



**Colorado  
Legislative  
Council  
Staff**

**HB17-1286**

**FISCAL NOTE**

**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

**Drafting Number:** LLS 17-0956  
**Prime Sponsor(s):** Rep. Esgar  
 Sen. Crowder

**Date:** March 28, 2017  
**Bill Status:** House Health, Insurance, and  
 Environment  
**Fiscal Analyst:** Bill Zepernick (303-866-4777)

**BILL TOPIC:** STATE EMPLOYEE HEALTH CARRIER REQUIREMENTS

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019	FY 2019-20
<b>State Revenue</b>			
<b>State Expenditures</b> General Fund Cash Funds Federal Funds		Workload increase and potential expenditure increase.	
<b>Appropriation Required:</b> None.			
<b>Future Year Impacts:</b> Ongoing workload increase and potential expenditure increase.			

**Summary of Legislation**

This bill requires health insurance carriers that contract with the state to provide group benefit plans to state employees to:

- participate in the individual market through the health insurance exchange (Connect for Health Colorado); and
- participate in Medicaid and the Children's Basic Health Plan (CHP+) as specified in rule by the Department of Health Care Policy and Financing (HCPF), including in managed care programs, the accountable care collaborative, and other programs.

In offering plans through the exchange, the carrier must offer a plan in at least two counties in the region of the state with the highest average premiums. The carrier must offer at least three plans, including:

- one plan that has a substantially similar benefit and cost-sharing structure to that offered to state employees;
- one plan that has similar benefits to the state employee plan but a different cost-sharing structure; and
- one plan that is substantially less expensive in terms of monthly premiums as compared to the previous two plans listed above.

## State Expenditures

The bill potentially increases costs to state agencies for employee health benefit plans starting in FY 2019-20. To the extent the requirements of the bill result in carriers passing on additional costs to the state, health insurance premium costs for state employees may rise. Because state employee health insurance contributions are based upon prevailing market rates, with costs shared between the employer and employee, this bill is not expected to affect the state's share of employee health insurance premiums until FY 2019-20. Because insurance rates are influenced by a number of variables, the exact effect of this bill cannot be determined. Any increase caused by the bill, and whether the increase is borne by state agencies or by employees, will be addressed through the total compensation analysis included in the annual budget process.

The bill may also increase workload in several agencies starting in FY 2018-19. The Division of Insurance in the Department of Regulatory agencies will be required to certify that insurance carriers contracted to provide state employee plans also offer plans in compliance with the bill. The Department of Health Care Policy and Financing will have an increase in workload to establish rules and work with additional carriers concerning Medicaid and CHP+ managed care programs. The workload impacts to these agencies are assumed to be minimal and can be accomplished within existing appropriations.

## Effective Date

The bill takes effect July 1, 2018, unless a referendum petition is filed.

## State and Local Government Contacts

Colorado Health Benefit Exchange  
Information Technology  
Regulatory Agencies

Health Care Policy and Financing  
Personnel and Administration