

Colorado Legislative Council Staff Fiscal Note

**STATE and
STATUTORY PUBLIC ENTITY
FISCAL IMPACT**

Note: This fiscal note is provided pursuant to Joint Rule 22 (b) (2) and reflects strike-below amendment L.003.

Drafting Number: LLS 11-0058	Date: January 31, 2011
Prime Sponsor(s): Sen. King K. Rep. Stephens	Bill Status: Senate Health & Human Services
	Fiscal Analyst: Clare Pramuk (303-866-2677)

TITLE: CONCERNING PAYMENT OF THE COSTS OF HEALTH INSURANCE COVERAGE TO EMPLOYEES OF SMALL EMPLOYERS.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue		
State Expenditures	See State Expenditures Section	
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2011-2012: None required.		
Local Government Impact: None.		

Summary of Legislation

This bill allows a small employer that does not have, and has not had in the previous 12 months, a small group health benefit plan for its employees, to reimburse an employee for any portion of the premium the employee pays for a health coverage plan. A small employer (50 or fewer employees) may reimburse the employee through wage adjustments or a health reimbursement arrangement (HRA).

State Expenditures

This bill increases the workload of the Division of Insurance in the Department of Regulatory Agencies to amend its regulations, but not to the extent to require an additional appropriation. Because the bill is effective upon passage, the required regulation will be processed as an emergency regulation. This is expected to require approximately 40 hours of staff time which will be absorbed within existing resources.

Statutory Public Entity Impact

CoverColorado, the state's high-risk health insurance pool may see an increase in enrollment as a result of this bill, but this is expected to be limited. If an employer is paying any portion of the premium for an employee's health benefit plan, that employee is not eligible for CoverColorado under statute. If applicants falsify this information when applying to CoverColorado, they may be approved for coverage causing an increase in enrollment. For this falsification to be effective, the employee must have had a health benefit plan for at least the past 18 months. Because the bill requires that an employer not have offered a small group health benefit plan in the past 12 months, either the employee was covered under a plan not offered by the employer, or the employer has violated the provisions of the bill by dropping coverage and offering HRAs. CoverColorado is already seeing this type of falsification of information under current law, so the fiscal note assumes that SB11-019 will have a limited effect on increasing enrollment in CoverColorado.

Departments Contacted

Regulatory Agencies Law CoverColorado Revenue