



Legislative Council Staff
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Fiscal Note

Drafting Number: LLS 22-0541
Prime Sponsors: Sen. Smallwood

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Bill Status: Senate SVMA
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Bill Topic: **HEALTH EXCHANGE EDUCATION CAMPAIGN HEALTH-CARE SERVICES**

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

The bill requires the Board of the Colorado Health Benefit Exchange to create and implement a public awareness and education campaign in order to provide information to consumers about the Medicaid program and health benefit plans available for purchase. The bill will decrease state revenue, and increase state workload, and statutory public entity expenditures and workload on an ongoing basis.

Appropriation Summary: No appropriation is required.

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

Table 1
State Fiscal Impacts Under SB 22-081

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue	General Funds	(\$2,500,000)	(\$5,000,000)
Expenditures		-	-
Transfers		-	-
Other Budget Impacts	TABOR Refund	(\$2,500,000)	(\$5,000,000)

Summary of Legislation

The bill requires that the Board (board) of the Colorado Health Benefit Exchange (exchange) create and implement a public awareness and education campaign to inform consumers about the Medicaid program and available health benefit plans by July 1, 2023. The campaign must include:

- the benefit design for each health benefit plan;
- the out-of-pocket costs to individuals enrolled in the Medicaid program or a health benefit plan;
- the range of costs and eligibility requirements for enrollment in the Medicaid program;
- costs to the employer for each small group health benefit plan; and
- eligibility requirements for each subsidized health benefit plan.

The board must report to the Colorado Health Insurance Exchange Oversight Committee annually about the campaign activities in the previous calendar year, details of funds spent, recommendations concerning the campaign, and whether the duties of the board should continue.

The bill requires that the board collect fees from insurers to fund the campaign, and that if an insurer does not pay the fee, the insurer's ability to transact business may be withdrawn.

In current law, the Commissioner of Insurance must allocate up to \$5.0 million of premium tax credits per year. The bill increases this to \$10.0 million for tax years 2023 through 2027.

The bill requires that the contributions from insurers that were allocated to the first \$5.0 million of tax credits and any interest gained from the deposit and investment of the contributions are used to operate the exchange and build reserves. Contributions from insurers allocated in excess of the first \$5.0 million of tax credits, and any interest derived from the deposit and investment of the money, are to be used for the campaign.

The requirements of the bill repeal on December 31, 2027.

Background

Connect for Health Colorado. Connect for Health Colorado is the state's health insurance exchange established in response to federal health care reform under the Affordable Care Act (ACA). Through Connect for Health Colorado, consumers can shop for health insurance and determine eligibility for federal tax subsidies for the purchase of health insurance or other public health programs. Under the ACA, states may establish state-based health insurance exchanges or participate in a federally operated health exchange.

State Revenue

The bill reduces General Fund revenue by up to \$2.5 million in FY 2022-23 for a half year of collections and \$5.0 million per year in FY 2023-24 through FY 2026-27, and \$2.5 million in FY 2027-28, for a total reduction of \$25.0 million. Currently, insurers may claim a credit against their premium taxes, up to a statewide total of \$5.0 million per year and this fiscal note assumes that insurers will claim the new statewide total of \$10.0 million per year.

State Expenditures

Department of Regulatory Agencies. Due to the increase in insurer fees that are offset by an increase in tax credits, the bill may increase workload for the Division of Insurance. First, insurers may file requests up to the new tax credit cap of \$10.0 million and depending on the effective date of the bill, may resubmit their rate filings for 2023 to include the new assessment. Currently two insurers request the premium tax credits. If new insurers submit requests for premium tax credits, the division will review their supporting documentation, compare financial documents, and verify calculations. It is assumed that this workload increase can be accomplished within existing resources.

Health Care Policy and Financing. The department may experience an increase in the number of persons enrolled in Medicaid due to the campaign. Any caseload increase will be addressed through the annual budget process.

Other Budget Impacts

TABOR refunds. The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2021 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2023-24. Because TABOR refunds are paid from the General Fund, decreased General Fund revenue will lower the TABOR refund obligation, but result in no net change to the amount of General Fund otherwise available to spend or save.

Statutory Public Entity Impacts

Connect for Health Colorado. To implement the requirements of this bill, Connect for Health Colorado will incur a \$10,000, one-time cost to set-up the software necessary to collect the health insurer fee, and an annual cost of \$30,000 to administer the software and collect the fee. In addition, Connect for Health Colorado will run four campaigns focusing on individuals participating and not participating in the exchange, small group plans, and Medicaid at a cost of \$5.0 million each. It is assumed that the total cost of \$20,040,000 in the first year and \$20,030,000 in subsequent years will be covered by the health insurer fee, as described in the bill.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Connect for Health Colorado
Technology

Health Care Policy and Financing
Regulatory Agencies

Information
Treasury