

CHAPTER 244

INSURANCE

SENATE BILL 98-013

BY SENATORS Powers, Lacy, and Tebedo;
also REPRESENTATIVES T. Williams, Swenson, and Veiga.

AN ACT

CONCERNING DISCLOSURE REQUIREMENTS FOR OPTIONAL MANAGED CARE ARRANGEMENTS IN MOTOR VEHICLE INSURANCE POLICIES.

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

SECTION 1. 10-4-706 (2) (a) and (2) (f), Colorado Revised Statutes, are amended to read:

10-4-706. Required coverages - complying policies - PIP examination program. (2) (a) (I) An insurer may offer, and provide at the option of the named insured, the benefits described in subsection (1) (b) and (1) (c) of this section through managed care arrangements such as a health maintenance organization (HMO) or a preferred provider organization. Such policy option may include conditions and limitations to coverage, including, but not limited to, deductibles and coinsurance requirements, as approved by the commissioner. The commissioner shall approve such conditions and limitations unless a finding is made by the commissioner that such conditions and limitations are unreasonable when compared with benefits provided.

(II) WHEN A PERSON MAKES AN INITIAL APPLICATION FOR INSURANCE COVERAGE UNDER THIS PART 7, IN ADDITION TO ANY OTHER REQUIREMENTS ESTABLISHED BY LAW, THE INSURER SHALL DISCLOSE IN THE SAME MEDIUM AS THAT IN WHICH THE APPLICATION WAS TAKEN, OR IN WRITTEN FORM, THE FOLLOWING INFORMATION REGARDING MANAGED CARE OPTIONS:

(A) THAT MOTOR VEHICLE INSURANCE POLICIES IN COLORADO MAY INCLUDE OPTIONAL MANAGED CARE ARRANGEMENTS, INCLUDING, BUT NOT LIMITED TO, HEALTH MAINTENANCE ORGANIZATIONS AND PREFERRED PROVIDER ORGANIZATIONS;

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

(B) WHAT MANAGED CARE IS AND HOW IT AFFECTS THE CONSUMER; AND

(C) WHETHER THE INSURER OFFERS SUCH A MANAGED CARE OPTION AND, IF SO, THE DISCLOSURE SHALL INDICATE THAT POTENTIAL COST SAVINGS MAY BE OBTAINED IF AN INSURED CHOOSES TO ACCEPT A MANAGED CARE OPTION.

(f) An insurer offering the coverages authorized in paragraphs (a) and (b) of this subsection (2) shall demonstrate in rate filings submitted to the commissioner the savings to the insured to be realized under the plan and shall further submit to the commissioner, for preapproval, any disclosure form to be used to record an insured's election for any coverage authorized in paragraphs (a) and (b) of this subsection (2). A DISCLOSURE FORM FOR A MANAGED CARE ARRANGEMENT SHALL INCLUDE THE FOLLOWING INFORMATION IN TYPE OF AT LEAST TWELVE-POINT SIZE:

(I) THAT A POLICY CONTAINING A MANAGED CARE OPTION MAY BE ACCEPTED OR REJECTED BY THE NAMED INSURED AT ANY TIME UPON NOTICE TO THE INSURER OR ITS AGENT; EXCEPT THAT SUCH CHANGE SHALL NOT AFFECT ANY CLAIM ARISING OUT OF AN ACCIDENT THAT OCCURRED PRIOR TO THE DATE OF SUCH NOTICE;

(II) THAT OBTAINING OR RENEWING THE INSURANCE POLICY IS NOT DEPENDENT UPON ACCEPTING A MANAGED CARE OPTION; AND

(III) WHAT THE APPROXIMATE COST SAVINGS WILL BE IF THE MANAGED CARE OPTION IS ACCEPTED.

SECTION 2. Effective date - applicability. This act shall take effect January 1, 1999, and shall apply to insurance applications made on or after said date.

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 27, 1998