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Final Fiscal Note

Drafting Number: LLS 23-0591 Date: June 6, 2023
Prime Sponsors: Rep. Hartsook; Daugherty Bill Status: Signed into Law
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Bill Topic: CONTRACTS BETWEEN CARRIERS & PROVIDERS

- Summary of Fiscal Impact:
[X] State Revenue [] TABOR Refund
[X] State Expenditure [X] Local Government
[X] State Diversion [] 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. The bill increases state expenditures, and may increase state revenue, on an ongoing basis starting in FY 2023-24.

Appropriation Summary: For FY 2023-24, the bill requires and includes an appropriation of \$12,218 to the Department of Regulatory Agencies.

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

Table 1
State Fiscal Impacts Under HB 23-1116

Table with 4 columns: Category, Sub-category, Budget Year FY 2023-24, and Out Year FY 2024-25. Rows include Revenue, Expenditures (Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Diversions (General Fund, Cash Funds, Net Diversion), and Other Budget Impacts.

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.

The Commissioner of Insurance in the Department of Regulatory Agencies has the authority to enforce these requirements and impose penalties for violations.

State Revenue

The bill grants the Commissioner of Insurance in the Department of Regulatory Agencies the authority to enforce requirements and impose penalties for violations. This revenue is classified as a damage award and not subject to TABOR. Given the uncertainty about the number of violations 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.

State Diversions

This bill diverts \$15,565 from the General Fund in FY 2023-24 and \$18,237 in FY 2024-25. This revenue diversion occurs because the bill increases costs in the Department of Regulatory Agencies, Division of Insurance, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

The bill increases state expenditures in Department of Regulatory Agencies by \$15,565 in FY 2023-24 and \$18,237 in FY 2024-25, paid from the Division of Insurance Cash Fund. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 23-1116

	FY 2023-24	FY 2024-25
Department of Regulatory Agencies		
Personal Services	\$12,218	\$14,661
Centrally Appropriated Costs ¹	\$3,347	\$3,576
Total Cost	\$15,565	\$18,237
Total FTE	0.2 FTE	0.2 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Regulatory Agencies. DORA requires 0.2 FTE to conduct reviews of complaints submitted by providers and to determine the enforcement action necessary as DORA. This is a new responsibility as DORA does not currently review carrier and provider contracts. Costs are prorated in FY 2023-24 to reflect the bill's effective date. Workload will also increase to update regulations pertaining to payment methods. This workload is can be accomplished within existing appropriations.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Effective Date

The bill was signed into law by the Governor on April 10, 2023, and takes effect on August 7, 2023, assuming no referendum petition is filed.

State Appropriations

For FY 2023-24, the bill requires and includes an appropriation of \$12,218 from the Division of Insurance Cash Fund to the Department of Regulatory Agencies and 0.2 FTE.

State and Local Government Contacts

District Attorneys
Judicial

Health Care Policy and Financing
Law

Information Technology
Regulatory Agencies