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FISCAL NOTE

Drafting Number: LLS 19-0081
Prime Sponsors: Rep. Roberts; Catlin Sen. Donovan

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Bill Status: House Health & Insurance
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Bill Topic: PROPOSAL FOR AFFORDABLE HEALTH COVERAGE OPTION

- Summary of Fiscal Impact: State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, Statutory Public Entity (minimal)

This bill requires the Departments of Health Care Policy and Financing and Regulatory Agencies to develop a proposal for a state option for health care coverage. It increase state expenditures in FY 2018-19 and FY 2019-20.

Appropriation Summary: The bill requires appropriations of \$190,500 in the current FY 2018-19 and \$381,000 in FY 2019-20.

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

Table 1
State Fiscal Impacts Under HB 19-1004

Table with 4 columns: Category, FY 2018-19 (current year), FY 2019-20, FY 2020-21. Rows include Revenue, Expenditures (General Fund), Transfers, and TABOR Refund.

Summary of Legislation

The bill requires the Department of Health Care Policy and Financing (HCPF) and the Division of Insurance (DOI) in the Department of Regulatory Agencies to develop and submit a proposal for a state option for health care coverage that leverages existing state health care infrastructure. The proposal must consider affordability to consumers at different income levels, the administrative and financial burden to the state, and any statutory or rule changes necessary to implement the proposed state option. The proposal must be submitted to the General Assembly by August 31, 2019.

Among other things, in developing the proposal, HCPF and DOI must:

- conduct actuarial research to identify potential costs to participants;
- evaluate provider rates;
- evaluate eligibility criteria for individuals and small businesses;
- determine the impact on the state budget;
- determine the impact on the stability of health care markets;
- engage in a stakeholder process; and
- review information from a pilot program to expand access to state employee group health insurance that may be initiated through Senate Bill 19-004.

After the proposal has been created and presented to the General Assembly, HCPF and DOI must submit any federal waivers or state plan amendments necessary to fund and implement the state option described in the proposal. The waivers and plan amendments may be delayed by legislative action that alters the federal authorization needed.

Assumptions

The fiscal note makes the following assumptions:

- the bill will be signed into law by May 1, 2019, necessitating a current fiscal year (FY 2018-19) appropriation;
- one-third of costs will be incurred in the current FY 2018-19 and the remainder in FY 2019-20; and
- HCPF and DOI will need to submit a federal waiver or state plan amendment in FY 2019-20.

State Expenditures

This bill will increase state General Fund expenditures by \$190,500 in the current FY 2018-19 and by \$381,000 in FY 2019-20. These costs are shown in Table 2 and described below.

Table 2
Expenditures Under HB 19-1004

	FY 2018-19 <i>(current year)</i>	FY 2019-20	FY 2020-21
Dept. of Health Care Policy and Financing			
Healthcare Consulting	\$50,000	\$100,000	-
Actuarial Consulting	\$25,000	\$50,000	-
HCPF Subtotal	\$75,000	\$150,000	-
Department of Regulatory Agencies			
Healthcare Consulting	\$31,500	\$63,000	-
Actuarial Consulting	\$84,000	\$168,000	-
DORA Subtotal	\$115,500	\$231,000	-
Total Cost	\$190,500	\$381,000	-

Department of Health Care Policy and Financing. The proposal will require analysis of how the proposed state option may interact with existing public health care options, including Medicaid and the Children's Basic Health Plan, as well as private insurance. HCPF will be primarily responsible for the analysis as it relates to existing public health plans. HCPF will require 750 hours of healthcare consulting at \$200 per hour (\$150,000) to research, collect, and analyze data for the proposal. This will include consultation with the federal Department of Health and Human Services, coordination with DOI, providers, carriers, health insurance experts, and consumer advocates. HCPF will require 333 hours of actuarial consulting at \$225 per hour (\$75,000) to examine premiums and cost sharing. Working with contractors and coordinating the project will also increase workload for HCPF, which can be accomplished within existing appropriations.

Department of Regulatory Agencies. DOI will focus on how the proposal relates to private insurance and the Colorado Health Benefit Exchange. DOI will require 300 hours of healthcare consulting at \$315 per hour (\$94,500) to conduct stakeholder involvement, interface with federal partners, and draft the waiver application. DOI will require 800 hours of actuarial consulting at \$315 per hour (\$252,000) to conduct much of the cost and rate analysis for the proposal. Project coordination and contractor management will increase workload for existing staff at DOI, which can be accomplished within existing appropriations.

Waiver and implementation costs. Because the proposal has not yet been created, it is not yet known what federal waivers or amendments will be required. If the costs of seeking federal approval exceed what is appropriated in this bill, additional resources will be required. To the extent that this process leads to implementation of the proposal, it is assumed that additional resources will be appropriated through future legislation or requested through the annual budget process.

Statutory Public Entity

In FY 2018-19 and FY 2019-20, workload may increase for Connect for Health Colorado to assist in developing the proposal required by the bill. It is assumed that this workload will be minimal.

Effective Date

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

State Appropriations

For the current FY 2018-19, this bill requires the following General Fund appropriations:

- \$75,000 to the Department of Health Care Policy and Financing; and
- \$115,500 to the Department of Regulatory Agencies.

For FY 2019-20, this bill requires the following General Fund appropriations:

- \$150,000 to the Department of Health Care Policy and Financing; and
- \$231,000 to the Department of Regulatory Agencies.

State and Local Government Contacts

Colorado Health Benefit Exchange
Health Care Policy and Financing
Information Technology

Law
Personnel
Regulatory Agencies