

CHAPTER 113

INSURANCE

HOUSE BILL 96-1232

BY REPRESENTATIVES Owen, Sullivan, Adkins, Kreutz, Leyba, Morrison, and Prinster;
also SENATORS Rizzuto, Norton, Pascoe, and Weissmann.

AN ACT**CONCERNING MANDATORY RENEWAL OF INDIVIDUAL HEALTH BENEFIT PLANS.**

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

SECTION 1. Part 2 of article 16 of title 10, Colorado Revised Statutes, 1994 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW SECTION to read:

10-16-201.5. Renewability of individual health benefit plans. (1) AN INSURER SUBJECT TO THIS PART 2, A NONPROFIT SUBJECT TO PART 3 OF THIS ARTICLE, AND A HEALTH MAINTENANCE ORGANIZATION SUBJECT TO PART 4 OF THIS ARTICLE PROVIDING COVERAGE UNDER AN INDIVIDUAL HEALTH BENEFIT PLAN SHALL NOT REFUSE TO RENEW SUCH PLAN EXCEPT FOR THE FOLLOWING REASONS:

- (a) NONPAYMENT OF THE REQUIRED PREMIUM;
- (b) FRAUD OR MISREPRESENTATION ON THE PART OF THE INSURED INDIVIDUAL;
- (c) NONCOMPLIANCE BY THE INSURED INDIVIDUAL WITH PLAN PROVISIONS;

(d) THE INDIVIDUAL CARRIER ELECTS TO NONRENEW ALL OF ITS INDIVIDUAL HEALTH BENEFIT PLANS DELIVERED OR ISSUED FOR DELIVERY TO INDIVIDUALS IN THIS STATE. IN SUCH CASE THE CARRIER SHALL PROVIDE NOTICE OF THE DECISION NOT TO RENEW COVERAGE TO ALL AFFECTED INDIVIDUALS AND TO THE INSURANCE COMMISSIONER IN EACH STATE IN WHICH AN AFFECTED INDIVIDUAL IS KNOWN TO RESIDE AT LEAST NINETY DAYS PRIOR TO THE NONRENEWAL OF THE HEALTH BENEFIT PLAN BY THE CARRIER. NOTICE TO THE INSURANCE COMMISSIONER UNDER THIS PARAGRAPH (d) SHALL BE PROVIDED AT LEAST THREE WORKING DAYS PRIOR TO THE

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

NOTICE TO THE AFFECTED INDIVIDUALS.

(e) ATTAINMENT OF ELIGIBILITY FOR MEDICARE DUE TO THE INSURED INDIVIDUAL'S REACHING THE AGE FOR MEDICARE ELIGIBILITY SET BY THE FEDERAL GOVERNMENT. IN THE CASE OF ELIGIBILITY FOR MEDICARE PRIOR TO THAT AGE, AN INDIVIDUAL HEALTH CARE BENEFIT PLAN SHALL BE RENEWABLE; EXCEPT THAT THE PLAN MAY BE MODIFIED SO THAT BENEFITS THAT WOULD OTHERWISE BE PAYABLE MAY BE REDUCED BY AN AMOUNT NO MORE THAN THAT PAID BY MEDICARE.

(f) THE COMMISSIONER FINDS THAT THE CONTINUATION OF THE COVERAGE WOULD NOT BE IN THE BEST INTEREST OF THE POLICYHOLDERS OR CERTIFICATE HOLDERS, OR WOULD IMPAIR THE CARRIER'S ABILITY TO MEET ITS CONTRACTUAL OBLIGATIONS. IN SUCH INSTANCE, THE COMMISSIONER SHALL ASSIST AFFECTED INDIVIDUALS IN FINDING REPLACEMENT COVERAGE.

(g) THE COMMISSIONER FINDS THAT THE PRODUCT FORM IS OBSOLETE AND IS BEING REPLACED WITH COMPARABLE COVERAGE.

(2) A CARRIER THAT ELECTS NOT TO RENEW ALL OF ITS INDIVIDUAL HEALTH BENEFIT PLANS IN THIS STATE PURSUANT TO PARAGRAPH (d) OF SUBSECTION (1) OF THIS SECTION SHALL BE PROHIBITED FROM WRITING NEW INDIVIDUAL HEALTH BENEFIT PLANS IN THIS STATE FOR A PERIOD OF FIVE YEARS FROM THE DATE OF THE NOTICE TO THE INSURANCE COMMISSIONER.

(3) FOR THE PURPOSES OF THIS SECTION, THE TERM "HEALTH BENEFIT PLAN" IN SECTION 10-16-102 (21) DOES NOT INCLUDE NONRENEWABLE PLANS WITH A DURATION OF SIX MONTHS OR LESS.

(4) AN INDIVIDUAL HEALTH BENEFIT PLAN MUST CLEARLY DISCLOSE IN ITS CONTRACTS AND MARKETING MATERIALS THE CONDITIONS OF RENEWABILITY WHICH CONFORM WITH THE REQUIREMENTS OF THIS SECTION.

SECTION 2. 10-3-1104 (1), Colorado Revised Statutes, 1994 Repl. Vol., is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

10-3-1104. Unfair methods of competition and unfair or deceptive acts or practices. (1) The following are defined as unfair methods of competition and unfair or deceptive acts or practices in the business of insurance:

(w) FAILURE TO COMPLY WITH THE PROVISIONS OF SECTION 10-16-201.5 CONCERNING THE RENEWABILITY OF INDIVIDUAL HEALTH BENEFIT PLANS.

SECTION 3. Effective date - applicability. This act shall take effect July 1, 1996, and shall apply to all individual health benefit plans issued or renewed on or after said date.

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: April 23, 1996