


Colorado Legislative Council Staff Fiscal Note
FINAL
FISCAL NOTE

Drafting Number: LS 08-0873	Date: July 10, 2008
Prime Sponsor(s): Sen. Mitchell S. Rep. Gagliardi	Bill Status: Signed into Law
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TITLE: CONCERNING A STANDARDIZED CARD TO BE ISSUED TO PERSONS COVERED UNDER A HEALTH COVERAGE PLAN, AND MAKING AN APPROPRIATION THEREFOR.

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
State Revenue	\$0	\$0
State Transfers or Diversions		
General Fund Diversion to Division of Insurance Cash Fund	(\$12,928)	\$0
State Expenditures		
Total	<u>\$12,928</u>	<u>\$25,317</u>
General Fund Appropriation to the Children's Basic Health Plan Trust Fund		5,619
Cash Funds		
Health Care Expansion Fund		3,242
Division of Insurance Cash Fund	\$12,928	0
Federal Funds		16,456
FTE Position Change	0.0 FTE	0.0 FTE
Effective Date: The bill was signed by the Governor and became law on June 3, 2008.		
Appropriation Summary for FY 2008-2009: See State Appropriations section of fiscal note.		
Local Government Impact: See Local Government section of the fiscal note.		

Summary of Legislation

The bill requires state regulated health insurance carriers to issue to their members, a standardized, printed card containing benefit information by July 1, 2009, for new and renewal members and by July 1, 2010, for all plan members. The Commissioner of Insurance must adopt rules with specifications for the printed card by October 31, 2008. Private health plans covered by the Employee Retirement Security Act are not subject to SB08-135. The minimum information to be included is:

- ▶ the covered person's name and plan number;
- ▶ the type of plan and available coverage;
- ▶ co-payment and deductible amounts;

- ▶ basic benefits;
- ▶ contact information for carrier or plan administrator; and
- ▶ an indication as to whether the coverage is state regulated.

The Commissioner of Insurance must convene a working group within 30 days after the effective date to develop recommendations on the following:

- ▶ standards for technology and tools for information exchange;
- ▶ the specific information to be included;
- ▶ simplifying eligibility and coverage verification;
- ▶ using electronic data interchange for eligibility notification, preauthorization, or service notification, and retroactive denial;
- ▶ when to implement technology for medical assistance programs; and
- ▶ whether to create a pilot program.

After receipt of the working group's recommendations, the commissioner must adopt rules for implementing a standardized electronic swipe card or other appropriate technology that conforms to applicable federal guidelines. Carriers will have 2 years after the effective date of the rules to implement the standardized electronic coverage technology. Hospitals and physicians are required to use the printed card and once implemented, the electronic technology for accessing coverage information. A carrier or provider in a rural area can apply for an extension if the deadlines imposed cause a financial hardship.

State Expenditures

This bill is expected to increase state expenditures by \$12,928 in FY 2008-09 and \$25,317 in FY 2009-10.

Department of Regulatory Agencies — will adopt rules for the format of the standardized printed card no later than October 31, 2008. The department will also establish and staff a working group to make recommendations to the commissioner on the implementation of standardized electronic coverage technology. Department staff will prepare the regulations to implement the standardized electronic technology. The department requires \$14,008 to implement SB08-135.

Department of Health Care Policy and Financing — will have an increase in expenditures in the Children's Basic Health Plan which is administered as an insurance plan rather than an entitlement program. The fiscal note assumes the electronic cards will be issued in FY 2009-10 to about 67,500 clients. The department expects to pay costs of \$25,317 of which \$5,619 is a General Fund appropriation to the Children's Basic Health Plan Trust Fund, \$3,242 a cash funds appropriation from the Health Care Expansion Fund, and \$16,456 federal funds. The bill has no effect on Medicaid services.

Other State Agencies — The Department of Public Health and Environment, the Department of Health Care Policy and Financing and the Governor's Office of Information Technology will participate in the 6 month-long working group created in this bill. This workload can be absorbed within existing appropriations.

State Employee Health Plan Contributions — the bill applies to the non self-funded health insurance plans offered to state employees under the state's employee benefit program. Total health plan cost increases are expected to translate into increased premiums of \$86,821 spread over 20,466 state employees and dependents enrolled in those plans. The increases per policy range from \$0.41 per month for employee only coverage, to \$1.19 per month for employee and family coverage on Kaiser and \$0.75 to \$2.17 on San Luis Valley beginning in FY 2009-10. If Great West, the self-funded state health insurance plan, implements HB08-135 for consistency, an increase in costs is expected which would be recovered through premium increases.

State Employer Health Plan Contributions — while premium increases are expected to be paid by state employees in the first year, this bill may influence the General Assembly to increase the state's contribution in order to meet the statutory requirement of providing benefits comparable to private sector employers. Over time, increased health insurance premiums would be incorporated into the Total Compensation Survey, and any increases to the state's contribution to maintain parity with the private sector will increase state expenditures.

CoverColorado — offers health insurance to the uninsurable population as a statutory public entity. Issuing the cards or other device to its membership will result in a cost increase, but the amount cannot be determined. CoverColorado does not receive a state appropriation so there is no impact on state expenditures.

Local Government Impact

An increase in premiums for health insurance at the local level is likely given the increased cost to the insurer. The size of the increase and who will bear the expense, cannot be determined.

State Appropriations

The Department of Regulatory Agencies requires a cash funds appropriation of \$12,928 from the Division of Insurance Cash Fund for FY 2008-09.

Departments Contacted

Regulatory Agencies
Personnel and Administration

Health Care Policy and Financing
CoverColorado