

**STATE and STATUTORY PUBLIC ENTITY
FISCAL IMPACT**

Drafting Number: LLS 14-0808	Date: February 6, 2014
Prime Sponsor(s): Rep. Sonnenberg; Nordberg Sen. Balmer; King	Bill Status: House Health, Insurance, and Environment
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SHORT TITLE: PERFORMANCE AUDIT HEALTH BENEFIT EXCHANGE

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures	Minimal workload increase.	
FTE Position Change		
Appropriation Required: None.		

Summary of Legislation

The bill, **recommended by the Legislative Audit Committee**, gives the Office of the State Auditor (OSA) the authority to conduct a performance audit of the Colorado health benefit exchange (Connect for Health Colorado). Upon completion of a performance audit, the OSA must submit a written report to the Legislative Audit Committee with any findings and recommendations. Performance audits of the exchange may be conducted at the discretion of the state auditor.

Background

Created by Senate Bill 11-200, Connect for Health Colorado is a nonprofit organization that serves as the state's health insurance exchange under the federal Patient Protection and Affordable Care Act (PPACA). The exchange is governed by a board of directors appointed by the Governor and legislative leadership. Through Connect for Health Colorado, consumers may shop for health insurance coverage, determine eligibility for public health care programs, apply for premium tax credit assistance, and purchase private health insurance coverage. Under current law, the OSA has limited authority to audit all moneys received by the board for the exchange and is currently conducting such a financial audit. Financial audits by the OSA examine the expenditures, revenue, and assets of an organization; performance audits look at organizational performance, effectiveness, and compliance with laws and regulations.

State Expenditures

The bill results in a minimal workload increase in the OSA by expanding its audit authority over Connect for Health Colorado to include performance audits. A financial audit of the exchange is currently underway; the fiscal note assumes that under the bill the OSA will expand the scope of the current audit to include a performance audit to analyze how efficiently, effectively, and economically the organization is operating. This work can be accomplished within existing General

Fund appropriations to the OSA. Any future performance audits of Connect for Health Colorado will be at the discretion of the state auditor and will be addressed as part of the regular audit planning process by the state auditor and the Legislative Audit Committee. No change in appropriations is required under the bill.

Statutory Public Entity Impact

The bill increases workload in Connect for Health Colorado to participate in performance audits conducted by the OSA. While a performance audit will increase the amount workload for the exchange compared with the current financial audit being performed, the fiscal note assumes that the exchange can accomplish this work within its existing funding streams. In addition, following the initial audit assumed by the fiscal note, it may be several years before another audit is conducted.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

State Auditor Health Benefit Exchange