



Legislative Council Staff

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Final Fiscal Note

Drafting Number:	LLS 24-1028	Date:	July 17, 2024
Prime Sponsors:	Rep. Brown; Boesenecker Sen. Roberts	Bill Status:	Signed into Law
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Bill Topic: **CREDIT COVERED PERSON EXPENSES INSURER INSOLVENCY**

Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> State Diversion	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill requires deductible credits to transfer between state-regulated insurance plans if a person is forced to change carriers because a small group plan carrier left the market. The bill minimally increases state workload in FY 2024-25 and may create a state diversion and increase state expenditures on a per-case basis.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The final fiscal note reflects the enacted bill.

Summary of Legislation

If a person is forced to change carriers because a small group plan carrier left the market, the bill requires the new carrier to credit all out-of-pocket expenses paid by the person in the given plan year towards their new deductible and out-of-pocket maximum unless doing so will cause the new carrier to become insolvent.

The carrier may recoup the credit either from the estate of the original carrier or from the person over a payment plan reviewed by the Department of Regulatory Agencies (DORA).

State Diversion

In years when a small group plan carrier leaves the market, this bill diverts about \$32,000 from the General Fund. 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

In the event that a small group plan carrier leaves the market, DORA will require \$32,000 and 0.3 FTE. Since the timing of this event cannot be anticipated, these resources will be sought through the annual budget process. Costs, which are paid from the Division of Insurance Cash Fund, are detailed below.

Table 1
Expenditures Under HB 24-1258

	Affected Years
Department of Regulatory Agencies	
Personal Services	\$25,797
Centrally Appropriated Costs ¹	\$5,869
Total Cost	\$31,665
Total FTE	0.3 FTE

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

Department of Regulatory Agencies. In the event that a small group plan carrier leaves the market, DORA will require a full FTE to work for approximately 4 months to collect information from the carrier that is leaving the market, transfer it to the carrier that takes on the clients, and ensure compliance with the bill.

Workload will increase in FY 2024-25 to establish rules for this process. This rulemaking can be accomplished within existing resources.

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 1.

Effective Date

The bill was signed into law by the Governor on June 3, 2024, and takes effect on August 7, 2024, assuming no referendum petition is filed, and applies to health benefit plans issued or renewed on or after that date.

State and Local Government Contacts

Health Care Policy and Financing

Information Technology

Regulatory Agencies

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](#).