



Fiscal Note

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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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Fiscal note status: This revised fiscal note reflects the introduced bill as amended by the House Health & Human Services Committee and was updated based on corrected timeline information

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
State Revenue (Cash Funds)	\$0	\$67,823,157
State Expenditures (Cash Funds)	\$0	\$67,823,157
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State 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;
- the [OmniSalud program](#) which subsidizes insurance 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.

Starting in FY 2026-27, the bill increases the carrier fee cap by up to 1.0 percent and changes the funding allocations as shown in Table 2. This increase is conditional on federal action to reduce or eliminate enhanced subsidies under the federal Affordable Care Act, which has already occurred.

Additionally, the bill requires the enterprise to produce a report and conduct stakeholdering, and allows the enterprise to accept gifts, grants, and donations.

Table 2
Change to Funding Allocation for
the Health Insurance Affordability Enterprise

HIAE Costs	Current Law	Under HB 25-1297
Reinsurance Program	Lesser of 73 percent or \$90 million	40 percent
OmniSalud Program	\$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 a lag between when fees are increased and revenue is accrued, resulting in the potential increase in revenue starting in FY 2026-27 as shown in Table 3. This revenue is not subject to TABOR.

Table 3
Annual Change in Insurance Premium Fee Revenue
 Starting in FY 2026-27

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 2026-27	\$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 by the amounts shown in Table 3 above. Workload will also minimally increase to solicit stakeholder input and produce the report.

Additionally, the bill changes the funding allocation for programs within the enterprise starting in FY 2026-27 as shown in Table 2 above. Table 4 shows how the reallocation in revenue will affect enterprise expenditure.

Table 4
Change in Program Funding under HB 25-1297

HIAE Costs	Current Law	Under HB 25-1297	Net Change
Reinsurance Program	\$87,141,812	\$74,878,201	-\$12,263,611
OmniSalud Program	\$18,000,000	\$74,878,201	\$56,878,201
Health Insurance Exchange	\$10,649,363	\$18,719,550	\$8,070,187
Emerging Initiatives	\$0	\$12,167,708	\$12,167,708
Administrative	\$3,581,170	\$6,551,843	\$2,970,672
Total FY 2026-27	\$119,372,345	\$187,195,502	\$67,823,157

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

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](#).