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Revised Fiscal Note

(replaces fiscal note dated February 10, 2022)

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

Date: February 22, 2022
Bill Status: Senate Finance
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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 to inform consumers about health-care coverage options. 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 revised fiscal note reflects the introduced bill as amended by the Senate State, Veterans, and Military Affairs Committee.

**Table 1
State Fiscal Impacts Under SB 22-081**

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue	General Funds	(\$5,000,000)	(\$5,000,000)
Expenditures		-	-
Transfers		-	-
Other Budget Impacts	TABOR Refund	(\$5,000,000)	(\$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 healthcare coverage options by July 1, 2023. The campaign will provide education focused on attaining and retaining coverage, as well as eligibility and costs, including efforts to:

- improve health literacy;
- assist individuals who lose minimum coverage;
- reduce the number of eligible individuals without coverage; and
- reach individuals who are no longer eligible for benefits under Medicaid or the Children's Basic Health Plan Act.

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.

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 2022 through 2028.

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, 2028.

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 \$5.0 million in FY 2022-23 through the repeal of the bill in FY 2028-29, for a total reduction of \$35.0 million, as it is assumed that the full tax credit increase will be available for tax year 2022 upon implementation of the bill, as well as in tax year 2028. 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. If insurers do not claim the full tax credit amount in 2022, it will be available in the following tax year, and the decrease in state revenue will be delayed.

State Expenditures

Department of Regulatory Agencies. The bill may increase workload for the Division of Insurance. 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 2022 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.

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. Connect for Health Colorado will run a public education and awareness campaign at a cost of \$5.0 million per year. It is assumed that the cost will be covered by contributions from insurers and any interest derived from the deposit and investment of the money, 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
Information Technology
Treasury

Health Care Policy and Financing
Regulatory Agencies