

CHAPTER 68

INSURANCE

HOUSE BILL 99-1143

BY REPRESENTATIVES Lawrence, Alexander, Coleman, Hagedorn, McKay, Miller, Morrison, Ragsdale, Tapia, S. Williams, and Witwer;
also SENATOR Musgrave.

AN ACT

CONCERNING THE REGULATION OF HEALTH CARE COVERAGE.

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

SECTION 1. 10-8-601.5 (2) (c), Colorado Revised Statutes, is amended to read:

10-8-601.5. Applicability and scope. (2) (c) ~~Unless otherwise authorized by the commissioner, a small employer carrier shall not enter into one or more ceding arrangements with respect to health benefit plans delivered or issued for delivery to small employers in this state if such arrangements would result in less than fifty percent of the insurance obligation or risk for such health benefit plans being retained by the ceding carrier.~~ The provisions of section 10-3-118 and part 7 of article 3 of this title shall apply if a small employer carrier cedes or assumes all of the insurance obligation or risk with respect to one or more health benefit plans delivered or issued for delivery to small employers in this state.

SECTION 2. 10-16-106 (1), (2), (3) (a), (3) (b), and (3) (c), Colorado Revised Statutes, are amended to read:

10-16-106. Group replacement - extension of benefits. (1) This section shall indicate which carrier is liable where one carrier's GROUP contract replaces a plan of similar benefits of another carrier within thirty-one days of AFTER the termination, cancellation, or expiration of the contract ~~which~~ THAT is being replaced.

(2) The prior carrier remains liable only to the extent of its accrued liabilities, ~~and~~ extensions of benefits AS SPECIFIED IN THE POLICY CONTRACT, AND BENEFITS FOR COVERED PERSONS UNTIL RELEASE FROM AN IN-PATIENT FACILITY AS REQUIRED BY SECTION 10-16-705 (4). The position of the prior carrier shall be the same whether

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

the group policyholder or other entity secures replacement coverage from a new carrier, self-insures, or foregoes coverage.

(3) Liability of a succeeding carrier is as follows:

(a) Each person who is eligible for coverage in accordance with the succeeding carrier's plan of benefits, with respect to classes eligible and actively at work and nonconfinement rules, IF ALLOWABLE, shall be covered by the SUCCEEDING carrier's plan of benefits EXCEPT WITH RESPECT TO ACCRUED LIABILITIES AND EXTENSIONS OF BENEFITS PROVIDED FOR IN SUBSECTION (2) OF THIS SECTION.

(b) Each person who is not ~~covered~~ ELIGIBLE under the succeeding carrier's plan of benefits in accordance with paragraph (a) of this subsection (3) shall be covered by the succeeding carrier in accordance with the following guidelines if such individual was validly covered, including benefit extension, under the prior plan on the date of discontinuance. ~~and if such individual is a member of the class or classes of individuals eligible for coverage under the succeeding carrier's plan. For purposes of this section, "totally disabled" is a reference to an individual's status immediately prior to the date the succeeding carrier's coverage becomes effective.~~ Such guidelines are as follows:

(I) The minimum level of benefits to be provided by the succeeding carrier shall be the applicable level of benefits of the prior carrier's plan reduced by any benefits payable by the prior plan.

(II) Coverage shall be provided by the succeeding carrier until at least the earliest of the following dates:

(A) The date the individual becomes eligible under the succeeding carrier's plan as described in paragraph (a) of this subsection (3);

(B) ~~For each type of coverage,~~ The date the individual's coverage would terminate in accordance with the succeeding carrier's plan provisions applicable to individual termination of coverage, where employment is terminated or where the individual ceases to be an eligible dependent;

(C) ~~In the case of an individual who is totally disabled, the end of any period of extension or accrued liability of the prior carrier. The period of extension shall be at least twelve months under major medical and comprehensive medical type coverage and ninety days under other types of hospital or medical expense coverages.~~

(III) NOTHING IN THIS PARAGRAPH (b) SHALL BE CONSTRUED TO LIMIT THE DURATION OF CONTINUATION COVERAGE PROVIDED FOR IN SECTION 10-16-108.

(c) ~~In the case of a preexisting conditions limitation in the succeeding carrier's plan, the level of benefits applicable to those preexisting conditions of persons who are covered by the succeeding carrier's plan during the period of time this limitation applies under the new plan, shall be the lesser of:~~

(f) ~~The benefits of the new plan determined without application of the preexisting conditions limitation; or~~

~~(H) The benefits of the prior plan.~~

SECTION 3. The introductory portion to 10-16-108 (1) (e) (II) and 10-16-108 (1) (e) (III) and (1) (e) (IV), Colorado Revised Statutes, are amended to read:

10-16-108. Conversion and continuation privileges. (1) Group sickness and accident insurance conversion privileges. (e) (II) The employer shall notify the employee IN WRITING of his THE EMPLOYEE'S right to continue health care coverage upon his termination from employment. ~~Such notification shall be in writing. A written statement in the employer's personnel policy communication shall be per se evidence of notification to the employee of his right to continue health care coverage.~~ A written communication signed by the employee or a notice postmarked within ten days of termination mailed by the employer to the last known address of the employee shall ~~also~~ meet the notice requirements of this subparagraph (II). The notification shall inform the employee of:

(III) The employee shall notify the employer in writing of the employee's election to continue coverage, and shall make proper payment to the employer as soon as possible upon notification by the employer of termination; however, in no case shall such notification occur or such payment be made more than ~~twenty~~ THIRTY days ~~from~~ AFTER the date of termination of employment UNLESS THE EMPLOYER HAS FAILED TO GIVE TIMELY NOTICE IN ACCORDANCE WITH SUBPARAGRAPH (II) OF THIS PARAGRAPH (e). Timely submission of payment and notice by the employee shall result in the continuation of such employee's health care coverage as if there had been no interruption of coverage. Failure to timely submit proper payment and notice by the employee shall relieve the employer of any responsibility to the employee for the continuation of health care coverage.

(IV) If the employer fails to notify an eligible employee of the right to elect to continue the coverage, the employee shall have the option to retain coverage if, within ~~thirty~~ SIXTY days of the date the employment is terminated, the employee makes the proper payment to the employer to provide continuous coverage.

SECTION 4. The introductory portion to 10-16-108 (2) (c) (II) and 10-16-108 (2) (c) (III) and (2) (c) (IV), Colorado Revised Statutes, are amended to read:

10-16-108. Conversion and continuation privileges. (2) Group contracts of nonprofit hospital, medical-surgical, and health service corporations and group service contracts of health maintenance organizations. (c) (II) The employer shall notify the employee of such employee's right to continue health care coverage upon termination from employment. Such notification shall be in writing. ~~A written statement in the employer's personnel policy communication shall be per se evidence of notification to the employee of the right to continue health care coverage.~~ A written communication signed by the employee or a notice postmarked within ten days of termination mailed by the employer to the last known address of the employee shall also meet the notice requirements of this subparagraph (II). The notification shall inform the employee of:

(III) The employee shall notify the employer in writing of the employee's election to continue coverage, and shall make proper payment to the employer as soon as possible upon notification by the employer of termination; however, in no case shall

such notification occur or such payment be made more than ~~twenty~~ THIRTY days ~~from~~ AFTER the date of termination of employment UNLESS THE EMPLOYER HAS FAILED TO GIVE TIMELY NOTICE IN ACCORDANCE WITH SUBPARAGRAPH (II) OF THIS PARAGRAPH (c). Timely submission of payment and notice by the employee shall result in the continuation of such employee's health care coverage as if there had been no interruption of coverage. Failure to timely submit proper payment and notice by the employee shall relieve the employer of any responsibility to the employee for the continuation of health care coverage.

(IV) If the employer fails to notify an eligible employee of the right to elect to continue the coverage, the employee shall have the option to retain coverage if, within ~~thirty~~ SIXTY days of the date such employment is terminated, such employee makes the proper payment to the employer to provide continuous coverage.

SECTION 5. The introductory portion to 10-16-201.5 (1) and 10-16-201.5 (1) (d) and (2), Colorado Revised Statutes, are amended to read:

10-16-201.5. Renewability of health benefit plans - modification of health benefit plans. (1) A carrier providing coverage under a health benefit plan shall not DISCONTINUE COVERAGE OR refuse to renew such plan except for the following reasons:

(d) The carrier elects to discontinue offering and nonrenew all of its individual, small group, or large group health benefit plans delivered or issued for delivery in this state. In such case the carrier shall provide notice of the decision TO DISCONTINUE OR not to renew coverage to all policyholders and covered persons and to the insurance commissioner in each state in which an affected individual is known to reside at least one hundred eighty days prior to the DISCONTINUANCE OR nonrenewal of the health benefit plan by the carrier. The carrier shall also discontinue and nonrenew all of its individual or small or large group health benefit plans in Colorado. Notice to the insurance commissioner under this paragraph (d) shall be provided at least three working days prior to the notice to the affected individuals.

(2) A carrier that elects to nonrenew and to discontinue offering all of its individual, small group, or large group health benefit plans in this state pursuant to paragraph (d) of subsection (1) of this section shall be prohibited from writing new health benefit plans of the same type (individual, small group, or large group) as was DISCONTINUED OR nonrenewed in this state for a period of five years from the date of the notice to the insurance commissioner.

SECTION 6. Effective date - applicability. This act shall take effect January 1, 2000, and shall apply to policies of health care coverage issued or renewed on or after said date.

SECTION 7. 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: March 31, 1999