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**REVISED
FISCAL NOTE**

(replaces fiscal note dated February 18, 2020)

Drafting Number: LLS 20-0427
Prime Sponsors: Rep. Lontine; Will
Sen. Tate; Bridges

Date: March 3, 2020
Bill Status: House Appropriations
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Bill Topic: HEALTH CARE COVERAGE EASY ENROLLMENT PROGRAM

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

The bill establishes a program that gives taxpayers the option of being evaluated for eligibility in certain affordable health insurance programs through information provided in their tax filings. It increases state expenditures in FY 2021-22, and may increase expenditures in future years.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The revised fiscal note reflects the introduced bill, as amended by the House Finance Committee.

**Table 1
State Fiscal Impacts Under HB 20-1236**

		FY 2020-21	FY 2021-22
Revenue		-	-
Expenditures	General Fund	-	\$28,372
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The bill creates the Colorado Affordable Health Care Coverage Easy Enrollment Program (program) for the purpose of leveraging individual income tax data to increase the number of eligible uninsured individuals enrolling in health care coverage affordability programs, which the bill defines as Medicaid, Child Health Plan Plus (CHP+), or a health insurance plan offered through the Colorado Health Benefit Exchange (exchange) for which premium tax credits or cost-sharing reductions are available.

The Department of Revenue (DOR) is required to update tax forms beginning with tax year 2021 and to provide the information authorized by the taxpayer to the exchange, and may provide the information to the Department of Health Care Policy and Financing, which administers Colorado's Medicaid and CHP+ programs. DOR is authorized to promulgate rules to facilitate this. Any information provided through the program remains confidential. The exchange must assess the identified individuals for eligibility in a health care coverage affordability program and assist these individuals with enrollment. The bill specifies that being contacted by the exchange based on information provided through the program constitutes a triggering event, allowing the individual to enroll in an individual health benefit plan during a special enrollment period.

An advisory committee is established to guide the establishment and administration of the program. The committee is co-chaired by the executive directors of the DOR and the exchange, or their designees, and additional membership is specified in the bill. Committee members may be reimbursed for expenses incurred while engaged in the performance of their duties. Among other duties, the committee is required to:

- determine the minimum information necessary to collect through the state individual income tax forms to identify uninsured individuals and allow the exchange to assess eligibility for enrollment in a health care coverage affordability program;
- establish procedures to transfer data from the DOR to the exchange;
- recommend revisions to the state individual income tax form to implement the program, including an opt-in for taxpayer participation and additional identifying information for uninsured individuals;
- determine how the exchange will assess eligibility and assist with enrollment; and
- determine the feasibility of and, if feasible, recommend a process for automatic enrollment into Medicaid.

The advisory committee is repealed September 1, 2030.

Background

In 2019, eligible Coloradans received about \$749 million (\$541 per-person per-month) in federal advance premium tax credits to purchase health insurance through Connect for Health Colorado, the state's health insurance exchange. These subsidies, established in the federal Affordable Care Act, are based on household income, premium amount paid, and the cost of a benchmark health plan. Subsidies are available to persons with income between 133 and 400 percent of the federal poverty level. Adults with income up to 133 percent of the federal poverty level are eligible for Medicaid. Children, the elderly, and persons with disabilities are also eligible for Medicaid at various income levels.

Assumptions

Implementation of the bill will require a system to securely transmit taxpayer information from the DOR to the exchange. The fiscal note assumes that this system, as well as expense reimbursements for members of the advisory committee, will be paid for by the exchange.

State Expenditures

The bill increases General Fund expenditures in the DOR by \$28,372 in FY 2021-22 only, and increases workload in other state agencies.

Department of Revenue. In order to update tax forms, the DOR will require 60 hours of computer programming at a rate of \$225 per hour, for a total of \$13,500. In addition, getting information from paper filings into GenTax requires programming the updated form for the software to recognize, which will cost \$11,032. Lastly, the DOR requires \$3,840 for testing that the system is functioning properly. Tax year 2021 filings will take place in 2022, so the fiscal note assumes these expenditures will take place in the second half of 2021.

Health Care Policy and Financing. To the extent that the bill increases enrollment in Medicaid and CHP+ from populations that are currently eligible but not enrolled, state expenditures will increase. For informational purposes, the average annual medical services cost for a Medicaid client is \$5,100, paid with state and federal funds. Average costs under CHP+ are \$2,300 per year for children and \$17,800 for pregnant women, paid primarily with federal funds. Any increase in caseload resulting from the bill will be addressed through the annual budget process.

Statutory Public Entity

Connect for Health Colorado. Connect for Health Colorado, the state's health insurance exchange, will have costs estimated at \$750,000 to develop the system to receive and evaluate tax payer data from the DOR, and minimal costs to reimburse members of the advisory committee for expenses incurred during meetings. The exchange is funded primarily through a health insurance carrier fee charged on plans purchased through the marketplace. The fee is set at 3.5 percent of premiums for 2020. Any increase in enrollees will correspondingly increase revenue to the exchange, which is not subject to TABOR.

Effective Date

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Colorado Health Benefit Exchange
Information Technology
Revenue

Health Care Policy and Financing
Regulatory Agencies