

*Colorado Legislative Council Staff*  
**STATE**  
**FISCAL IMPACT**

**Drafting Number:** LLS 05-0126  
**Prime Sponsor(s):** Rep. Larson  
 Sen. Isgar

**Date:** January 18, 2005  
**Bill Status:** House Business Affairs  
**Fiscal Analyst:** Todd Herreid (303-866-2633)

**TITLE:** CONCERNING THE REQUIREMENT THAT A PERSON'S HEALTH COVERAGE PLAN BE MADE PRIMARY TO MEDICAL PAYMENTS COVERAGE IN CERTAIN CIRCUMSTANCES.

Fiscal Impact Summary	FY 2005/2006	FY 2006/2007
<b>State Revenues</b>		
General Fund	(\$2,975)	
Cash Fund - Div. of Insurance Cash Fund	2,975	
<b>State Expenditures</b>		
General Fund		
Cash Fund - Div. of Insurance Cash Fund	\$2,975	
<b>FTE Position Change</b>	0.1 FTE	0.0 FTE
<b>Other State Impact:</b> None		
<b>Effective Date:</b> 90 days after final adjournment (August 10, 2005), unless a referendum petition is filed.		
<b>Appropriation Summary for FY 2005/2006:</b> Department of Regulatory Agencies, Division of Insurance: \$2,975 cash funds and 0.1 FTE		
<b>Local Government Impact:</b> None		

**Summary of Legislation**

Under current law, when a person is injured in a motor vehicle accident, medical payments coverage is primary to any health insurance benefit. This bill requires a health coverage plan to be primary to medical payments coverage for a person injured in a motor vehicle accident. The bill also requires the medical payments coverage to apply to any coinsurance or deductible required by the injured person's health coverage plan.

**State Revenues**

The division is funded by various fees, charges, and fines, which are supplemented by premium tax revenues. When legislation increases costs for the division without a corresponding change in fees, additional premium tax revenues are used. The bill's expenses of \$2,975 in FY 2005-06, will result in a transfer of General Fund premium tax revenues to the Division of Insurance Cash Fund.

**State Expenditures**

In FY 2005-06, the bill is expected to create one-time expenditures of \$2,975 for the Division of Insurance. The bill's effective date of August 10, 2005, will require auto insurance carriers to refile certification and rate forms outside of the normal filing period (January 1 each year). The refiling of certification and rate forms will require 116 hours of a Rate/Financial Analyst II, at a total cost of \$2,975, including PERA and Medicare contributions. Any additional rule-making required by the bill is considered to be part of the Division's on-going, base workload. Consequently, there is no need for additional rule-making funding.

**State Appropriations**

In FY 2005-06, the Department of Regulatory Agencies will require 0.1 FTE and a cash fund appropriation of \$2,975 from the Division of Insurance Cash Fund.

**Departments Contacted**

Regulatory Agencies