

The compact legislation is to address certain policy goals. The executive directors and commissioner are granted flexibility to modify or exclude one or more of the policy goals if necessary to facilitate negotiations with other states, as long as the rights of states to regulate health care is protected. The policy goals include:

- improving health care policy;
- securing consent from the U.S. Congress to regulate health care at the state level;
- affirming that the state legislatures have the primary responsibility and authority to regulate health care in their states;
- authorizing states to opt out of federal laws that require states to take action in the area of health care;
- allowing states to choose to receive federal funds in block grants for Medicaid without having to comply with certain federal requirements; and
- creating an interstate advisory health care commission.

When the interstate compact legislation is developed, the executive directors and commissioner are directed to present the proposal to the Senate Committees on Business, Labor, and Technology and Health and Human Services and House Committees on Economic and Business Development and Health and Environment for consideration of whether to pursue legislation to ratify the compact and direct the governor to enter into it. The bill specifies that the executive directors and commissioner will perform their responsibilities within existing resources.

Background

Interstate compacts are contracts between two or more states that establish a formal, legal relationship for addressing a policy issue, adopting a standard, or cooperating on regional or national matters. There are more than 200 interstate compacts in the United States, of which Colorado participates in over 40. The U.S. Constitution grants states the right to enter into multi-state agreements, but Congress must approve any compact that would increase the state's power in a manner that would limit the federal government's power.

State Transfers or Diversions

This bill diverts \$22,011 from the General Fund in FY 2011-12 to the Division of Insurance Cash Fund to cover the expenditures incurred by the Division of Insurance. For FY 2012-13, \$7,337 will be diverted, conditioned upon the compact legislation not being completed in FY 2011-12. 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

This bill is expected to increase expenditures in the Division of Insurance in the Department of Regulatory Agencies by \$22,011 and 0.2 FTE in FY 2011-12. Expenditures of \$7,337 in FY 2012-13 are conditional upon the compact legislation not being completed in FY 2011-12. All expenditures are for legal services from the Department of Law.

The fiscal note assumes that 300 to 400 hours of legal services will be required to develop the compact legislation. These services include providing legal advice to the commissioner, researching issues related to interstate compacts and health care, and drafting of the proposed legislation. The conditional expenditure for 100 hours of legal services in FY 2012-13 is included because the process for developing compact legislation requires considerable input from, and coordination with, numerous and disparate stakeholder groups and may take longer than one fiscal year.

The bill requires that the departments and commissioner present the compact legislation to specific senate and house committees to consider whether to pursue legislation to ratify the compact. The fiscal note assumes that the costs of entering into the compact will be addressed in the fiscal note for the resulting bill.

State Appropriations

The Department of Regulatory Agencies requires an appropriation of \$22,011 and 0.2 FTE for FY 2011-12. This entire amount is reappropriated to the Department of Law.

Departments Contacted

Health Care Policy and Financing
Public Health and Environment

Labor and Employment
Regulatory Agencies

Law