

NO FISCAL IMPACT

Drafting Number: LLS 10-0493**Date:** February 5, 2010**Prime Sponsor(s):** Rep. Rice; Stephens
Sen. Mitchell**Bill Status:** House Health and Human Services**Fiscal Analyst:** Clare Pramuk (303-866-2677)

TITLE: CONCERNING THE ABILITY OF HEALTH INSURANCE CARRIERS TO OFFER INCENTIVES FOR PARTICIPATION IN WELLNESS PROGRAMS BASED ON SATISFACTION OF A STANDARD RELATED TO A HEALTH FACTOR.

Summary of Legislation

This bill changes the way insurance companies may give incentives or rewards for participation in a wellness and prevention program. Incentives and rewards may be based on the satisfaction of a standard related to a health factor if the incentive or reward is consistent with the nondiscrimination requirements of the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA). Health factors under HIPAA are:

- health status;
- medical condition, including both physical and mental illnesses;
- claims experience;
- receipt of health care;
- medical history;
- genetic information;
- evidence of insurability; and
- disability.

The HIPAA requirements for wellness programs that base an incentive or reward on satisfying a standard related to a health factor are:

- the total reward must not exceed 20 percent of the cost of employee-only coverage;
- the program must be reasonably designed to promote health and prevent disease;
- the program must give individuals eligible to participate the opportunity to qualify for the reward at least once per year;
- the program must be available to all similarly situated individuals and must allow a reasonable alternative standard; and
- the plan must disclose program terms in all materials.

The bill is effective July 1, 2010.

Assessment

This bill is assessed at no fiscal impact. The Division of Insurance in the Department of Regulatory Agencies already reviews wellness incentives as part of the annual review of forms and

policies. The change to the way insurance companies base incentives and rewards for wellness and prevention programs does not affect the workload of the division.

Departments Contacted

Regulatory Agencies
Health Care Policy and Financing

CoverColorado
Personnel and Administration