



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1297: HEALTH INSURANCE AFFORDABILITY ENTERPRISE UPDATE

Prime Sponsors:

Rep. Brown; Gilchrist
Sen. Jodeh

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Published for: House Health & Human Services**Drafting number:** LLS 25-0887**Version:** Initial Fiscal Note**Date:** March 14, 2025**Fiscal note status:** The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill raises the fee cap and changes the funding allocation of the Health Insurance Affordability Enterprise.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures

Appropriations. No appropriation is required. All expenditures are paid from the Health Insurance Affordability Cash Fund, which is continuously appropriated.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
State Revenue (Cash Funds)	\$0	\$0	\$67,823,157
State Expenditures (Cash Funds)	\$0	\$0	\$67,823,157
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE

Summary of Legislation

[Senate Bill 20-215](#) created the Health Insurance Affordability Enterprise (the enterprise) in the Department of Regulatory Agencies (DORA). The enterprise assesses a fee on health insurance carriers, which is currently capped at 1.15 percent of premiums for nonprofit carriers and 2.1 percent for for-profit carriers. As shown in Table 2, funds are allocated to several initiatives to reduce individual insurance market premiums, including:

- the reinsurance program which covers a portion of claims for high cost individuals;
- state insurance subsidies for Coloradans with incomes below 300 percent of the federal poverty line who are not eligible for federal tax credits or state funded insurance; and
- payments to carriers to lower the cost of purchasing insurance through the Health Insurance Exchange for individuals who meet federal requirements, including having an income between 133 and 400 percent of the federal poverty line.

The bill increases the carrier fee cap by up to 1.0 percent and changes the funding allocations as shown in Table 2. Additionally, the bill allows the enterprise to accept gifts, grants, and donations.

Table 2
Funding Allocation Proposed Changes

HIAE Costs	Current Law	Under HB 25-1297
Reinsurance Program	Lesser of 73 percent or \$90 million	40 percent
State Subsidies	\$18 million plus any remaining	40 percent
Health Insurance Exchange	Up to 10 percent	10 percent
Emerging Initiatives	Not available	6.5 percent
Administrative	3 percent	3.5 percent

State Revenue

Revenue will increase to the Health Insurance Affordability Enterprise in DORA if, as allowed by the bill, the enterprise raises fees on insurance premiums by 1.0 percent starting in calendar year 2026. There is an 18-month lag between when fees are increased and revenue is accrued, resulting in the potential increase in revenue starting in FY 2027-28 as shown in Table 3. This revenue is not subject to TABOR.

Table 3
Annual Change in Insurance Premium Fee Revenue
 Starting in FY 2027-28

Fee	Premiums Subject to Fee	Fee Increase	Revenue Increase
Insurance Premium Fee - For-Profit	\$4,355,338,320	1.0%	\$43,553,383
Insurance Premium Fee - Nonprofit	\$2,426,977,389	1.0%	\$24,269,774
Total FY 2027-28 and Future Years	\$6,782,315,709	1.0%	\$67,823,157

State Expenditures

Expenditures in the Health Insurance Affordability Enterprise in DORA will increase to the extent that revenue increases as shown above in Table 3.

Additionally, the bill changes the funding allocation for programs within the enterprise as shown in Table 2 above. Table 4 shows how the reallocation in revenue will affect enterprise expenditures based on projected FY 2025-26 revenue. The same relative change is expected in future years even as total program expenditures increase.

Table 4
Funding Allocation Proposed Changes, Expenditure Impact in FY 2025-26

HIAE Costs	Current Law	Under HB 25-1297	Net Change
Reinsurance Program	\$87,894,186	\$48,161,198	-\$39,732,988
State Subsidies	\$18,000,000	\$48,161,198	\$30,161,198
Health Insurance Exchange	\$10,896,719	\$12,040,299	\$1,143,580
Emerging Initiatives	\$0	\$7,826,195	\$7,826,195
Administrative	\$3,612,090	\$4,214,104	\$602,014

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Regulatory Agencies