HB 24-1382

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number:	LLS 24-0236	**Date:**	April 5, 2024
Prime Sponsors:	Rep. Amabile; Brown	**Bill Status:**	House Health & Human Services
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Bill Topic: **INSURANCE COVERAGE PEDIATRIC NEUROPSYCHIATRIC SYNDROME**

Summary of Fiscal Impact:

☐ State Revenue ☒ State Diversion ☐ Local Government
☒ State Expenditure ☐ TABOR Refund ☐ Statutory Public Entity

The bill requires coverage for pediatric neuropsychiatric syndrome treatments. The bill requires a state diversion and increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of $7,333 to the Department of Regulatory Agencies.

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

Table 1
State Fiscal Impacts Under HB 24-1382

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-
Expenditures	Cash Funds	$7,333	$7,333
	Centrally Appropriated	$1,886	$1,886
	Total Expenditures	**$9,219**	**$9,219**
	Total FTE	**0.1 FTE**	**0.1 FTE**
Diversions	General Fund	($9,219)	($9,219)
	Cash Funds	$9,219	$9,219
	Net Diversion	**$0**	**$0**
Other Budget Impacts	General Fund Reserve	-	-

Summary of Legislation

The bill requires state-regulated insurance plans to cover treatment for pediatric acute-onset neuropsychiatric syndrome (PANS) and pediatric auto-immune neuropsychiatric associated with streptococcal infections (PANDAS) conditionally including up to six immunomodulatory courses of intravenous immunoglobulin. The bill also creates coding requirements; prohibits cost-sharing; and places limits on prior authorization requirements.

The coverage applies to large group plans issued or renewed after January 1, 2025 and to individual and small group plans issued or renewed after January 1, 2026 if no state defrayal is necessary.

Background

Under the Affordable Care Act, any new mandated benefit created in state law beyond what is considered an essential health benefit is subject to state defrayal, meaning the state is required to pay for the additional costs incurred by insurers to provide the benefit.

An actuarial analysis of this bill proposal was conducted by an independent contractor, per the requirements of Senate Bill 22-040. The report may be obtained in its entirety on the Division of Insurance website at the following link: https://doi.colorado.gov/sb-22-040-actuarial-review-of-health-benefit-coverage-legislative-proposals.

State Diversions

This bill diverts about $9,000 from the General Fund annually starting in FY 2024-25. 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 state expenditures in DORA by $9,000 and 0.1 FTE annually starting in FY 2024-25. These costs are shown in Table 2 and described below.

Table 2
Expenditures Under HB 24-1382

	FY 2024-25	FY 2025-26
Department of Regulatory Agencies		
Personal Services	$7,333	$7,333
Centrally Appropriated Costs[1]	$1,886	$1,886
Total Cost	**$9,219**	**$9,219**
Total FTE	**0.1 FTE**	**0.1 FTE**

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

Department of Regulatory Agencies. DORA will have workload impacts to review health plans subject to the coverage requirements and submit the state defrayal determination for federal approval. This requires staff and legal services, as outlined below.

- **Staff.** The Division of Insurance (DOI) under DORA will review filings for each health benefit plan subject to the bill, which includes individual, small group, and large group plans. Each review entails reviewing rate calculations and assumptions associated with covered benefits and verifying that references to benefits are accurately communicated to policyholders and comply with DOI requirements. This requires 0.1 FTE.

- **Legal services.** DORA requires 50 hours of legal services, provided by the Department of Law, which can be accomplished within existing legal services appropriations.

State employee insurance. Insurance carriers that offer health benefit plans to state employees will be required to meet the coverage requirements of the bill, which may increase state expenditures on employee health insurance. Any cost increase could contribute to higher insurance premiums, which would be shared by state agencies and employees. Because insurance rates variability, the impact of this bill on premiums is not estimated.

Department of Health Care Policy and Financing. The coverage requirements apply to Children's Health Plan Plus (CHP+), which is operated by the Department of Health Care Policy and Financing (HCPF). CHP+ is already compliant, so there is no impact to HCPF.

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 upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2024-25, the bill requires an appropriation of $7,333 from the Division of Insurance Cash Fund to the Department of Regulatory Agencies, and 0.1 FTE.

State and Local Government Contacts

Health Care Policy and Financing	Personnel	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.