



Legislative
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HB 20-1199

FINAL FISCAL NOTE

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

Date: April 28, 2020
Bill Status: Postponed Indefinitely
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Bill Topic: LOWER MINIMUM FOR EMPLOYER HEALTH STOP-LOSS INSURANCE

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> 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. This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

This bill would have reduced 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 would have increased. This amount would have depended on the types of plans offered by insurers and purchased by employers and was not been estimated for the fiscal note.

Expenditures

TABOR refund. Under the March 2020 LCS Economic and Revenue Forecast, the state is not expected to collect revenue above the TABOR limit in either FY 2020-21 or FY 2021-22, and refund obligations are not anticipated for these years. This bill does not change these expectations concerning refunds to taxpayers.

Effective Date

This bill was postponed indefinitely by the House Health and Insurance Committee on February 26, 2020.

State and Local Government Contacts

Regulatory Agencies