

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

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| Drafting Number: LLS 15-0574 | Date: January 12, 2015 |
| Prime Sponsor(s): Sen. Sonnenberg; Jahn Rep. Nordberg | Bill Status: Senate Health & Human Services Fiscal Analyst: Bill Zepernick (303-866-4777) |

BILL TOPIC: HEALTH EXCHANGE AUDIT

| Fiscal Impact Summary* | FY 2015-2016 | FY 2016-2017 |
|--------------------------------------|------------------------------|--------------|
| State Revenue | | |
| State Expenditures | Potential workload increase. | |
| FTE Position Change | | |
| Appropriation Required: None. | | |

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

The bill, ***recommended by the Legislative Audit Committee***, gives the Office of the State Auditor (OSA) the authority to conduct a full performance audit of the Colorado health benefit exchange (Connect for Health Colorado). Upon completion of a performance audit, the OSA must submit a written report to the Legislative Audit Committee with any findings and recommendations. Performance audits of Connect for Health Colorado may be conducted at the discretion of the state auditor.

Background

Connect for Health Colorado is the state's health benefit exchange established in response to federal health care reform. Through the exchange, consumers can shop for health insurance and determine eligibility for federal tax subsidies for the purchase of health insurance or other public health insurance programs. A limited performance audit of the exchange was recently conducted the OSA and a report by published in December 2014.

State Expenditures

The bill will result in a minimal workload increase in the OSA for any future audits of Connect for Health Colorado. By expanding its audit authority over Connect for Health Colorado to include a full performance audit, the OSA will have additional work compared with any future audits that would have been conducted under current law. Any future performance audits of Connect for Health Colorado are at the discretion of the state auditor and will be addressed as part of the regular audit planning process by the state auditor and the Legislative Audit Committee. No change in appropriations is required under the bill.

Statutory Public Entity Impact

The bill will increase workload and costs for Connect for Health Colorado to participate in any future performance audits conducted by the OSA compared with the more limited type of audit authorized under current law. While the fiscal note assumes that Connect for Health Colorado can accomplish any additional work within its existing funding streams for any future audits, additional revenue could be required. To the extent that additional revenue is needed, fees on health insurance plans sold through the Connect for Health Colorado or assessed on insurance carriers could increase. At this time, it is not known when a full performance audit would be conducted under the bill.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

State Auditor

Health Benefit Exchange