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Fiscal Note

Drafting Number: LLS 24-0818 Date: February 12, 2024
Prime Sponsors: Rep. deGruy Kennedy; Ortiz Bill Status: House Health & Human Services
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Bill Topic: HEALTH INSURERS CONTRACT WITH QUALIFIED PROVIDERS

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

The bill establishes primary care provider network requirements for state-regulated insurance plans. It increases state expenditures beginning in FY 2024-25.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$432,320 to the Department of Regulatory Agencies.

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

Table 1
State Fiscal Impacts Under HB 24-1005

Table with 4 columns: Category, Sub-category, Budget Year FY 2024-25, and 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 state-regulated health insurance plans (carriers) to include primary care providers (providers) as in-network providers if they are credentialed Medicaid providers and meet select additional criteria. If the provider is servicing a client that receives benefits from Medicaid, the carrier is prohibited from requiring additional credentials.

By December 31, 2025, the Division of Insurance (DOI) in the Department of Regulatory agencies (DORA) must promulgate rules to establish a process for determining whether a provider meets the criteria, and contract with an actuary to develop a reimbursement fee schedule for contractor reimbursements issued to providers.

The bill applies to health insurance plans issued or renewed on or after January 1, 2027, but does not apply to Denver Health or workers' compensation plans.

State Diversions

This bill diverts \$440,144 from the General Fund in FY 2024-25 and \$221,706 in FY 2025-26 and future years. This revenue diversion occurs because the bill increases costs in the Department of Regulatory Agencies, Division of Insurance, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

The bill increases costs in DORA by \$440,000 in FY 2024-25 and \$240,000 in FY 2025-26 and ongoing, paid from the Division of Insurance Cash Fund, and may increase costs in the Department of Health Care Policy and Financing (HCPF). Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 24-1005

	FY 2024-25	FY 2025-26
Department of Regulatory Agencies		
Personal Services	\$32,320	\$17,654
Actuarial Analysis Contract	\$400,000	\$200,000
Centrally Appropriated Costs ¹	\$7,825	\$4,052
Total Cost	\$440,145	\$221,706
Total FTE	0.4 FTE	0.2 FTE

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

Department of Regulatory Agencies. DORA will contract with an actuary at \$400 per hour to develop and annually update the fee schedule. Actuarial work is estimated to require 1,000 hours in the first year and 500 hours in subsequent years. DORA requires 0.4 FTE beginning in September of FY 2024-25 to work with the actuary, and assist in rulemaking and data management. Staff reduces to 0.2 FTE in FY 2025-26 and ongoing.

Department of Health Care Policy and Financing. HCPF operates the Child Health Plan Plus (CHP+) which is subject to the bill's requirements. As additional primary care providers join the network, utilization of primary care services may increase. This will be accounted for 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 Appropriations

For FY 2024-25, the bill requires an appropriation of \$432,320 from the Division of Insurance Cash Fund to the Department of Regulatory Agencies, and 0.4 FTE.

State and Local Government Contacts

District Attorneys
Law

Health Care Policy and Financing
Regulatory Agencies

Judicial

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).