

## CHAPTER 117

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**INSURANCE**

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**HOUSE BILL 02-1164**

BY REPRESENTATIVE(S) Hefley, King, Schultheis, Alexander, Crane, Stafford, White, Williams T., Cadman, Cloer, Coleman, Decker, Harvey, Hoppe, Jahn, Jameson, Lee, Mace, Marshall, Miller, Tapia, and Williams S.;  
also SENATOR(S) Hernandez, Andrews, Dyer, Epps, Fitz-Gerald, Hillman, Isgar, Lamborn, McElhany, Musgrave, Nichol, Taylor, and Teck.

**AN ACT****CONCERNING THE EXPANSION OF HEALTH INSURANCE PRODUCTS FOR EMPLOYERS WITH FEWER THAN FIFTY-ONE EMPLOYEES.**

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

**SECTION 1. Legislative declaration.** (1) The general assembly hereby finds, determines, and declares that:

(a) Coloradans are faced with fewer choices and increasing premiums for group health insurance. Specifically, small employers have been faced with dramatically more expensive premiums for group health insurance and fewer health insurance plans from which to choose, thus making group health insurance for small employers and their employees unaffordable.

(b) In order to stabilize the state's small employer health insurance market and expand the participation of small employers in this market, reforms to the small employer health insurance law are necessary.

(c) The small employer health insurance market will improve if reasonable, competitively-priced health insurance options are offered to small employer groups.

(d) The small employer health insurance market will also improve if more types of health plans are offered by carriers.

(e) The small employer health insurance market should have sufficient deregulation so as to attract more small employer carriers to Colorado.

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

(f) The attraction of more small employer carriers to a positive business environment will stimulate competition between small employer carriers and stabilize the market while offering small employers greater choice in the types of health insurance that are affordable to the employer. Therefore, the number of small employers offering health insurance coverage to their employees will increase and business competition among small employer carriers will improve.

(g) Reforms for health insurance for small employers may enable more small employers to offer health insurance coverage to all its employees regardless of the health condition of the employee. Therefore, more employees will obtain health insurance coverage and employers will be able to recruit and retain valued employees.

**SECTION 2.** 10-16-102 (11) (a) (II) and (11) (a) (III), Colorado Revised Statutes, are amended, and the said 10-16-102 (11) (a) is further amended BY THE ADDITION OF A NEW SUBPARAGRAPH, to read:

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

(11) (a) "Class of business" means all or a distinct grouping of small employers as shown on the records of a small employer carrier. A small employer carrier may establish no more than nine separate classes of business, and each class shall reflect substantial differences in expected claims experience or administrative costs related to the following:

(II) The acquisition of a class of business from another small employer carrier; ~~or~~

(III) The provision of coverage to one or more association groups that meet the requirements of section 10-16-214 (1); OR

(IV) THE OFFERING OF A HIGH DEDUCTIBLE PLAN PURSUANT TO SECTION 10-16-105 (7.3) (c) (II).

**SECTION 3.** The introductory portion to 10-16-105 (7.3) (c) (II), Colorado Revised Statutes, is amended, and the said 10-16-105 (7.3) (c) is further amended BY THE ADDITION OF A NEW SUBPARAGRAPH, to read:

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

(7.3) (c) (II) In the case of a small employer carrier that establishes more than one class of business, as defined in sections 10-8-602 (3.5) and 10-16-102 (11), the small employer carrier shall offer to eligible small employers at least one basic health benefit plan and at least one standard health benefit plan for each type of plan it offers in the general market, including traditional indemnity, preferred provider, and health maintenance organization in each class of business so established. IN ADDITION TO BASIC AND STANDARD PLANS, A SMALL EMPLOYER CARRIER MAY OFFER A HIGH DEDUCTIBLE PLAN THAT MAY BE A TRADITIONAL INDEMNITY PLAN, A PREFERRED PROVIDER PLAN, A HEALTH MAINTENANCE ORGANIZATION PLAN, OR A POINT OF SERVICE PLAN IN EACH CLASS OF BUSINESS ESTABLISHED. HIGH DEDUCTIBLE PLANS OFFERED BY A SMALL EMPLOYER CARRIER MAY BE OFFERED IN CONJUNCTION

WITH A MEDICAL SAVINGS ACCOUNT. A small employer carrier may apply reasonable criteria in determining whether to accept a small employer into a class of business if:

(IV) IF A SMALL EMPLOYER CARRIER OFFERS A HEALTH BENEFIT PLAN WITH A DEDUCTIBLE OF AT LEAST ONE THOUSAND FIVE HUNDRED DOLLARS, THE SMALL EMPLOYER CARRIER SHALL PROVIDE TO EACH COVERED PERSON A CLEAR AND UNDERSTANDABLE DISCLOSURE IN THE HEALTH BENEFIT PLAN CONTRACT OR MATERIALS INDICATING:

(A) THE AMOUNT OF THE DEDUCTIBLE;

(B) THE POLICIES RELATED TO COPAYMENTS, DEDUCTIBLES, AND COST-SHARING ARRANGEMENTS.

**SECTION 4. Effective date - applicability.** This act shall take effect January 1, 2003, and shall apply to health benefit policies issued or renewed to small employers as defined in section 10-16-102 (40), Colorado Revised Statutes, on or after said date.

**SECTION 5. 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: April 19, 2002