



***Centennial Care Choices Program.*** The program must include the following, if consistent with the Governor's recommendations:

- ▶ a requirement that all Coloradans obtain health insurance and a mechanism to enforce the requirement;
- ▶ standards for value benefit plans;
- ▶ a premium subsidy program to assist low-income individuals and families in paying health insurance premiums;
- ▶ a patient safety council to encourage the use of evidence-based medicine; and
- ▶ a dedicated revenue source to fund the subsidy program with a ballot question for the 2010 general election to seek voter approval if a tax increase is recommended.

***Value Benefit Plans (VBPs).*** At a minimum, proposals from insurance companies for VBPs must include the following:

- ▶ benefits that approximate 80 percent of the actuarial value of the preferred provider organization plan offered to state employees and that include benefits for participation in wellness programs;
- ▶ the use of health information technology, telemedicine, and internet-based health care education materials and tools;
- ▶ encouragement of the use of pay-for-performance systems for reimbursing health care providers and innovative or collaborative efforts within communities including community health centers and other safety net providers;
- ▶ rate setting based on age and geographic location of the policyholder with optional coverage choices for consumers;
- ▶ allowance of payment through a state-paid premium subsidy; and
- ▶ the assumption that all Colorado residents would be required to purchase health insurance.

### **State Transfers and Diversions**

This bill diverts \$15,900 from the General Fund in FY 2008-09 and \$13,600 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 (HUTF) 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 \$15,900 in FY 2008-09.

**State Expenditures**

Total state expenditures are expected to increase by \$273,300 and 3.0 FTE in FY 2008-09 and \$235,600 and 3.0 FTE in FY 2009-10. Costs are incurred in both the Department of Health Care Policy and Financing and the Department of Regulatory Agencies as discussed below and shown in Table 1.

<b>Table 1. Expenditures Under SB08-217</b>		
<b>Cost Components</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>
<b><i>Department of Health Care Policy and Financing</i></b>		
Personal Services	\$169,185	\$169,150
FTE	3.0	3.0
Operating Expenses & Capital Outlay	13,215	2,850
Contractor Costs	75,000	50,000
<b><i>Subtotal</i></b>	<b><i>\$257,400</i></b>	<b><i>\$222,000</i></b>
<b><i>Division of Insurance - Actuary Services</i></b>	<b><i>\$15,900</i></b>	<b><i>\$13,600</i></b>
<b>TOTAL</b>	<b>\$273,300</b>	<b>\$235,600</b>
General Fund	128,700	111,000
Cash Funds	15,900	13,600
Federal Funds	128,700	111,000

***Department of Health Care Policy and Financing -- \$257,400 and 3.0 FTE.*** The department has primary responsibility for requirements included in the bill. Staff is required to perform the following functions:

- ▶ coordinate with the Division of Insurance and a panel of experts;
- ▶ acquire relevant actuarial projections and research cost savings;
- ▶ develop a request for proposals for a new health insurance product and evaluate submitted proposals;
- ▶ perform research and make recommendations to the Governor related to an individual health insurance mandate including enforcement mechanisms, a state health insurance subsidy program, evidence-based medicine, and amounts and sources of revenue required for the Centennial Care Choices Program; and
- ▶ provide logistical and administrative support to the advisory panel.

For FY 2008-09, costs are included for 3.0 FTE and contract assistance to complete the activities outlined. The staffing level and costs are similar to the personnel costs of the Blue Ribbon Commission for Health Care Reform which recently completed its work and which the department is expected to build upon. For FY 2009-10, staff requirements will continue at least through the first half of FY 2009-10 when recommendations must be presented to the Governor. The fiscal note assumes that the Governor will recommend legislation which is expected to drive a continuing need

for staff to respond to questions and perform further research. Thus, a full year of expenses is anticipated. However, should the Governor reject the proposals, costs may be reduced to \$111,000 and 1.5 FTE (6 months). Any reduction in funding requirements can be addressed through the annual budget process.

***Department of Regulatory Agencies, Division of Insurance -- \$15,900.*** The division is required to coordinate with the Department of Health Care Policy and Financing to complete the requirements of the bill. Costs are included to provide health insurance and actuarial expertise (400 hours in FY 2008-09 and 310 hours in FY 2009-10).

### **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 Health Care Policy and Financing should receive an appropriation of \$257,400 and 3.0 FTE split equally between the General Fund and federal funds (\$128,700 each).

Also for FY 2008-09, the Department of Regulatory Agencies, Division of Insurance, should receive a cash funds appropriation of \$15,900 from the Division of Insurance Cash Fund.

### **Departments Contacted**

Health Care Policy and Financing  
Office of the Governor

Regulatory Agencies