



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

FISCAL NOTE

Drafting Number: LLS 20-0074
Prime Sponsors: Rep. Lontine
Sen. Fields

Date: January 31, 2020
Bill Status: House Health & Insurance
Fiscal Analyst: Max Nardo | 303-866-4776
Max.Nardo@state.co.us

Bill Topic: HEALTH CARE COST-SHARING CONSUMER PROTECTIONS

- Summary of Fiscal Impact:**
- State Revenue
 - TABOR Refund
 - State Expenditure
 - Local Government
 - State Diversion
 - Statutory Public Entity

The bill establishes oversight of health care cost-sharing arrangements in the Division of Insurance. It increases state expenditures and creates a General Fund diversion on an ongoing basis.

Appropriation Summary: For FY 2020-21, the bill requires an appropriation of \$28,347 to the Department of Regulatory Agencies.

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

Table 1
State Fiscal Impacts Under HB 20-1008

	FY 2020-21	FY 2021-22
Revenue	-	-
Expenditures		
Cash Funds	\$28,347	\$20,074
Centrally Appropriated	\$9,239	\$6,709
Total	\$37,586	\$26,783
Total FTE	0.4 FTE	0.3 FTE
Diversions		
General Fund	(\$28,347)	(\$20,074)
Cash Funds	\$28,347	\$20,074
Total	\$0	\$0
TABOR Refund	-	-

Summary of Legislation

The bill requires operators of health care cost-sharing arrangements (CSAs) to report specified information to the Commissioner of Insurance in the Department of Regulatory Agencies (DORA), provide disclosures to consumers, and respond to requests for payment within specified time periods.

By January 1, 2021, a health care CSA must post certain disclosures prominently on its website and marketing materials, as specified in the bill. A CSA may not accept any new enrollments during the annual open enrollment period for health benefit plans. Upon receiving a bill from a provider, a CSA must respond within a period of time specified in rule by the commissioner. Failure to pay the expense or respond within the time allowed constitutes a denial of the request. The commissioner may assess penalties for failure to comply with the requirements of the bill, starting at \$500 per offense and increasing up to \$5,000 for repeat or severe violations as specified by the commissioner in rule.

Reporting requirements. Operators of health care CSAs must submit annual filings to the commissioner by March 1 of each year. Among other things, the filings must include the following information:

- financial statements;
- fees paid to third parties for marketing or operations;
- member benefits, limitations, and exclusions;
- providers with whom the CSA contracts;
- the number of members and households participating in the CSA;
- the number of applications to participate in the CSA submitted, accepted, and denied;
- the number of bills submitted, paid, denied, and appealed; and
- any other information required by the commissioner.

Rulemaking. The commissioner must adopt rules concerning disclosures, reporting, and timing of bill payment by CSAs. Additionally, rules may be adopted to establish greater penalties for noncompliance based on frequency or severity of violations.

State Revenue

To the extent that the commissioner assesses penalties against CSAs for violations, state revenue will increase. Penalty revenue is deposited into the General Fund and is subject to state spending limits under TABOR. The fiscal note assumes a high level of compliance with the law, and that any new revenue will be minimal.

State Diversion

The bill diverts \$28,347 from the General Fund in FY 2020-21 and \$20,047 in FY 2021-22 and future years. This revenue diversion occurs because the bill increases costs in the Division of Insurance in DORA, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

The bill increases state expenditures by \$37,586 and 0.4 FTE in FY 2020-21 and \$26,783 and 0.3 FTE in FY 2021-22 and future years. These cost, paid from the Division of Insurance Cash Fund in DORA, are summarized in Table 2 and described below.

Table 2
Expenditures Under HB 20-1008

	FY 2020-21	FY 2021-22
Department of Regulatory Agencies		
Personal Services	\$28,347	\$20,074
Centrally Appropriated Costs*	\$9,239	\$6,709
Total	\$37,586	\$26,783
Total FTE	0.4 FTE	0.3 FTE

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

Department of Regulatory Agencies. The Division of Insurance in DORA requires 0.3 FTE to review annual filings, respond to complaints, and generally facilitate the department's oversight of health care CSAs. In FY 2020-21 only, DORA requires an additional 0.1 FTE for initial rulemaking. These costs are based on 10 health care CSAs filing with the division.

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, supplemental employee retirement payments, and indirect cost assessments, are estimated to be \$9,239 in FY 2020-21 and \$6,709 in FY 2021-22.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2020-21, the bill requires an appropriation of \$28,347 to the Department of Regulatory Agencies, and 0.4 FTE.

State and Local Government Contacts

Health Care Policy and Financing
Regulatory Agencies

Information Technology
Personnel

Judicial
Law