

Second Regular Session
Seventy-second General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 20-0783.01 Duane Gall x4335

HOUSE BILL 20-1199

HOUSE SPONSORSHIP

Buck,

SENATE SPONSORSHIP

(None),

House Committees
Health & Insurance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING A REDUCTION IN THE MINIMUM AMOUNT OF LIABILITY**
102 **THAT MUST BE RETAINED BY A SELF-INSURED EMPLOYER THAT**
103 **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

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

employee per year. The bill also makes a corresponding change in the minimum retention amount for larger employers, from \$15,000 to \$10,000.

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

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

4 **10-16-119. Requirements for excess loss or stop-loss health**
5 **insurance used in conjunction with self-insured employer benefit**
6 **plans under the federal "Employee Retirement Income Security**
7 **Act".** (2) All excess loss insurance shall be issued to cover the
8 employer's liability under the employer's self-insured obligation. Excess
9 loss insurance ~~shall~~ **MUST** meet the following requirements:

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

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

16 **10-16-119.5. Stop-loss health insurance for small employers of**
17 **not more than fifty employees - requirements - definitions - rules.**

18 (2) An insurer shall not issue a stop-loss health insurance policy to any
19 person, firm, corporation, partnership, or association actively engaged in
20 business that employed an average of at least one but not more than fifty
21 eligible employees on business days during the immediately preceding
22 calendar year that:

23 (a) Has an annual attachment point for claims incurred per
24 individual that is lower than ~~twenty~~ **TEN** thousand dollars;

1 (b) Has an annual aggregate attachment point lower than the
2 greater of:

3 (II) ~~Twenty~~ TEN thousand dollars;

4 **SECTION 3. Act subject to petition - effective date -**
5 **applicability.** (1) This act takes effect January 1, 2021; except that, if a
6 referendum petition is filed pursuant to section 1 (3) of article V of the
7 state constitution against this act or an item, section, or part of this act
8 within the ninety-day period after final adjournment of the general
9 assembly, then the act, item, section, or part will not take effect unless
10 approved by the people at the general election to be held in November
11 2020 and, in such case, will take effect January 1, 2021, or on the date of
12 the official declaration of the vote thereon by the governor, whichever is
13 later.

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