

CHAPTER 127

INSURANCE

SENATE BILL 05-103

BY SENATOR(S) Keller, Fitz-Gerald, Groff, Hanna, Shaffer, Tochtrop, Veiga, Wiens, and Williams;
also REPRESENTATIVE(S) Jahn, Berens, Massey, Penry, and Solano.

AN ACT

CONCERNING AN EXEMPTION FOR A SMALL EMPLOYER PARTICIPANT IN A MULTIPLE WELFARE ARRANGEMENT SEEKING COVERAGE IN THE SMALL GROUP HEALTH INSURANCE MARKET FROM SUBJECTION TO A PREMIUM ADJUSTMENT FOR HEALTH STATUS ABOVE THE MODIFIED COMMUNITY RATE.

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

SECTION 1. Legislation declaration. The general assembly hereby finds, determines, and declares that in order to provide the greatest flexibility for small employers to offer their employees health insurance, and in particular, to aid with the implementation of multiple employer welfare arrangements (MEWA) pursuant to recently enacted legislation as a potential cost effective alternative for small employers, the general assembly intends to allow an exemption from the statutory premium adjustment for health status to a small employer that, due to a change in employment status within the state or change in corporate structure is no longer eligible to participate in a MEWA that is fully insured by a licensed insurer, as long as other specified conditions are met. It is the intent of the general assembly that "a change in corporate structure" and "a change in employment status" do not include a change in the health status of an employee or employees participating in a MEWA.

SECTION 2. 10-16-105 (13) (a) (I), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUB-SUBPARAGRAPH to read:

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

(13) (a) (I) On and after January 1, 2004, a small employer may be subject to premium adjustments for health status up to thirty-five percent above the modified community rate for a period no greater than twelve months if the small employer has, at any time during the past twelve months sought health benefit coverage as a small

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

employer, been either self-funded or insured through a health benefit plan that is not a small group plan; except for health benefit plans sponsored by an employee leasing company, as defined in section 8-70-114 (2) (a) (I), C.R.S., pursuant to sub-subparagraphs (D) to (F) of this subparagraph (I). The provisions of this subparagraph (I) shall not apply to:

(G) A SMALL EMPLOYER THAT, DUE TO A CHANGE IN EMPLOYMENT STATUS WITHIN THE STATE OR A CHANGE IN CORPORATE STRUCTURE MOTIVATED BY A CHANGE IN BUSINESS PURPOSE THAT IS UNRELATED TO HEALTH CARE, IS NO LONGER ELIGIBLE TO PARTICIPATE IN A MULTIPLE EMPLOYER WELFARE ARRANGEMENT, AND THAT, CURRENTLY OR IMMEDIATELY PRIOR TO SEEKING COVERAGE IN THE SMALL GROUP MARKET, PARTICIPATES OR PARTICIPATED IN A MULTIPLE EMPLOYER WELFARE ARRANGEMENT PURSUANT TO PART 9 OF THIS ARTICLE AND THAT IS FULLY INSURED BY A LICENSED INSURER AS DEFINED BY SECTION 10-16-901 (2).

SECTION 3. Effective date - applicability. (1) This act shall take effect January 1, 2006.

(2) However, if a referendum petition is filed against this act or an item, section, or part of this act during the 90-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, then the act, item, section, or part, shall not take effect unless approved by the people at a biennial regular general election and shall take effect on the date specified in subsection (1) or on the date of the official declaration of the vote thereon by proclamation of the governor, whichever is later.

(3) The provisions of this act shall apply to policies issued on or after the applicable effective date of this act.

Approved: April 29, 2005