



Legislative Council Staff

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Final Fiscal Note

Drafting Number: LLS 22-0288
Prime Sponsors: Rep. Lontine
Sen. Hansen

Date: September 12, 2022
Bill Status: Signed into Law
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Bill Topic: HEALTH-CARE SHARING PLAN REPORTING REQUIREMENTS

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Diversion
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill requires the Commissioner of Insurance to oversee individuals offering health care sharing plans or arrangements that serve Colorado residents. The bill increases state expenditures and may increase revenue on an ongoing basis beginning in FY 2022-23.

Appropriation Summary: For FY 2022-23, the bill requires and includes an appropriation of \$84,568 to the Department of Regulatory Agencies.

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

Table 1
State Fiscal Impacts Under HB 22-1269

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-
Expenditures	Cash Funds	\$84,568	\$59,486
	Centrally Appropriated	\$8,516	\$8,516
	Total Expenditures	\$93,084	\$68,002
	Total FTE	0.6 FTE	0.6 FTE
Diversion	General Fund	(\$93,084)	(\$68,002)
	Cash Funds	\$93,084	\$68,002
	Net Diversion	\$0	\$0

Summary of Legislation

The bill requires the Commissioner of Insurance (commissioner) in the Division of Insurance (DOI) in the Department of Regulatory Agencies (DORA) to oversee individuals offering health care sharing plans or arrangements that serve Colorado residents. The individual is required to submit information to the commissioner about the plan or arrangement, including:

- the current number of participants, estimated number of participants in the next calendar year, and funds collected, including the percentage retained for administration;
- the total dollar amount of requests submitted for reimbursement, and the total dollar amount of requests that were qualified, denied, and yet-to-be reimbursed in the preceding calendar year;
- specific counties and other states where the plan or arrangement is offered;
- copies of any consumer-facing and marketing materials;
- contact information for the individual acting as the contact for the plan or arrangement in Colorado, and any associated third parties.

The commissioner is required to determine whether the submission is complete within 45 days. If the submission is determined to be incomplete, the commissioner is required to provide notification and time to remedy the deficiency, and may subsequently levy a fine and issue a cease and desist order as necessary. The commissioner must prepare a report summarizing the information in the submission, and provide the report to the Senate Health and Human Services Committee and the House Health and Insurance Committee. The DOI's website must include details about how to file a complaint about an individual offering a health care sharing plan or arrangement, and the commissioner may adopt rules to implement the requirements of the bill.

State Revenue

To the extent that individuals offering health care sharing plans or arrangements are assessed fines, funds in the Division of Insurance Cash Fund will increase. Fine revenue is subject to TABOR

State Diversion

The bill diverts \$93,084 from the General Fund to the Division of Insurance Cash Fund in FY 2022-23, and \$68,002 in FY 2023-24. This revenue diversion occurs because the bill increases costs in the DOI, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

Assumptions

The fiscal note assumes that the bill will generate 60 submissions per fiscal year, and that each submission will require 12 hours of DOI staff time to review the report, determine whether all necessary information is present, and analyze and summarize the information.

The fiscal note also assumes the DOI will need to follow-up with at least half of the entities submitting reports to get additional clarification or address any missing elements, and then re-review reports for both completeness and to analyze and summarize the information.

Finally, it is assumed that the DOI will require 100 hours of staff time to compile the submissions into a report.

State Expenditures

The bill increases state expenditures in the DOI in DORA by \$93,084 in FY 2022-23 and \$68,002 in FY 2023-24 from the Division of Insurance Cash Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2
Expenditures Under HB22-1269**

Cost Components	FY 2022-23	FY 2023-24
Department of Regulatory Agencies		
Personal Services	\$39,097	\$39,097
Operating Expenses	\$675	\$675
Capital Outlay Costs	\$6,200	-
Legal Services Costs	\$19,714	\$19,714
Technology Costs	\$18,882	-
Centrally Appropriated Costs ¹	\$8,516	\$8,516
FTE – Personal Services	0.5 FTE	0.5 FTE
FTE – Legal Services	0.1 FTE	0.1 FTE
Total	\$93,084	\$68,002
Total FTE	0.6 FTE	0.6 FTE

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

Staffing costs. Beginning in FY 2022-23, based on the assumptions listed above, the DOI requires 0.5 FTE to review submissions, address deficiencies, and summarize the submissions into a report.

Technology costs. In FY 2022-23 only, the DOI requires 295 hours of programming staff time to develop and implement technology to receive and track submissions, and provide reporting. It is assumed that this technology will be incorporated into the Premium Tax system. This work will be conducted by the Office of Information Technology.

Legal services. Beginning in FY 2022-23, the DOI require 200 hours and 0.1 FTE of legal services, provided by the Department of Law, to assist with rule making, and prepare and represent the DOI with emergency cease and desist orders.

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

This bill was signed into law by the Governor and took effect on June 8, 2022, and applies to conduct occurring on or after the bill's effective date.

State Appropriations

For FY 2022-23, the bill requires and includes a Division of Insurance Cash Fund appropriation of \$84,568 to the Department of Regulatory Agencies and 0.5 FTE. Of this amount, \$18,882 is reappropriated to the Office of Information Technology, and \$19,714 is reappropriated to the Department of Law with 0.1 FTE.

State and Local Government Contacts

Information Technology

Law

Regulatory Agencies