Under the Dome

with the NCLA

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Health Care Exchange to Undergo Scrutiny

The Colorado Health Benefit Exchange is a step closer to undergoing additional scrutiny with the passage of a pair of legislative proposals last week. The health benefit exchange, doing business with Colorado consumers under the name Connect for Health, is the state-compliant exchange under Obamacare and has been the subject of criticism for high costs and logistical issues with the consumer interface.

The bills, SB 15-019 and SB 15-052, propose to build in legislative oversight of the exchange, oversight that is currently absent from its statutory and regulatory framework.

SB 92 by Senator Jerry Sonnenberg (R-Sterling) and Representative Dan Norberg (R-Colorado Springs) provides authority for the Office of the State Auditor to conduct periodic and comprehensive audits of the exchange. A recent limited performance audit found discrepancies in financial management and unexpected cost overruns in certain segments of the implementation of the exchange. SB 19 authorizes deeper and more comprehensive audits to assure sufficient transparency and accountability to consumers and state lawmakers. The NCLA supports SB 19 and the bill passed the Senate Health and Human Services Committee on a unanimous vote.

SB 52 by Senator Larry Crowder (R-Alamosa) responds to a controversial bonus that the Connect for Health board was planning to give the Executive Director at the time while the first year roll out of the exchange was still struggling to implement. SB 52 would require that the Legislative Health Benefit Exchange Implementation Review Committee vote on any bonuses proposed for Connect for Health employees. The bill was also passed by the Senate Health Committee but the issue drew a partisan response and was passed on a 3-2 vote.

Both bills move to the full Senate for debate in the coming weeks.

Pot Revenues could Benefit Transportation Funding

While Republicans and Democrats dig in their heels on the question of whether TABOR surpluses should be returned to the taxpayers (generally, the Republican point of view) or retained for other state purposes (generally, the Democrat point of view), legislators may be finding common ground on asking voters for permission to retain the overage of revenue generated by marijuana sales taxes, and the unintended beneficiary could be transportation.

A year after Amendment 64 was passed in 2012, voters approved a 10% state sales tax upon the sale of recreational marijuana. Although the revenues haven’t kept pace with the $70 Million in projected revenue, the $50 million in actual revenue is contributing to the "surplus" revenue to the state, revenues that are generated by all sources.

A transportation funding mechanism in SB 09-228 was hoped to push over $200 million in funds to transportation projects this year but a quirk in the mechanism when taken with TABOR surpluses will mean no funds will be directed toward transportation projects. Unless, however, fewer surpluses are refunded to taxpayers.

There appears to be general agreement on both sides of the aisle that when voters passed Amendment 64 and the referendums of 2013 related to pot taxation that they did so with the expectation that revenue generated from the sale of legal marijuana would be reinvested in the various needs in Colorado, including education, prevention and enforcement of the marijuana laws.

Should the $50 million in revenue to retained, those dollars will be free to be spent on a multitude of state budget items but the move could also mean the SB 228 trigger will kick in, allowing a portion of the $200 million to flow.

Three things have to occur for those funds to flow, however: 1) A referred measure to keep the pot revenues would have to pass a 2/3 vote hurdle by the legislature, 2) the voters in November would have to approve the referendum and finally, 3) economic projections in March would have to show no additional anticipated TABOR surpluses.

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