

*Colorado Legislative Council Staff Fiscal Note*

**STATE  
FISCAL IMPACT**

**Drafting Number:** LLS 11-0585 **Date:** February 16, 2011  
**Prime Sponsor(s):** Sen. Newell **Bill Status:** Senate Health and Human Services  
 Rep. McCann; Summers **Fiscal Analyst:** Clare Pramuk (303-866-2677)

**TITLE:** CONCERNING REQUIRING A CARRIER THAT PARTICIPATES IN THE INDIVIDUAL HEALTH INSURANCE MARKET IN COLORADO TO ISSUE CHILD-ONLY PLANS ON A GUARANTEED-ISSUE BASIS.

<b>Fiscal Impact Summary</b>	<b>FY 2011-2012</b>	<b>FY 2012-2013</b>
<b>State Revenue</b>		
<b>State Transfers or Diversions</b> Diversion from the General Fund to the Division of Insurance Cash Fund	(\$12,016)	(\$1,518)
<b>State Expenditures</b> Cash Funds Division of Insurance Cash Fund	\$12,016	\$1,518
<b>FTE Position Change</b>	0.1 FTE	
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2011-2012:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

The bill requires all insurance carriers selling individual health insurance policies in Colorado to provide child-only health insurance plans for children up to age 19, without regard to preexisting conditions, during two specified enrollment periods per year. The first open enrollment period must begin on the first of the month closest to 90 days after the effective date of the bill. Subsequent enrollment periods must be six months apart. A carrier may accept an application for coverage outside of the enrollment periods for children who do not have preexisting conditions.

Insurance carriers must give notice of the open enrollment opportunities, and instructions for enrolling, on their websites. They are also required to provide a link to the public programs administered by the Department of Health Care Policy and Financing. Within 90 days after the closure of an open enrollment period, insurance carriers are required to submit information to the Commissioner of Insurance about the number of applicants for a child-only plan, the number enrolled, the number of applicants denied enrollment, and the reasons for the denials.

This requirement is repealed on January 1, 2014.

**State Transfers or Diversions**

This bill diverts \$12,016 from the General Fund in FY 2011-12 and \$1,518 in FY 2012-13 to the Division of Insurance Cash Fund to cover the expenditures incurred by the Division of Insurance. 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**

*An increase in expenditures of \$12,016 and 0.1 FTE is expected for FY 2011-12, and \$1,518 in FY 2012-13 from the Division of Insurance Cash Fund, for the Division of Insurance in the Department of Regulatory Agencies.* Insurance companies make annual filings to the division in January. Because this bill is effective upon signature of the Governor, insurance carriers will be required to make special filings of their rates and forms. The division will be required to review the filings which requires \$7,558 and 0.1 FTE for the additional staff time. The effective date will also require legal services of \$2,940 to promulgate an emergency regulation. Finally, the collection of information from insurance carriers increases expenditures by \$1,518 each year. See Table 1 for a listing of expenditures.

<b>Table 1. Expenditures Under SB11-128</b>		
<b>Cost Components</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
Personal Services	\$9,076	\$1,518
FTE	0.1	
Legal Services	2,940	
<b>TOTAL</b>	<b>\$12,016</b>	<b>\$1,518</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 SB11-128*</b>		
<b>Cost Components</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$1,017	
Supplemental Employee Retirement Payments	411	
<b>TOTAL</b>	<b>\$1,428</b>	

\*More information is available at: <http://colorado.gov/fiscalnotes>

**State Appropriations**

For FY 2011-12, the Division of Insurance in the Department of Regulatory Agencies requires an appropriation of \$12,016 from the Division of Insurance Cash Fund. Of this, \$2,940 is reappropriated to the Department of Law.

**Departments Contacted**

Health Care Policy and Financing

Regulatory Agencies