

CHAPTER 208

INSURANCE

SENATE BILL 99-124

BY SENATOR Owen;
also REPRESENTATIVES McElhany, McKay, Stengel, and T. Williams.

AN ACT

CONCERNING SMALL GROUP HEALTH INSURANCE.

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

SECTION 1. Part 6 of article 8 of title 10, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

10-8-607. Small employer health insurance evaluation - legislative declaration - repeal. (1) THE GENERAL ASSEMBLY HEREBY DETERMINES AND DECLARES THAT THE "SMALL EMPLOYER HEALTH INSURANCE AVAILABILITY PROGRAM ACT", AS AMENDED BY HOUSE BILL 94-1210, ENACTED AT THE SECOND REGULAR SESSION OF THE FIFTY-NINTH GENERAL ASSEMBLY, INTRODUCED AMBITIOUS AND BROAD REFORM OF SMALL EMPLOYER HEALTH INSURANCE. ACCESS TO AFFORDABLE HEALTH INSURANCE BY SMALL EMPLOYER GROUPS, INCLUDING BUSINESS GROUPS OF ONE, IN COLORADO IS IMPORTANT AND WAS A DRIVING FORCE BEHIND THE ENACTMENT OF HOUSE BILL 94-1210. THE GENERAL ASSEMBLY FINDS AND DECLARES THAT COLORADO SHOULD EVALUATE THE EFFECTIVENESS AND IMPACT OF THE "SMALL EMPLOYER HEALTH INSURANCE AVAILABILITY PROGRAM ACT" AS ENACTED AND IMPLEMENTED. FURTHER, THE GENERAL ASSEMBLY FINDS AND DECLARES THAT MODIFICATIONS OF THE SMALL EMPLOYER HEALTH INSURANCE AVAILABILITY PROGRAM SHOULD BE EVALUATED TO DETERMINE IF MODIFICATION TO THE "SMALL EMPLOYER HEALTH INSURANCE AVAILABILITY PROGRAM ACT" SHOULD BE INITIATED. THIS STUDY IS AN IMPORTANT EVALUATION THAT WILL REQUIRE INPUT FROM THE BUSINESS COMMUNITY, INCLUDING BOTH EMPLOYERS AND EMPLOYEES, THE INSURANCE INDUSTRY, AND THE DIVISION OF INSURANCE.

(2) THE GENERAL ASSEMBLY AUTHORIZES THE UNIVERSITY OF NORTHERN COLORADO TO CONDUCT AN INDEPENDENT, OBJECTIVE, ACADEMICALLY

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

PEER-REVIEWED STUDY PURSUANT TO SUBSECTION (3) OF THIS SECTION, INCLUDING DATA-GATHERING EFFORTS DESIGNED TO IDENTIFY THE COST OF INSURANCE TO SMALL EMPLOYER GROUPS, PROBLEMS PROVIDING HEALTH INSURANCE FOR SMALL EMPLOYER GROUPS, AND THE REASONABLENESS OF AVAILABILITY OF HEALTH COVERAGE FOR SMALL EMPLOYER GROUPS. THE UNIVERSITY OF NORTHERN COLORADO SHALL REQUEST THE PARTICIPATION AND FINANCIAL SUPPORT OF PRIVATE SECTOR ORGANIZATIONS FOR FINANCIAL AND VOLUNTEER PERSONAL SERVICES TO COMPLETE THIS STUDY. THE STUDY SHALL BE FUNDED THROUGH DONATIONS, GRANTS, AND GIFTS FROM PRIVATE SECTOR ORGANIZATIONS. PRIVATE MONEYS MAY BE RECEIVED FOR PURPOSES OF THE STUDY CONDUCTED PURSUANT TO THIS SECTION. MONEYS COLLECTED FOR THIS STUDY SHALL BE DEPOSITED INTO THE GRANTS AND CONTRACTS FUND ESTABLISHED FOR THE UNIVERSITY OF NORTHERN COLORADO'S RESEARCH CORPORATION. THE PRESIDENT OF THE UNIVERSITY OF NORTHERN COLORADO SHALL HAVE THE POWER TO DIRECT THE DISPOSITION OF ANY SUCH DONATION, GRANT, OR GIFT SO ACCEPTED FOR ANY PURPOSE CONSISTENT WITH THE COMPLETION OF THIS STUDY.

(3) (a) THE PRESIDENT OF THE UNIVERSITY OF NORTHERN COLORADO SHALL CONVENE A MEETING OF ALL INTERESTED PERSONS RELATED TO THE STUDY NO LATER THAN JUNE 15, 1999. INTERESTED PERSONS INCLUDE, BUT ARE NOT LIMITED TO, PROVIDERS AND CONSUMERS OF SMALL EMPLOYER GROUP INSURANCE, THE DIVISION OF INSURANCE, AND ANY ENTITIES OR PERSONS AFFECTED BY THE "SMALL EMPLOYER HEALTH INSURANCE AVAILABILITY PROGRAM ACT". THE MEETING SHALL INCLUDE A DISCUSSION OF THE RESOURCES AVAILABLE TO AND NECESSARY FOR THE COMPLETION OF THE STUDY BY THE UNIVERSITY OF NORTHERN COLORADO, INCLUDING, BUT NOT LIMITED TO, FINANCIAL AND VOLUNTEER PERSONAL SERVICES. AS USED IN THIS SECTION, THE "SMALL EMPLOYER HEALTH INSURANCE AVAILABILITY PROGRAM ACT" SHALL BE REFERRED TO AS "THE ACT".

(b) A REPORT OF THE STUDY CONTAINING CONCLUSIONS AND ALL POSSIBLE MEASURES TO IMPROVE ACCESS TO HEALTH INSURANCE BY SMALL EMPLOYERS SHALL BE SUBMITTED TO THE PRESIDENT OF THE SENATE, MAJORITY LEADER OF THE SENATE, MINORITY LEADER OF THE SENATE, SPEAKER OF THE HOUSE OF REPRESENTATIVES, MAJORITY LEADER OF THE HOUSE OF REPRESENTATIVES, MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES, AND CHAIRS OF THE HEALTH, ENVIRONMENT, WELFARE, AND INSTITUTIONS COMMITTEES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES NO LATER THAN DECEMBER 1, 1999. THE STUDY SHALL INCLUDE, BUT NOT BE LIMITED TO, ANSWERING THE FOLLOWING QUESTIONS:

(I) HAS THE ACT EXPANDED OR REDUCED COVERAGE ACCESS TO SMALL EMPLOYERS IN COLORADO;

(II) WHAT IMPACT HAS THE ACT HAD ON THE COST OF INSURANCE TO SMALL EMPLOYERS AND WHAT CAN BE ESTIMATED ABOUT FUTURE COST INCREASES AS A RESULT OF THE ACT;

(III) (A) HAS THE ACT HAD A POSITIVE OR NEGATIVE IMPACT ON THE CHOICE OF INSURANCE PRODUCTS, INCLUDING HEALTH MAINTENANCE ORGANIZATIONS, PREFERRED PROVIDER ORGANIZATIONS, OR INDEMNITY PLANS, AVAILABLE TO SMALL EMPLOYERS;

(B) IF THE CHOICE OF PRODUCT HAS BEEN AFFECTED BY THE ACT, IS THE IMPACT SIGNIFICANT ENOUGH TO CONCERN SMALL EMPLOYERS AND THE RESIDENTS OF COLORADO THAT CHANGES IN THE CHOICE OF INSURANCE PRODUCTS AVAILABLE TO SMALL EMPLOYERS SHOULD BE CREATED;

(IV) (A) WITH RESPECT TO SMALL EMPLOYER GROUPS OF ONE MEMBER TO FIFTY MEMBERS, HAS THE ACT IMPACTED ANY SUBGROUPS IN UNIQUE OR SPECIFIC WAYS;

(B) ARE INSURANCE EXPENSES, LAPSE RATES, OR OTHER FACTORS SIGNIFICANTLY DIFFERENT BETWEEN SUBGROUPS WITHIN THE ONE MEMBER TO FIFTY MEMBERS COHORT AND DO THESE PATTERNS HAVE IMPLICATIONS FOR COST, ACCESS, AND CHOICE OF PRODUCT OR CARRIER AMONG SMALL EMPLOYERS;

(V) IS THERE AN INCREASED TREND TO SELF-INSURANCE AMONG SMALL EMPLOYERS SINCE THE ENACTMENT OF THE ACT;

(VI) WHAT IMPACT HAS THE ACT HAD ON THE COMPETITIVE HEALTH OF THE SMALL INSURANCE MARKET AND HAS IT LEAD TO MARKET CONSOLIDATION; AND

(VII) HAS THE IMPACT OF THE ACT BEEN DIFFERENT BETWEEN RURAL AND URBAN MARKETS AND WHAT ARE THE IMPLICATIONS OF THE DIFFERENCES.

(c) THE STUDY SHOULD CAPTURE THE FOLLOWING INFORMATION:

(I) COLORADO SPECIFIC INFORMATION RELATED TO PRICES AND COSTS OF INSURANCE FOR SMALL EMPLOYERS, AND ANY OTHER INFORMATION NECESSARY FROM INSURANCE PRODUCERS, CARRIERS, OR ANY ENTITY THAT CONTRACTS WITH AN INSURER;

(II) STUDIES CONDUCTED IN OTHER STATES THAT HAVE EVALUATED THE IMPACT OF REGULATION OF SMALL EMPLOYER HEALTH INSURANCE, INCLUDING THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS' MODEL AND MODIFIED COMMUNITY RATING;

(III) SURVEY DATA ON SMALL EMPLOYER OPINIONS ABOUT THE CURRENT INSURANCE MARKET RELATED TO SERVICE, COVERAGE ACCESS, PRODUCT CHOICE, AND PRODUCT PRICE; AND

(IV) INFORMATION FROM THE DIVISION OF INSURANCE THAT RELATES TO SMALL EMPLOYER HEALTH INSURANCE, EXCEPT INFORMATION THAT IS EXEMPT FROM THE OPEN RECORDS LAW, ARTICLE 72 OF TITLE 24, C.R.S.

(d) IN THE EVENT THAT RESOURCES ARE NOT MADE AVAILABLE TO THE UNIVERSITY OF NORTHERN COLORADO FOR IMPLEMENTATION AND COMPLETION OF THIS STUDY, THE UNIVERSITY OF NORTHERN COLORADO SHALL REPORT SUCH TO THE PRESIDENT OF THE SENATE, MAJORITY LEADER OF THE SENATE, MINORITY LEADER OF THE SENATE, SPEAKER OF THE HOUSE OF REPRESENTATIVES, MAJORITY LEADER OF THE HOUSE OF REPRESENTATIVES, MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES, AND CHAIRS OF THE HEALTH, ENVIRONMENT, WELFARE, AND INSTITUTIONS COMMITTEES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES BY AUGUST 15, 1999, AND DISCONTINUE ANY EFFORT TO COMPLETE THE STUDY.

(4) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2000.

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 20, 1999