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Fiscal Note

Drafting Number: LLS 23-0913 Date: March 27, 2023
Prime Sponsors: Sen. Winter F.; Will Rep. Jodeh; Pugliese Bill Status: Senate Health & Human Services
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Bill Topic: CALCULATION OF CONTRIBUTIONS TO MEET COST SHARING

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

The bill requires health insurance plans to include any payments made by the covered person or on their behalf when calculating their total contribution towards meeting cost-sharing requirements. The bill minimally increases state workload in FY 2023-24 and increase expenditures in FY 2024-25.

Appropriation Summary: No appropriation is required.

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

Table 1
State Fiscal Impacts Under SB 23-195

Table with 4 columns: Category, Budget Year FY 2023-24, Out Year FY 2024-25, Out Year FY 2025-26. Rows include Revenue, Expenditures (Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Diversions (General Fund, Cash Funds, Net Diversion), and Other Budget Impacts.

Summary of Legislation

The bill requires health insurers and pharmacy benefit managers to include any payments made by the covered individual or on their behalf when calculating their overall contribution towards the out-of-pocket costs and cost-sharing requirements of their health plan. The bill specifies that “cost-sharing requirement” refers to any payment the insured pays to receive a certain health care service covered by the plan, including copayments, coinsurance, deductible, or annual limitation on cost sharing.

The bill also specifies that for health savings accounts, if including these payments would make the person’s health savings account contribution ineligible under the federal Internal Revenue Code, the payments would only apply after the person has met the minimal deductible amount required under the Code. For preventative care, the requirement applies regardless of whether the minimum deductible has been met.

This bill applies to health coverage plans issued or renewed on or after January 1, 2025.

State Diversion

The bill diverts \$5,109 in FY 2024-25 and \$9,118 in FY 2025-26 and ongoing from the General Fund. This revenue diversion occurs because the bill increases costs in the Division of Insurance, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

The bill increases state expenditures in the Department of Regulatory Agencies by \$5,109 in FY 2024-25, and \$9,118 in FY 2025-26 and ongoing, paid from the Division of Insurance Cash Fund. The bill also increases expenditures in the Department of Personnel and Administration. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under SB 23-195

	FY 2023-24	FY 2024-25	FY 2025-26
Department of Regulatory Agencies			
Personal Services	-	\$3,665	\$7,300
Centrally Appropriated Costs ¹	-	\$1,444	\$1,788
Total Cost	-	\$5,109	\$9,118
Total FTE	-	0.1 FTE	0.1 FTE

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

Department of Regulatory Agencies. Beginning in FY 2024-25, the Department of Regulatory Agencies requires 0.1 FTE to review rate and form filings of individual and group health care coverage plans to ensure compliance. The fiscal note assumes 120 form filings and 60 rate filings will be reviewed annually and will require a total of 240 hours, or 0.1 FTE, of additional staffing. Cost are prorated in FY 2024-25 for a January 1, 2025, start date.

Department of Personnel and Administration. In FY 2023-24, workload for the Department of Personnel and Administration (DPA) may increase from additional materials produced to inform state employees of changes to their benefit calculations. This is expected to be minimal and can be accomplished with existing resources. In future years, the bill may impact state employee insurance premiums, the cost of which is shared by the DPA and state employees; however, the exact impact will depend on market conditions and will be addressed 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 shown in Table 2.

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

Counties	Health Care Policy and Financing	Information Technology
Personnel	Regulatory Agencies	