HB 24-1258

Legislative Council Staff
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Fiscal Note

Drafting Number:	LLS 24-1028	**Date:**	February 13, 2024
Prime Sponsors:	Rep. Brown; Boesenecker	**Bill Status:**	House Health & Human Services
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Bill Topic:	**CREDIT COVERED PERSON EXPENSES INSURER INSOLVENCY**
Summary of Fiscal Impact:	☐ State Revenue ☐ State Transfer ☐ Local Government ☒ State Expenditure ☐ TABOR Refund ☐ Statutory Public Entity The bill requires deductible credits to transfer between state-regulated insurance plans if a person is forced to change carriers because a small group plan carrier left the market. The bill minimally increases state workload in FY 2024-25 and may increase state expenditures on a per-case basis.
Appropriation Summary:	No appropriation is required.
Fiscal Note Status:	The fiscal note reflects the introduced bill.

Summary of Legislation

If a person is forced to change carriers because a small group plan carrier left the market, the bill requires the new carrier to credit all out-of-pocket expenses paid by the person in the given plan year in accordance with the terms of the original carrier.

Background

In years when a small group plan carrier leaves the market, this bill diverts about $32,000 from the General Fund. This revenue diversion occurs because the bill increases costs in the Division of Insurance in the Department of Regulatory Agencies, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

In the event that a small group plan carrier leaves the market, the Department of Regulatory Agencies (DORA) will require $32,000 and 0.3 FTE. Since the timing of this event cannot be anticipated, these resources will be sought through the annual budget process. Costs, which are paid from the Division of Insurance Cash Fund, are detailed below.

Table 1
Expenditures Under HB 24-1258

		Affected Years
Department of Regulatory Agencies		
Personal Services		$25,797
Centrally Appropriated Costs[1]		$5,869
	Total Cost	**$31,665**
	Total FTE	**0.3 FTE**

[1] Centrally appropriated costs are not included in the bill's appropriation.

Department of Regulatory Agencies. In the event that a small group plan carrier leaves the market, DORA will require a full FTE to work for approximately 4 months to collect information from the carrier that is leaving the market, transfer it to the carrier that takes on the clients, and ensure compliance with the bill.

Workload will increase in FY 2024-25 to establish rules for this process. This rulemaking can be accomplished within existing resources.

Centrally appropriated costs. 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. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 1.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and applies to health benefit plans issued or renewed on or after that date.

State and Local Government Contacts

Health Care Policy and Financing | Information Technology | Regulatory Agencies

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the General Assembly website.