



Legislative Council Staff

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Fiscal Note

Drafting Number:	LLS 23-0591	Date:	January 27, 2023
Prime Sponsors:	Rep. Hartsook; Daugherty Sen. Rodriguez; Baisley	Bill Status:	House Health & Insurance
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Bill Topic: **CONTRACTS BETWEEN CARRIERS & PROVIDERS**

Summary of Fiscal Impact:

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

The bill requires carriers that process payments for health care providers to offer certain payment method options and places restrictions on process fees. It may increase state revenue and state and local workload on an ongoing basis beginning in FY 2023-24.

Appropriation Summary: No appropriation is required.

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

Summary of Legislation

The bill places restrictions on carriers that process payments for health care providers. Beginning in FY 2023-24, contracts must:

- offer a method of payment that is not associated with a fee;
- offer a method of payment other than a credit card;
- notify the provider of any fees associated with electronic payments and advise them of alternative methods;
- not impose a fee for changing methods of payments; and
- require an explanation of benefits with each payment.

Failure to comply with contract requirements is a deceptive trade practice.

State Revenue

Civil penalties. Under the Colorado Consumer Protection Act, a person committing a deceptive trade practice may be subject to a civil penalty of up to \$20,000 for each violation. Additional penalties may

be imposed for subsequent violations of a court order or injunction. This revenue is classified as a damage award and not subject to TABOR. Given the uncertainty about the number of cases that may be pursued by the Attorney General and district attorneys, as well as the wide range in potential penalty amounts, the fiscal note cannot estimate the potential impact of these civil penalties.

Filing fees. The bill may increase revenue to the Judicial Department from an increase in civil case filings. Revenue from filing fees is subject to TABOR.

State Expenditures

The bill increases workload in various state agencies by a minimal amount.

Department of Regulatory Agencies. Workload will increase to update regulations pertaining to payment methods. This workload is can be accomplished within existing appropriations.

Department of Law. Workload in the Department of Law will minimally increase to the extent that deceptive trade practice complaints are filed. The department will review complaints under the bill and prioritize investigations as necessary within the overall number of deceptive trade practice complaints and available resources.

Judicial Department. The trial courts in the Judicial Department may have an increase in cases filed under the Colorado Consumer Protection Act from the addition of a new deceptive trade practice. It is assumed that online marketplaces will abide by the law and that any violation of the legislation will result in minimal number of new cases. The fiscal note assumes that this can be accomplished within existing resources and that no change in appropriations is required.

Local Government

Similar to the state, to the extent district attorneys receive deceptive trade practice complaints related to the new deceptive trade practice under the bill, workload will increase to investigate complaints and seek relief when appropriate. It is assumed most such cases will be handled at the state level by the Attorney General.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

District Attorneys
Judicial

Health Care Policy and Financing
Law

Information Technology
Regulatory Agencies