

CHAPTER 197

GOVERNMENT - STATE

HOUSE BILL 94-1113

BY REPRESENTATIVES Williams, Armstrong, and Kerns;
also SENATORS Bishop, Gallagher, Norton, and Peterson.

AN ACT

CONCERNING STATE EMPLOYEES' BENEFITS, AND, IN CONNECTION THEREWITH, AMENDING AND RECODIFYING THE LAWS PERTAINING THERETO.

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

SECTION 1. Article 50 of title 24, Colorado Revised Statutes, 1988 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW PART CONTAINING RELOCATED PROVISIONS, WITH AMENDMENTS, to read:

**PART 6
STATE EMPLOYEES GROUP BENEFITS ACT**

24-50-601. [Formerly 10-8-201] Short title. This ~~part 2~~ PART 6 shall be known and may be cited as the "~~State Employees and Officials Group Insurance Act~~" "STATE EMPLOYEES GROUP BENEFITS ACT".

24-50-602. [Formerly 10-8-202] Legislative declaration. (1) It is declared that the purpose of this ~~part 2~~ PART 6 is as follows:

(a) To enable the state to attract and retain qualified employees by providing group ~~insurance~~ benefits similar to those commonly provided in private industry;

(b) To recognize and protect the state's investment in each ~~permanent~~ NONTEMPORARY employee by promoting and preserving good health among state employees;

(c) To recognize the service to the state by elected and appointed officials by extending to them the same group ~~insurance~~ benefits as are provided in this ~~part 2~~ PART 6 for state employees; and

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

~~(d) Repealed, L. 85, p. 850, § 8, effective July 1, 1986.~~

(d) TO PROVIDE EACH EMPLOYEE WITH BENEFIT CHOICES AND EDUCATION TO CUSTOMIZE A BENEFIT PACKAGE THAT IS RESPONSIVE TO EACH EMPLOYEE'S DIVERSE NEEDS.

24-50-603. [Formerly 10-8-203] Definitions. As used in this ~~part 2~~ PART 6, unless the context otherwise requires:

~~(1) Repealed, L. 85, p. 850, § 8, effective July 1, 1986.~~

~~(2) "Basic hospital and medical benefits" means hospital room and board, other hospital services, certain out-patient benefits, maternity benefits, surgical benefits including obstetrical care, in-hospital medical care, diagnostic X-ray, and laboratory benefits, and such other similar benefits as the director deems reasonable and appropriate for eligible employees and dependents.~~

~~(3) Repealed, L. 89, p. 1645, § 13, effective July 1, 1989.~~

(1) "CAFETERIA BENEFITS" MEANS "FLEXIBLE BENEFITS" AS DEFINED IN SUBSECTION (8) OF THIS SECTION.

~~(4) (2) "Carrier" means a private insurance company holding a valid outstanding certificate of authority from the commissioner or a nonprofit hospital service plan or a nonprofit medical service plan incorporated as a nonprofit corporation pursuant to article 40 of title 7, C.R.S.~~ AN INSURER, HEALTH MAINTENANCE ORGANIZATION ("HMO"), THIRD-PARTY ADMINISTRATOR, OR OTHER ENTITY WITH WHOM THE STATE CONTRACTS TO PROVIDE OR ADMINISTER, OR BOTH PROVIDE AND ADMINISTER, THE GROUP BENEFIT PLANS.

(3) "COBRA" MEANS THE CONTINUATION OF CERTAIN BENEFITS AS PROVIDED BY THE FEDERAL "CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT OF 1985", AS AMENDED.

~~(4.3)~~ (4) "Council" means the total compensation advisory council established pursuant to section 24-50-104 (2) (c) (II) ~~C.R.S.~~

~~(4.5) "Deferred compensation plan" means a program by which an employee by contract may agree with an employer to defer, in whole or in part, the employee's salary or wages.~~

(5) "Dependent" means an employee's LEGAL spouse; each unmarried child, ~~under nineteen years of age~~, including adopted children, stepchildren, and foster children, THROUGH THE END OF THE CALENDAR YEAR IN WHICH THE CHILD TURNS NINETEEN YEARS OF AGE, FOR WHOM THE EMPLOYEE IS THE MAJOR SOURCE OF FINANCIAL SUPPORT OR IS DIRECTED BY COURT ORDER TO PROVIDE COVERAGE; each unmarried child nineteen years of age, ~~and under~~ THROUGH THE END OF THE CALENDAR YEAR IN WHICH THE CHILD TURNS twenty-three years of age, who is a full-time student in an educational or vocational institution and for whom the employee is the major source of financial support OR IS DIRECTED BY COURT ORDER TO PROVIDE COVERAGE; and

each unmarried child ~~over nineteen years of age~~ who has either a physical or mental disability, as defined by the ~~insurance~~ carrier, not covered under other government programs, and for whom the employee is the major source of financial support OR IS DIRECTED BY COURT ORDER TO PROVIDE COVERAGE.

~~(5.5)~~ (6) "Director" means the state personnel director.

~~(6)~~ (7) "Employee" means any officer or employee under the state personnel system of the state of Colorado whose salary is paid by state funds or any employee of the department of education, the Colorado commission on higher education, or the Colorado school for the deaf and the blind whose salary is paid by state funds. "Employee" includes any officer or employee of the legislative or judicial branch, ~~except a person employed on a temporary basis.~~ "Employee" ANY ELECTED OR APPOINTED STATE OFFICIAL OR EMPLOYEE WHO RECEIVES COMPENSATION OTHER THAN EXPENSE REIMBURSEMENT FROM STATE FUNDS, AND includes any member of the board of assessment appeals. "EMPLOYEE" DOES NOT INCLUDE PERSONS EMPLOYED ON A TEMPORARY BASIS.

(8) "FLEXIBLE BENEFITS" MEANS AN ARRAY OF GROUP BENEFIT PLANS FROM WHICH AN EMPLOYEE CAN SELECT USING THE STATE'S CONTRIBUTION, THE EMPLOYEE'S OWN FUNDS, OR A COMBINATION OF BOTH, TO PAY FOR SUCH BENEFITS.

~~(6.1)~~ (9) "~~Group insurance plan~~" "GROUP BENEFIT PLANS" means ~~the health and life insurance plans defined in this section or any other group insurance~~ BENEFIT coverages contracted for OR ADMINISTERED by the director, INCLUDING BUT NOT LIMITED TO, MEDICAL, DENTAL, LIFE, AND DISABILITY BENEFITS.

~~(7)~~ "Health insurance plan" means a ~~group insurance policy or contract or a medical or hospital service agreement provided by a carrier for the purpose of paying for or reimbursing the cost of hospital and medical care.~~

~~(7.1)~~ "Life insurance plan" means a ~~group insurance policy or contract provided by a carrier for the purpose of providing life insurance.~~

~~(8)~~ "Major medical benefits" means ~~all of the services provided in subsection (2) of this section, plus physicians' services provided by house and office calls, prescription drugs for nonhospital use, outpatient psychiatric services, and such other benefits as may be determined by the director. Major medical benefits shall apply only after basic benefits are exhausted, if applicable, and a specified amount is spent by the insured on the health services included in major medical benefits.~~

~~(9)~~ (10) "Medicaid" means federal insurance or assistance as such is provided by the provisions of Title XIX of the federal "Social Security Act" and the "Colorado Medical Assistance Act", ARTICLE 4 OF TITLE 26, C.R.S.

(11) "MEDICAL BENEFITS" INCLUDES, BUT IS NOT LIMITED TO, HOSPITAL ROOM AND BOARD, OTHER HOSPITAL SERVICES, CERTAIN OUT-PATIENT BENEFITS, MATERNITY BENEFITS, SURGICAL BENEFITS INCLUDING OBSTETRICAL CARE, IN-HOSPITAL MEDICAL CARE, DIAGNOSTIC X-RAYS, LABORATORY BENEFITS, PHYSICIAN SERVICES, PRESCRIPTION DRUGS, MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES, COMPARABLE MEDICAL BENEFITS FOR EMPLOYEES WHO RELY SOLELY ON SPIRITUAL

MEANS FOR HEALING, AND SUCH OTHER SIMILAR BENEFITS AS THE DIRECTOR DEEMS REASONABLE AND APPROPRIATE FOR ELIGIBLE EMPLOYEES AND DEPENDENTS.

~~(10)~~ (12) "Medicare" means federal insurance or assistance as such is provided by the "Health Insurance for the Aged Act", 42 U.S.C. SEC. 1395, or as such act may be amended.

~~(11)~~ "Official" means any elected or appointed state official who receives compensation other than expense reimbursement from state funds.

~~(12)~~ "Qualified carrier" means a carrier, as defined in subsection (4) of this section, which has had successful experience in the group insurance field, as determined by the commissioner.

~~(12.5)~~ (13) "Short-term disability insurance plan" means a group insurance policy or contract provided by a carrier for the purpose of providing short-term disability insurance INCOME REPLACEMENT AND INCLUDES PROVISIONS FOR COVERAGE NOT TO EXCEED SIX MONTHS AT A MAXIMUM OF SIXTY PERCENT OF THE ELIGIBLE EMPLOYEE'S SALARY, TO BE PROVIDED TO ANY ELIGIBLE EMPLOYEE WHO HAS EXHAUSTED ALL SICK LEAVE AVAILABLE TO SUCH EMPLOYEE.

~~(13)~~ "Supplemental health insurance plan" or "supplemental plan" means a group insurance policy or contract, or a medical or hospital service agreement provided by a carrier for the purpose of paying for or reimbursing the cost of hospital and medical care in excess of or supplemental to medicare or medicaid, or both, which employees or officials and their dependents may be eligible to receive. Said supplemental coverage may consist of one plan, a combination of plans, or alternative plans in the discretion of the director.

~~10-8-204. Board of administration - composition - officers - meetings. (Repealed)~~

~~Repealed, L.89, p. 491, § 23, effective July 1, 1989.~~

24-50-604. [Formerly 10-8-205] Powers and duties of the director. (1) The director shall administer and manage the ~~state employees' and officials' group insurance programs~~ STATE EMPLOYEES GROUP BENEFIT PLANS and, subject to the provisions of this ~~part 2~~ PART 6, has the following powers and duties:

(a) The preparation of specifications for the ~~health insurance plan and a supplemental plan, the life insurance plan, a short-term disability insurance plan, and any other group insurance plan~~ GROUP BENEFIT PLANS contracted for by the director;

(b) The authority AND RESPONSIBILITY to enter into contracts with carriers ~~to underwrite group or supplemental insurance plans;~~ FOR GROUP BENEFIT PLANS AND TO NEGOTIATE AND ENTER INTO AMENDMENTS TO EXISTING CONTRACTS AS APPROPRIATE. PAYMENTS BY THE STATE, PURSUANT TO SUCH CONTRACTS, ARE SUBJECT TO THE AMOUNTS AUTHORIZED IN SECTION 24-50-609.

(c) The determination of the methods of claims administration; ~~under group insurance or supplemental plans, whether by the state or by the carrier or by both;~~

(d) The determination of the eligibility of employees and their dependents to participate in ~~group insurance and supplemental plans~~ GROUP BENEFIT PLANS;

(e) The determination of the amount of employee payroll deductions and the responsibility for COLLECTING such deductions; ~~being made;~~

(f) The establishment of a grievance procedure by which the director shall act as an appeals authority for complaints by ~~insured~~ employees AND COBRA PARTICIPANTS regarding the allowance and payment of claims, eligibility, and other matters;

(g) The ESTABLISHMENT, administration, AND OPERATION of the ~~state group insurance~~ GROUP BENEFIT PLANS reserve fund ESTABLISHED PURSUANT TO SECTION 24-50-613;

(h) The continuing study of the operation of ~~group insurance and supplemental plans~~ GROUP BENEFIT PLANS, including BUT NOT LIMITED TO, such matters as gross and net costs, administrative costs, benefits, PLANDESIGN, utilization, ~~of benefits~~ and claims administration;

~~(i) The authority to enter into a contract with a carrier to underwrite the supplemental plan and to negotiate and enter into amendments to existing health insurance contracts, from time to time as may be appropriate, to provide a supplemental plan following to the extent possible the procedures set forth in section 10-8-206 and, in case of an amendment, the authority to determine an effective date of a supplemental plan for purposes of this part 2;~~

~~(j) The authority to determine that officers, employees, and their dependents who are eligible for medicare or medicaid, or both, shall be eligible for a supplemental plan and, upon the effective date of the supplemental plan as to such officers, employees, and their dependents presently covered by the health insurance plan, the authority to transfer them from such plan to the supplemental plan;~~

~~(k)~~ (i) The authority to negotiate and enter into amendments to existing contracts providing ~~group insurance and supplemental plans~~ GROUP BENEFIT PLANS IN ORDER to provide appropriate coverage for employees and ~~officials~~ THEIR DEPENDENTS who may become eligible for coverage after the effective date of said contracts and to provide for the enrollment thereof;

~~(l) The authority and responsibility to enter into contract with carriers to underwrite optional group insurance plans which may be additions to or supplemental to those plans contracted pursuant to paragraph (b) of this subsection (1) and which are paid for entirely by state employees and officials, entirely by the state, or by both the state and state employees and officials, in such a manner as to provide the fullest benefits at the lowest cost including, if necessary, contracting with the same carriers for the optional group insurance plans as for the plans contracted for under paragraph (b) of this subsection (1). Payments by the state will be contingent upon authorization pursuant to section 10-8-211.~~

~~(m)~~ (j) The authority to contract with persons, firms, or associations for ~~the furnishing of~~ BENEFITS CONSULTING, INCLUDING BUT NOT LIMITED TO, actuarial

services, the preparations of specifications for ~~group insurance plans~~ GROUP BENEFIT PLANS, and other specialized services ~~which~~ THAT cannot be performed by the director or by state employees. Expenditures for these contracts shall be under ~~section 10-8-215 (2) (b)~~ SECTION 24-50-613 (2). ~~Contracts entered into for actuarial services as authorized by this paragraph (m) shall be subject to responsible competitive bidding at least every three years and shall be reviewed by the director each year. The provisions of this paragraph (m) concerning contracts for actuarial services shall apply to contract years commencing January 1, 1978, and thereafter.~~

(2) The director, pursuant to the provisions of article 4 of ~~title 24, C.R.S.~~ THIS TITLE, shall adopt such ~~rules and regulations~~ PROCEDURES consistent with the provisions of this ~~part 2~~ PART 6 as ~~he~~ THE DIRECTOR deems necessary to carry out his OR HER statutory duties and responsibilities.

24-50-605. [Formerly 10-8-206] Group benefit plans - specifications - contracts. (1) (a) The specifications drawn by the director for the ~~health insurance plan shall include basic hospital and medical care benefits or major medical benefits or both and comparable benefits for employees who rely solely on spiritual means for healing~~ ANY GROUP BENEFIT PLANS INCLUDE THOSE BENEFITS AS DETERMINED BY THE DIRECTOR OR AS OTHERWISE SPECIFICALLY PROVIDED IN THIS PART 6. SUCH SPECIFICATIONS SHALL INCLUDE PROVISIONS FOR NONCANCELLATION FOR REASONS OF HEALTH OF ANY INDIVIDUAL EMPLOYEE BY THE CARRIER AND TRANSFERABILITY TO OTHER GROUP BENEFIT COVERAGES OR INDIVIDUAL POLICIES WITH THE SAME CARRIER BY THE EMPLOYEE, IF SUCH PROVISIONS DO NOT LIMIT THE ABILITY OF THE DIRECTOR TO PREPARE SPECIFICATIONS INCLUDING A LIFETIME MAXIMUM BENEFIT PER EMPLOYEE OR EMPLOYEE'S COVERED DEPENDENTS.

~~(b) The specifications drawn by the director for the life insurance plan shall include those benefits as determined by the director or as otherwise specifically provided in this part 2. Such specifications shall include provisions for noncancellation for reasons of health on any individual employee by the carrier and transferability to other group coverages or individual policies with the same carrier by the employee and shall provide, from state contributions, like amounts of coverage per active employee, regardless of salary. In addition, the plan may provide for optional supplemental coverage based on salary without state contribution.~~

~~(b.5) The specifications drawn by the director for the short-term disability plan shall include provisions for coverage not to exceed six months at a maximum of sixty percent of the eligible employee's salary, to be provided to any eligible employee who has exhausted all sick leave available to him.~~

~~(c) (1) If the director contracts for any other group insurance plan, the specifications therefor shall include those benefits as determined by the director or as otherwise specifically provided in this part 2.~~

~~(H) (b) At any time the director seeks to contract with any private carriers under this section, he THE DIRECTOR shall first give written notice of such intent to all carriers licensed in this state and otherwise qualified under this part 2 to provide the group coverages contemplated by the director THROUGH AN ANNOUNCEMENT IN A PUBLICATION WITH STATEWIDE CIRCULATION.~~

~~(d) (c) Specifications and related data such as the number, age, and sex of all eligible employees and officials, shall be prepared by the director for submission to qualified carriers which indicate their interest to the director in preparing bids to underwrite group insurance plans~~ PROPOSALS FOR ANY GROUP BENEFIT PLANS.

~~(e) Bids shall be submitted to the director within such time limits as the director may establish and, in addition to the carrier's cost proposal, shall include an explanation of the method of claims administration proposed by the carrier and the cost thereof, the amount of total premiums to be retained by the carrier, the purpose for which these retained funds would be allocated, and such other information as may be requested by the director.~~

~~(f) (d) Contracts awarded under this section by the director shall be to the lowest, responsible bidders~~ MOST RESPONSIVE OFFERORS, ACCORDING TO CRITERIA PREDETERMINED BY THE DIRECTOR, subject to the provisions of subsection (2) of this section and also taking into consideration the factors, in addition to premium costs, itemized in paragraph (c) of this subsection (1) ARTICLES 101 TO 111 OF THIS TITLE. The director may accept a responsible bid RESPONSIVE PROPOSAL for combined group health and life insurance if such bid is as low as the combination of the sum of the lowest separate responsible bids for group health and life insurance coverage, subject to the provisions of this paragraph (f) GROUP BENEFIT PLANS.

~~(g) (e) The director shall review the group insurance plan~~ BENEFIT PLANS at least once each year and shall solicit and receive bids PROPOSALS on the ~~group insurance plan no less often than~~ GROUP BENEFIT PLANS AT LEAST ONCE every five years. ~~This paragraph (g) shall apply to contract years commencing August 1, 1983, and thereafter.~~

(2) (a) In order to permit each eligible employee ~~and official his~~ individual selection of ~~the health insurance plans being offered~~ A FLEXIBLE BENEFITS OR CAFETERIA BENEFITS PACKAGE, the director may select either a qualified statewide indemnity health insurance carrier to provide an indemnity benefit plan under which the carrier agrees to pay specified sums of money not in excess of the actual expenses incurred for benefits of the types described in section 10-8-203 (2), (8), and (13), or may select a qualified statewide hospital service plan and medical service plan under which payment is made under contracts with physicians, hospitals, or other providers of health services or, under certain conditions, to employees, officials, or dependents for benefits of the types described in section 10-8-203 (2), (8), and (13), or may select both plans, part of either plan, or a combination of such plans. The director may also approve for selection by eligible employees and officials such other hospital and medical service plans, statewide or not statewide, as are offered by corporations which the director finds qualified and which otherwise meet all of the requirements of this ~~part 2~~ ESTABLISH A VARIETY OF GROUP BENEFIT PLANS.

(b) The director shall enter into ~~contract~~ CONTRACTS with the carriers selected to ~~underwrite group insurance programs~~ PROVIDE GROUP BENEFIT PLANS. Such ~~contract~~ shall be for a period of either twelve or twenty-four months and CONTRACTS shall include all policy provisions, the premium rates to be charged during the term of the contract, specifications on the method of claims administration, a grievance procedure provision, and such other matters as the director deems necessary. In the director's discretion and based on the plan's experience, the premium rates applying during the

first contract term may be adjusted during subsequent contract terms. Changes may also be negotiated in the method of claims administration, the amount to be retained by the carrier, and other matters. ~~in the first contract.~~

(c) Each contract entered into with a carrier shall be available to be inspected or copied by any employee ~~as defined in section 10-8-203 (6);~~ at the offices of the director, EXCEPT FOR PROPRIETARY INFORMATION OF CARRIERS AS DETERMINED BY THE DIRECTOR.

~~(d) No later than forty-five days after the close of business each month,~~ Every carrier shall prepare and provide the director with ~~detailed premium and claim exhibits for the month, specifically stating premiums and paid claims by line of coverage~~ REPORTS AND FINANCIAL DATA AS STATED IN THE CONTRACT.

~~(e) Each carrier shall prepare and provide the director with detailed retention exhibits, specifically stating what sums were paid out, to whom the sums were paid or applied, and for what purpose, including taxes, reserves, acquisition costs, commissions, awards, third- and fourth-party payments, bonus payments, agency development allowances, fees, and administrative expenses. Each carrier shall submit said retention exhibits semiannually: One report to cover the six-month period following the policy anniversary date, to be submitted within forty-five days after the expiration for said six-month period; and the second report to cover the twelve-month period following the policy anniversary date, to be submitted within seventy-five days after expiration of said twelve-month period. Each retention exhibit on each policy anniversary date shall also state and provide in detail the amount and percentage of interest credit allowed in the retention charge for incurred claim reserves, the premium in excess of claim charges and retention, the contingency reserves along with pooling factors, and any other reserve returnable in the form of claims or dividends.~~

~~(f) Each carrier shall, when requested by the director, prepare projected detailed retention estimates based upon the conditions and assumptions set forth by the director. Medical records and medical payments shall be excluded from the retention exhibits.~~

~~(g)~~ (e) The premium and claim exhibits and the retention exhibits FINANCIAL DATA will be available to be inspected or copied by any employee ~~as defined in section 10-8-203 (6);~~ at the offices of the director, EXCEPT FOR PROPRIETARY AND CONFIDENTIAL INFORMATION OF CARRIERS AND INFORMATION REGARDING SPECIFIC EMPLOYEES. The director shall not enter into contracts with carriers ~~which~~ THAT do not comply with ~~paragraphs (e) to (g)~~ PARAGRAPHS (c) TO (e) of this subsection (2).

~~(3) The director shall enter into contract with the carrier selected to underwrite the health insurance program, beginning January 1, 1966. Such contract shall be for a period of either twelve or twenty-four months and shall include all policy provisions, the premium rates to be charged during the term of the contract, specifications on the method of claims administration, a grievance procedure provision, and such other matters as the director deems necessary. In the director's discretion and based on the plan's experience, the premium rates applying during the first contract term may be adjusted during subsequent contract terms. Changes may also be negotiated in the method of claims administration, the amount to be retained by the carrier, and other~~

matters in the first contract:

~~(4) The director, in his discretion, may change carriers, but only after the expiration date of an existing contract; except that, in the event of unsatisfactory performance or noncompliance with the terms of the contract by a carrier, the director may terminate an existing contract at any time upon sixty days' notice.~~

~~(5) Any carrier under contract with the director shall give the director sixty days' notice of any proposed rate change or intent not to renew the contract.~~

~~(6) In the event that the director decides to change carriers or to reopen bids on the underwriting of group insurance plans, he shall follow the same procedures in the selection of subsequent carriers as he did in awarding the initial contract or contracts.~~

~~(7) (a) Beginning July 1, 1973, any health insurance plan available to state employees and officials shall contain a provision to the effect that, if any employee or official was enrolled in the plan for at least one hundred eighty days prior to termination of employment with the state for any reason whatsoever, such employee or official, at his option and without any further evidence of insurability, shall be entitled to:~~

~~(I) Have continued coverage issued to him, and any of his dependents covered under the plan, by the carrier at a rate identical to that charged under the plan in which he was enrolled and providing identical benefits as said plan for a period of ninety days following the date of termination of employment with the full cost of such continued coverage to be paid by the terminated employee no later than the date of termination, or he may at his further option authorize the payment for the ninety days' premium to be deducted from his terminal pay; and~~

~~(II) Convert such health insurance plan coverage to a nongroup policy which need not necessarily contain the same benefits as the group policy at any time within ninety days following the date of termination of employment with the state. If such employee converts to a group or nongroup policy within the ninety-day period, the controller shall refund to him the balance of any remaining full months' premiums paid beyond the date of conversion.~~

~~(b) Repealed, L. 75, p. 365, § 3, effective June 18, 1975.~~

~~(c) (3) The director shall stamp on the cover page of the director's explanation booklet the following in red ink INCLUDE THE FOLLOWING STATEMENT IN MEDICAL BENEFIT MATERIALS, IN BOLD-FACED TYPE:~~

~~"Warning: If you are insured under a separate group health MEDICAL insurance policy, you may be subject to coordination of benefits as explained under title "Coordination of Benefits With Other Plans" in this booklet."~~

~~(8) (4) Any contracts or renewals which THAT the director enters into with carriers during 1974 for group insurance plans GROUP BENEFIT PLANS or supplemental plans after July 1, 1974, shall, if feasible, be convertible into self-funding insurance SELF-FUNDED programs.~~

24-50-606. [Formerly 10-8-206.5] Choice of medical plans requirement.

(1) ~~Effective January 1, 1991,~~ In the city and county of Denver, and the counties of Adams, Arapahoe, Boulder, Douglas, El Paso, Jefferson, Larimer, Pueblo, and Weld, and in each county ~~which~~ THAT has at least five hundred residents who are state employees, ~~or officials~~; the director shall approve for selection by state employees ~~or officials~~ who reside in such county:

(a) At least one indemnity-type ~~health~~ MEDICAL benefit plan, which indemnity-type plan may be a component of a multiple option plan, offered by a carrier or carriers determined to be qualified by the director; and

(b) Two health maintenance organization plans in addition to any offered plan, which PLANS may be a component of a multiple option plan, offered by ~~a corporation or corporations~~ CARRIERS determined to be qualified by the director. The provisions of this paragraph (b) shall not apply if the director determines that there is no qualified ~~corporation~~ CARRIER within an individual county.

(2) For each county not specifically enumerated in subsection (1) of this section, if a health maintenance organization is one of the options offered under a multiple option health plan, and such plan does not provide health maintenance organization service to any such county, but one or more qualified health maintenance organizations provide service in any such county, the director shall make every effort to offer health maintenance organization services in any such county.

(3) Except as provided in subsection (1) of this section, nothing in this section shall be construed to limit in any way the ability of the director to approve for selection by state employees ~~or officials~~ in any county any ~~health insurance plans~~ MEDICAL BENEFIT PLANS.

24-50-607. [Formerly 10-8-207] Employees - eligibility - election of coverage.

(1) Any state employee eligible as determined by the director for membership in a ~~group insurance or supplemental plan~~ GROUP BENEFIT PLAN contracted for pursuant to ~~section 10-8-205 (1) (b)~~ SECTION 24-50-604 (1) (b) upon the effective date of such plan shall be enrolled in the plan by making application ~~within thirty days of such effective date~~ ACCORDING TO THE DIRECTOR'S PROCEDURES. ~~Each new employee shall be advised during the thirty-day period that health insurance benefits will be coordinated if the employee is covered by a separate group policy. The director shall establish the procedure by which eligible employees wishing to be enrolled in a group insurance or supplemental plan shall so notify the director within the prescribed thirty-day period. Eligible employees may elect not to be enrolled but shall be barred from membership in the group insurance or supplemental plan until the next enrollment and shall be enrolled at that time only under such conditions as the director may impose, such as a physical examination or the exclusion of preexisting conditions from coverage.~~

(2) Any eligible state employee who enters state service after the effective date of a ~~group insurance or supplemental plan~~ contracted for pursuant to ~~section 10-8-205 (1) (b)~~ may become enrolled in an appropriate plan upon commencement of state employment.

(3) (2) The manner and form of election and acceptance by state employees ~~and~~

officials of ~~group insurance plans~~ GROUP BENEFIT PLANS contracted for pursuant to section ~~10-8-205 (1) (1)~~ SECTION 24-50-604 (1) (b) shall be in compliance with ~~rules~~ PROCEDURES established for that purpose by the director.

~~10-8-208. Annuitants - benefits - eligibility - election of coverage.~~

~~Repealed, L. 85, p. 850, § 8, effective July 1, 1986.~~

~~10-8-209. State officials - eligibility - election of coverage.~~ ~~State officials eligible for membership in a group insurance or supplemental plan at the time the plan becomes effective shall have thirty days to elect to become enrolled. Such election shall be made according to procedures established by the director. Eligible state officials appointed or elected after May 17, 1965, shall have thirty days after the date they officially take office to elect to be enrolled in a group insurance or supplemental plan. Eligible state officials who do not elect to enroll in a group insurance or supplemental plan during the thirty-day period shall be barred from membership until the next enrollment and shall be enrolled at that time only under such conditions as the director may impose, such as a physical examination or the exclusion of preexisting conditions from coverage.~~

24-50-608. [Formerly 10-8-210] Dependents - eligibility - election of coverage. (1) Any eligible employee ~~or official~~ may elect to have ~~his~~ THE EMPLOYEE'S dependents covered by the ~~health insurance or supplemental plan~~ GROUP BENEFIT PLANS. Such election shall be made at the time the employee ~~or official~~ becomes enrolled in the plan under such procedures as the director shall establish. If dependent coverage is not elected at the time that an employee ~~or official~~ becomes enrolled in an appropriate plan, any subsequent election of dependent coverage shall be made under such conditions as the director may impose.

(2) Any employee ~~or official~~ who elects coverage, as provided in subsection (1) of this section, and who has a change in the number of ~~his~~ dependents may, at the time of such change, increase or decrease the number of dependents covered by the ~~health insurance or supplemental plan~~ GROUP BENEFIT PLANS under procedures established by and subject to the approval of the director.

(3) Any employee ~~or official~~ who has no eligible dependents at the time ~~he~~ THE EMPLOYEE becomes enrolled in the ~~health insurance or supplemental plan~~ GROUP BENEFIT PLANS and who later has an eligible dependent may, at the time ~~his~~ THE dependency status changes, elect appropriate coverage for such dependent under procedures established by and subject to the approval of the director.

24-50-609. [Formerly 10-8-211] State contributions. (†) Effective January 1, 1994, the state of Colorado shall contribute an amount necessary to pay one hundred forty-eight dollars and fifteen cents per month per single employee, one hundred eighty-four dollars and twenty-nine cents per month per employee with one covered dependent, and two hundred fifty-eight dollars and twenty-nine cents per month per employee with two or more covered dependents ~~for health or life insurance or both~~ for each employee ~~and official~~ enrolled in a ~~plan~~ GROUP BENEFIT PLANS WHICH INCLUDE ENROLLMENT IN MEDICAL BENEFITS. ~~Such amount shall be paid for each employee and official enrolled in a plan if the employee or official only is enrolled under a plan or if the employee or official and his dependents are enrolled under a~~

plan. The state shall pay an amount which constitutes the actual premium of the plan the employee or official selects, if the total state contribution does not exceed one hundred forty-eight dollars and fifteen cents per month per single employee, one hundred eighty-four dollars and twenty-nine cents per month per employee with one covered dependent, and two hundred fifty-eight dollars and twenty-nine cents per month per employee with two or more covered dependents for each qualified employee or official. Some portion of the state contribution shall be used to purchase life insurance for employees and officials, as determined by the director, but in no event shall the life insurance contribution be less than eighty-eight cents. The same life insurance contribution shall be applicable to all eligible employees and officials.

(2) Repealed, L. 75, p. 365, § 3, effective June 18, 1975.

24-50-610. [Formerly 10-8-212] Payroll deductions - employees. (1) The amount of monthly contributions, if any, to be made by employees and officials enrolled in ~~group insurance or supplemental plans~~ GROUP BENEFIT PLANS shall be deducted from the monthly salaries of such employees and officials and remitted to the department of personnel. The procedure for such deductions and remittances shall be established by the department of personnel.

(2) Repealed, L. 85, p. 850, § 8, effective July 1, 1986.

24-50-611. [Formerly 10-8-213] Employer payments. (1) Beginning July 1, 1974, or, in the case of a supplemental plan, beginning on the first of the month specified by the department of personnel, The head of each state agency, department, or institution having employees enrolled in a ~~group insurance or supplemental plan~~ GROUP BENEFIT PLANS shall make a monthly payment to the department of personnel for each employee or official so enrolled of an amount as provided for in ~~section 10-8-211~~ SECTION 24-50-609. The estimated amount required for such payments shall be included in the annual budgets of such agencies, departments, and institutions.

(2) Repealed, L. 85, p. 850, § 8, effective July 1, 1986.

24-50-612. [Formerly 10-8-214] Administrative duties. (1) It is the duty of the department of personnel to provide such assistance and to perform such duties as are necessary to carry out the state's administrative, accounting, and clerical responsibilities in connection with the operation of ~~group insurance or supplemental plans~~ GROUP BENEFIT PLANS. Upon the request of the director, ~~the division of accounts and control and the division of purchasing~~ THE DEPARTMENT OF ADMINISTRATION shall provide technical assistance to the department of personnel in connection with its duties under this subsection (1).

(2) The council shall make recommendations to the director on all aspects of the ~~insurance programs~~ GROUP BENEFIT PLANS and policies proposed as provided pursuant to this ~~part 2~~ PART 6.

(3) The director shall hold a public hearing prior to the acceptance of any ~~bid~~ PROPOSAL for a ~~group insurance plan~~ GROUP BENEFIT PLAN. Notice of the hearing shall be given at least fourteen days in advance by mailing such notice to persons on the list maintained by the department of personnel pursuant to section 24-4-103 (3)

(b). ~~C.R.S.~~

24-50-613. [Formerly 10-8-215] Group benefit plans reserve fund. (1) There is hereby established the ~~group insurance~~ GROUP BENEFIT PLANS reserve fund. The state treasurer shall be ex officio treasurer of this fund, and ~~his~~ THE STATE TREASURER'S general bond to the state shall cover all liabilities for ~~his~~ acts as treasurer of the fund. The director shall remit to the treasurer for deposit in the ~~group insurance~~ GROUP BENEFIT PLANS reserve fund all payments received by the director for ~~group insurance~~ GROUP BENEFIT PLANS premium costs from employees ~~officials~~, and the state as employer. The director shall also remit to the treasurer for deposit in the ~~group insurance~~ GROUP BENEFIT PLANS reserve fund any payments received by the director from the carriers ~~underwriting the group insurance or supplemental plans~~ OF GROUP BENEFIT PLANS. Such payments shall not be included in the general revenues of the state of Colorado, and, at the end of the fiscal year, any unexpended funds shall not revert to the general fund but shall be held by the state treasurer in ~~his~~ custodial capacity, to be used subject to direction from the director.

(2) Expenditures shall be made from the ~~group insurance~~ GROUP BENEFIT PLANS reserve fund, upon certification ~~of~~ BY the director, ~~only for the following purposes:~~
~~(a) FOR the payment TO THE CARRIERS of premiums, CLAIMS COSTS, AND OTHER ADMINISTRATIVE FEES AND COSTS ASSOCIATED WITH THE GROUP BENEFIT PLANS. to the carrier underwriting a group insurance or supplemental plan; and~~

~~(b) The state's cost of administering group insurance and supplemental plans, subject to annual appropriation by the general assembly based on the submission by the director of a budget request containing detailed information on current and projected administrative costs.~~

~~(2.5)~~ (3) A premium stabilization reserve fund ~~in the amount of one million four hundred thousand dollars~~ shall be established ~~effective July 1, 1991~~, within the ~~group insurance~~ GROUP BENEFIT PLANS reserve fund the purpose of which is to offset unexpected year-end deficits and extraordinary fluctuations in annual premiums.

(4) THE STATE'S COST OF ADMINISTERING GROUP BENEFIT PLANS, OTHER THAN THE COSTS PROVIDED FOR IN SUBSECTION (2) OF THIS SECTION, IS SUBJECT TO ANNUAL APPROPRIATION BY THE GENERAL ASSEMBLY BASED ON THE SUBMISSION BY THE DIRECTOR OF A BUDGET REQUEST CONTAINING DETAILED INFORMATION ON CURRENT AND PROJECTED ADMINISTRATIVE COSTS, WHICH INCLUDE, BUT ARE NOT LIMITED TO, PERSONAL SERVICES, OPERATING EXPENSES, TRAVEL EXPENSES, UTILIZATION REVIEW, AND IMPLEMENTATION OF A FLEXIBLE BENEFITS PLAN.

~~(3)~~ (5) The director, from time to time, shall certify in writing to the state treasurer for investment such portions of the ~~group insurance~~ GROUP BENEFIT PLANS reserve fund as in the director's judgment may not be needed for the payment of premiums AND CLAIMS COSTS to the carriers. ~~underwriting the group insurance or supplemental plans~~. Such investments shall be made as determined by the state treasurer and shall be limited to those securities authorized for investment by the board of trustees of the public employees' retirement association pursuant to section 24-51-206. ~~C.R.S.~~ Interest on the investment of the ~~group insurance~~ GROUP BENEFIT PLANS reserve fund shall be credited to the fund.

24-50-614. [Formerly 10-8-216] State payments - authority of controller. ~~Beginning July 1, 1974, or, in the case of a supplemental plan, beginning on the first of the month specified by the director; The state contributions to group insurance and supplemental plans~~ GROUP BENEFIT PLANS shall be paid monthly to the director by the STATE controller, who shall make a charge against the accounts of the state departments, agencies, and institutions for this purpose. Such charges shall be the amounts necessary to cover the state contributions, AS DEFINED IN SECTION 24-50-609, for the employees in each state department, agency, and institution enrolled in a group insurance or supplemental plan and shall be made against both general revenue fund accounts and specific cash fund accounts as required.

~~10-8-217. Estimate of costs - governor's report. (Repealed)~~

~~Repealed, L. 89, p. 491, § 23, effective July 1, 1989.~~

24-50-615. [Formerly 10-8-218] Continuation of previously existing benefits for persons absorbed by the state personnel system. Any other provision of law to the contrary notwithstanding, the director shall continue, as a benefits option, the existing group life and health benefits of any person employed by a state agency if such person has been or will be brought or assimilated into the state personnel system on or after January 1, 1972, until such time as similar benefits offered by the director to state employees pursuant to this ~~part 2~~ PART 6 are equivalent in benefit and economic cost to the benefits held by said person.

~~10-8-219. Effect of contracts entered into with the former Colorado state employees' and officials' group insurance board of administration.~~ ~~Contracts entered into prior to April 4, 1989, with the former Colorado state employees' and officials' group insurance board of administration shall continue in full force and effect and shall be deemed to be entered into with the director.~~

SECTION 2. 24-50-104 (2) (c) (II), Colorado Revised Statutes, 1988 Repl. Vol., as amended, is amended to read:

24-50-104. Job evaluation and compensation - repeal. (2) **Compensation and benefits policy.** (c) (II) (A) There is hereby created the total compensation advisory council, which shall advise and make recommendations to the state personnel director regarding all aspects of compensation for state classified employees, including ~~insurance~~ BENEFIT programs and policies proposed or provided pursuant to ~~part 2 of article 8 of title 10, C.R.S.~~ PART 6 OF ARTICLE 50 OF THIS TITLE. The council shall consist of eleven members, who shall serve without compensation. Three positions on said council shall be filled by the following state officials or their designated representatives: The controller, the attorney general, and the commissioner of insurance. One member of such council shall be a representative of private industry familiar with total compensation costs and trends, which member shall be appointed by the state personnel director. Two members of the council shall be members of the general assembly, one a senator appointed by the president of the senate and one a representative appointed by the speaker of the house. Five members of such council shall be elected by the employees, as said term is defined in ~~section 10-8-203 (6); C.R.S.~~ SECTION 24-50-603 (7), to represent the employees of the state.

(B) The total compensation advisory council members representing the state

employees shall be elected for terms of three years; except that, of the employee members first elected, two members shall serve for terms of three years, two members shall serve for terms of two years, and one member shall serve for a term of one year. The procedure for such election shall be established by the state personnel director, the three state officials, and the two members of the general assembly designated as the total compensation advisory council members in sub-subparagraph (A) of this subparagraph (II), but no employee, as defined in ~~section 10-8-203 (6), C.R.S.~~ SECTION 24-50-603 (7), shall be denied the right to seek election and to be voted upon by the employees. No more than two employees shall be elected from any one department to serve on said council. The three state official and two general assembly total compensation advisory council members shall fill the vacancy of an elected council member by selecting the next eligible, available employee from the list of candidates from the preceding election if such person is not from a department already represented by two employees on said council.

SECTION 3. 10-7-112 (4) (b), Colorado Revised Statutes, 1987 Repl. Vol., is amended to read:

10-7-112. Interest payable on benefits or proceeds. (4) For the purposes of this section, the term "life insurance" shall include:

(b) Life insurance plans issued in connection with ~~part 2 of article 8 of this title~~ PART 6 OF ARTICLE 50 OF TITLE 24, C.R.S.;

SECTION 4. Repeal of provisions being relocated in this act. Part 2 of article 8 of title 10, Colorado Revised Statutes, 1987 Repl. Vol., as amended, is repealed.

SECTION 5. 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 19, 1994