

REVISED FISCAL IMPACT

(replaces fiscal note dated April 21, 2011)

Drafting Number: LLS 11-0249

Date: May 2, 2011

Prime Sponsor(s): Sen. Boyd
Rep. Stephens

Bill Status: House Health and Environment

Fiscal Analyst: Kerry White (303-866-3469)

TITLE: CONCERNING A COLORADO HEALTH BENEFIT EXCHANGE, AND, IN CONNECTION THEREWITH, CREATING A PROCESS FOR THE IMPLEMENTATION OF A HEALTH BENEFIT EXCHANGE IN COLORADO.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue		
State Expenditures		
General Fund	\$29,638	\$29,638
FTE Position Change	0.4 FTE	0.4 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

This *reengrossed bill* creates the Colorado Health Benefit Exchange Act in connection with federal health care laws enacted in 2010. It establishes a non-profit organization that is an instrumentality of the state to oversee the establishment and operation of a competitive insurance marketplace (exchange) in Colorado. The exchange will be governed by a board of directors consisting of 12 members, including 9 voting members of certain qualifications appointed by the Governor and legislative leadership, and 3 non-voting members representing the Department of Health Care Policy and Financing, the Commissioner of Insurance, and the director of the Office of Economic Development and International Trade. Board qualifications, powers, and duties are specified, to include:

- appointing an executive director and creating an initial operational and financial plan;
- applying for gifts, grants, and donations to fund the planning, establishment, and operation of the exchange;
- creating technical and advisory groups as needed;
- preparing and presenting a written report, on or before January 15 of each year, concerning the status of the exchange;
- reviewing the internet portal and templates for citizens to access information on health plans offered through the exchange;

- identifying the structure of the exchange, including whether to separate the individual and small employer markets and the appropriate size of the small employer market; and
- considering the unique needs of rural Coloradans.

All board members serve without compensation, although per diem and expenses may be reimbursed from gifts, grants, and donations. All other expenses of the exchange are to be paid with gifts, grants, and donations received by the board. Financial information is to be reported to the Legislative Audit Committee, which may audit moneys received by the board.

A 10-member Legislative Health Benefit Exchange Implementation Review Committee (review committee) is created to guide implementation of the exchange, make recommendations, and carry legislation. Members are appointed by legislative leadership and serve without compensation, although per diem and travel expenses may be provided. The committee is to meet on or before August 1, 2011, and may meet up to five times per year thereafter to review the exchange's financial and operational plans and grants applications. Legislative Council Staff is directed to assist the committee.

The bill clarifies that no General Fund moneys are to be used to implement the bill except as required to reimburse legislators serving on review committee and to pay for legislative service agency staff costs. The legislative service agencies are also required to conduct a post-enactment review within 5 years of the bill becoming law. As amended, the bill also clarifies that the General Assembly has sufficient resources to implement the bill within existing appropriations.

State Expenditures

This bill will increase state expenditures by up to \$29,638 in FY 2011-12 and FY 2012-13 to support the review committee created under the bill, as described in Table 1 and the discussion that follows.

Table 1. Expenditures Under SB11-200		
Cost Components	FY 2011-2012	FY 2012-2013
Personal Services	\$20,288	\$20,288
FTE Senior Research Assistant (0.3 FTE) and Staff Attorney (0.1 FTE)	0.4	0.4
Legislative Per Diem and Travel (10 members x \$187 x up to 5 meetings)	9,350	9,350
TOTAL	\$29,638	\$29,638

Legislative branch. Expenditures will increase by \$29,638 General Fund and 0.4 FTE per year, beginning in FY 2011-12. The review committee includes 10 legislators, for whom per diem and travel reimbursements may be paid. Assuming the committee meets up to 5 times per year at a cost of \$187 per member, costs are estimated to be up to \$9,350 per year. Legislative Council staff is tasked with providing research, and the fiscal note assumes that resources will be required to staff the committee and prepare legislation. Personal services costs total \$20,288 and 0.4 FTE per year.

The Office of the State Auditor may experience an increase in workload if the Legislative Audit Committee chooses to audit moneys received by the board of directors of the exchange. Costs for post-enactment review are expected to be minimal.

State agencies. Representatives from the Governor's Office, and the Departments of Health Care Policy and Financing and Regulatory Agencies are to serve on the committee. Participation is expected to have a minimal impact on agency workload, but does not require a new appropriation.

Board of directors of the exchange. The bill specifies that board expenses are to be paid with gifts, grants, and donations. To the extent that the board requires any services provided by state agencies and reimburses board members for per diem and travel expenses, these costs will be paid with gifts, grants, and donations.

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 SB11-200*		
Cost Components	FY 2011-12	FY 2012-13
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$2,840	\$2,840
Supplemental Employee Retirement Payments	918	1,082
TOTAL	\$3,758	\$3,922

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

State Appropriations

Due to the Legislative Council's approval of this committee, no separate appropriations are required for FY 2011-12. The Legislature is budgeted each year with resources to support a limited number of interim committees of the General Assembly (5). While this committee is anticipated to be ongoing, its costs will be paid from the portion of the budget reserved for interim committees.

Departments Contacted

Governor's Office
Health Care Policy & Financing
Regulatory Agencies

Governor's Office of Information Technology
Legislative Branch
State Auditor