



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

FISCAL NOTE

Drafting Number:	LLS 18-0816	Date:	February 9, 2018
Prime Sponsors:	Sen. Neville T. Rep. Kraft-Tharp; Sias	Bill Status:	Senate Finance
		Fiscal Analyst:	Bill Zepernick 303-866-4777 Bill.Zepernick@state.co.us

Bill Topic: HEALTH INSURANCE PRODUCER FEES & FEE DISCLOSURE

Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure (<i>minimal</i>)	<input type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> Statutory Public Entity

This bill allows a health insurance producer or broker to charge a fee for advising a client on the purchase of an individual health benefit plan under certain conditions. It will result in one-time costs for Connect for Health Colorado and an increase in state agency workload on an ongoing basis.

**Appropriation
Summary:** No appropriation is required.

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

Summary of Legislation

This bill allows a health insurance producer or broker to charge a fee for advising a client on the purchase of an individual health benefit plan if the producer or broker:

- does not receive a commission from the health insurer offering the plan; and
- discloses the fee to the client.

The Commissioner of Insurance is required to promulgate rules on broker fees. The bill allows such a fee to be charged for individual health benefit plans purchased both on and off the health benefit exchange, Connect for Health Colorado.

State Expenditures

Beginning in FY 2018-19, the bill increases workload for the Division of Insurance in the Department of Regulatory Agencies to promulgate rules to implement the bill and to respond to consumer inquiries and complaints concerning broker fees. This workload is expected to take about 150 hours in the first year and 50 hours in subsequent years. It is assumed that this workload can be accomplished within existing appropriations.

Statutory Public Entity

The bill will result in one-time costs for Connect for Health Colorado of about \$78,000 in FY 2018-19. These costs include \$15,000 to update marketing and training material and to train customer service staff, and \$63,000 to make system changes to the broker lead tool to track whether brokers charge a fee for plans sold through the exchange. It is assumed that this cost will be paid using existing revenue streams to Connect for Health Colorado.

Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Colorado Health Benefit Exchange
Information Technology
Regulatory Agencies

Health Care Policy and Financing
Law