

*Colorado Legislative Council Staff Fiscal Note*  
**STATE, LOCAL and  
 STATUTORY PUBLIC ENTITY  
 FISCAL IMPACT**

**Drafting Number:** LLS 11-0340  
**Prime Sponsor(s):** Rep. Solano  
 Sen. Tochtrop

**Date:** February 1, 2011  
**Bill Status:** House Health and Environment  
**Fiscal Analyst:** Kerry White (303-866-3469)

**TITLE:** CONCERNING FETAL ALCOHOL SPECTRUM DISORDERS, AND, IN CONNECTION THEREWITH, EXPANDING THE NUMBER OF MEMBERS OF THE FETAL ALCOHOL SPECTRUM DISORDERS COMMISSION, ENCOURAGING EVALUATION AND EXPANDED USE OF HEALTH WARNING INFORMATION, AND REQUIRING HEALTH INSURANCE COVERAGE FOR MULTIDISCIPLINARY EVALUATIONS OF CHILDREN SUSPECTED OF HAVING FETAL ALCOHOL SPECTRUM DISORDERS.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
<b>State Revenue</b>		
<b>State Expenditures</b>	See State Expenditures section	
<b>FTE Position Change</b>		
<b>Effective Date:</b> August 10, 2011, if the General Assembly adjourns on May 11, 2011, as scheduled, and no referendum petition is filed.		
<b>Appropriation Summary for FY 2011-2012:</b> None required.		
<b>Local Government Impact:</b> See Local Government Impact section.		

**Summary of Legislation**

This bill makes changes to the Fetal Alcohol Spectrum Disorders (FASD) Commission and beginning on January 1, 2012, requires that all individual and group health benefit plans provide coverage for multidisciplinary evaluations of children suspected of having a FASD.

***Fetal Alcohol Spectrum Disorders Commission.*** This bill adds 2 members to the existing 10-member commission, including representatives from the Department of Education and a trade association representing licensed beverage retailers. The commission is to evaluate the use and distribution of health warning signs informing people about the consequences of consuming alcohol while pregnant, and make recommendations to the Department of Human Services and relevant legislative committees. The repeal date of commission is extended to June 30, 2015.

***Insurance Provisions.*** The bill specifies that FASD evaluations are subject to the same co-payment as other covered diagnostic benefits, and exempts the cost from a plan's deductible or dollar limit provisions. If FASD evaluations are not included in the essential benefits package that health plans are required to offer under federal law as of January 1, 2014, the Colorado Interagency Health Reform Implementation Board (HRIB) is to study the cost of covering this benefit for persons who enroll in a plan through a state health insurance exchange (HIE).

## **Background**

Beginning on January 1, 2014, federal law requires most persons to have acceptable health insurance coverage. A person can enroll in a plan offered by an employer, or purchase coverage through a newly formed HIE. All new health insurance plans are required to meet federal standards and include certain essential benefits, which have not been fully identified at this time. If the state requires insurers to cover services not included in the essential benefits package, the state will be required to subsidize the cost of that benefit for individuals who purchase coverage through a HIE and qualify for a tax subsidy. These tax subsidies, known as premium credits, will be available to persons who cannot obtain acceptable coverage through an employer and meet certain income guidelines.

## **State Expenditures**

This bill will have a minimal impact on state expenditures, as discussed below.

***State employee insurance costs.*** The state's policy is to provide prevailing total compensation to its employees and currently contributes 90 percent of what other employers contribute for employee health insurance coverage. State employees pay the difference between premium and the state's contribution. If the cost of health insurance goes up as a result of this bill and other employers do not increase their contributions, the state will continue to pay 90 percent and the employee share of premiums paid will increase. If other employers choose to increase their contribution, state expenditures will increase, subject to approval by the General Assembly. Any change to the state's contribution will not occur until at least FY 2012-13, since this amount is set annually and the impact of the bill on the market will not be known prior to the FY 2011-12 appropriation being set.

***FASD evaluation costs for private insurance policies.*** Under HB11-1144, if the essential benefits package does not include coverage for FASD evaluations, beginning in 2014, the state could be required to pay the cost of covering the benefit for individuals who purchase health coverage through a state exchange and qualify for a premium credit. Any fiscal impact to the state depends on the recommendations made by the HRIB, the number of individuals that enroll in a plan through the HIE and qualify for a premium credit, and the incremental cost of providing this benefit. It should be noted that public health programs currently cover the required services. It is not currently known how many persons will qualify for a premium credit once the HIE becomes operational, whether the federal essential benefits package will include FASD evaluations, or what the cost of covering this benefit will be.

*Department of Human Services.* Commission members serve without compensation or reimbursement for expenses. Department resources (supplies, meeting space, etc.) may be used by the commission, which are minimal and currently absorbed by the department.

*Department of Education.* The bill adds a staff member of the Department of Education to the commission. This increases workload to the department by an estimated 72 hours per year but does not require a new appropriation.

### **Local Government and Statutory Public Entity Impacts**

Beginning on January 1, 2012, requiring insurance plans to cover FASD evaluations could increase the premium costs for local governments and statutory public entities that provide health insurance coverage to their employees. Any increase in costs is anticipated to be minimal.

### **Departments Contacted**

Education  
Health Care Policy and Financing  
Personnel  
Regulatory Agencies

Governor's Office  
Human Services  
Public Health and Environment