SB 20-176

FISCAL NOTE

Drafting Number: LLS 20-0114
Prime Sponsors: Sen. Danielson; Ginal
                Rep. Titone; Young
Date: August 5, 2020
Bill Status: Signed into Law
Fiscal Analyst: Clare Pramuk | 303-866-2677
               clare.pramuk@state.co.us

Bill Topic: PROTECT NEUTRAL DETERMINATIONS IN HEALTH INSURANCE

Summary of Fiscal Impact:
- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

This bill clarifies the applicability of remedies for the unreasonable delay or denial of insurance benefits and that discretionary clause provisions are void in an insurance policy, contract, or plan. It increases state workload on an ongoing basis.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the enacted bill.

Summary of Legislation

House Bill 08-1407 prohibited discretionary clauses that allow an insurer, plan administrator, or claim administrator to interpret terms of the policy, contract, or plan to determine eligibility for benefits in an insurance policy, contract, or plan issued in this state that offers health or disability benefits. This bill clarifies that any such provision is void.

The bill also clarifies that for this prohibition, "issued in this state" refers to every health and disability insurance policy, insurance contract, insurance certificate, and insurance agreement existing, offered, issued, delivered, or renewed in the State of Colorado or providing health or disability benefits to a resident or domiciliary of the State of Colorado and every employee benefit plan covering a resident or domiciliary of the state of Colorado, whether or not on behalf of an employer located or domiciled in Colorado, on or after August 5, 2008, notwithstanding any contractual or statutory choice-of-law provision to the contrary.

Finally, the bill separates a person's entitlement to de novo review in any court with jurisdiction from the person's entitlement to a trial by jury.

State Revenue

This bill may increase revenue to the Judicial Department for court filing fees for cases that will be brought due to the clarifying language of the bill. This revenue increase is subject to TABOR but has not been estimated.
State Expenditures

This bill will increase workload for the trial courts in the Judicial Department if more insureds seek a judicial remedy for their benefit delay or denial. Any workload increase for the Judicial Department is expected to be accomplished within existing appropriations.

Effective Date

The bill was signed into law by the Governor on July 14, 2020, and takes effect on September 14, 2020, assuming no referendum petition is filed. It applies to every health and disability insurance policy, insurance contract, insurance certificate, and insurance agreement existing, offered, issued, delivered, or renewed in Colorado or providing health or disability benefit to a resident or domiciliary of the State of Colorado, whether or not on behalf of an employer located or domiciled in Colorado on or after the effective date, notwithstanding any contractual or statutory choice-of-law provision to the contrary.

State and Local Government Contacts

Counties
Information Technology
Law
Personnel

Health Care Policy and Financing
Judicial
Municipalities
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: leg.colorado.gov/fiscalnotes.