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Fiscal Note

Drafting Number: LLS 21-0308
Prime Sponsors: Sen. Sonnenberg

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Bill Status: Senate Business
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Bill Topic: **MULTIPLE EMPLOYER WELFARE ARRANGEMENTS OFFER INSURANCE**

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Diversion
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill allows associations of multiple employers that have been in existence since at least 2010 to offer health care benefits in Colorado. It increases state expenditures and creates a General Fund diversion on an ongoing basis.

Appropriation Summary: For FY 2021-22, the bill requires an appropriation of \$13,352 to the Department of Regulatory Agencies.

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

**Table 1
State Fiscal Impacts Under SB 21-063**

	Budget Year FY 2021-22	Out Year FY 2022-23
Revenue	-	-
Expenditures		
Cash Funds	\$13,352	\$13,352
Centrally Appropriated	\$4,476	\$4,476
Total Expenditures	\$17,828	\$17,828
Total FTE	0.2 FTE	0.2 FTE
Diversions		
General Fund	(\$17,828)	(\$17,828)
Cash Funds	\$17,828	\$17,828
Net Diversion	\$0	\$0
TABOR Refund	-	-

Summary of Legislation

The bill allows additional Multiple Employer Welfare Arrangement (MEWA) associations to offer health care benefits to members without becoming licensed as insurers. Under current law, a MEWA must have been continuously in existence since January 1, 1983, to offer these health benefits; the bill changes that date to January 1, 2010.

State Diversions

The bill diverts an estimated \$17,828 from the General Fund in FY 2021-22 and future years to the Division of Insurance Cash Fund in the Department of Regulatory Agencies (DORA). 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

State expenditures in DORA will increase by an estimated \$17,828 from the Division of Insurance Cash Fund annually beginning in FY 2021-22 for 0.2 FTE. These costs are shown in Table 2 and described below.

Table 2
Expenditures Under SB 21-063

	FY 2021-22	FY 2022-23
Department of Regulatory Agencies		
Personal Services	\$13,352	\$13,352
Centrally Appropriated Costs ¹	\$4,476	\$4,476
Total Cost	\$17,828	\$17,828
Total FTE	0.2 FTE	0.2 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Division of Insurance workload. Under current law, if a MEWA association is unable to meet the exemption requirements listed in statute, it must pursue licensure as an insurer in order to sell policies in Colorado. By broadening the exemption, the bill allows a greater range of MEWA associations to sell health care benefits to members. While not subject to all state health insurance laws, various filings with the division are required in statute.

Division of Insurance workload includes processing new registrations, reviewing financial and actuarial filings, and conducting investigations as needed. It is unknown how many MEWA associations will seek to offer health care benefits. The fiscal note assumes these tasks will require an additional 400 hours of work on an ongoing basis beginning in FY 2021-22. Should the staffing needs vary from this estimate, adjustments may be made through the annual budget process.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$4,476 on an ongoing basis beginning in FY 2021-22.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2021-22, the bill requires an appropriation of \$13,352 to the Department of Regulatory Agencies from the Division of Insurance Cash Fund.

State and Local Government Contacts

Health Care Policy and Financing

Regulatory Agencies