

Colorado Legislative Council Staff Fiscal Note

STATE
FISCAL IMPACT

Drafting Number: LLS 08-1035
Prime Sponsor(s): Rep. Primavera

Date: April 8, 2008
Bill Status: House Business Affairs and Labor
Fiscal Analyst: Amy Larsen (303-866-3488)

TITLE: CONCERNING INCREASED TRANSPARENCY TO CONSUMERS REGARDING HEALTH CARE INSURANCE.

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
State Revenue	\$ 0	\$ 0
State Transfers or Diversions Diversion from the General Fund to the Division of Insurance Cash Fund	(\$ 21,685)	(\$ 15,819)
State Expenditures Cash Funds - Division of Insurance Cash Fund	\$ 21,685	\$ 15,819
FTE Position Change	0.2 FTE	0.2 FTE
Effective Date: January 1, 2009, unless a referendum petition is filed.		
Appropriation Summary for FY 2008-2009: See State Appropriations section of the fiscal note.		
Local Government Impact: None.		

Summary of Legislation

This bill requires the Insurance Commissioner to implement and maintain a consumer guide to health benefits coverage on the Division of Insurance website. The website must include information on each carrier, a link to the division's complaint form and index of complaints, and other information the commissioner determines to be useful to consumers.

In addition, health care insurance producers and agents must disclose expected commission amounts to consumers.

State Transfers and Diversions

This bill diverts \$21,685 from the General Fund in FY 2008-09 and \$15,819 in FY 2009-10. This revenue diversion occurs because the bill increases costs in the Department of Regulatory Agencies, Division of Insurance, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

General Fund for Transportation. Based on the March 2008 Legislative Council Staff revenue forecast, there is enough money to partially fund the annual diversion to the Highway Users Tax Fund under the provisions of SB 97-1 beginning in FY 2008-09 through FY 2010-11. This bill reduces General Fund revenue, thereby reducing the SB 97-1 diversion by \$21,685 in FY 2008-09.

State Expenditures

State cash funds expenditures for the Department of Regulatory Agencies, Division of Insurance, are expected to increase by \$21,685 and 0.2 FTE in FY 2008-09 and by \$15,819 and 0.2 FTE in FY 2009-10. Costs are incurred in the Division of Insurance Cash Fund.

The division is expected to perform the following activities to implement and maintain a health insurance guide on its website:

- ▶ extract and organize information submitted to the division from health insurance carriers;
- ▶ survey, collect, and organize additional information related to large group and individual insurance plans offered in Colorado; and
- ▶ design, produce, and publish the guide on the internet and in a printed edition for consumers who do not have internet access.

These activities require approximately 600 hours in FY 2008-09 and 500 hours in subsequent years across several job classifications. In addition to staff time, minimal printing and postage costs are included to make the guide available to those who do not have internet access (\$1,000 each year).

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, funding for the items noted below will not be included in fiscal note expenditure estimates.

- group health, life and dental insurance
- inflation indices
- amortization equalization disbursements
- supplemental amortization equalization disbursements
- short-term disability
- leased space
- indirect costs

State Appropriations

For FY 2008-09, the fiscal note indicates that the Department of Regulatory Agencies, Division of Insurance should receive a cash funds appropriation of \$21,685 and 0.2 FTE from the Division of Insurance Cash Fund.

Departments Contacted

Regulatory Agencies
Personnel and Administration

Health Care Policy and Financing