


Colorado Legislative Council Staff Fiscal Note
FINAL
FISCAL NOTE

Drafting Number: LLS 09-0413
Prime Sponsor(s): Rep. Kefalas
 Sen. Foster

Date: May 4, 2009
Bill Status: Deemed Lost
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.

Fiscal Impact Summary	FY 2009-10	FY 2010-11
State Revenue		
State Expenditures		
FTE Position Change		
Effective Date: The bill was deemed lost on Third Reading in the House of Representatives on April 14, 2009.		
Appropriation Summary for FY 2009-2010: None.		
Local Government Impact: None.		

Summary of Legislation

The bill creates the Colorado Health Care Authority. The authority is a statutory public entity, and is governed by a 23-member board of directors. It is considered a political subdivision of the state, but is not an agency of state government or subject to direction by any state agency. 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 create and design the new health care system and make recommendations concerning 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.

Funding. The bill specifies that no moneys from the General Fund are to be used for implementing HB09-1273. In addition, if sufficient gifts, grants, and donations are not identified and guaranteed by July 1, 2011, the Colorado Guaranteed Health Care Act is repealed.

Statutory Public Entity 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 make recommendations concerning 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.

Statutory Public Entity Expenditures

When the board receives gifts, grants, or donations, they are transferred directly to the Colorado Health Care Authority for the purposes of HB09-1273. The fiscal note assumes that up to \$1.2 million may be transferred to the authority as described below.

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 make recommendations concerning 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 \$21,400 (23 members x \$100 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 \$1.2 million) would be incurred over FY 2009-10 and FY 2010-11. Actual costs will depend upon available funding and decisions of the board.

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

State Expenditures

For FY 2009-10, there is no state expenditure impact. In out-years, the executive director of the Health Care Authority is required to seek input from and collaborate with the Department of Health Care Policy and Financing related to necessary waivers, exemptions, and agreements for public medical assistance programs. At this time, it is unknown as to how much involvement the department will have and if additional resources will be required. If additional resources are required, the fiscal note assumes that funding will be addressed through the annual budget process.

Departments Contacted

Health Care Policy and Financing
Regulatory Agencies

Labor and Employment
Personnel and Administration