



Legislative Council Staff
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Revised Fiscal Note

(replaces fiscal note dated February 16, 2021)

Drafting Number:	LLS 21-0308	Date:	April 28, 2021
Prime Sponsors:	Sen. Sonnenberg	Bill Status:	Senate Appropriations
		Fiscal Analyst:	Max Nardo 303-866-4776 Max.Nardo@state.co.us

Bill Topic: **MULTIPLE EMPLOYER WELFARE ARRANGEMENTS OFFER INSURANCE**

Summary of Fiscal Impact:

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

The bill creates a process for multiple employer welfare arrangement associations to offer health care benefits to members without becoming licensed as insurers. Conditional upon associations seeking such approval from state regulators, the bill increases state revenue and expenditures.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The revised fiscal note reflects the introduced bill, as amended by the Senate Business, Labor, and Technology Committee.

Summary of Legislation

The bill creates a process for multiple employer welfare arrangement (MEWA) associations to offer health care benefits to members without becoming licensed as insurers. Under current law, to offer health benefits a MEWA must, among other requirements: (1) maintain a specified reserve, and (2) have been continuously in existence since January 1, 1983. The bill allows MEWAs that do not meet these two conditions to apply for a waiver with the Commissioner of Insurance. The bill specifies the content required in the application; additional qualifying criteria the MEWA must meet; and a list of factors on which the waiver application will be evaluated. All trustees, officers, and directors of the MEWA are required to submit to a fingerprint-based criminal history record check with the MEWA bearing only the actual costs of the record check.

A waiver granted pursuant to the bill allows a MEWA to offer health care benefits for two years, after which another waiver must be granted. If five consecutive waivers are granted, a MEWA may continue to offer health benefits without further authorization. A MEWA that is granted a waiver will be subject to the enforcement authority of the Division of Insurance (DOI).

State Diversions

Conditional upon the receipt of one or more waiver applications, the bill diverts an estimated \$17,828 from the General Fund 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 DOI, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Revenue

If a MEWA seeks a waiver, the Department of Public Safety will have an increase in revenue to conduct fingerprint-based criminal history record checks. The amount of revenue will depend on the size of management of the MEWA. It is unknown how many MEWA associations will seek to offer health care benefits or when this will take place, so the revenue increase has not been estimated.

State Expenditures

If one or more MEWAs seek a waiver, the DOI will require additional staffing to evaluate applications and provide oversight. Conditional upon this outcome, state expenditures in DORA will increase by an estimated \$17,828 per year from the Division of Insurance Cash Fund for the length of the waiver. The Department of Public Safety will also have an increase in workload. These costs and workload increases are shown in Table 2 and described below.

Table 2
Expenditures Under SB 21-063

Cost Component	Annual Cost
Department of Regulatory Agencies	
Personal Services	\$13,352
Centrally Appropriated Costs ¹	\$4,476
Total Cost	\$17,828
Total FTE	0.2 FTE

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 MEWA exemption, the bill allows a greater range of MEWA associations to seek authorization 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 waiver applications, reviewing financial and actuarial filings, and conducting investigations as needed. It is unknown how many MEWA associations will seek to offer health care benefits or when this will take place. The fiscal note assumes a small volume of applications will require an additional 400 hours of work to process, which will continue for the length of the waiver, if granted. No appropriation is required at this time; DORA may seek such appropriations through the annual budget process if waiver applications are received.

Department of Public Safety workload. If a MEWA association seeks a waiver and submits fingerprints for fingerprint-based criminal history record checks, workload will increase for the department. If additional spending authority is required to utilize the revenue generated from the record checks, the fiscal note assumes this will be addressed through the annual budget process.

Effective Date

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

State and Local Government Contacts

Health Care Policy and Financing

Regulatory Agencies