

CHAPTER 189

**INSURANCE**

**HOUSE BILL 93-1100**

BY REPRESENTATIVES R. Hernandez, Anderson, Armstrong, Epps, and Lawrence;  
also SENATOR Meiklejohn.

**AN ACT**

**CONCERNING THE ASSIGNABILITY OF HEALTH BENEFITS PAYABLE UNDER POLICIES OF "NO-FAULT" MOTOR VEHICLE INSURANCE.**

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

**SECTION 1.** Part 7 of article 4 of title 10, Colorado Revised Statutes, 1987 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW SECTION to read:

**10-4-708.5. Assignment of payment for covered benefits.** (1) (a) A POLICY OF MOTOR VEHICLE INSURANCE WHICH PROVIDES COVERAGE PURSUANT TO THIS PART 7 SHALL ALLOW, BUT NOT REQUIRE, AN INSURED UNDER THE POLICY TO ASSIGN, IN WRITING, PAYMENTS DUE UNDER THE POLICY TO A LICENSED HOSPITAL OR OTHER LICENSED HEALTH CARE PROVIDER FOR SERVICES PROVIDED TO THE INSURED WHICH ARE COVERED UNDER THE POLICY.

(b) THE INSURED MAY, WITH OR WITHOUT THE AGREEMENT OF THE LICENSED HOSPITAL OR OTHER LICENSED HEALTH CARE PROVIDER, REVOKE THE ASSIGNMENT. SUCH REVOCATION SHALL BE IN WRITING AND SHALL BE SENT TO THE INSURER BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED. THE INSURER SHALL THEN SEND A COPY OF THE REVOCATION TO THE PROVIDER WHO IS THE SUBJECT OF THE REVOCATION BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED. THE REVOCATION SHALL BE EFFECTIVE WHEN IT HAS BEEN RECEIVED BY BOTH THE INSURER AND THE PROVIDER AND SHALL ONLY AFFECT THOSE CHARGES INCURRED AFTER SUCH RECEIPT BY BOTH.

(2) WHEN A LICENSED HOSPITAL OR OTHER LICENSED HEALTH CARE PROVIDER RECEIVES AN ASSIGNMENT FROM AN INSURED, IT IS THE RESPONSIBILITY OF THE PROVIDER TO BILL THE INSURER, INCLUDING A COPY OF THE ASSIGNMENT. THE

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

PROVIDER SHALL ALSO PROVIDE A COPY OF SUCH BILL TO THE INSURED, STATING ON SUCH COPY THAT IT IS FOR INFORMATIONAL PURPOSES ONLY AND THAT THE INSURER HAS BEEN BILLED FOR COVERED BENEFITS. THE PROVIDER SHALL ALSO FURNISH TO THE INSURER A CURRENT TAXPAYER IDENTIFICATION NUMBER AS PART OF THE INITIAL BILL AND EACH SUBSEQUENT BILLING. SUBSEQUENT BILLINGS TO AN INSURER NEED NOT INCLUDE A COPY OF THE ASSIGNMENT UNLESS REQUIRED BY THE INSURER SO LONG AS IT IS CLEARLY NOTED ON EACH SUCH SUBSEQUENT BILLING THAT THE BENEFITS HAVE BEEN ASSIGNED. THE INSURER SHALL HONOR SUCH ASSIGNMENT AND MAKE PAYMENT OF COVERED BENEFITS DIRECTLY TO SUCH LICENSED HOSPITAL OR OTHER LICENSED HEALTH CARE PROVIDER. IN THE EVENT THE INSURER FAILS TO HONOR SUCH ASSIGNMENT BY MAKING PAYMENT TO THE INSURED AND THE INSURED, UPON RECEIPT OF SUCH PAYMENT, FAILS TO TIMELY PAY AN AMOUNT EQUIVALENT TO SUCH PAYMENT TO THE LICENSED HOSPITAL OR OTHER LICENSED HEALTH CARE PROVIDER, THEN THE INSURER SHALL BE LIABLE FOR SUCH PAYMENT DIRECTLY TO THE LICENSED HOSPITAL OR OTHER LICENSED HEALTH CARE PROVIDER. IT SHALL BE THE RESPONSIBILITY OF THE LICENSED HOSPITAL OR OTHER LICENSED HEALTH CARE PROVIDER TO NOTIFY THE INSURER IF TIMELY PAYMENT HAS NOT BEEN RECEIVED. IN SUCH CASE, THE INSURER SHALL MAKE PAYMENT OF COVERED BENEFITS WITHIN THIRTY DAYS AFTER RECEIPT OF SUCH NOTIFICATION.

(3) (a) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO LIMIT AN INSURER'S ABILITY TO DETERMINE, SUBJECT TO SECTION 10-4-706, THE SCOPE OF ITS BENEFITS OR SERVICES OR ANY OTHER TERMS OF ITS POLICIES, NOR FROM NEGOTIATING CONTRACTS WITH LICENSED HOSPITALS OR OTHER LICENSED HEALTH CARE PROVIDERS ON REIMBURSEMENT RATES OR ANY OTHER LAWFUL PROVISIONS.

(b) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (2) OF THIS SECTION, A LICENSED HOSPITAL OR OTHER LICENSED HEALTH CARE PROVIDER SHALL NOT BE ENTITLED TO PAYMENT GREATER THAN THE LESSER OF ITS CUSTOMARY CHARGE FOR SUCH SERVICE OR THE LEVEL OF REIMBURSEMENT PREVIOUSLY NEGOTIATED WITH THE INSURER, IF APPLICABLE; NOR SHALL THE INSURER HAVE ANY OBLIGATION UNDER THIS SECTION EXCEPT FOR COVERED BENEFITS.

(4) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO PREVENT AN INSURER FROM LIMITING, SUBJECT TO SECTION 10-4-706, COVERED BENEFITS TO MANAGED CARE ARRANGEMENTS OR TO SERVICES PROVIDED BY PROVIDERS WHO HAVE CONTRACTED WITH THE INSURER OR FROM PROVIDING DIFFERENT LEVELS OF BENEFITS DEPENDING ON WHETHER THE PROVIDER HAS OR HAS NOT CONTRACTED WITH THE INSURER.

**SECTION 2. Effective date - applicability.** This act shall take effect January 1, 1994, and shall apply to all policies in force on said date, all policies issued on or after said date, and all treatment rendered on or after said date for which an assignment exists.

**SECTION 3. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: May 6, 1993