

CHAPTER 262

INSURANCE

HOUSE BILL 99-1371

BY REPRESENTATIVES T. Williams, Coleman, Gotlieb, Hoppe, Lee, May, McKay, Paschall, Scott, and Spradley;
also SENATORS Owen, Congrove, Epps, Evans, Feeley, Lamborn, Musgrave, Powers, and Tebedo.

AN ACT

CONCERNING THE SALE OF AN INDIVIDUAL HEALTH BENEFIT PLAN TO A BUSINESS GROUP OF ONE SELF-EMPLOYED APPLICANT.

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

SECTION 1. 10-8-601.5 (1) (c) (I) (D), (1) (c) (I) (E), and (1) (c) (I) (F), Colorado Revised Statutes, are amended 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 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:

(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~~ SHALL NOTIFY THE APPLICANT OF THE AVAILABILITY OF COVERAGE THROUGH THE SMALL GROUP MARKET AND OF THE AVAILABILITY OF SMALL GROUP COVERAGE THROUGH THE CARRIER.

(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

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

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~~ BRIEFLY DESCRIBE THE FACTORS USED TO SET RATES FOR THE INDIVIDUAL POLICY BEING PURCHASED IN COMPARISON WITH THE FACTORS USED TO SET RATES FOR A BUSINESS GROUP OF ONE SMALL GROUP POLICY. THE INDIVIDUAL CARRIER SHALL PROVIDE TO THE BUSINESS GROUP OF ONE SELF-EMPLOYED APPLICANT A COPY OF THE HEALTH BENEFIT PLAN DESCRIPTION FORM FOR THE COLORADO STANDARD HEALTH BENEFIT PLAN IN ADDITION TO THE DESCRIPTION FORM FOR THE INDIVIDUAL PLAN BEING MARKETED. THE DISCLOSURE FORM MAY BE INCLUDED WITHIN ANY OTHER CERTIFICATION FORM THAT THE CARRIER USES FOR THE PLAN. THE DIVISION OF INSURANCE SHALL MAKE AVAILABLE A STANDARD PLAN DESCRIPTION FORM TO INDIVIDUAL CARRIERS UPON REQUEST.

~~(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."~~

SECTION 2. Effective date - applicability. (1) This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution; except that, if a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

(2) The provisions of this act shall apply to individual health benefit plans issued to a business group of one on or after the applicable effective date of this act.

Approved: May 29, 1999