

CHAPTER 182

**INSURANCE**

**HOUSE BILL 97-1323**

BY REPRESENTATIVES Owen, Anderson, G. Berry, Dean, Entz, Mace, May, Musgrave, Paschall, Schwarz, Smith, Taylor, Tool, and Young;  
also SENATORS Rizzuto and Schroeder.

**AN ACT**

CONCERNING INDIVIDUAL HEALTH BENEFIT PLANS ISSUED TO BUSINESS GROUPS OF ONE.

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

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

**10-8-601.5. Applicability and scope.** (1) (c) (I) EFFECTIVE OCTOBER 1, 1997, 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 NEWLY 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.~~ THAT INCLUDES ONLY A SELF-EMPLOYED PERSON WHO HAS NO EMPLOYEES, OR A SOLE PROPRIETOR WHO IS NOT OFFERING OR SPONSORING HEALTH CARE COVERAGE TO HIS OR HER EMPLOYEES, TOGETHER WITH THE DEPENDENTS OF SUCH A SELF-EMPLOYED PERSON OR SOLE PROPRIETOR IF, PURSUANT TO RULES ADOPTED BY THE COMMISSIONER, ALL OF THE FOLLOWING CONDITIONS ARE MET:

(A) AS PART OF THE APPLICATION PROCESS, THE CARRIER DETERMINES WHETHER OR NOT THE APPLICANT IS A SELF-EMPLOYED PERSON WHO MEETS THE DEFINITION OF A BUSINESS GROUP OF ONE PURSUANT TO SECTION 10-8-602 (2.5).

(B) IF THE APPLICANT IS A BUSINESS GROUP OF ONE SELF-EMPLOYED PERSON, THE CARRIER ACCEPTS OR REJECTS SUCH PERSON AND, IF SUCH PERSON IS APPLYING FOR

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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.*

FAMILY COVERAGE, ACCEPTS OR REJECTS THE ENTIRE FAMILY UNLESS THE APPLICANT WAIVES COVERAGE FOR A FAMILY MEMBER WHO HAS OTHER COVERAGE IN EFFECT.

(C) FOR AT LEAST THE FIRST THREE YEARS AFTER THE INITIAL EFFECTIVE DATE OF THE POLICY, THE PERCENTAGE INCREASE IN RATES UPON RENEWAL FOR PLANS SOLD TO BUSINESS GROUPS OF ONE REMAINS THE SAME AS THE AVERAGE PERCENTAGE INCREASE IN RATES UPON RENEWAL FOR AN INDIVIDUAL HEALTH CARRIER'S ENTIRE BOOK OF INDIVIDUAL HEALTH BENEFIT PLANS SOLD TO BUSINESS GROUPS OF ONE IN COLORADO, EXCLUDING CHANGES ATTRIBUTABLE TO DEMOGRAPHICS.

(D) IF THE CARRIER REJECTS AN APPLICATION FOR A BUSINESS GROUP OF ONE SELF-EMPLOYED PERSON AND THE CARRIER DOES BUSINESS IN BOTH THE INDIVIDUAL AND SMALL GROUP MARKETS, THE CARRIER OFFERS TO ISSUE THAT GROUP A CHOICE OF COVERAGE UNDER THE SMALL GROUP BASIC OR STANDARD HEALTH BENEFIT PLAN PURSUANT TO THE RULES GOVERNING SMALL GROUP POLICIES.

(E) AS PART OF ITS APPLICATION FORM, AN INDIVIDUAL CARRIER REQUIRES A BUSINESS GROUP OF ONE SELF-EMPLOYED PERSON PURCHASING AN INDIVIDUAL HEALTH BENEFIT PLAN PURSUANT TO THIS SUBPARAGRAPH (I) TO READ AND SIGN A DISCLOSURE FORM STATING THAT, BY PURCHASING AN INDIVIDUAL POLICY INSTEAD OF A SMALL GROUP POLICY, SUCH PERSON GIVES UP WHAT WOULD OTHERWISE BE HIS OR HER RIGHT TO PURCHASE A BUSINESS GROUP OF ONE STANDARD, BASIC, OR OTHER HEALTH BENEFIT PLAN FROM A SMALL EMPLOYER CARRIER FOR A PERIOD OF THREE YEARS AFTER THE DATE THE INDIVIDUAL HEALTH BENEFIT PLAN IS PURCHASED, UNLESS A SMALL EMPLOYER CARRIER VOLUNTARILY PERMITS SUCH PERSON TO PURCHASE A BUSINESS GROUP OF ONE POLICY WITHIN SUCH THREE-YEAR PERIOD. THE DISCLOSURE FORM SHALL ALSO SHOW HOW THE BENEFITS OF THE INDIVIDUAL HEALTH BENEFIT PLAN BEING MARKETED DIFFERS FROM THE STANDARD HEALTH BENEFIT PLAN AND SHALL EXPLAIN THE DIFFERENCES BETWEEN HOW SMALL GROUP AND INDIVIDUAL HEALTH BENEFIT PLAN RATES ARE SET.

(F) THE APPLICATION TO BE FILLED OUT BY THE BUSINESS GROUP OF ONE SELF-EMPLOYED PERSON INCLUDES THE FOLLOWING CERTIFICATION TO BE SIGNED AND FILLED OUT BY A REPRESENTATIVE OF THE CARRIER: "I, [NAME OF REPRESENTATIVE], ACTING ON BEHALF OF [NAME OF CARRIER], CERTIFY THAT THE MARKETING AND SALE OF THIS INDIVIDUAL HEALTH BENEFIT PLAN COMPLIES WITH ALL OF THE PROVISIONS OF SECTION 10-8-601.5 (1) (c) (I), COLORADO REVISED STATUTES, CONCERNING THE SALE OF INDIVIDUAL COVERAGE TO A BUSINESS GROUP OF ONE. IF THIS IS NOT THE CASE, I UNDERSTAND THAT THIS PLAN MAY BE REGULATED AS A SMALL GROUP HEALTH PLAN."

(G) BEFORE MARKETING OR SELLING INDIVIDUAL HEALTH BENEFIT PLANS TO BUSINESS GROUP OF ONE SELF-EMPLOYED PERSONS, AND ON OR BEFORE MARCH 1 OF EACH YEAR DURING WHICH IT MARKETS OR SELLS SUCH PLANS, THE INDIVIDUAL CARRIER PROVIDES TO THE COMMISSIONER DOCUMENTATION THAT IT MEETS THE CONDITIONS OF THIS SUBPARAGRAPH (I) AND SUBMITS DATA ON THE NUMBER OF BUSINESS GROUPS OF ONE COVERED.

(II) Nothing in this paragraph (c) shall preclude a business group of one from applying for small group coverage.

(3) EFFECTIVE OCTOBER 1, 1997, PURSUANT TO RULES ADOPTED BY THE COMMISSIONER, A SMALL EMPLOYER CARRIER MAY REJECT FOR COVERAGE UNDER A SMALL GROUP PLAN A BUSINESS GROUP OF ONE SELF-EMPLOYED PERSON IF, AT THE TIME OF APPLICATION FOR GROUP COVERAGE, THE SELF-EMPLOYED PERSON HAS IN PLACE OR, WITHIN THE IMMEDIATELY PRECEDING THIRTY DAYS, HAS HAD IN PLACE AN INDIVIDUAL HEALTH BENEFIT PLAN THAT MEETS THE REQUIREMENTS OF SUBPARAGRAPH (I) OF PARAGRAPH (c) OF SUBSECTION (1) OF THIS SECTION AND HAS BEEN IN PLACE FOR LESS THAN THREE YEARS.

**SECTION 2. 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 21, 1997