

First Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 23-0591.01 Kristen Forrestal x4217

HOUSE BILL 23-1116

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A BILL FOR AN ACT

101 **CONCERNING INSURANCE CONTRACTS FOR HEALTH-CARE SERVICES**
102 **THAT INVOLVE ELECTRONIC PAYMENTS TO A HEALTH-CARE**
103 **PROVIDER, AND, IN CONNECTION THEREWITH, MAKING AN**
104 **APPROPRIATION.**

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>.)

The bill:

- Requires a contract between a health insurance carrier (carrier) and a licensed health-care provider (provider) for

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

HOUSE
3rd Reading Unamended
February 3, 2023

HOUSE
Amended 2nd Reading
February 2, 2023

the provision of health-care services to covered persons under a health coverage plan issued by the carrier (contract) to offer at least one method of payment to the provider for which there is not an associated fee; and

- Prohibits the contract from restricting the form or method of payment the carrier uses to make payments to the provider so that the only acceptable payment method is a credit card payment.

If a carrier initiates a payment to a provider using, or changes the payment method to, electronic funds transfer payments, including virtual credit card payments, the bill requires the carrier to:

- Notify the provider of any fees associated with the particular payment method;
- Advise the provider of the available payment methods and include instructions on how to select an alternative available method; and
- With each payment, remit an explanation of benefits.

The bill prohibits a carrier from charging a fee for a change in the payment method to a specified electronic transaction and allows a provider's billing service to charge a fee under certain circumstances.

The bill makes it an unfair method of competition and unfair or deceptive act or practice in the business of insurance if a carrier violates or fails to comply with the requirements of the contract limitations and requirements.

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

2

3 **SECTION 1.** In Colorado Revised Statutes, **add** 10-16-121.3 as
4 follows:

5 **10-16-121.3. Limitations on provisions in contracts between**
6 **carriers and licensed health-care providers - methods of payment -**

7 **fees.** (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
8 REQUIRES:

9 (a) "BILLING SERVICE" MEANS A PERSON OR ENTITY THAT
10 CONTRACTS WITH A LICENSED HEALTH-CARE PROVIDER TO:

11 (I) PROCESS BILLS FOR HEALTH-CARE SERVICES PROVIDED BY THE

1 LICENSED HEALTH-CARE PROVIDER; AND

2 (II) PURSUANT TO THE TERMS OF THE CONTRACT, SUBMIT BILLS,
3 REQUEST RECONSIDERATION OF PAYMENTS, AND RECEIVE PAYMENTS OR
4 REIMBURSEMENTS FOR HEALTH-CARE SERVICES PROVIDED BY THE
5 LICENSED HEALTH-CARE PROVIDER.

6 (b) "CONTRACT" MEANS A CONTRACT BETWEEN A CARRIER AND A
7 LICENSED HEALTH-CARE PROVIDER FOR THE PROVISION OF HEALTH-CARE
8 SERVICES TO COVERED PERSONS UNDER A HEALTH COVERAGE PLAN ISSUED
9 BY THE CARRIER.

10 (c) "HEALTH-CARE ELECTRONIC FUNDS TRANSFERS AND
11 REMITTANCE ADVICE TRANSACTION" HAS THE SAME MEANING AS DEFINED
12 IN 45 CFR 162.1601 AND INCORPORATES THE STANDARDS DESCRIBED IN
13 45 CFR 162.1602.

14 (2) IN A CONTRACT ENTERED INTO, AMENDED, OR RENEWED ON OR
15 AFTER THE EFFECTIVE DATE OF THIS SECTION, THE CARRIER SHALL:

16 (a) OFFER AT LEAST ONE METHOD OF PAYMENT TO THE LICENSED
17 HEALTH-CARE PROVIDER THAT DOES NOT REQUIRE AN ASSOCIATED FEE
18 CHARGED TO THE HEALTH-CARE PROVIDER; AND

19 (b) NOT RESTRICT THE METHOD OR FORM OF PAYMENT TO THE
20 LICENSED HEALTH-CARE PROVIDER SO THAT THE ONLY ACCEPTABLE
21 PAYMENT METHOD IS A CREDIT CARD PAYMENT.

22 (3) IF A CARRIER INITIATES A PAYMENT TO A LICENSED
23 HEALTH-CARE PROVIDER USING, OR CHANGES THE PAYMENT METHOD TO,
24 ELECTRONIC FUNDS TRANSFER PAYMENTS, INCLUDING VIRTUAL CREDIT
25 CARD PAYMENTS, THE CARRIER SHALL:

26 (a) NOTIFY THE LICENSED HEALTH-CARE PROVIDER IF ANY FEE IS
27 ASSOCIATED WITH A PARTICULAR PAYMENT METHOD;

1 (b) ADVISE THE LICENSED HEALTH-CARE PROVIDER OF THE
2 AVAILABLE PAYMENT METHODS AND PROVIDE CLEAR INSTRUCTIONS TO
3 THE LICENSED HEALTH-CARE PROVIDER AS TO HOW TO SELECT AN
4 ALTERNATIVE PAYMENT METHOD; AND

5 (c) WITH EACH PAYMENT, REMIT AN EXPLANATION OF BENEFITS.

6 (4) FOR ANY CONTRACT THAT IS IN EFFECT ON OR BEFORE THE
7 EFFECTIVE DATE OF THIS SECTION OR THAT IS ENTERED INTO, AMENDED,
8 OR RENEWED ON OR AFTER THE EFFECTIVE DATE OF THIS SECTION, A
9 CARRIER THAT INITIATES A PAYMENT TO A LICENSED HEALTH-CARE
10 PROVIDER USING, OR CHANGES THE PAYMENT METHOD TO, A HEALTH-CARE
11 ELECTRONIC FUNDS TRANSFERS AND REMITTANCE ADVICE TRANSACTION
12 SHALL NOT CHARGE A FEE SOLELY TO TRANSMIT THE PAYMENT TO THE
13 LICENSED HEALTH-CARE PROVIDER UNLESS THE LICENSED HEALTH-CARE
14 PROVIDER CONSENTS TO THE FEE. A LICENSED HEALTH-CARE PROVIDER'S
15 BILLING SERVICE MAY CHARGE A REASONABLE FEE RELATED TO
16 TRANSACTION MANAGEMENT, DATA MANAGEMENT, PORTAL SERVICES, OR
17 OTHER VALUE-ADDED SERVICES ABOVE AND BEYOND THE BANK
18 TRANSMITTAL WHEN TRANSMITTING AN ELECTRONIC FUNDS TRANSFER.

19 (5) THE COMMISSIONER HAS THE AUTHORITY TO ENFORCE THIS
20 SECTION AND IMPOSE A PENALTY OR REMEDY AGAINST A PERSON WHO
21 VIOLATES THIS SECTION.

22 **SECTION 2. Appropriation.** For the 2023-24 state fiscal year,
23 \$12,218 is appropriated to the department of regulatory affairs for use by
24 the division of insurance. This appropriation is from the division of
25 insurance cash fund created in section 10-1-103 (3), C.R.S. To implement
26 this act, the division may use this appropriation for personal services.

27 **SECTION 3.** Act subject to petition - effective date. This act

1 takes effect at 12:01 a.m. on the day following the expiration of the
2 ninety-day period after final adjournment of the general assembly; except
3 that, if a referendum petition is filed pursuant to section 1 (3) of article V
4 of the state constitution against this act or an item, section, or part of this
5 act within such period, then the act, item, section, or part will not take
6 effect unless approved by the people at the general election to be held in
7 November 2024 and, in such case, will take effect on the date of the
8 official declaration of the vote thereon by the governor.