



Legislative Council Staff

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Fiscal Note

Drafting Number:	LLS 21-0782	Date:	March 05, 2021
Prime Sponsors:	Sen. Fields Rep. Michaelson Jenet	Bill Status:	Senate HHS
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Bill Topic: **TIMELY CREDENTIALING OF PHYSICIANS BY INSURERS**

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 establishes timelines and parameters for insurance carriers to enter physicians into their networks, and requires the Commissioner of Insurance to investigate related complaints. It increases expenditures in several state agencies and creates a General Fund diversion beginning in FY 2021-22 on an ongoing basis.

Appropriation Summary: For FY 2021-22, the bill requires an appropriation of \$52,505 to the Department of Regulatory Agencies.

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

**Table 1
State Fiscal Impacts Under SB 21-126**

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue		-	-
Expenditures	Cash Funds	\$52,505	\$55,326
	Centrally Appropriated	\$11,253	\$13,276
	Total Expenditures	\$63,758	\$68,602
	Total FTE	0.5 FTE	0.6 FTE
Diversion	General Fund	(\$63,758)	(\$68,602)
	Cash Funds	\$63,758	\$68,602
	Total	\$0	\$0
TABOR Refund		-	-

Summary of Legislation

The bill establishes timelines and parameters that insurance carriers must follow in considering applications for physicians to participate in their networks, including that an application process must be concluded within 60 calendar days of receiving the application, among other deadlines. A carrier cannot require a participating physician to reapply in order to be recredentialed to participate in a network. The bill also requires participating physicians to maintain updated records with insurance carriers.

The bill specifies that an insurance carrier cannot deny a claim for a medically necessary covered service to a covered person if the service is covered in the person's health plan and is provided by a participating physician credentialed in the manner required by the bill.

Upon receiving more than one complaint, the Commissioner of Insurance is required to investigate any complaints against insurance carriers for violating these rules.

State Diversions

The bill diverts \$63,758 in FY 2021-22 and \$68,602 in FY 2022-23 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 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 \$63,758 in FY 2021-22 and \$68,602 in FY 2022-23. Workload also increases in the Judicial Department, as described below.

Table 2
Expenditures Under SB 21-126

	FY 2021-22	FY 2022-23
Department of Regulatory Agencies		
Personal Services	\$25,037	\$33,383
Operating Expenses	-	\$675
Capital Outlay Costs	\$6,200	-
Legal Services	\$21,268	\$21,268
Centrally Appropriated Costs ¹	\$11,253	\$13,276
FTE – Personal Services	0.4 FTE	0.5 FTE
FTE – Legal Services	0.1 FTE	0.1 FTE
Total Cost	\$63,758	\$68,602
Total FTE	0.5 FTE	0.6 FTE

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

Department of Regulatory Agencies. The Division of Insurance requires 0.5 FTE to promulgate rules and investigate complaints. Staff will administer periodic carrier reporting requirements to ensure compliance, make periodic updates to provider directories. For the 2021 plan year, 16 companies submitted individual and small group health benefit plan filings, for a total of 36 distinct provider networks.

Department of Law. Workload will increase in the Department of Law to assist DORA with rulemaking. Workload will also increase to the extent that DORA investigations result in civil penalties. Based on the current support of the Division of Insurance, an additional 200 hours of legal services is required, at rate of \$106.24 per hour.

Judicial Department. Final actions by the Commissioner of Insurance are subject to judicial review, increasing workload in trial courts. As the fiscal note assumes that most complaints will be resolved before judicial review is required, any increase in workload is expected to be minimal and can be accomplished with existing appropriations.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and applies to conduct occurring on or after the bill's effective date.

State Appropriations

For FY 2021-22, the bill requires an appropriation of \$52,505 from the Division of Insurance Cash Fund to the Department of Regulatory Agencies, of which \$21,268 is reappropriated to the Department of Law. DORA requires an allocation of 0.4 FTE, and the Department of Law requires 0.1 FTE.

State and Local Government Contacts

Judicial
Public Health and Environment

Law
Regulatory Agencies