



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 20-1199

FISCAL NOTE

Drafting Number: LLS 20-0783
Prime Sponsors: Rep. Buck

Date: February 24, 2020
Bill Status: House Health & Insurance
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Bill Topic: LOWER MINIMUM FOR EMPLOYER HEALTH STOP-LOSS INSURANCE

- Summary of Fiscal Impact:
- State Revenue (checked)
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

This bill reduces the minimum attachment point for stop-loss health insurance to \$10,000 per individual for policies issued or renewed on or after January 1, 2021. It may increase state revenue beginning in FY 2020-21 on an ongoing basis.

Appropriation Summary: No appropriation is required.

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

Summary of Legislation

This bill reduces the minimum attachment point for stop-loss health insurance used with self-insured employer health plans to \$10,000 per person for policies issued or renewed on and after January 1, 2021. Under current law, the minimum attachment point for large employers is \$15,000 per person and \$20,000 per person for small employers of not more than 50 employees.

Background

A self-insured employer pays all of the health claims of its employees. A stop-loss health insurance policy reimburses the employer for costs in excess of the attachment point. The cost of a stop-loss policy is based on the amount of risk transferred from the employer to the insurer. A lower attachment point means that a greater level of risk is transferred to the insurer.

State Revenue

To the extent that employers purchase policies with lower attachment points, premium tax revenue will increase. This amount will depend on the types of plans offered by insurers and purchased by employers and has not been estimated for the fiscal note.

Expenditures

TABOR refund. The bill is expected to increase state General Fund obligations for TABOR refunds in FY 2020-21 and FY 2021-22. Under current law and the December 2019 Legislative Council Staff forecast, the bill will correspondingly increase the amount refunded to taxpayers via sales tax refunds made available on income tax returns for tax years 2021 and 2022, respectively. No estimate has been made of the revenue increase. A forecast of state revenue subject to TABOR is not available beyond FY 2021-22.

Effective Date

The bill takes effect January 1, 2021, if no referendum petition is filed.

State and Local Government Contacts

Regulatory Agencies