

**CONDITIONAL FISCAL IMPACT**

**Drafting Number:** LLS 09-0413

**Date:** March 5, 2009

**Prime Sponsor(s):** Rep. Kefalas  
Sen. Foster

**Bill Status:** House Business Affairs and Labor

**Fiscal Analyst:** Amy Larsen (303-866-3488)

**TITLE:** CONCERNING THE CREATION OF A HEALTH CARE AUTHORITY TO DEVELOP A HEALTH CARE SYSTEM THAT SHALL BE THE ADMINISTRATOR FOR HEALTH CARE SERVICES IN COLORADO.

<b>Fiscal Impact Summary</b>	<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
<b>State Revenue</b> Cash Funds - Health Care Authority Fund	Gifts, Grants, and Donations	
<b>State Expenditures</b> Cash Funds - Health Care Authority Fund	Up to \$1.4 Million Over Both Fiscal Years	
<b>FTE Position Change</b>		
<b>Effective Date:</b> Upon signature of the Governor or upon the bill becoming law without his signature.		
<b>Appropriation Summary for FY 2009-2010:</b> See State Appropriations section of the fiscal note.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

The bill creates the Colorado Health Care Authority. The authority is governed by a 23-member board of directors, and is not subject to administrative direction or control by any agency of the state. The mission of the authority is to create a health care system in Colorado that is the benefits administrator and payer for health care services. The authority is to recommend to the General Assembly and implement a single-payer health care system that provides comprehensive medical benefits to all eligible participants.

Subject to sufficient gifts, grants, and donations, the board must consider a number of factors including the following:

- ▶ the establishment of regional systems to administer and pay for comprehensive medical coverage;
- ▶ the impact of incorporating medical portions of liability insurance, workers' compensation, and auto insurance;
- ▶ a financing system that includes means-based fees or premiums from all Colorado residents who are eligible to participate and coordination with existing federal and state funding; and
- ▶ other issues relevant to creating a new health care system.

The board is required to annually report on its progress to the Health and Human Services Committees of the Senate and the House of Representatives and to the Governor. The bill also specifies that prior to implementation of a single-payer health care system, approval must be received from General Assembly.

### **State Revenue**

The board is authorized to solicit and collect gifts, grants, and donations for its work. The bill specifies that the board is not to consider issues related to creating a new health care system or plan, design, or implement such a system unless sufficient gifts, grants, and donations are received. No such funds have been identified at this time.

### **State Expenditures**

State cash funds expenditures of up to \$1.4 million over FY 2009-10 and FY 2010-11 are conditional upon the receipt of gifts, grants, and donations.

***Health Care Authority.*** The Colorado Health Care Authority is required to recommend to the General Assembly a new health care system, and a 23-member board of directors is established to govern the authority. In designing and creating the single-payer health care system, the board is to consider a number of related issues if sufficient gifts, grants, and donations are received. The fiscal note assumes that contractor services for policy research would be similar to services provided to the Blue Ribbon Commission on Health Care Reform (208 Commission) and would cost up to \$1.0 million. Other costs of the board may include: (1) meeting expenses of \$227,700 (23 members x \$550 for per diem and expenses x 18 meetings), and (2) contract services for an executive director and project administration of \$150,000. The fiscal note assumes that these costs (up to \$1.4 million) would be incurred over FY 2009-10 and FY 2010-11. Actual costs will depend upon available funding and decisions of the board.

***Funding.*** The bill specifies that no moneys from the General Fund are to be used for planning and developing the new health care system. Thus, an estimated \$1.4 million is needed from other sources. The bill specifies that if sufficient funds are not identified and guaranteed by July 1, 2011, the Colorado Guaranteed Health Care Act does not take effect.

Additional funding will be required to implement the system. Implementation costs are also conditional upon approval of the General Assembly and federal authorities.

**State Appropriations**

For FY 2009-10, the fiscal note indicates that the Department of Health Care Policy and Financing should receive a cash funds appropriation, conditional upon gifts, grants, and donations, of up to \$700,000 from the Health Care Authority Fund. This funding is allocated to the Colorado Health Care Authority.

**Departments Contacted**

Health Care Policy and Financing  
Regulatory Agencies

Labor and Employment  
Personnel and Administration