



## Fiscal Note

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HB 25B-1014: HEALTH INSURANCE AFFORDABILITY FUND ALLOCATION

**Prime Sponsors:**

Rep. Barron

Sen. Bright

**Fiscal Analyst:**

Kristine McLaughlin, 303-866-4776

kristine.mclaughlin@coleg.gov

**Published for:** House Health & Human Services

**Drafting number:** LLS 25B-0033

**Version:** Initial Fiscal Note

**Date:** August 21, 2025

**Fiscal note status:** The fiscal note reflects the introduced bill.

### Summary Information

**Overview.** The bill removes the statutorily defined allocation of Health Insurance Affordability Enterprise funds and requires the board to make new allocation rules that prioritize reducing costs of the individual insurance market for documented residents.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures

**Appropriations.** No appropriation is required.

**Table 1**  
**State Fiscal Impacts**

| Type of Impact          | Current Year<br>FY 2025-26 | Budget Year<br>FY 2026-27 | Out Year<br>FY 2027-28 |
|-------------------------|----------------------------|---------------------------|------------------------|
| State Revenue           | \$0                        | \$0                       | \$0                    |
| State Expenditures      | \$0                        | \$0                       | \$0                    |
| Transferred Funds       | \$0                        | \$0                       | \$0                    |
| Change in TABOR Refunds | \$0                        | \$0                       | \$0                    |
| Change in State FTE     | 0.0 FTE                    | 0.0 FTE                   | 0.0 FTE                |

The bill will shift spending within the Health Insurance Affordability Enterprise in the Department of Regulatory Agencies starting in FY 2026-27, but will result in no net change in total expenditures.

## Summary of Legislation

---

Currently, the Health Insurance Affordability Enterprise (HIAE) draws down federal funds to fund the Reinsurance program and assesses a fee on health insurance carriers to fund programs to reduce individual market premiums. Fee funds are allocated as follows:

- to the Reinsurance program: the lesser of 73 percent of total fee revenue or \$90 million;
- to the OmniSalud program: at least \$18 million plus any remaining fee revenue;
- to On-Exchange subsidies: up to 10 percent of total fee revenue; and
- to administrative needs: up to 3 percent of total fee revenue.

The bill removes the allocation requirements for fees collected after July 1, 2026, and requires the board to make new allocation rules that prioritize reducing costs for documented residents. The bill also places new reporting requirements on the HIAE.

## Background

---

[Senate Bill 20-215](#) created the HIAE in the Division of Insurance in the Department of Regulatory Agencies (DORA). HIAE funds are allocated to three initiatives to reduce individual insurance market premiums, including:

- the **Reinsurance program**, which covers a portion of claims for high-cost individuals;
- the **OmniSalud program**, which subsidizes insurance for Coloradans with incomes below 300 percent of the federal poverty line who are not eligible for federal tax credits or state-funded insurance; and
- **On-Exchange subsidies**, which pay carriers to lower the cost of purchasing insurance through the Health Insurance Exchange for individuals who meet federal requirements, including having an income between 133 and 400 percent of the federal poverty line.

The OmniSalud program serves undocumented residents.

Per federal regulations, federal funds must be spent on the Reinsurance program. Funds from the fee on insurance carriers are available for use by all three programs, subject to allocation rules, 18 months after the initial assessment on premiums. Surplus funds and interest from fee revenue are spent in accordance with the allocation rules from the years when the revenue was initially collected.

In FY 2026-27, the HIAE is projected to spend \$287 million. Of this amount, \$124 million will come from fees assessed in calendar year 2026. Under current law, these funds will be allocated to programs as shown in Table 2 below. Projections for FY 2027-28 are not yet available.

**Table 2**  
**Projected HIAE Allocations under Current Law**  
FY 2026-27

| <b>Cost Component</b>         | <b>From 2026 HIAE<br/>Fee Revenue</b> | <b>Total From All<br/>Revenue Sources</b> |
|-------------------------------|---------------------------------------|-------------------------------------------|
| Reinsurance Program           | \$90 million                          | \$236 million                             |
| On-Exchange Subsidies         | \$12 million                          | \$27 million                              |
| OmniSalud Program             | \$18 million                          | \$20 million                              |
| Administration                | \$4 million                           | \$4 million                               |
| <b>Total Costs FY 2026-27</b> | <b>\$124 million</b>                  | <b>\$287 million</b>                      |

## State Expenditures

The bill will shift expenditures between HIAE programs beginning in FY 2026-27. These shifts will be based on future determinations made by the board. Additionally, the bill will increase workload in the HIAE to determine new allocation rules and meet reporting requirements. More detail on expenditure shifts within the HIAE is provided below.

## HIAE Expenditure Shifts

Expenditures will shift between HIAE programs starting in FY 2026-27 as HIAE fee revenue received after July 2026 is reallocated. In future fiscal years, all of the incoming HIAE fee revenue will be spent according to new allocation rules. The new allocations rules will be determined by the HIAE board. Based on the criteria in the bill, the new allocations will likely result in a decrease in OmniSalud expenditures and an increase in spending on other programs within the enterprise.

## Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## State and Local Government Contacts

Regulatory Agencies

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).