

**STATE  
FISCAL IMPACT**

**Drafting Number:** LLS 13-0420

**Date:** February 11, 2013

**Prime Sponsor(s):** Sen. Kefalas  
Rep. Primavera

**Bill Status:** Senate Business Labor & Technology  
**Fiscal Analyst:** Clare Pramuk (303-866-2677)

**TITLE:** CONCERNING REQUIREMENTS OF INTERMEDIARIES IN THE BUSINESS OF INSURANCE, AND, IN CONNECTION THEREWITH, ENACTING THE "CONSUMER PROTECTION ACT OF 2013".

<b>Fiscal Impact Summary</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>
<b>State Revenue</b>		
<b>State Transfers or Diversions</b> Diversion from the General Fund to the Division of Insurance Cash Fund	\$7,401	\$14,904
<b>State Expenditures</b> Cash Funds Division of Insurance Cash Fund	\$6,339	\$12,677
<b>FTE Position Change</b>	0.1 FTE	0.2 FTE
<b>Effective Date:</b> January 1, 2014, if no referendum petition is filed.		
<b>Appropriation Summary for FY 2013-2014:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

\* *Diversion amount exceeds state expenditures in order to pay for costs noted in the Expenditures not Included section of this fiscal note.*

**Summary of Legislation**

Intermediaries are people authorized by health care providers or insurance carriers to negotiate and execute provider contracts with insurance carriers. This bill gives the Commissioner of Insurance, in the Department of Regulatory Agencies (DORA), the authority to investigate complaints filed against intermediaries by providers and consumers for specific actions including failure to promptly pay a claim, altering provider charges, and altering a provider contract without written consent. Willful violation of the provisions of this bill are defined as unfair methods of competition and unfair or deceptive acts or practices in the business of insurance. The bill does not authorize the Commissioner to take corrective action against intermediaries.

**State Diversions**

This bill diverts \$7,401 from the General Fund in FY 2013-14 and \$14,904 in FY 2014-15. This revenue diversion occurs because the bill increases costs in the Division of Insurance in the DORA, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

### **State Expenditures**

Because this bill gives the Commissioner of Insurance new authority to investigate complaints against intermediaries beginning January 1, 2014, **this bill is expected to increase expenditures in the Division of Insurance in the DORA by \$6,339 and 0.1 FTE in FY 2013-14, and \$12,677 and 0.2 FTE in FY 2014-15.**

The division received about 500 complaints and inquiries by providers in 2012. With this bill, complaints and inquiries are expected to increase to approximately 625. Complaints require an average of 6 hours to resolve and inquiries can be addressed in about 30 minutes. The division will revise its rules to reflect the provisions of the bill, which can be accomplished within existing resources. The division requires an increase of 0.1 FTE at a cost of \$6,339 in FY 2013-14 and 0.2 FTE and \$12,677 in FY 2014-15 to address the increased workload.

### **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 1.

<b>Table 1. Expenditures Not Included Under SB 13-124*</b>		
<b>Cost Components</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$673	\$1,347
Supplemental Employee Retirement Payments	389	880
<b>TOTAL</b>	<b>\$1,062</b>	<b>\$2,227</b>

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

### **State Appropriations**

For FY 2013-14, the Division of Insurance in the Department of Regulatory Agencies requires a cash funds appropriation of \$6,339 and 0.1 FTE from the Division of Insurance Cash Fund.

### **Departments Contacted**

Law                      Regulatory Agencies