal note estimates that the final report can be accomplished with 2,000 hours of consulting at \$175 per hour (\$350,000). Since the final report will be drafted between January 1, 2021, and September 1, 2021, the cost are split proportionally between the two fiscal years. The hourly cost is a blended rate consisting of various staff that include a project manager, actuary, research analyst, and business analyst. The analyst is required to host at least three stakeholder meetings to determine a methodology to be used in the study; it is estimated that an additional 100 hours (\$17,500) in FY 2020-21, coupled with support from temporary HCPF staff, will be sufficient to conduct these meetings, synthesize feedback, and prepare a report on methodology.

*HCPF administrative costs.* HCPF will require additional staff in order to support the contract analyst and coordinate the activity of the task force. This work will include assisting in the procurement of a contract analyst, facilitating task force meetings, responding to the analyst's data inquiries, providing information about the state's current health care financing system, and preparing reports for the General Assembly. This work can be accomplished with 1.0 FTE, prorated to reflect the General Fund paydate shift in FY 2019-20 and a quarter year impact in FY 2021-22.

*Task force reimbursements.* The fiscal note assumes that the task force will meet approximately 8 times per year in FY 2019-20 and FY 2021-21. The 13 non-legislative members of the task force will be reimbursed for travel, lodging, and meals at an estimated \$400 each per year, for a total of \$5,200 each year.

**Legislative Department.** Members of the General Assembly will receive a per diem of \$110.73 and will be reimbursed for travel costs of \$119 per meeting. Estimated reimbursements total \$7,351 per year.

**Other state agencies.** The task force will include the Executive Directors of the Department of Human Services, Public Health and Environment, and HCPF, and the Commissioner of Insurance in the Department of Regulatory Agencies, or their designees. Reimbursements will be financed by HCPF. The fiscal note assumes that any other expenditures related to participation in the task force will be minimal.

**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 \$14,454 in FY 2019-20, \$15,895 in FY 2020-21, and \$4,325 in FY 2021-22.

## Statutory Public Entity

The CEO of the Colorado Health Benefit Exchange or their designee will serve on the task force. As with state agencies, it is assumed that any expenditures for this purpose will be minimal.

## Effective Date

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

## State Appropriations

For FY 2019-20, the bill requires the following General Fund appropriations:

- \$81,131 to the Department of Health Care Policy and Financing, and an allocation of 0.9 FTE; and
- \$7,351 to the Legislative Department for member reimbursement and per diem.

## State and Local Government Contacts

Colorado Health Benefit Exchange	Counties	Law
Health Care Policy and Financing	Governor	Regulatory Agencies
Public Health and Environment	Human Services	Information Technology