

Background

Under the federal Patient Protection and Affordable Care Act (PPACA), state-based health exchanges are required to health care insurance navigators to help consumers shop for and purchase health insurance and apply for federal premium assistance. Colorado's health insurance exchange, Connect for Health Colorado, has used grant funding from the federal government and the Colorado Health Foundation to train and certify 425 navigators (also known as health coverage guides) that work in numerous assistance sites throughout the state.

State Revenue

The bill increases state revenue by **\$167,663 in FY 2014-15 and \$19,725 in FY 2015-16**. This cash fund revenue to the DORA and the Department of Public Safety (DPS) is discussed below.

Assumptions. In estimating state revenue, the fiscal note assumes the following:

- 425 navigators register in the first year and 50 per year in subsequent years;
- registration fees are set by DORA to cover the direct and indirect cost of regulation;
- based on the costs in the State Expenditure section, registration fee for navigators are estimated at \$355 for the two-year license period; and
- background check fees total \$39.50 (\$22.25 for CBI check and \$17.25 for FBI check);

Fee impact on individuals and business. Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. Table 1 below identifies the fee impact of this bill.

Table 1. Fee Impact on Individuals and Business			
Type of Fee	Fee	Number Affected	Total Fee Impact
FY 2014-15			
Navigator Registration Fee	\$355.00	425	\$150,875
Background Check Fee	39.50		16,788
TOTAL			\$167,663
FY 2015-16			
Navigator Registration Fee	\$355.00	50	\$17,750
Background Check Fee	39.50		1,975
TOTAL			\$19,725

Navigator registration fees. Fee revenue to the Division of Professions and Occupations Cash Fund in DORA is estimated to be \$150,875 in the first year and \$17,750 in the second year, based on the assumptions above. The bill does not provide for the renewal of licenses, so ongoing fee revenue in FY 2016-17 and beyond is expected to be limited and insufficient to cover the costs of regulation.

Background check fees. Fee revenue to the CBI Identification Unit Fund in the DPS is projected to be \$16,788 in the first year and \$1,975 in the second year and beyond, based on the assumptions above. Of this revenue, \$7,331 in the first year and \$863 in subsequent years is passed through to the federal government for FBI background checks.

State Expenditures

The bill increases state agency costs by **\$113,197 and 1.0 FTE in FY 2014-15 and \$78,001 and 0.9 FTE in FY 2015-16**. These costs, paid from cash funds, are summarized in Table 2 and the discussion below.

Table 2. Expenditures Under HB 14-1134		
Cost Components	FY 2014-15	FY 2015-16
Department of Regulatory Agencies	<u>\$92,684</u>	<u>\$76,682</u>
Personal Services	55,926	45,942
FTE	0.8 FTE	0.8 FTE
Operating Expenses and Capital Outlay Costs	4,522	760
Legal Services (Dept. of Law - 0.1 FTE)	17,305	15,028
Travel	1,021	1,021
Printing, Postage, and Document Scanning	677	327
Centrally Appropriated Costs*	13,233	13,604
Department of Public Safety	<u>\$20,513</u>	<u>\$1,319</u>
Personal Services	5,555	0
FTE	0.1 FTE	0.0 FTE
FBI Background Checks	7,331	863
Background Check Operating Costs	5,967	456
Centrally Appropriated Costs*	1,660	0
TOTAL	<u>\$113,197</u>	<u>\$78,001</u>

* Centrally appropriated costs are not included in the bill's appropriation.

Department of Regulatory Agencies. DORA will have costs of \$92,684 and 0.8 FTE in the first year and \$76,682 and 0.8 FTE in the second year, as described below.

Personal services. DORA requires an additional 0.8 FTE for a program director (0.3 FTE) and administrative assistant (0.5 FTE) to administer the regulation of navigators, respond to public inquiries, and handle complaints. Temporary staff (520 hours) is also required at a costs of \$19.20 per hour in the first year. Personal service costs are estimated to be \$55,926 in the first year and \$45,942 in the second year.

Operating Expenses and Capital Outlay Costs. Standard operating costs (telephone and supplies) and capital costs (furniture, software, computers) for the required staff are estimated to be \$4,522 in the first year and \$760 in the second year.

Legal services. DORA requires 190 hours of legal services from the Department of Law in the first year (\$17,305) and 165 hours in the second year (\$15,028). Legal services, paid for with reappropriated funds from DORA, will include rule making consultation, as well as legal assistance on a small number of disciplinary cases (approximately 3 per year). The Department of Law also requires an additional 0.1 FTE for this workload.

Other costs. DORA will also have costs for travel (\$1,021 per year) for staff to hold four informational meetings around the state each year. Costs for printing, postage, and document scanning to distribute informational material and process registration applications is expected to be \$677 in the first year and \$327 in the second year.

Department of Public Safety. Based on the anticipated number of additional background checks to be performed in the first year (425), the DPS will have costs of \$18,853 and 0.1 FTE in the first year; second year costs, assuming 50 background check, are estimated at \$1,319. First-year costs include personal services (\$5,555), pass-through of funds for FBI background checks (\$7,331), and various operating and maintenance costs associated with background checks (\$5,967), including software licensing, training, equipment, printing, and postage. Second-year costs include just FBI background check pass-through funds (\$863) and operating and maintenance (\$456).

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. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 3.

Cost Components	FY 2014-15	FY 2015-16
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$5,508	\$4,896
Supplemental Employee Retirement Payments	3,576	3,561
Indirect Costs	5,809	5,147
TOTAL	\$14,893	\$13,604

*More information is available at: <http://colorado.gov/fiscalnotes>

Technical or Mechanical Defects

The bill does not provide for the renewal of navigators' registrations. Thus, DORA will not have a continuing source of revenue to fund program operations and General Fund will be required to cover most program costs beginning in FY 2016-17. Also, lack of renewals will limit available information to the public on which registered navigators are currently active and maintaining their registration.

Effective Date

The bill takes effect August 6, 2014, if the General Assembly adjourns on May 7, 2014, as scheduled, and no referendum petition is filed.

State Appropriations

The bill requires the following appropriations totaling \$98,304 in FY 2014-15:

- \$79,451 to DORA from the Division of Professions and Occupations Cash Fund and an allocation of 0.8 FTE, of which \$17,305 is reappropriated to the Department of Law with an additional 0.1 FTE.
- \$18,853 to the DPS from the CBI Identification Unit Fund and an allocation of 0.1 FTE, of which \$7,331 is passed through to the FBI for federal background checks.

State and Local Government Contacts

Regulatory Agencies
Health Care Policy and Financing

Public Safety
Health Exchange

Law