

**STATE
REVISED FISCAL IMPACT**

(replaces fiscal note dated February 16, 2011)

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| Drafting Number: LLS 11-0585 | Date: February 28, 2011 |
| Prime Sponsor(s): Sen. Newell Rep. McCann; Summers | Bill Status: Senate Finance 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.

| Fiscal Impact Summary | FY 2011-2012 | FY 2012-2013 |
|---|--------------|--------------|
| State Revenue | | |
| State Transfers or Diversions Diversion from the General Fund to the Division of Insurance Cash Fund | (\$10,493) | |
| State Expenditures Cash Funds Division of Insurance Cash Fund | \$10,493 | |
| FTE Position Change | 0.1 FTE | |
| Effective Date: Upon signature of the Governor, or upon becoming law without his signature. | | |
| Appropriation Summary for FY 2011-2012: See State Appropriations section. | | |
| Local Government Impact: None. | | |

Summary of Legislation

As amended by the Senate Committee on Health and Human Services, 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 held during January and July. Insurance carriers can also accept applications for child-only coverage received within 30 days after a qualifying event such as birth, adoption, marriage, or loss of eligibility under another plan.

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. The Commissioner of Insurance is required to collect information 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 in conjunction with the annual Health Cost Report Survey.

These requirements are repealed on January 1, 2014.

State Transfers or Diversions

This bill diverts \$10,493 from the General Fund in FY 2011-12 only 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 \$10,493 and 0.1 FTE is expected for FY 2011-12 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 \$2,935 to promulgate an emergency regulation. The fiscal note assumes that the commissioner will begin collecting information on child-only plans in April 2012 for a report to be issued in September 2012. See Table 1 for a listing of expenditures.

| Table 1. Expenditures Under SB11-128 | |
|---|-------------------|
| Cost Components | FY 2011-12 |
| Personal Services | \$7,558 |
| FTE | 0.1 |
| Legal Services | 2,935 |
| TOTAL | \$10,493 |

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.

| Table 2. Expenditures Not Included Under SB11-128* | |
|--|-------------------|
| Cost Components | FY 2011-12 |
| Employee Insurance (Health, Life, Dental, and Short-term Disability) | \$847 |
| Supplemental Employee Retirement Payments | 342 |
| TOTAL | \$1,189 |

*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 \$10,493 and 0.1 FTE from the Division of Insurance Cash Fund. Of this, \$2,935 is reappropriated to the Department of Law.

Departments Contacted

Health Care Policy and Financing

Regulatory Agencies