

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING FUNDING MECHANISMS FOR THE COLORADO HEALTH BENEFIT EXCHANGE.

Prime Sponsors: Representative McCann
Senator Steadman

JBC Analyst: Eric Kurtz
Phone: 303-866-2061
Date Prepared: April 15, 2013

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/09/13.

	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
XXX	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The House Finance Committee report, dated April 10, 2013, allows the Board of Directors of the Health Benefit Exchange to create a separate program that shares resources and infrastructure with the Exchange to offer ancillary products. This may impact revenues and expenditures of the Exchange, but since the Exchange is a statutorily created public entity, rather than an agency of the state, no appropriation is necessary.

In addition, the Finance Committee report transfers \$15.0 million from the Unclaimed Property Trust Fund to the Health Benefit Exchange on July 1, 2013. This will reduce the money available in the Unclaimed Property Trust Fund and increase the money available for the Health Benefit Exchange. The increase in revenue to the Health Benefit Exchange must be used to offset the fees assessed against insurers.

Legislative Council Staff agrees with this updated assessment of the fiscal impact.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
L.014	Bill Sponsor amendment - changes fiscal impact

Current Appropriations Clause in Bill

The bill neither requires nor contains an appropriation clause for FY 2013-14.

Description of Amendments in This Packet

L.014 Bill Sponsor amendment **L.014** (attached) allows tax credits for donations to the Exchange beginning in tax year 2013 rather than 2014. This will move the General Fund revenue impacts identified in the attached Legislative Council Staff Fiscal Note up one year so that there is a General Fund revenue reduction of \$2.5 million in FY 2012-13 and of \$5.0 million in FY 2013-14 and subsequent fiscal years.

Points to Consider*General Fund Impact*

1. The Joint Budget Committee (JBC) has proposed a budget package based on the March 2013 Office of State Planning and Budgeting revenue forecast. For FY 2012-13, this bill reduces General Fund revenues by \$2.5 million (if L.014 is adopted). As a result, the fiscal year-end transfer from the General Fund to the State Education Fund required by H.B. 12-1338 will be \$2.5 million lower than anticipated in the budget package.

For FY 2013-14, the budget package allocates all but approximately \$9.0 million of General Fund revenues projected to be available. Pursuant to S.B. 13-236, this \$9.0 million General Fund will be transferred to the Colorado Water Conservation Board (CWCB) Construction Fund. For FY 2013-14, this bill reduces General Fund revenues by \$5.0 million (if L.014 is adopted) and thus will reduce the transfer to the CWCB Construction Fund by that amount.

Revenue Source

2. The Appropriations Committee may want to consider making the \$15.0 million transfer from the Unclaimed Property Trust Fund to the Health Benefit Exchange dependent on the passage of H.B. 13-1115. Several bills under consideration by the General Assembly make changes to the amount available in the Unclaimed Property Trust Fund. The transfer from the Unclaimed Property Trust Fund to CoverColorado if H.B. 13-1115 is not adopted will be dependent on projections by the CoverColorado Board of the amount necessary to provide 25 percent of the total funding for CoverColorado, which may or may not leave enough in the Unclaimed Property Trust Fund to support both H.B. 13-1245 and S.B. 13-242.

Unclaimed Property Trust Fund Projection (in millions)			
	FY 12-13	FY 13-14	FY 14-15
Beginning Balance	\$105.5	\$92.5	\$89.2
Net Revenue (remittances less claims)	34.0	34.0	34.0
Interest	1.0	1.2	1.4
Operating Expenses	(2.0)	(2.0)	(2.0)
Transfer to CoverColorado	<u>(46.0)</u>	<u>(36.5)</u>	<u>0.0</u>
Current Law Balance	\$92.5	\$89.2	\$122.6
Required Reserve	<u>(76.8)</u>	<u>(80.7)</u>	<u>(103.6)</u>
Available Balance	\$15.7	\$8.5	\$19.0
<u>Proposed Legislation (Fiscal Impact as of 4/15/13)</u>			
Carry forward from prior year	\$0.0	\$6.0	\$31.1
H.B. 13-1115 Repeal CoverColorado	6.0	51.5	0.0
H.B. 13-1245 Health Benefit Exchange	0.0	(15.0)	0.0
S.B. 13-242 Adult Dental Benefit	<u>0.0</u>	<u>(11.4)</u>	<u>(22.9)</u>
Available Balance with Proposed Legislation	\$21.7	\$39.6	\$27.2