



Legislative  
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**SB 20-005**

# FINAL FISCAL NOTE

**Drafting Number:** LLS 20-0597  
**Prime Sponsors:** Sen. Winter; Priola  
Rep. McCluskie

**Date:** July 14, 2020  
**Bill Status:** Postponed Indefinitely  
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**Bill Topic:** **COVERED PERSON COST-SHARING COLLECTED BY CARRIERS**

**Summary of Fiscal Impact:**

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Diversion	<input type="checkbox"/> Statutory Public Entity

The bill would have required the Division of Insurance within the Department of Regulatory Agencies to commission a consumer cost-sharing study through a third-party accounting firm. The bill would have increased state expenditures in FY 2020-21 only.

**Appropriation Summary:** The bill would have required an appropriation of \$690,000 in FY 2020-21 to the Department of Regulatory Agencies.

**Fiscal Note Status:** This fiscal note reflects the introduced bill as amended by the Senate Health and Human Services Committee. This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

## Summary of Legislation

The bill requires the Division of Insurance (division) within the Department of Regulatory Agencies to commission a consumer cost-sharing study through a third-party accounting firm. The study must analyze:

- trends in carrier plan design, consumer plan selection, and utilization of services;
- total out-of-pocket costs incurred by covered persons in Colorado;
- the premium impacts on consumers if carriers could not terminate coverage if a consumer fails to pay the consumer's cost-sharing payments;
- the financial affects on health care providers as a result of uncollected cost-sharing amounts from covered persons;
- the amount of uncollected medical debt claimed by hospitals and providers;
- the annual administrative expenses for providers and hospitals attributable to the collection of cost-sharing payments;
- the reduction in administrative expenses for providers and hospitals if carriers were required to collect cost-sharing payments;
- policy options to help simplify billing systems for covered persons; and
- other topics related to shifting the collection of cost-sharing payments from health care providers to carriers.

As part of the study, the third-party accounting firms must consult with stakeholders who represent:

- an organization of statewide hospitals;
- an organization of physicians,
- an organization of Colorado health plans,
- health plans,
- a Colorado urban health system,
- a consumer advocate,
- a provider serving low-income or vulnerable populations;
- non-physician provider organizations;
- physician specialty societies; and
- an organization that represents employees.

On or before November 1, 2021, the third-party accounting firm will submit a written report to the Governor and the General Assembly.

### **State Expenditures**

In FY 2020-21, the bill increases expenditures by \$690,000 in the Department of Regulatory Agencies to complete the consumer cost-sharing study. In order to obtain the data necessary to complete the study, the division will need to contract with the Colorado All-Payer Claims database at a cost of \$250,000. Additionally, the division will contract with an actuarial firm to complete the study at a cost of \$440,000. This cost assumes 1,100 contractor hours at a rate of \$400 per hour.

### **Effective Date**

The bill was postponed indefinitely by the Senate Appropriations Committee on June 13, 2020.

### **State Appropriations**

For FY 2020-21, the bill requires an appropriation of \$690,000 to the Department of Regulatory Agencies from the Division of Insurance Cash Fund.

### **State and Local Government Contacts**

Health Care Policy and Financing  
Public Health and Environment

Information Technology  
Regulatory Agencies

Law