



Legislative Council Staff

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Final Fiscal Note

Drafting Number: LLS 21-0308 **Date:** October 6, 2021
Prime Sponsors: Sen. Sonnenberg; Fields **Bill Status:** Signed into Law
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Bill Topic: MULTIPLE EMPLOYER WELFARE ARRANGEMENTS OFFER INSURANCE

**Summary of
Fiscal Impact:** State Revenue TABOR Refund
 State Expenditure Local Government
 State Diversion Statutory Public Entity

The bill creates a process for multiple employer welfare arrangement associations to offer health care benefits to members without becoming licensed as insurers. Conditional upon associations seeking such approval from state regulators, the bill increases state revenue and expenditures.

Appropriation Summary: For FY 2021-22, the bill requires and includes an appropriation of \$13,352 to the Department of Regulatory Agencies.

Fiscal Note Status: The fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under SB 21-063

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue		-	-
Expenditures	Cash Funds	\$13,352	\$13,352
	Centrally Appropriated	\$4,476	\$4,476
	Total Expenditures	\$17,828	\$17,828
	Total FTE	0.2 FTE	0.2 FTE
DivERSIONS	General Fund	\$17,828	\$17,828
	Cash Funds	\$17,828	\$17,828
	Net Diversion	\$0	\$0
TABOR Refund		-	-

Summary of Legislation

Current law allows an existing association consisting of multiple employers, referred to as a "multiple employer welfare arrangement" (MEWA), to offer health-care benefits to the association's members only if, among other requirements, the MEWA has been in existence continuously since at least January 1, 1983, and is engaged in substantial activities for its employer members other than the sponsorship of an employee welfare benefit plan.

The bill allows a MEWA that does not meet these requirements to file an application for a waiver with the commissioner of insurance that, if granted, would enable the MEWA to offer health-care benefits to its members' employees. The bill specifies the application requirements, substantive requirements that a MEWA must comply with to qualify for a waiver, and factors that the commissioner will consider in determining whether to grant a waiver. If a waiver is granted, the MEWA is subject to the division of insurance's full enforcement authority, and the MEWA may operate for 2 years. To operate past the 2 years, a MEWA must reapply for a waiver, but if the commissioner grants 5 consecutive waivers, a MEWA may continue to operate without again applying for a waiver.

State Diversions

The bill diverts an estimated \$17,828 from the General Fund to the Division of Insurance Cash Fund in the Department of Regulatory Agencies (DORA). This revenue diversion occurs because the bill increases costs in the DOI, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Revenue

If a MEWA seeks a waiver, the Department of Public Safety will have an increase in revenue to conduct fingerprint-based criminal history record checks. The amount of revenue will depend on the size of management of the MEWA. It is unknown how many MEWA associations will seek to offer health care benefits or when this will take place, so the revenue increase has not been estimated.

State Expenditures

If one or more MEWAs seek a waiver, the DOI will require additional staffing to evaluate applications and provide oversight. Conditional upon this outcome, state expenditures in DORA will increase by an estimated \$17,828 per year from the Division of Insurance Cash Fund for the length of the waiver. The Department of Public Safety will also have an increase in workload. These costs and workload increases are shown in Table 2 and described below.

Table 2
Expenditures Under SB 21-063

Cost Component	Annual Cost
Department of Regulatory Agencies	
Personal Services	\$13,352
Centrally Appropriated Costs ¹	\$4,476
Total Cost	\$17,828
Total FTE	0.2 FTE

Division of Insurance workload. Division of Insurance workload includes processing new waiver applications, reviewing financial and actuarial filings, and conducting investigations as needed. It is unknown how many MEWA associations will seek to offer health care benefits or when this will take place. The fiscal note assumes a small volume of applications will require an additional 400 hours of work to process, which will continue for the length of the waiver, if granted.

Department of Public Safety workload. If a MEWA association seeks a waiver and submits fingerprints for fingerprint-based criminal history record checks, workload will increase for the department. If additional spending authority is required to utilize the revenue generated from the record checks, the fiscal note assumes this will be addressed through the annual budget process.

Effective Date

The bill was signed into law by the Governor on July 7, 2021, and took effect on September 7, 2021.

State Appropriations

For FY 2021-22, the bill requires an appropriation of \$13,352 to the Department of Regulatory Agencies from the Division of Insurance Cash Fund.

State and Local Government Contacts

Health Care Policy and Financing

Regulatory Agencies