



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

FISCAL NOTE

Drafting Number: LLS 20-0856 **Date:** February 11, 2020
Prime Sponsors: Sen. Smallwood; Todd **Bill Status:** Senate HHS
Fiscal Analyst: Max Nardo | 303-866-4776
 Max.Nardo@state.co.us

Bill Topic: **COMMITTEE ACTUARIAL REVIEW HEALTH CARE PLAN LEGISLATION**

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

The bill creates a committee to conduct actuarial reviews of legislation creating new health insurance requirements. The bill increases state expenditures and creates a General Fund diversion on an ongoing basis.

Appropriation Summary: For FY 2020-21, the bill requires an appropriation of \$138,062 to the Department of Regulatory Agencies.

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

**Table 1
State Fiscal Impacts Under SB 20-127**

		FY 2020-21	FY 2021-22
Revenue		-	-
Expenditures	Cash Funds	\$138,062	\$138,062
	Centrally Appropriated	\$3,554	\$3,554
	Total	\$141,616	\$141,616
	Total FTE	0.2 FTE	0.2 FTE
Diversions	General Fund	(\$141,616)	(\$141,616)
	Cash Funds	\$141,616	\$141,616
	TOTAL	\$0	\$0
TABOR Refund		-	-

Summary of Legislation

The bill creates the Health Benefit Plan Design Review Committee in the Division of Insurance (DOI) in the Department of Regulatory Agencies (DORA). The purpose of the committee is to review introduced legislation that imposes new requirements or modifies existing requirements for health insurance plans and assess the costs and benefits of proposed changes. Specifically, the committee must conduct an actuarial review to estimate the effects of legislation for the five years following the enactment of the legislation, including:

- the number of Colorado residents affected;
- the changes in utilization of any health care services;
- changes to consumer costs;
- financial impact to state employee insurance;
- financial impact to Medicaid; and
- financial impact to employers, delineated by the size of the employer, as specified in the bill.

The committee is made up of two members of the General Assembly and seven appointees of the Governor, as specified in the bill. The committee must meet as often as necessary to complete its duties, and at the request of the Speaker of the House or Representatives or President of the Senate. Impacts must be communicated in dollar amounts and, if applicable, any impacts on premiums are to be communicated in terms of per-member, per-month changes. The committee is authorized to receive gifts, grants, and donations.

The DOI is required to assist the committee in carrying out its duties. In addition, the DOI is required to seek input from the committee regarding the fiscal analysis of any proposed legislation containing a mandated health insurance benefit.

State Revenue

State revenue will increase to the extent that DORA receives gifts, grants, and donations to support the work of the committee. The fiscal note has not identified any sources of such revenue. Revenue from gifts, grants, and donations is not subject to state limits under TABOR.

State Diversions

The bill diverts an estimated \$141,616 from the General Fund to the DOI Cash Fund in FY 2020-21 and future years for staff in DORA and actuarial analysis contractors. This revenue diversion occurs because the bill increases costs in the Division of Insurance in DORA, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

The bill will increase state expenditures in DORA by an estimated \$141,616 in FY 2020-21 and future years from the DOI Cash Fund. These costs are shown in Table 2 and described below.

**Table 2
Expenditures Under SB 20-127**

	FY 2020-21	FY 2021-22
Department of Regulatory Agencies		
Personal Services	\$18,062	\$18,062
Actuarial Contractor	\$120,000	\$120,000
Centrally Appropriated Costs*	\$3,554	\$3,554
Total Cost	\$141,616	\$141,616
Total FTE	0.2 FTE	0.2 FTE

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

Because the workload will all occur during the legislative session, though at irregular intervals during that period, the DOI will contract with an actuary as needed to conduct the required analyses. The fiscal note assumes that an actuary will be required to review 12 bills per year requiring 25 hours per bill at a rate of \$400 per hour. In addition, DOI will require 0.2 FTE to support the committee, prepare committee documents, and provide information to and manage contracts with actuaries.

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 Appropriations

For FY 2020-21, the bill requires an appropriation of \$138,062 to the Department of Regulatory Agencies from the Division of Insurance Cash Fund.

State and Local Government Contacts

Governor Health Care Policy and Financing
Personnel Regulatory Agencies