

In addition, the division estimated an increase of approximately 130 provider complaints requiring 4 hours each to resolve. However, the bill does not include a complaint procedure, and the commissioner is prohibited from arbitrating, mediating or settling disputes between a carrier and a provider over contract issues. While the commissioner is not prohibited from enforcing applicable provisions of law, dispute resolution mechanisms under contract law must be used to resolve contract disputes. Thus, the fiscal note assumes that the division will have a limited role concerning complaints from providers and that its workload will not be significantly impacted as a result of this bill.

Department of Health Care Policy and Financing. The bill specifically excludes contracts for products or services for the department's programs. Thus, there is no fiscal impact to the department.

Employee Health Plan Contributions. The provisions of the bill apply to some of the health insurance plans offered to state employees under the state's employee benefit program. Total health plan cost increases are expected to translate into increased premiums of \$5,457,943, as estimated by the health plans and shown in Table 1.

Table 1. State Health Plan Premiums Increases as a result of SB06-198			
	Total Current Enrollment	Premium Increase*	Estimated Total Premium Increase
Self-funded Plan (Great West)	31,764	\$16.81/month	\$5,362,700
San Luis Valley HMO	627	\$15.36/month	95,243
Total	41,815		\$5,457,943

* Requested monthly premium increase for employee only coverage.

While the bill is not expected to impact Kaiser Permanente or Delta Dental, both Great West and San Luis Valley health plans estimated the requirements of the bill to increase costs by 5 percent. Administrative cost increases are expected for a shift from automatically renewing to annual contracts, and to include methods used for the calculation of payments. Additional expenditures are expected since insurers are prohibited from establishing parameters for payer mix and from requiring providers to contract for all products and services offered. The fiscal note assumes that premium increases will be paid by employees since any adjustment to the state's contributions would require additional legislation.

State Employer Health Plan Contributions. While premium increases are expected to be paid by state employees in the first year, this bill may influence the General Assembly to increase the state's contribution in order to meet the statutory requirement of providing benefits comparable to private sector employers. Over time, increased health insurance premiums would be incorporated into the Total Compensation Survey, and any increases to the state's contribution to maintain parity with the private sector will increase state expenditures.

Local Government Impact

Local governments will likely experience increased costs for employee benefits as described in the State Employee Health Plan sections.

Departments Contacted

Regulatory Agencies
Health Care Policy and Financing
Personnel and Administration

Law
Judicial