



**Legislative Council Staff**  
*Nonpartisan Services for Colorado's Legislature*

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# Fiscal Note

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**Drafting Number:** LLS 21-0207 **Date:** March 22, 2021  
**Prime Sponsors:** Sen. Ginal; Smallwood **Bill Status:** Senate Finance  
Rep. Lontine **Fiscal Analyst:** Max Nardo | 303-866-4776  
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**Bill Topic:** **ACTUARIAL REVIEW HEALTH INSURANCE MANDATE LEGISLATION**

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**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 checked="" type="checkbox"/> State Diversion	<input type="checkbox"/> Statutory Public Entity

The bill provides for the actuarial review of new legislation creating health insurance mandates. It increase state expenditures and creates a General Fund diversion on an ongoing basis.

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**Appropriation Summary:** For FY 2021-22, the bill requires an appropriation of \$104,783 to the Department of Regulatory Agencies.

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

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**Table 1**  
**State Fiscal Impacts Under SB 21-085**

	<b>Budget Year</b>	<b>Out Year</b>
	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Revenue</b>	-	-
<b>Expenditures</b>		
Cash Funds	\$104,783	\$104,783
Centrally Appropriated	\$13,925	\$13,925
<b>Total Expenditures</b>	<b>up to \$118,708</b>	<b>up to \$118,708</b>
<b>Total FTE</b>	<b>0.2 FTE</b>	<b>0.2 FTE</b>
<b>Diversions</b>		
General Fund	(\$118,708)	(\$118,708)
Cash Funds	\$118,708	\$118,708
<b>Net Diversion</b>	<b>\$0</b>	<b>\$0</b>
<b>TABOR Refund</b>	-	-

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**Summary of Legislation**

The bill creates a process for actuarial review of proposed legislation that may create a new health benefit mandate on health insurance plans. The Division of Insurance in the Department of Regulatory Agencies (DORA) must hire a contractor to conduct the reviews for up to five such bills each legislative session at the request of a member of the General Assembly. If more than five requests are made, the chairs of the House Health and Insurance and Senate Health and Human Services committees will select which bills will receive a review.

Each actuarial review must contain specified components of analysis related to cost, utilization, health benefits, and impact on premiums. The contractor must use data from the all-payer health claims database (APCD), and health insurance carriers are encouraged to cooperate and provide information. Fiscal notes prepared by Legislative Council Staff must include information produced by the actuarial review if it is available.

In addition, the bill eliminates a requirement that organizations seeking bills mandating health insurance coverage submit a report to the legislative committee of reference addressing social and financial impacts of such coverage.

**State Diversions**

The bill diverts an estimated \$118,708 from the General Fund in FY 2021-22 and future years. 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 increases state expenditures in DORA by up to \$118,708 per year beginning FY 2021-22. Costs will be less than this amount if fewer than five analyses are requested, though in recent years the quantity of such bills have generally exceeded this total. Expenditures are from the Division of Insurance Cash Fund. These costs are shown on Table 2 and described below.

**Table 2  
 Expenditures Under SB 21-085**

	FY 2021-22	FY 2022-23
<b>Department of Regulatory Agencies</b>		
Personal Services	\$21,783	\$21,783
Actuarial Contractor	\$50,000	\$50,000
All-Payer Claims Database Fees	\$33,000	\$33,000
Centrally Appropriated Costs <sup>1</sup>	\$13,925	\$13,925
<b>Total Cost</b>	<b>up to \$118,708</b>	<b>up to \$118,708</b>
<b>Total FTE</b>	<b>0.2 FTE</b>	<b>0.2 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Division of Insurance.** Staff in the Division of Insurance will procure and manage the actuarial contractor, obtain data from the APCD through the purchase of custom reports, obtain data from participating insurers, and provide the contractor with data to conduct the analysis. The actuarial contractor is estimated to require 25 hours per bill at a rate of \$400 per hour. Custom data reports from the APCD can range widely depending on the need; the fiscal note assumes costs of \$6,600 per bill.

**Legislative Council Staff.** The bill increase workload for Legislative Council Staff to coordinate with the Division of Insurance and include information from the contractor in fiscal notes for bills with new health mandates. No change in appropriations is required for this work.

**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 \$13,925 per year 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 \$104,783 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

Information Technology  
Personnel