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SB 20-005

**REVISED
FISCAL NOTE**

(replaces fiscal note dated January 31, 2020)

Drafting Number: LLS 20-0597
Prime Sponsors: Sen. Winter; Priola
Rep. McCluskie

Date: March 11, 2020
Bill Status: Senate Appropriations
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Bill Topic: **COVERED PERSON COST-SHARING COLLECTED BY CARRIERS**

Summary of Fiscal Impact:

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

The bill requires the Division of Insurance within the Department of Regulatory Agencies to commission a consumer cost-sharing study through a third-party accounting firm. The bill will increase state expenditures in FY 2020-21 only.

Appropriation Summary: The bill requires an appropriation of \$690,000 in FY 2020-21 to the Department of Regulatory Agencies.

Fiscal Note Status: This fiscal note has been revised to reflect the bill as amended by the Senate Health and Human Services Committee.

Summary of Legislation

The bill requires the Division of Insurance (division) within the Department of Regulatory Agencies to commission a consumer cost-sharing study through a third-party accounting firm. The study must analyze:

- trends in carrier plan design, consumer plan selection, and utilization of services;
- total out-of-pocket costs incurred by covered persons in Colorado;
- the premium impacts on consumers if carriers could not terminate coverage if a consumer fails to pay the consumer's cost-sharing payments;
- the financial affects on health care providers as a result of uncollected cost-sharing amounts from covered persons;
- the amount of uncollected medical debt claimed by hospitals and providers;
- the annual administrative expenses for providers and hospitals attributable to the collection of cost-sharing payments;
- the reduction in administrative expenses for providers and hospitals if carriers were required to collect cost-sharing payments;
- policy options to help simplify billing systems for covered persons; and
- other topics related to shifting the collection of cost-sharing payments from health care providers to carriers.

As part of the study, the third-party accounting firms must consult with stakeholders who represent:

- an organization of statewide hospitals;
- an organization of physicians,
- an organization of Colorado health plans,
- health plans,
- a Colorado urban health system,
- a consumer advocate,
- a provider serving low-income or vulnerable populations;
- non-physician provider organizations;
- physician specialty societies; and
- an organization that represents employees.

On or before November 1, 2021, the third-party accounting firm will submit a written report to the Governor and the General Assembly.

State Expenditures

In FY 2020-21, the bill increases expenditures by \$690,000 in the Department of Regulatory Agencies to complete the consumer cost-sharing study. In order to obtain the data necessary to complete the study, the division will need to contract with the Colorado All-Payer Claims database at a cost of \$250,000. Additionally, the division will contract with an actuarial firm to complete the study at a cost of \$440,000. This cost assumes 1,100 contractor hours at a rate of \$400 per hour.

Effective Date

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2020-21, the bill requires an appropriation of \$690,000 to the Department of Regulatory Agencies from the Division of Insurance Cash Fund.

State and Local Government Contacts

Health Care Policy and Financing
Public Health and Environment

Information Technology
Regulatory Agencies

Law