



**Colorado
Legislative
Council
Staff**

SB17-190

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0906
Prime Sponsor(s): Sen. Crowder
Rep. Gray

Date: February 20, 2017
Bill Status: Senate Health and Human Services
Fiscal Analyst: Bill Zepernick (303-866-4777)

BILL TOPIC: INSURANCE CARRIER FEES NONCOVERED DENTAL SERVICES

| Fiscal Impact Summary | FY 2017-2018 | FY 2018-2019 |
|---|---|---|
| State Revenue General Fund | <u>Less than \$20,000</u> Less than 20,000 | <u>Less than \$20,000</u> Less than 20,000 |
| State Expenditures | Minimal workload increase. See State Expenditures section. | |
| TABOR Impact | Less than \$20,000 | Less than \$20,000 |
| Appropriation Required: None. | | |
| Future Year Impacts: Ongoing potential revenue increase and minimal workload increase. | | |

Summary of Legislation

This bill prohibits insurance carriers that offer benefit plans covering dental services from requiring a participating dentist to provide services at a fee set by, or subject to the approval of, the carrier unless certain conditions are met. Specifically, carriers can only set the fee if the services are covered under a person's policy, and the carrier provides payment for the service under the policy in an amount that is reasonable and not nominal or de minimis.

Under the bill, a dentist may charge a person covered by a dental plan for noncovered items or services in any amount determined by the dentist and agreed to by the patient that is equal to, or less than, the usual and customary price that the dentist charges for such items and services. Violations of the provisions of this bill constitutes an unfair method of competition and unfair or deceptive practice in the business of insurance.

State Revenue

The bill potentially increases General Fund revenue by less than \$20,000 per year from fines assessed on insurance carriers by the Division of Insurance in the Department of Regulatory Agencies (DORA) for violations of the practices prohibited by the bill. Under current law, an insurance carrier found to have committed an unfair or deceptive practice may face a range of potential disciplinary actions, including a fine of up to \$3,000 per act and up to \$30,000 per year in total if unknowingly committing the violations or up to \$750,000 per year in total for knowingly committing such violations; suspension or revocation of a company's license; and the mandated payment of contractual claims, if the violation resulted in failure to pay.

The fiscal note assumes a high level of compliance by insurance carriers and that any violations that occur will likely be addressed and resolved through cease and desist orders from the Division of Insurance. Therefore, the potential increase in fine revenue is assumed to be minimal (less than \$20,000 per year).

TABOR Impact

This bill may increase General Fund revenue from fines, which will increase the amount of money required to be refunded under TABOR for FY 2017-18 and FY 2018-19. TABOR refunds are paid out of the General Fund. Since the bill increases both revenue to the General Fund and the refund obligation by equal amounts, there is no net impact on the amount of money available in the General Fund for the budget. However, the bill will increase money available for the General Fund budget in the future during years when the state does not collect money above the TABOR limit.

State Expenditures

The bill increases workload in DORA by a minimal amount. The Division of Insurance may be required to conduct rulemaking concerning the changes in the bill. In addition, the Division of Insurance may receive complaints concerning violations, which will require staff to investigate the violations, hold hearings, and take disciplinary actions. The Colorado Dental Board in the Division of Professions and Occupations in DORA will also have workload to communicate the changes in the bill and conduct outreach to dentists. Overall, this increase in workload will be minimal and no change in appropriations to DORA is required.

Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed. It applies to contracts entered into on or after this date.

State and Local Government Contacts

Health Care Policy and Financing
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Information Technology
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