

**FINAL
FISCAL NOTE**

Drafting Number: LLS 13-0381	Date: June 10, 2013
Prime Sponsor(s): Rep. Joshi Sen. Harvey; Renfroe	Bill Status: Postponed Indefinitely
	Fiscal Analyst: Dave DeNovellis (303-866-3140)

TITLE: CONCERNING THE REPEAL OF THE "COLORADO HEALTH BENEFIT EXCHANGE ACT".

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
State Expenditures General Fund	\$1,404,200	
FTE Position Change		
Effective Date: The bill was postponed indefinitely by the House Health, Insurance, and Environment Committee on February 5, 2013.		
Appropriation Summary for FY 2013-2014: See State Appropriations Section.		
Local Government Impact: None.		

Summary of Legislation

This bill repeals the Colorado Health Benefit Exchange Act.

Background

The Colorado Health Benefit Exchange Act, enacted under Senate Bill 11-200, established a non-profit organization to oversee the establishment and operation of a competitive insurance marketplace (exchange) in Colorado. The exchange, which is currently developing its operational and financial plans, is governed by a board of directors consisting of 12 members, who serve without compensation. No General Fund may be used to implement the exchange, and all expenses of the exchange and the board are required to be paid with gifts, grants, and donations. The exchange is expected to be fully operational by January 2014.

A 10-member Legislative Health Benefit Exchange Implementation Review Committee (review committee) was created to guide implementation of the exchange, make recommendations, and carry legislation. The review committee is authorized to meet up to five times per year, and met once during the 2012 interim and four times during the 2011 interim. Support to the review committee and post-enactment review are provided by staff of the Legislative Council and Office of Legislative Legal Services.

State Expenditures

The bill requires a one-time General Fund appropriation of \$1,404,200 in FY 2013-14.

Office of Information Technology. The federal Affordable Care Act (ACA) requires the states to use a state-run exchange, such as the Colorado Health Benefit Exchange, or else participate in a federally run exchange. The Office of Information Technology (OIT) is expected to have costs of \$1,404,200 for contract IT services and equipment from the state's primary CBMS vendor to integrate the Colorado Benefits Management System (CBMS) with the federally run exchange if the Colorado Health Benefit Exchange Act is repealed.

It should be noted that the repeal of the Colorado Health Benefit Exchange Act would require the CBMS improvement and modernization project, enacted under House Bill 12-1339, to fully fund the shared development tasks between the exchange and the CBMS improvement and modernization project. The cost of these tasks have been allocated between the two development projects, with two-thirds allocated to the exchange, and one-third allocated to the CBMS project. The exchange allocation is funded entirely with gifts, grants, and donations, as described above, and the CBMS allocation is funded at a 90 percent Federal Financial Participation rate. This change in cost allocation is estimated to require an additional \$395,833 in General Fund with a federal match of \$3,562,500. The fiscal note assumes that the Department of Health Care Policy and Financing (HCPF) will address this liability through a supplemental budget action.

Legislative branch. If the Colorado Health Benefit Exchange Act is repealed, staffing support to the implementation review committee will no longer be necessary. These staffing support costs are not shown as a reduction because the General Assembly prioritizes which, if any, interim committees it wishes to fund through the annual budget process.

Repayment of grant moneys. The state and the exchange have received three federal establishment and planning grants. In addition to a \$1.0 million federal planning grant the state received in 2010, the exchange has received two federal establishment grants totaling \$61.0 million. It is unknown how much, if any, of these funds will be required to be repaid. This analysis assumes that state expenditures will increase if the federal government requires any grant moneys to be returned.

State Appropriations

In FY 2013-14, HCPF will require a General Fund appropriation of \$1,404,200, with the corresponding amount being re-appropriated to the OIT to implement the bill.

Departments Contacted

Governor's Office
Health Care Policy and Financing
Legislative Legal Services
Regulatory Agencies

Governor's Office of Information Technology
Human Services
Legislative Council
State Auditor