

  
*Colorado Legislative Council Staff Fiscal Note*  
**STATE**  
**FISCAL IMPACT**

**Drafting Number:** LLS 10-0302  
**Prime Sponsor(s):** Rep. Acree  
 Sen. Harvey

**Date:** February 17, 2010  
**Bill Status:** House Health and Human Services  
**Fiscal Analyst:** Clare Pramuk (303-866-2677)

**TITLE:** CONCERNING THE AUTHORITY OF HEALTH INSURANCE CARRIERS TO OFFER PREMIUM DISCOUNTS FOR COMPLIANCE WITH TREATMENT PLANS PRESCRIBED TO MANAGE CERTAIN COVERED CONDITIONS.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
<b>State Revenue</b>		
<b>State Transfers or Diversions</b> Diversion from the General Fund to the Division of Insurance Cash Fund*	(\$6,202)	
<b>State Expenditures</b> Cash Funds Division of Insurance Cash Fund	\$4,886	
<b>FTE Position Change</b>	0.1 FTE	
<b>Effective Date:</b> July 1, 2010.		
<b>Appropriation Summary for FY 2010-2011:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

*\*Diversion is higher than expenditures to account for Expenditures Not Included shown in the fiscal note.*

**Summary of Legislation**

This bill allows insurance carriers to offer premium discounts to covered persons who comply with a treatment plan prescribed by a health care provider to manage a chronic health condition. The discount cannot be based on the person's achievement of a particular outcome but the carrier may determine:

- the length of time the covered person must comply to qualify for the discount;
- the type of discount and manner in which to implement it; and
- the method by which covered persons are to demonstrate compliance.

**State Transfers or Diversions**

This bill diverts \$6,202 from the General Fund in FY 2010-11. 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.

**State Expenditures**

Expenditures to the division increase by \$4,886 and 0.1 FTE in FY 2010-11 from the Division of Insurance Cash Fund as shown in Table 1. These costs are driven by the bill taking effect July 1 which requires the division to issue an emergency regulation. Because the discounts are optional, the fiscal note assumes that carriers choosing to offer them will include them in their standard January 1 filings which can be reviewed with existing resources.

<b>Table 1. Expenditures Under HB10-1258</b>		
<b>Cost Components</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>
Personal Services	\$4,886	
FTE	0.1	
<b>TOTAL</b>	<b>\$4,886</b>	

**Expenditures Not Included**

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

<b>Table 2. Expenditures Not Included Under HB10-1258*</b>		
<b>Cost Components</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$410	
Supplemental Employee Retirement Payments	182	
Indirect Costs	709	
Leased Space	15	
<b>TOTAL</b>	<b>\$1,316</b>	

*\*More information is available at: <http://www.colorado.gov/cs/Satellite/CGA-LegislativeCouncil/CLC/1200536133924>*

**State Appropriations**

The Division of Insurance requires an appropriation of \$4,886 and 0.1 FTE from the Division of Insurance Cash Fund.

**Departments Contacted**

Regulatory Agencies

Personnel and Administration