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Nexus Weekly Legislative Report
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The Colorado General Assembly convened for the 15th week of the 2018 session. There are about 19 days remaining in the legislative session. This week, significant steps were made on PERA reform, health care transparency, school finance and more. Many bills requiring money—which had been sitting in limbo—were finally heard in House Appropriations this week.

SB18-200—Modifications to PERA to Eliminate the Unfunded Liability—by Representatives Becker and Pabon had its first go in the House, as it was heard in the House Finance committee Monday evening. Pressure was put on House Democrats to make specific changes to the bill by many stakeholders, but most evidently the teachers union. The State Capitol was full of teachers all day on Monday, who pulled House members out of floor work to lobby and showed up to the committee hearing to testify. Many changes were made to the bill in committee. They stripped the defined contribution option out of the bill, because it made current PERA recipients worried about the future of their pension. The retirement age was changed to 60-years-old—5 years earlier than the Senate version. The changes made by the House don't have any fiscal change compared to the Senate version and the Joint Budget Committee has still committed $225M for the bill to help employers and employees pay for their contribution to their retirement fund. The bill will most likely be heard on the House floor next week, where the Democratic majority will maintain their amendments. The Senate and House versions are very different, so leadership of the two houses will need to come to some type of compromise to avoid the need for a conference committee to resolve differences.

HB18-1379—Public School Finance—by Representatives Pettersen and Wilson was also heard on Monday evening. This bill is a bipartisan effort to make the current School Finance formula more equitable and buy-down the budget stabilization factor, which is the amount still owed by the state to school districts according to the formula in the constitution. The current amount still owed to the school districts for the budget stabilization factor is $850M. This bill would allocate $150M to the factor, which would bring it down to $700M. The bill would increase per pupil funding by $222.57 to account for a 3.4 percent inflation rate. The bill has received bipartisan support in the House. It is an effort by the sponsors and the General Assembly to continue to put more money into education as a state. The bill passed out of the House floor on a vote of 54-7-4 Friday morning.

HB-1392—State Innovation Waiver Reinsurance Program—by Representatives Kennedy and Rankin, passed out of the House Health, Insurance and Environment committee by a vote of 9-3 on Thursday afternoon. The bill would allow the Commissioner of Insurance to apply for a 1332 waiver from the federal government, which would permit a reinsurance program in the state of Colorado. The goal of a reinsurance program is to stabilize health insurance premiums in the individual market. HB 1392 specifically aims to stabilize the individual health insurance market by requiring individuals on the large group market to pay around $100 more a year for their premiums so that there can be subsidization of those in the independent market. The cost savings for the independent market would also come from federal funding. The majority of the people in the independent market in Colorado are on the Western slope, where counties—such as Summit County—are seeing some of the highest health insurance premiums in the country. There are two other states who have successfully established a reinsurance program. Alaska was the first state to do so, but in a different way than 1392 is proposing, because the Alaska reinsurance program was funded with state dollars instead of by an insurance market. Proponents of the bill came down from the Western slope to express their support and tell the committee about the extreme health care costs coupled with the high cost of living on the Western slope. Opponents of the bill were mostly health insurance companies, who said they are supportive of reinsurance programs, but oppose how it is outlined in this bill. They argued that taxing one market to bring down costs for another is just a cost shift and does nothing to help the state overall, which is seeing higher health care costs across the board. The bill will most likely pass out of the House with some bipartisan support, but it is unclear what its fate will be in the Senate.