



Legislative  
Council Staff

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**FISCAL NOTE**

<b>Drafting Number:</b>	LLS 20-0427	<b>Date:</b>	February 18, 2020
<b>Prime Sponsors:</b>	Rep. Lontine; Will Sen. Tate; Bridges	<b>Bill Status:</b>	House Finance
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**Bill Topic:** HEALTH CARE COVERAGE EASY ENROLLMENT PROGRAM

**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 Transfer	<input checked="" type="checkbox"/> Statutory Public Entity

The bill establishes a program that gives taxpayers the option of being evaluated through tax filings for eligibility in certain affordable health insurance programs. It increases state expenditures in FY 2020-21, and may increase expenditures in future years.

**Appropriation Summary:** For FY 2020-21, the bill requires an appropriation of \$28,372 to the Department of Revenue.

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

**Table 1**  
**State Fiscal Impacts Under HB 20-1236**

		FY 2020-21	FY 2021-22
<b>Revenue</b>		-	-
<b>Expenditures</b>	General Fund	\$28,372	-
<b>Transfers</b>		-	-
<b>TABOR Refund</b>		-	-

## Summary of Legislation

The bill creates the Colorado Affordable Health Care Coverage Easy Enrollment Program (program) for the purpose of leveraging individual income tax data to increase the number of eligible uninsured individuals enrolling in a health care coverage affordability program, which the bill defines as Medicaid, Child Health Plan Plus (CHP+), or a health insurance plan offered through the Colorado Health Benefit Exchange (exchange) for which premium tax credits or cost-sharing reductions are available.

The Department of Revenue (DOR) is required to update tax forms beginning with tax year 2020 and to provide the information authorized by the taxpayer to the exchange, and may provide the information to the Department of Health Care Policy and Financing, which administers Colorado's Medicaid and CHP+ programs. DOR is authorized to promulgate rules to facilitate this. Any information provided through the program remains confidential. The exchange must assess the identified individuals for eligibility in a health care coverage affordability program and assist these individuals with enrollment. The bill specifies that being contacted by the exchange based on information provided through the program constitutes a triggering event, allowing the individual to enroll in an individual health benefit plan during a special enrollment period.

An advisory committee is established to guide the establishment and administration of the program. The committee is co-chaired by the executive directors of the DOR and the exchange, or their designees, and additional membership is specified in the bill. Among other duties, the committee is required to:

- determine the minimum information necessary to collect through the state individual income tax forms to identify uninsured individuals and allow the exchange to assess eligibility for enrollment in a health care coverage affordability program;
- establish procedures to transfer data from the DOR to the exchange;
- recommend revisions to the state individual income tax form to implement the program, including an opt-in for taxpayer participation and additional identifying information for uninsured individuals;
- determine how the exchange will assess eligibility and assist with enrollment; and
- determine the feasibility of and, if feasible, recommend a process for automatic enrollment into Medicaid.

The advisory committee is repealed September 1, 2030.

## Background

In 2019, eligible Coloradans received about \$749 million (\$541 per-person per-month) in federal advance premium tax credits to purchase health insurance through Connect for Health Colorado, the state's health insurance exchange. These subsidies, established in the federal Affordable Care Act, are based on household income, premium amount paid, and the cost of a benchmark health plan. Subsidies are available to persons with income between 133 and 400 percent of the federal poverty level. Adults with income up to 133 percent of the federal poverty level are eligible for Medicaid. Children, the elderly, and persons with disabilities are also eligible for Medicaid at various income levels.

## **Assumptions**

Implementation of the bill will require a system to securely transmit taxpayer information from the DOR to the exchange. The fiscal note assumes that this system will be paid for by the exchange.

## **State Expenditures**

The bill increases General Fund expenditures in the DOR by \$28,372 in FY 2020-21 only, and increases workload in other state agencies.

**Department of Revenue.** In order to update tax forms, the DOR will require 60 hours of computer programming at a rate of \$225 per hour, for a total of \$13,500. In addition, getting information from paper filings into GenTax requires programming the updated form for the software to recognize, which will cost \$11,032. Lastly, the DOR requires \$3,840 for testing that the system is functioning properly.

**Health Care Policy and Financing.** To the extent that the bill increases enrollment in Medicaid and CHP+ from populations that are currently eligible but not enrolled, state expenditures will increase. For informational purposes, the average annual medical services cost for a Medicaid client is \$5,100, paid with state and federal funds. Average costs under CHP+ are \$2,300 per year for children and \$17,800 for pregnant women, paid primarily with federal funds. Any increase in caseload resulting from the bill will be addressed through the annual budget process.

## **Statutory Public Entity**

**Connect for Health Colorado.** Connect for Health Colorado, the state's health insurance exchange, will have costs estimated at \$750,000 to develop the system to receive and evaluate taxpayer data from the DOR. The exchange is funded primarily through a health insurance carrier fee charged on plans purchased through the marketplace. The fee is set at 3.5 percent of premiums for 2020. Any increase in enrollees will correspondingly increase revenue to the exchange, which is not subject to TABOR.

## **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 a General Fund appropriation of \$28,372 to the Department of Revenue.

**State and Local Government Contacts**

Colorado Health Benefit Exchange  
Revenue  
Regulatory Agencies

Information Technology  
Health Care Policy and Financing