

CHAPTER 176

INSURANCE

HOUSE BILL 95-1254

BY REPRESENTATIVES Owen, Anderson, Kaufman, George, and Moellenberg;
also SENATOR Schroeder.

AN ACT

CONCERNING CERTAIN INSURANCE RELATING TO THE HEALTH CONDITION OF INDIVIDUALS, AND, IN CONNECTION THEREWITH, CLARIFYING PROVISIONS AFFECTED BY THE PASSAGE OF HOUSE BILL 94-1210.

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

SECTION 1. 10-8-601.5 (1) (a), Colorado Revised Statutes, 1994 Repl. Vol., is amended, and the said 10-8-601.5 (1) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

10-8-601.5. Applicability and scope. (1) (a) Except as provided in ~~paragraph~~ PARAGRAPHS (b) AND (c) of this subsection (1), this article and article 16 of this title shall apply to any health benefit plan that provides coverage to the employees of ~~an employer~~ A SMALL EMPLOYER in this state if any of the following conditions are met:

(I) Any portion of the premium or benefit is paid by or on behalf of a small employer;

(II) An eligible employee or dependent is reimbursed, whether through wage adjustments or otherwise, by or on behalf of a small employer for any portion of the premium;

(III) The health benefit plan is treated by the employer or any of the eligible employees or dependents as part of a plan or program for the purposes of Section 106, 125, or 162 of the federal "Internal Revenue Code of 1986", as amended; or

(IV) The plan is marketed to individual employees through an employer or at a place of business, EXCEPT AS OTHERWISE ALLOWED BY RULE. THE DIVISION OF

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

INSURANCE SHALL PROMULGATE A RULE BY DECEMBER 31, 1995, TO ALLOW AGENTS TO MARKET HEALTH BENEFIT PLANS THROUGH AN EMPLOYER OR AT AN EMPLOYER'S PLACE OF BUSINESS, WITH THE PERMISSION OF OR AT THE REQUEST OF THE EMPLOYER, TO SUCH EMPLOYER'S INELIGIBLE EMPLOYEES.

(c) (I) THE PROVISIONS OF THIS ARTICLE AND ARTICLE 16 OF THIS TITLE CONCERNING SMALL EMPLOYER CARRIERS AND SMALL GROUP PLANS SHALL NOT APPLY TO AN INDIVIDUAL HEALTH BENEFIT PLAN ISSUED TO A BUSINESS GROUP OF ONE ON OR BEFORE DECEMBER 31, 1995, AND IN FORCE ON AND AFTER JANUARY 1, 1996, AS LONG AS THE BUSINESS GROUP OF ONE MAINTAINS CONTINUOUS COVERAGE ON THAT INDIVIDUAL HEALTH BENEFIT PLAN WITH NO CHANGES IN PLAN DESIGN OR BENEFITS AND CONTINUES TO MEET THE DEFINITION OF A BUSINESS GROUP OF ONE. SUCH A PLAN SHALL BE REGULATED AS AN INDIVIDUAL HEALTH BENEFIT PLAN.

(II) NOTHING IN THIS PARAGRAPH (c) SHALL PRECLUDE A BUSINESS GROUP OF ONE FROM APPLYING FOR SMALL GROUP COVERAGE.

SECTION 2. 10-16-202 (3) (b), Colorado Revised Statutes, 1994 Repl. Vol., is amended, and the said 10-16-202 (3) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

10-16-202. Required provisions in individual sickness and accident policies.

(3) Provisions as follows: "Time limit on certain defenses:"

(b) EXCEPT FOR INDIVIDUAL DISABILITY INCOME INSURANCE POLICIES, no claim for loss incurred or disability, as defined in the policy, commencing after one year from the date of issue of this policy shall be reduced or denied on the ground that a disease or physical condition not excluded from coverage by name or a specific description effective on the date of loss had existed prior to the effective date of coverage of this policy.

(An individual health benefit plan shall not define a preexisting condition more restrictively than an injury, sickness, or pregnancy for which a person incurred charges, received medical treatment, consulted a health care professional, or took prescription drugs within the twelve months immediately preceding the effective date of coverage.)

(c) IF THIS IS AN INDIVIDUAL DISABILITY INCOME INSURANCE POLICY THEN NO CLAIM FOR LOSS INCURRED OR DISABILITY, AS DEFINED IN THIS INDIVIDUAL DISABILITY INCOME INSURANCE POLICY, COMMENCING AFTER TWO YEARS FROM THE DATE OF ISSUE OF THE POLICY SHALL BE REDUCED OR DENIED ON THE GROUND THAT A DISEASE OR PHYSICAL CONDITION NOT EXCLUDED FROM COVERAGE BY NAME OR A SPECIFIC DESCRIPTION EFFECTIVE ON THE DATE OF LOSS HAD EXISTED PRIOR TO THE EFFECTIVE DATE OF COVERAGE OF THIS POLICY.

SECTION 3. 10-16-214 (3) (a) (V) (B), Colorado Revised Statutes, 1994 Repl. Vol., is amended, and the said 10-16-214 (3) (a) (V) is further amended BY THE ADDITION OF A NEW SUB-SUBPARAGRAPH, to read:

10-16-214. Group sickness and accident insurance. (3) (a) Except as provided for in subsection (2) of this section, all policies of group sickness and accident

insurance providing coverage to persons residing in the state shall contain in substance the following provisions or provisions which, in the opinion of the commissioner, are more favorable to the persons insured or at least as favorable to the persons insured and more favorable to the policyholder:

(V) (B) In no event shall such exclusion or limitation apply to loss incurred or disability commencing after the earlier of the end of a continuous period of six months commencing on or after the effective date of the person's coverage during all of which the person has received no medical advice or treatment in connection with such disease or physical condition and the end of the six-month period commencing on the effective date of the person's coverage, except as provided in ~~sub-subparagraph~~ SUB-SUBPARAGRAPHS (A) AND (C) of this subparagraph (V).

(C) A GROUP DISABILITY INCOME INSURANCE POLICY SHALL NOT DEFINE A PREEXISTING CONDITION MORE RESTRICTIVELY THAN AN INJURY, SICKNESS, OR PREGNANCY FOR WHICH A PERSON INCURRED CHARGES, RECEIVED MEDICAL TREATMENT, CONSULTED A HEALTH PROFESSIONAL, OR TOOK PRESCRIPTION DRUGS WITHIN THE TWELVE-MONTH PERIOD IMMEDIATELY PRECEDING THE EFFECTIVE DATE OF COVERAGE. IN NO EVENT SHALL A GROUP DISABILITY INCOME INSURANCE POLICY DENY, EXCLUDE, OR LIMIT BENEFITS FOR A COVERED INDIVIDUAL BECAUSE OF A PREEXISTING CONDITION FOR A DISABILITY COMMENCING MORE THAN TWELVE MONTHS FOLLOWING THE EFFECTIVE DATE OF SUCH INDIVIDUAL'S COVERAGE UNDER THE GROUP DISABILITY INCOME INSURANCE POLICY.

SECTION 4. 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 23, 1995