A BILL FOR AN ACT

CONCERNING A REDUCTION IN THE MINIMUM AMOUNT OF LIABILITY

THAT MUST BE RETAINED BY A SELF-INSURED EMPLOYER THAT PURCHASES STOP-LOSS HEALTH INSURANCE.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://leg.colorado.gov.)

Under current law, employers with 50 or fewer employees who self-insure can purchase stop-loss insurance to cover the cost of employee health benefits exceeding $20,000 per employee per year. However, insurers are prohibited from issuing stop-loss policies with an attachment point below $20,000. The bill lowers this minimum to $10,000 per
employee per year. The bill also makes a corresponding change in the minimum retention amount for larger employers, from $15,000 to $10,000.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 10-16-119, amend
(2) introductory portion and (2)(c) as follows:

10-16-119. Requirements for excess loss or stop-loss health
insurance used in conjunction with self-insured employer benefit
plans under the federal "Employee Retirement Income Security
Act". (2) All excess loss insurance shall be issued to cover the
employer's liability under the employer's self-insured obligation. Excess
loss insurance shall meet the following requirements:

(c) Commencing with policies issued or renewed on and after
January 1, 2003 2021, the minimum retention to the employer shall
be no less than fifteen ten thousand dollars per person per plan year with
a minimum one hundred twenty percent of expected claims aggregate.

SECTION 2. In Colorado Revised Statutes, 10-16-119.5, amend
(2)(a) and (2)(b)(II) as follows:

10-16-119.5. Stop-loss health insurance for small employers of
not more than fifty employees - requirements - definitions - rules.
(2) An insurer shall not issue a stop-loss health insurance policy to any
person, firm, corporation, partnership, or association actively engaged in
business that employed an average of at least one but not more than fifty
eligible employees on business days during the immediately preceding
calendar year that:

(a) Has an annual attachment point for claims incurred per
individual that is lower than twenty ten thousand dollars;
(b) Has an annual aggregate attachment point lower than the greater of:

   (II) Twenty TEN thousand dollars;

SECTION 3. Act subject to petition - effective date - applicability. (1) This act takes effect January 1, 2021; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within the ninety-day period after final adjournment of the general assembly, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2020 and, in such case, will take effect January 1, 2021, or on the date of the official declaration of the vote thereon by the governor, whichever is later.

   (2) This act applies to policies issued or renewed on or after the applicable effective date of this act.