

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING THE CREATION OF THE HEALTH CARE REFORM COMMITTEE FOR THE PURPOSE OF STUDYING HEALTH CARE REFORM ISSUES, AND MAKING AN APPROPRIATION THEREFOR.

Prime Sponsors: Senator Hanna
 Representative McGihon

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Summary of Amendments Made to the Bill After the 04/20/06 Legislative Council Staff Revised Fiscal Note was Prepared

None.

JBC Staff Concurrence with Legislative Council Staff Fiscal Note

Concurs **Does Not Concur** **Updated Analysis**

Amendments/Appropriation Status

The strike-below amendment adopted by the House Health and Human Services Committee on S.B. 06-208 does not contain the necessary transfer and appropriation clauses to implement the bill. Staff has drafted amendment **J.004** (attached) that inserts the necessary transfer and appropriation clauses for FY 2006-07. The impact of these clauses are shown below.

Effective July 1, 2006:

- 1) Transfers \$50,000 from the General Fund to the Health Care Reform Cash Fund.
- 2) Appropriates \$50,000 Health Care Reform Cash Fund to the Department of Regulatory Agencies, Division Insurance for the Blue Ribbon Commission on Health Care Reform expenses.

Effective July 1, 2006 only if Gifts, Grants, and Donations Are Received in excess of \$300,000:

- 1) Transfers \$250,000 from the General Fund to the Health Care Reform Cash Fund.
- 2) Appropriates \$550,000 from the Health Care Reform Cash Fund to the Department of Regulatory Agencies, Division Insurance for the Blue Ribbon Commission on Health Care Reform expenses.

Amendment J.004 also adds an effective date clause. The effective date clause provides that the \$250,000 appropriation from the General Fund to the Health Care Reform Cash Fund and the \$550,000 appropriation from the Health Care Reform Cash Fund will only occur if the State Controller certifies that the Commission has received \$300,000 in grants, gifts, or donations.

Amendment **J.004** is consistent with the fiscal impact delineated in the Legislative Council Staff Revised Fiscal Note dated April 20, 2006.

Sponsor Amendments

Amendment **L.013** (attached) amends the Health and Human Services Committee Report (the strike-below amendment) to provide that the General Fund shall be appropriated, rather than transferred, into the Health Care Reform Cash Fund. Amendment **L.013** does *not* change the fiscal impact. However, the amendment will require that the General Fund appropriation fit under the 6.0 percent limit and requires that the appropriation clause be written to appropriate money rather than transfer money (please see points to consider #1). Therefore, staff has drafted amendment **J.005** (attached) to change the appropriation clause to appropriations, rather than transfers. (Please note that the dollar amounts in J.005 are the same dollar amounts as in J.004. However, the language reflects appropriations rather than transfers).

If amendment L.013 is adopted, then amendment J.005 should be adopted and amendment J.004 should not be adopted.

Points to Consider

1. As currently drafted, the Health and Human Services Committee Report requires a transfer of General Fund into the Health Care Reform Cash Fund and spending from this source is cash funds exempt. This provision may violate the Colorado Constitution prohibition against weakening statutory spending limitations. [Please note: sponsor amendment **L.013** eliminates this concern.]
2. The Joint Budget Committee has introduced a budget package for FY 2006-07 based on the March 2006, Legislative Council Staff revenue forecast. The budget package appropriates the maximum amount of General Fund allowed pursuant to the statutory 6.0 percent limit on General Fund appropriations, less \$10.0 million. This bill, if amended by L.013, requires either \$50,000 or \$300,000 (depending on whether gifts, grants, and donations are received) in additional General Fund appropriations for FY 2006-07; these appropriations are subject to the 6.0 percent statutory limit on General Fund appropriations. If this bill is enacted in conjunction with other bills that require more than a total of \$10.0 million General Fund for

FY 2006-07, the General Assembly will exceed the statutory limit on General Fund appropriations.

3. For the purposes of balancing the state budget, the JBC staff will assume that the General impact of this bill totals \$300,000 -- the greatest potential impact. However, if gifts, grants, or donations do not equal at least \$300,000, then only \$50,000 in General Fund appropriation will be necessary. However, the General Assembly may not know this until June 30, 2007. Therefore, other programs that may need funding of at least \$250,000 may not be able to receive funding because of the conditional appropriation in this bill.