

CHAPTER 235

INSURANCE

HOUSE BILL 01-1396

BY REPRESENTATIVE(S) Spradley, Cadman, Coleman, Dean, Fairbank, Fritz, Hefley, Hoppe, King, Larson, Lee, Marshall, Miller, Mitchell, Paschall, Plant, Rhodes, Stengel, Williams S., and Young;
also SENATOR(S) Hagedorn, Dyer (Durango), Entz, Fitz-Gerald, Hanna, Hernandez, Matsunaka, Nichol, Pascoe, Reeves, Thiebaut, Tupa, and Windels.

AN ACT

CONCERNING MEASURES TO IMPROVE THE AVAILABILITY OF EMPLOYER-SPONSORED HEALTH INSURANCE FOR EMPLOYERS WITH FEWER THAN FIFTY EMPLOYEES.

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

SECTION 1. 10-8-601.5, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

10-8-601.5. Applicability and scope. (4) NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, A CARRIER MAY DECLINE TO RENEW OR REENROLL A BUSINESS GROUP OF ONE THAT HAS BEEN TERMINATED BY THE CARRIER FOR NONPAYMENT OF PREMIUMS. THE TIME PERIOD DURING WHICH THE CARRIER MAY SO DECLINE SHALL EXTEND FOR UP TO SIX MONTHS AFTER THE DATE OF TERMINATION OR UNTIL THE NEXT OPEN ENROLLMENT PERIOD, WHICHEVER IS GREATER.

SECTION 2. 10-16-102 (6) (a), the introductory portion to 10-16-102 (10) (b) and 10-16-102 (15), Colorado Revised Statutes, are amended to read:

10-16-102. Definitions. As used in this article, unless the context otherwise requires:

(6) (a) "Business group of one" means, for purposes of qualification, an individual, a sole proprietor, or a single full-time employee of a subchapter S corporation, C corporation, nonprofit corporation, limited liability company, or partnership who works twenty-four hours or more a week on a permanent basis and who has carried on significant business activity for a period of at least one year prior to application for coverage, has ~~taxable~~ GROSS income as indicated on federal internal revenue

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

service forms 1040, schedule C, F, or SE, or other forms recognized by the federal internal revenue service for income reporting purposes which generated ~~taxable~~ GROSS income ~~in one of the two previous years or~~ from which that individual, sole proprietor, or single full-time employee has derived at least a substantial part of such individual's income for one year out of ~~any~~ THE MOST RECENT consecutive three-year period. FOR THE PURPOSES OF THIS SUBSECTION (6), "SUBSTANTIAL PART OF SUCH INDIVIDUAL'S INCOME" MEANS INCOME DERIVED FROM BUSINESS ACTIVITIES OF THE BUSINESS GROUP OF ONE THAT ARE SUFFICIENT TO PAY FOR ANNUAL HEALTH INSURANCE PREMIUMS FOR THE BUSINESS GROUP OF ONE.

(10) (b) ~~Effective January 1, 1995,~~ "Case characteristics" are limited to the following demographic characteristics:

(15) (a) "Eligible employee" means an employee who has a regular work week of twenty-four or more hours and includes a sole proprietor and a partner of a partnership if the sole proprietor or partner is included as an employee under a health benefit plan of a small employer, but does not include an employee who works on a temporary or substitute basis.

(b) NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, AN ELIGIBLE EMPLOYEE OF A SMALL EMPLOYER WHO COULD ALSO BE CONSIDERED A DEPENDENT OF THE SMALL EMPLOYER SHALL RECEIVE TAXABLE INCOME FROM SUCH SMALL EMPLOYER IN AN AMOUNT EQUIVALENT TO MINIMUM WAGE FOR WORKING TWENTY-FOUR HOURS PER WEEK ON A PERMANENT BASIS IN ORDER FOR THE EMPLOYER GROUP TO BE CONSIDERED A BUSINESS GROUP OF TWO OR MORE.

SECTION 3. 10-16-105 (7.4) (c), Colorado Revised Statutes, is amended to read:

10-16-105. Small group sickness and accident insurance - guaranteed issue - mandated provisions for basic and standard health benefit plans - repeal.

(7.4) (c) In applying minimum participation requirements with respect to an employer, a small employer carrier shall not consider employees or dependents who have creditable GROUP coverage when determining whether the applicable percentage of participation is met. However, a small employer carrier may consider employees or dependents of such employer who have coverage under another health benefit plan that is sponsored by such small employer.

SECTION 4. The introductory portion to 10-16-201.5 (6) and 10-16-201.5 (6) (a) and (6) (b), Colorado Revised Statutes, are amended, and the said 10-16-201.5 (6) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

10-16-201.5. Renewability of health benefit plans - modification of health benefit plans. (6) A ~~large~~ group health benefit plan carrier may discontinue offering a particular type of ~~large~~ group health coverage only if:

(a) The ~~large~~ group health carrier provides notice of such discontinuation at least ninety days prior to the date of the discontinuation of such coverage to each policyholder provided this type of coverage and each certificate holder, participant, and beneficiary covered by such a policy;

(b) The ~~large~~ group health carrier offers to each policyholder provided coverage

of this type the option to purchase any other health insurance coverage currently being offered by the carrier to a group in such market; ~~and~~

(d) WITH RESPECT TO THE DISCONTINUANCE OF A PARTICULAR SMALL GROUP PLAN, THE CARRIER SHALL NOTIFY THE COMMISSIONER BEFORE PROVIDING NOTIFICATION TO POLICYHOLDERS AND INSUREDS AS SPECIFIED IN PARAGRAPH (a) OF THIS SUBSECTION (6). IN ADDITION TO SUCH NOTICE, THE CARRIER SHALL PROVIDE TO THE COMMISSIONER THE FOLLOWING CERTIFICATIONS:

(I) THAT THE PREMIUMS OFFERED FOR OTHER HEALTH INSURANCE COVERAGE BY THE CARRIER PURSUANT TO PARAGRAPH (b) OF THIS SUBSECTION (6) ARE NOT EXCESSIVE, INADEQUATE, OR UNFAIRLY DISCRIMINATORY RELATIVE TO THE PLAN THAT WAS DISCONTINUED; AND

(II) THAT THE BENEFIT LEVELS OFFERED IN OTHER HEALTH INSURANCE COVERAGE BY THE CARRIER ARE IN COMPLIANCE WITH THE REQUIREMENTS PROVIDED BY LAW FOR SMALL GROUP HEALTH INSURANCE.

SECTION 5. Effective date - applicability. (1) This act shall take effect January 1, 2002, unless a referendum petition is filed during 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. If such 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 health benefit plans issued or renewed on or after said date.

Approved: June 1, 2001