

  
*Colorado Legislative Council Staff Fiscal Note*  
**FINAL**  
**FISCAL NOTE**

**Drafting Number:** LLS 11-0058  
**Prime Sponsor(s):** Sen. King K.  
 Rep. Stephens

**Date:** May 17, 2011  
**Bill Status:** Signed into Law  
**Fiscal Analyst:** Clare Pramuk (303-866-2677)

**TITLE:** CONCERNING PAYMENT OF THE COSTS OF HEALTH INSURANCE COVERAGE TO EMPLOYEES OF SMALL EMPLOYERS.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
<b>State Revenue</b>		
<b>State Expenditures</b>	See State Expenditures Section	
<b>FTE Position Change</b>		
<b>Effective Date:</b> The bill was signed into law by the Governor and took effect on March 29, 2011.		
<b>Appropriation Summary for FY 2011-2012:</b> None required.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

This bill allows a small employer that does not have, and has not had in the previous 12 months, a small group health benefit plan for its employees, to reimburse an employee for any portion of the premium the employee pays for a health coverage plan. A small employer (50 or fewer employees) may reimburse the employee through wage adjustments or a health reimbursement arrangement (HRA).

**State Expenditures**

This bill increases the workload of the Division of Insurance in the Department of Regulatory Agencies to amend its regulations, but not to the extent to require an additional appropriation. Because the bill is effective upon passage, the required regulation will be processed as an emergency regulation. This is expected to require approximately 40 hours of staff time which will be absorbed within existing resources.

**Statutory Public Entity Impact**

CoverColorado, the state's high-risk health insurance pool may see an increase in enrollment as a result of this bill, but this is expected to be limited. If an employer is paying any portion of the premium for an employee's health benefit plan, that employee is not eligible for CoverColorado

under statute. If applicants falsify this information when applying to CoverColorado, they may be approved for coverage causing an increase in enrollment. For this falsification to be effective, the employee must have had a health benefit plan for at least the past 18 months. Because the bill requires that an employer not have offered a small group health benefit plan in the past 12 months, either the employee was covered under a plan not offered by the employer, or the employer has violated the provisions of the bill by dropping coverage and offering HRAs. CoverColorado is already seeing this type of falsification of information under current law, so the fiscal note assumes that Senate Bill 11-019 will have a limited effect on increasing enrollment in CoverColorado.

**Departments Contacted**

Regulatory Agencies

Law

CoverColorado

Revenue