

**Second Regular Session
Sixty-seventh General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 10-0358.01 Nicole Myers

HOUSE BILL 10-1266

HOUSE SPONSORSHIP

Frangas,

SENATE SPONSORSHIP

(None),

House Committees

Business Affairs and Labor
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE INCLUSION OF EMPLOYEES OF SPECIFIED**
102 **EMPLOYERS IN CERTAIN ASPECTS OF STATE GROUP BENEFIT**
103 **PLANS AT THE OPTION OF THE EMPLOYER.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

The bill allows certain local governments, small businesses, and nonprofit organizations to offer participation in fully funded state group benefit plans for medical and dental coverages to their employees. The bill:

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

- ! Specifies that participation in state group benefit plans for medical and dental coverages is voluntary for local government, small businesses, and nonprofit organizations and that local government, small business, and nonprofit organization employees cannot participate in state group benefit plans if their employer has not chosen to offer participation to its employees.
- ! Allows the state personnel director to charge an administrative fee to participating local government, small business, and nonprofit organization employees to cover the state's cost of administering group benefit plans for local government, small business, and nonprofit organization employees.
- ! Precludes participating local governments, small businesses, and nonprofit organizations from offering any other medical and dental benefit coverages to their employees and requires the local governments, small businesses, and nonprofit organizations to agree to participate in state group benefit plans for at least 3 years.
- ! Requires participating local governments, small businesses, and nonprofit organizations to contribute on behalf of their participating employees a minimum amount as determined by the director of the department of personnel (director).
- ! Requires participating local government, small business, and nonprofit organization employees to comply with all rules and procedures adopted by the director.
- ! Allows local governments, small businesses, and nonprofit organizations to determine eligibility of their employees and their dependents for participation in state group benefit plans for medical and dental coverages.
- ! Establishes the local government, small business, and nonprofit organization group benefit plans fund in the state treasury and specifies that the fund contains the premium account and the administration account.
- ! Specifies that group benefit plan premium costs received by the director for local government, small business, and nonprofit organization employee premiums shall be deposited into the premium account and that expenditures shall be made from the premium account for the payment to carriers of premiums, claims costs, and other administrative fees and costs associated with the group benefit plans for local government, small business, and nonprofit organization employees.
- ! Specifies that moneys credited to or expended from the premium account for payment to carriers who provide fully

funded group benefit plans to local government, small business, and nonprofit organization employees do not constitute state fiscal year spending for purposes of the state constitutional limitation on spending.

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

2 **SECTION 1.** 24-50-603 (5), (6.5), (7), (8), (9), (11), and (13),
3 Colorado Revised Statutes, are amended, and the said 24-50-603 is
4 further amended BY THE ADDITION OF THE FOLLOWING NEW
5 SUBSECTIONS, to read:

6 **24-50-603. Definitions.** As used in this part 6, unless the context
7 otherwise requires:

8 (5) "Dependent" means:

9 (a) ~~An~~ A STATE employee's legal spouse; each unmarried child,
10 including adopted children, stepchildren, and foster children, through the
11 end of the month in which the child turns nineteen years of age, for whom
12 the STATE employee is the major source of financial support or for whom
13 the STATE employee is directed by court order to provide coverage; each
14 unmarried child nineteen years of age, through the end of the month in
15 which that child is no longer a full-time student in an educational or
16 vocational institution, but no longer than through the end of the month in
17 which the full-time student turns twenty-four years of age, and for whom
18 the STATE employee is the major source of financial support or for whom
19 the STATE employee is directed by court order to provide coverage; or an
20 unmarried child of any age who has either a physical or mental disability,
21 as defined by the carrier, not covered under other government programs,
22 and for whom the STATE employee is the major source of financial
23 support or for whom the STATE employee is directed by court order to

1 provide coverage;

2 (b) Any person authorized by the director to be a dependent in
3 response to statutory changes made to mandated coverage for group
4 benefits insurance pursuant to title 10, C.R.S.;

5 (c) ~~An~~ A STATE employee's domestic partner, as authorized by the
6 director by rule adopted in accordance with article 4 of this title, who has
7 submitted documentation demonstrating a domestic partnership with ~~an~~
8 A STATE employee as required by such rules;

9 (d) Any additional dependents specified by the director by rule
10 adopted in accordance with article 4 of this title;

11 (e) FOR PURPOSES OF ANY LOCAL GOVERNMENT, SMALL BUSINESS,
12 OR NONPROFIT ORGANIZATION THAT ELECTS TO PARTICIPATE IN GROUP
13 BENEFIT PLANS PURSUANT TO SECTION 24-50-604.5, "DEPENDENT" MEANS
14 "DEPENDENT" AS DEFINED BY THE LOCAL GOVERNMENT OR SMALL
15 BUSINESS, AS APPLICABLE, FOR PURPOSES OF DETERMINING THE
16 ELIGIBILITY OF DEPENDENTS TO PARTICIPATE IN GROUP BENEFIT PLANS
17 OFFERED PURSUANT TO SECTION 24-50-604.5.

18 (6.5) "Domestic partner" means an adult, at least eighteen years
19 of age:

20 (a) Who is of the same gender as the STATE, LOCAL GOVERNMENT,
21 SMALL BUSINESS, OR NONPROFIT ORGANIZATION employee;

22 (b) With whom the STATE, LOCAL GOVERNMENT, SMALL BUSINESS,
23 OR NONPROFIT ORGANIZATION employee has shared an exclusive,
24 committed relationship for at least one year with the intent for the
25 relationship to last indefinitely;

26 (c) Who is not related to the STATE, LOCAL GOVERNMENT, SMALL
27 BUSINESS, OR NONPROFIT ORGANIZATION employee by blood to a degree

1 that would prohibit marriage pursuant to section 14-2-110, C.R.S.; and

2 (d) Who is not married to another person.

3 (7) "Employee" OR "STATE EMPLOYEE" means any officer or
4 employee under the state personnel system of the state of Colorado whose
5 salary is paid by state funds or any employee of the department of
6 education, the Colorado commission on higher education, or the Colorado
7 school for the deaf and the blind whose salary is paid by state funds, or
8 any member of the military employed pursuant to section 28-3-904,
9 C.R.S. "Employee" OR "STATE EMPLOYEE" includes any officer or
10 employee of the legislative or judicial branch, any elected or appointed
11 state official or employee who receives compensation other than expense
12 reimbursement from state funds, any elected state official who does not
13 receive compensation other than expense reimbursement from state funds,
14 and includes any member of the board of assessment appeals.
15 "Employee" OR "STATE EMPLOYEE" does not include persons employed
16 on a temporary basis; except that it shall include a member of the military
17 employed pursuant to section 28-3-904, C.R.S., for more than thirty
18 consecutive days.

19 (8) "Flexible benefits" means an array of group benefit plans from
20 which ~~an~~ A STATE employee can select using the state's contribution, the
21 STATE employee's own funds, or a combination of both, to pay for such
22 benefits.

23 (9) (a) "Group benefit plans" means any group benefit coverages
24 contracted for or administered by the director FOR STATE EMPLOYEES,
25 including but not limited to, medical, dental, life, and disability benefits.

26 (b) FOR PURPOSES OF LOCAL GOVERNMENTS, SMALL BUSINESSES,
27 AND NONPROFIT ORGANIZATIONS, "GROUP BENEFIT PLANS" MEANS GROUP

1 BENEFIT COVERAGES CONTRACTED FOR OR ADMINISTERED BY THE
2 DIRECTOR THAT INCLUDE MEDICAL AND DENTAL BENEFITS ONLY.

3 (9.3) "LOCAL GOVERNMENT" MEANS THE COLORADO ASSOCIATION
4 OF SCHOOL BOARDS, THE COLORADO HIGH SCHOOL ACTIVITIES
5 ASSOCIATION, THE FIRE AND POLICE PENSION ASSOCIATION, THE SPECIAL
6 DISTRICTS ASSOCIATION, THE COLORADO WATER RESOURCES AND POWER
7 DEVELOPMENT AUTHORITY, THE PUBLIC EMPLOYEES' RETIREMENT
8 ASSOCIATION, ALL SCHOOL DISTRICTS IN COLORADO INCLUDING A
9 CHARTER SCHOOL DISTRICT, AND ANY POLITICAL SUBDIVISION, CITY,
10 MUNICIPALITY, COUNTY, HOUSING AUTHORITY, SPECIAL DISTRICT, LIBRARY
11 DISTRICT, REGIONAL PLANNING COMMISSION, PUBLIC HOSPITAL, COUNTY
12 OR DISTRICT HEALTH DEPARTMENT, STATE UNIVERSITY, STATE COLLEGE,
13 STATE JUNIOR COLLEGE, OR OTHER PUBLIC ENTITY IN THE STATE.

14 (9.5) "LOCAL GOVERNMENT EMPLOYEE" MEANS AN EMPLOYEE OF
15 A LOCAL GOVERNMENT AS DEFINED BY THE LOCAL GOVERNMENT.

16 (11) "Medical benefits" includes, but is not limited to, hospital
17 room and board, other hospital services, certain out-patient benefits,
18 maternity benefits, surgical benefits including obstetrical care, in-hospital
19 medical care, diagnostic X rays, laboratory benefits, physician services,
20 prescription drugs, mental health and substance abuse services,
21 comparable medical benefits for STATE, LOCAL GOVERNMENT, SMALL
22 BUSINESS, AND NONPROFIT ORGANIZATION employees who rely solely on
23 spiritual means for healing, and such other similar benefits as the director
24 deems reasonable and appropriate for eligible STATE, LOCAL
25 GOVERNMENT, SMALL BUSINESS, AND NONPROFIT ORGANIZATION
26 employees and dependents.

27 (12.3) "NONPROFIT ORGANIZATION" MEANS A PUBLIC OR PRIVATE

1 ORGANIZATION THAT IS EXEMPT FROM FEDERAL INCOME TAXATION UNDER
2 SECTION 501 (c) (3) OF THE FEDERAL "INTERNAL REVENUE CODE OF
3 1986", AS AMENDED.

4 (12.5) "NONPROFIT ORGANIZATION EMPLOYEE" MEANS AN
5 EMPLOYEE OF A NONPROFIT ORGANIZATION AS DEFINED BY THE NONPROFIT
6 ORGANIZATION.

7 (13) "Short-term disability plan" means a group policy or contract
8 provided by a carrier for the purpose of providing short-term disability
9 income replacement to be provided to any eligible STATE employee who
10 has completed any required waiting period.

11 (14) "SMALL BUSINESS" MEANS:

12 (a) A COLORADO BUSINESS EMPLOYING NO MORE THAN ONE
13 HUNDRED EMPLOYEES; OR

14 (b) A BUSINESS GROUP OF ONE, AS DEFINED IN SECTION 10-16-102
15 (6), C.R.S.

16 (15) "SMALL BUSINESS EMPLOYEE" MEANS AN EMPLOYEE OF A
17 SMALL BUSINESS AS DEFINED BY THE SMALL BUSINESS.

18 **SECTION 2.** The introductory portion to 24-50-604 (1) and
19 24-50-604 (1) (d), (1) (e), (1) (f), (1) (i), and (3), Colorado Revised
20 Statutes, are amended to read:

21 **24-50-604. Powers and duties of the director.** (1) The director
22 shall administer and manage ~~the state employees~~ group benefit plans FOR
23 STATE, LOCAL GOVERNMENT, SMALL BUSINESS, AND NONPROFIT
24 ORGANIZATION EMPLOYEES and, subject to the provisions of this part 6,
25 has the following powers and duties:

26 (d) The determination of the eligibility of STATE employees and
27 their dependents to participate in group benefit plans;

1 (e) The determination of the amount of STATE employee payroll
2 deductions and the responsibility for collecting such deductions FOR
3 STATE EMPLOYEES;

4 (f) The establishment of a grievance procedure by which the
5 director shall act as an appeals authority for complaints by STATE, LOCAL
6 GOVERNMENT, SMALL BUSINESS, AND NONPROFIT ORGANIZATION
7 employees and COBRA participants regarding the allowance and
8 payment of claims, eligibility OF STATE EMPLOYEES, and other matters;

9 (i) The authority to negotiate and enter into amendments to
10 existing contracts providing group benefit plans in order to provide
11 appropriate coverage for STATE, LOCAL GOVERNMENT, SMALL BUSINESS,
12 ANDNONPROFIT ORGANIZATION employees and their dependents who may
13 become eligible for coverage after the effective date of said contracts and
14 to provide for the enrollment thereof;

15 (3) The director shall have the authority to adopt procedures to
16 determine benefit eligibility requirements and the percentage of the state
17 contribution to health benefits for all STATE employees, as defined in
18 section 24-50-603 (7), who work less than full time, are governed by the
19 rules established pursuant to subsection (2) of this section, and are hired
20 on or after January 1, 2005. The director shall include any proposed
21 changes to the group benefits policy in the annual compensation report
22 and recommendations submitted to the governor and the joint budget
23 committee of the general assembly pursuant to section 24-50-104 (4) (c).

24 **SECTION 3.** Part 6 of article 50 of title 24, Colorado Revised
25 Statutes, is amended BY THE ADDITION OF A NEW SECTION to
26 read:

27 **24-50-604.5. Group benefit plans for local government, small**

1 **business, and nonprofit organization employees - election of**
2 **local governments, small businesses, and nonprofit organizations -**
3 **powers and duties of the director - administrative fees. (1) THE**

4 DIRECTOR SHALL ADMINISTER AND MANAGE GROUP BENEFIT PLANS FOR
5 LOCAL GOVERNMENT, SMALL BUSINESS, AND NONPROFIT ORGANIZATION
6 EMPLOYEES WHO ARE EMPLOYED BY LOCAL GOVERNMENTS, SMALL
7 BUSINESSES, AND NONPROFIT ORGANIZATIONS THAT HAVE ELECTED TO
8 PARTICIPATE IN GROUP BENEFIT PLANS ADMINISTERED PURSUANT TO
9 SECTION 24-50-604. PARTICIPATION BY A LOCAL
10 GOVERNMENT, SMALL BUSINESS, OR NONPROFIT ORGANIZATION IN A
11 GROUP BENEFIT PLAN ADMINISTERED PURSUANT TO SECTION 24-50-604
12 SHALL BE VOLUNTARY. NO LOCAL GOVERNMENT, SMALL BUSINESS, OR
13 NONPROFIT ORGANIZATION EMPLOYEE MAY PARTICIPATE IN THE GROUP
14 BENEFIT PLANS ADMINISTERED PURSUANT TO SECTION 24-50-604 IF THE
15 LOCAL GOVERNMENT, SMALL BUSINESS, OR NONPROFIT ORGANIZATION
16 EMPLOYING THE EMPLOYEE HAS NOT ELECTED TO PARTICIPATE IN AND
17 OFFER SAID PLANS TO ITS EMPLOYEES.

18 (2) IF A LOCAL GOVERNMENT, SMALL BUSINESS, OR NONPROFIT
19 ORGANIZATION ELECTS TO PARTICIPATE IN GROUP BENEFIT PLANS
20 ADMINISTERED PURSUANT TO SECTION 24-50-604, THE LOCAL
21 GOVERNMENT, SMALL BUSINESS, OR NONPROFIT ORGANIZATION SHALL NOT
22 OFFER ANY OTHER PLANS FOR MEDICAL OR DENTAL BENEFIT COVERAGES
23 TO ITS EMPLOYEES, AND THE LOCAL GOVERNMENT, SMALL BUSINESS, OR
24 NONPROFIT ORGANIZATION SHALL AGREE TO PARTICIPATE IN THE GROUP
25 BENEFIT PLANS FOR NOT LESS THAN THREE YEARS. ANY LOCAL
26 GOVERNMENT, SMALL BUSINESS, OR NONPROFIT ORGANIZATION THAT
27 ELECTS TO PARTICIPATE IN GROUP BENEFIT PLANS ADMINISTERED

1 PURSUANT TO SECTION 24-50-604 SHALL CONTRIBUTE ON BEHALF OF ITS
2 PARTICIPATING LOCAL GOVERNMENT, SMALL BUSINESS, OR NONPROFIT
3 ORGANIZATION EMPLOYEES A MINIMUM AMOUNT AS SPECIFIED BY THE
4 DIRECTOR IN PROCEDURES ADOPTED IN ACCORDANCE WITH ARTICLE 4 OF
5 THIS TITLE. ANY LOCAL GOVERNMENT, SMALL BUSINESS, OR NONPROFIT
6 ORGANIZATION EMPLOYEE THAT PARTICIPATES IN GROUP BENEFIT PLANS
7 ADMINISTERED PURSUANT TO SECTION 24-50-604 SHALL BE SUBJECT TO
8 ALL PROCEDURES ADOPTED BY THE DIRECTOR IN ACCORDANCE WITH
9 SECTION 24-50-604 (2).

10 (3) THE DIRECTOR MAY CHARGE AN ADMINISTRATIVE FEE FOR
11 EACH LOCAL GOVERNMENT, SMALL BUSINESS, AND NONPROFIT
12 ORGANIZATION EMPLOYEE THAT PARTICIPATES IN GROUP BENEFIT PLANS
13 ADMINISTERED PURSUANT TO SECTION 24-50-604 TO COVER THE STATE'S
14 COST OF ADMINISTERING THE PLANS FOR PARTICIPATING LOCAL
15 GOVERNMENT, SMALL BUSINESS, AND NONPROFIT ORGANIZATION
16 EMPLOYEES.

17 **SECTION 4.** 24-50-605 (1) (a), (1) (f), (2) (a), (2) (c), and (2) (e),
18 Colorado Revised Statutes, are amended to read:

19 **24-50-605. Group benefit plans - specifications - contracts.**

20 (1) (a) The specifications drawn by the director for any group benefit
21 plans include those benefits as determined by the director or as otherwise
22 specifically provided in this part 6. Such specifications shall include
23 provisions for noncancellation for reasons of health of any individual
24 STATE, LOCAL GOVERNMENT, SMALL BUSINESS, OR NONPROFIT
25 ORGANIZATION employee by the carrier and transferability to other group
26 benefit coverages or individual policies with the same carrier by the
27 STATE, LOCAL GOVERNMENT, SMALL BUSINESS, OR NONPROFIT

1 ORGANIZATION employee, if such provisions do not limit the ability of the
2 director to prepare specifications including a lifetime maximum benefit
3 per STATE, LOCAL GOVERNMENT, SMALL BUSINESS, OR NONPROFIT
4 ORGANIZATION employee or STATE, LOCAL GOVERNMENT, SMALL
5 BUSINESS, OR NONPROFIT ORGANIZATION employee's covered dependents.

6 (f) The specifications drawn by the director for any group benefit
7 plans shall include the mandated coverages required by section
8 10-16-104, C.R.S. The director shall provide to the legislative committee
9 of reference a financial impact statement for any proposed mandated
10 coverage that relates to either the state's, LOCAL GOVERNMENT'S, SMALL
11 BUSINESS', OR NONPROFIT ORGANIZATION'S share of the STATE, LOCAL
12 GOVERNMENT, SMALL BUSINESS, OR NONPROFIT ORGANIZATION employee
13 benefit premium or the state, LOCAL GOVERNMENT, SMALL BUSINESS, OR
14 NONPROFIT ORGANIZATION employee's share of the premium.

15 (2) (a) In order to permit each eligible STATE employee individual
16 selection of a flexible benefits or cafeteria benefits package, the director
17 may establish a variety of group benefit plans.

18 (c) Each contract entered into with a carrier shall be available to
19 be inspected or copied by any STATE, LOCAL GOVERNMENT, SMALL
20 BUSINESS, OR NONPROFIT ORGANIZATION employee at the offices of the
21 director, except for proprietary information of carriers as determined by
22 the director.

23 (e) Financial data will be available to be inspected or copied by
24 any STATE, LOCAL GOVERNMENT, SMALL BUSINESS, OR NONPROFIT
25 ORGANIZATION employee at the offices of the director, except for
26 proprietary and confidential information of carriers and information
27 regarding specific STATE, LOCAL GOVERNMENT, SMALL BUSINESS, OR

1 NONPROFIT ORGANIZATION employees. The director shall not enter into
2 contracts with carriers that do not comply with paragraphs (c) to (e) of
3 this subsection (2).

4 **SECTION 5.** 24-50-607, Colorado Revised Statutes, is amended
5 to read:

6 **24-50-607. Employees - eligibility - election of coverage.**

7 (1) (a) Any state employee eligible as determined by the director for
8 membership in a group benefit plan contracted for pursuant to section
9 24-50-604 (1) (b) upon the effective date of such plan shall be enrolled
10 in the plan by making application according to the director's procedures.

11 ~~(2) (b)~~ The manner and form of election and acceptance by state
12 employees of group benefit plans contracted for pursuant to section
13 24-50-604 (1) (b) shall be in compliance with procedures established for
14 that purpose by the director.

15 (2) (a) ANY LOCAL GOVERNMENT, SMALL BUSINESS, OR NONPROFIT
16 ORGANIZATION EMPLOYEE ELIGIBLE FOR MEMBERSHIP IN A GROUP BENEFIT
17 PLAN CONTRACTED FOR PURSUANT TO SECTION 24-50-604 (1) (b) UPON
18 THE EFFECTIVE DATE OF SUCH PLAN SHALL BE ENROLLED IN THE PLAN BY
19 MAKING APPLICATION ACCORDING TO THE DIRECTOR'S PROCEDURES.

20 (b) THE MANNER AND FORM OF ELECTION AND ACCEPTANCE BY
21 LOCAL GOVERNMENT, SMALL BUSINESS, OR NONPROFIT ORGANIZATION
22 EMPLOYEES OF GROUP BENEFIT PLANS CONTRACTED FOR PURSUANT TO
23 SECTION 24-50-604 (1) (b) SHALL BE IN COMPLIANCE WITH PROCEDURES
24 ESTABLISHED FOR THAT PURPOSE BY THE DIRECTOR.

25 **SECTION 6.** 24-50-608, Colorado Revised Statutes, is amended
26 to read:

27 **24-50-608. Dependents - eligibility - election of coverage.**

1 (1) Any eligible STATE, LOCAL GOVERNMENT, SMALL BUSINESS, OR
2 NONPROFIT ORGANIZATION employee may elect to have the employee's
3 dependents covered by the group benefit plans. Such election shall be
4 made at the time the STATE, LOCAL GOVERNMENT, SMALL BUSINESS, OR
5 NONPROFIT ORGANIZATION employee becomes enrolled in the plan under
6 such procedures as the director shall establish. If dependent coverage is
7 not elected at the time that ~~an~~ A STATE, LOCAL GOVERNMENT, SMALL
8 BUSINESS, OR NONPROFIT ORGANIZATION employee becomes enrolled in
9 an appropriate plan, any subsequent election of dependent coverage shall
10 be made under such conditions as the director may impose.

11 (2) Any STATE, LOCAL GOVERNMENT, SMALL BUSINESS, OR
12 NONPROFIT ORGANIZATION employee who elects coverage, as provided in
13 subsection (1) of this section, and who has a change in the number of
14 dependents may, at the time of such change, increase or decrease the
15 number of dependents covered by the group benefit plans under
16 procedures established by and subject to the approval of the director.

17 (3) Any STATE, LOCAL GOVERNMENT, SMALL BUSINESS, OR
18 NONPROFIT ORGANIZATION employee who has no eligible dependents at
19 the time the STATE, LOCAL GOVERNMENT, SMALL BUSINESS, OR NONPROFIT
20 ORGANIZATION employee becomes enrolled in the group benefit plans and
21 who later has an eligible dependent may, at the time the dependency
22 status changes, elect appropriate coverage for such dependent under
23 procedures established by and subject to the approval of the director.

24 **SECTION 7.** 24-50-609 (2) (b) and (4), Colorado Revised
25 Statutes, are amended to read:

26 **24-50-609. State contributions - supplemental state**
27 **contribution fund - creation.** (2) (b) (I) The total premium for each

1 particular group benefit plan offered to state employees pursuant to this
2 part 6 and for each tier of said plan shall be the same for all eligible
3 STATE employees. The amount of the state contribution for each tier shall
4 be determined by the director in accordance with section 24-50-104 (4)
5 and shall be the same for all eligible STATE employees within the state
6 personnel system; except that, beginning with the 2008-09 state fiscal
7 year, the state contribution shall be supplemented for eligible state
8 employees, as defined in section 24-50-609.5 (2) (a), in accordance with
9 section 24-50-609.5. For purposes of this section, "tier" means the
10 particular coverage options offered to eligible STATE employees,
11 including single STATE employee, STATE employee with one covered
12 dependent, and STATE employee with two or more covered dependents.

13 (II) Effective December 1, 2002, for the 2003 calendar year, the
14 state of Colorado shall contribute an amount necessary to pay one
15 hundred sixty-six dollars and twelve cents per month per single STATE
16 employee, two hundred thirty-nine dollars and fifteen cents per month per
17 STATE employee with one covered dependent, and three hundred
18 twenty-eight dollars and eighty-seven cents per month per STATE
19 employee with two or more covered dependents for each STATE employee
20 enrolled in group benefit plans that include enrollment in medical
21 benefits. The amounts specified in this subparagraph (II) may be adjusted
22 for future years in accordance with subparagraph (I) of this paragraph (b)
23 and section 24-50-104 (4).

24 (4) For purposes of this section, "STATE employee" does not
25 include elected state officials who do not receive compensation other than
26 expense reimbursements from state funds.

27 **SECTION 8.** 24-50-610, Colorado Revised Statutes, is amended

1 to read:

2 **24-50-610. Payroll deductions - employees.** The amount of
3 monthly contributions, if any, to be made by STATE employees enrolled
4 in group benefit plans shall be deducted from the salaries of such STATE
5 employees and remitted to the department of personnel. The procedure
6 for such deductions and remittances, including a procedure for
7 determination of the appropriate amount and collection and remittance of
8 monthly contributions from elected state officials who do not receive
9 compensation other than expense reimbursement from state funds, shall
10 be established by the department of personnel; except that the department
11 of personnel shall not establish any method of collection and remittances
12 of monthly contributions from elected state officials who do not receive
13 compensation other than expense reimbursement from state funds from
14 any entity other than from such individual state officials.

15 **SECTION 9.** 24-50-611, Colorado Revised Statutes, is amended
16 to read:

17 **24-50-611. Employer payments.** (1) The head of each state
18 agency, department, or institution having STATE employees enrolled in
19 group benefit plans shall make a monthly payment to the department of
20 personnel for each STATE employee so enrolled of an amount as provided
21 for in section 24-50-609. The estimated amount required for such
22 payments shall be included in the annual budgets of such agencies,
23 departments, and institutions.

24 (2) THE GOVERNING BODY OF EACH LOCAL GOVERNMENT HAVING
25 LOCAL GOVERNMENT EMPLOYEES ENROLLED IN GROUP BENEFIT PLANS AND
26 EACH SMALL BUSINESS AND NONPROFIT ORGANIZATION HAVING
27 EMPLOYEES ENROLLED IN GROUP BENEFIT PLANS SHALL MAKE A MONTHLY

1 PAYMENT TO THE DEPARTMENT OF PERSONNEL FOR EACH EMPLOYEE SO
2 ENROLLED OF AN AMOUNT EQUAL TO THE TOTAL AMOUNT OF THE GROUP
3 BENEFIT PLAN PREMIUM FOR EACH LOCAL GOVERNMENT EMPLOYEE PLUS
4 AN AMOUNT EQUAL TO ANY ADMINISTRATIVE FEE ASSESSED BY THE
5 DIRECTOR PURSUANT TO SECTION 24-50-604.5 (3) FOR EACH EMPLOYEE
6 ENROLLED IN GROUP BENEFIT PLANS. EACH LOCAL GOVERNMENT, SMALL
7 BUSINESS, OR NONPROFIT ORGANIZATION HAVING EMPLOYEES ENROLLED
8 IN A GROUP BENEFIT PLAN IS RESPONSIBLE FOR ENSURING FULL PAYMENT
9 OF PREMIUMS AND ADMINISTRATIVE FEES FOR ITS ENROLLED EMPLOYEES,
10 REGARDLESS OF ANY PORTION OF THE TOTAL PREMIUM THE EMPLOYEES
11 ARE OBLIGATED TO PAY, AND THE LOCAL GOVERNMENT, SMALL BUSINESS,
12 OR NONPROFIT ORGANIZATION SHALL CONTRIBUTE A MINIMUM AMOUNT
13 ON BEHALF OF ITS PARTICIPATING EMPLOYEES IN ACCORDANCE WITH
14 SECTION 24-50-604.5 (2).

15 **SECTION 10.** 24-50-613 (1), (3), and (4), Colorado Revised
16 Statutes, are amended to read:

17 **24-50-613. Group benefit plans reserve fund.** (1) There is
18 hereby established the group benefit plans reserve fund. The state
19 treasurer shall be ex officio treasurer of ~~this~~ THE fund, and the state
20 treasurer's general bond to the state shall cover all liabilities for acts as
21 treasurer of the fund. The director shall remit to the treasurer for deposit
22 in the group benefit plans reserve fund all payments received by the
23 director for group benefit plans premium costs from STATE employees
24 and the state as employer. The director shall also remit to the treasurer
25 for deposit in the group benefit plans reserve fund any payments received
26 by the director from the carriers of group benefit plans. Such payments
27 shall not be included in the general revenues of the state of Colorado and

1 shall not be general assets of the state. At the end of the fiscal year, any
2 unexpended funds shall not revert to the general fund but shall be held by
3 the state treasurer in custodial capacity, to be used subject to direction
4 from the director.

5 (3) A premium stabilization reserve account shall be established
6 within the group benefit plans reserve fund the purpose of which is to
7 offset unexpected year-end deficits and extraordinary fluctuations in
8 annual premiums FOR GROUP BENEFIT PLANS. The moneys in the account
9 shall not be included in the general revenues of the state and shall not be
10 general assets of the state. The moneys in the account shall be expended
11 for purposes of such fund and shall not be appropriated by the general
12 assembly or expended by the director for any other purpose.

13 (4) The state's cost of administering group benefit plans FOR
14 STATE EMPLOYEES, other than the costs provided for in subsection (2) of
15 this section, is subject to annual appropriation by the general assembly
16 based on the submission by the director of a budget request containing
17 detailed information on current and projected administrative costs, which
18 include, but are not limited to, personal services, operating expenses,
19 travel expenses, utilization review, and implementation of a flexible
20 benefits plan.

21 **SECTION 11.** Part 6 of article 50 of title 24, Colorado Revised
22 Statutes, is amended BY THE ADDITION OF A NEW SECTION to
23 read:

24 **24-50-613.5. Local government, small business, and nonprofit**
25 **organization group benefit plans fund.** (1) THERE IS HEREBY
26 ESTABLISHED IN THE STATE TREASURY THE LOCAL GOVERNMENT, SMALL
27 BUSINESS, AND NONPROFIT ORGANIZATION GROUP BENEFIT PLANS FUND.

1 THE FUND SHALL CONSIST OF TWO ACCOUNTS AS FOLLOWS:

2 (a) THE PREMIUM ACCOUNT, WHICH SHALL CONSIST OF ANY
3 PAYMENTS RECEIVED BY THE DIRECTOR FOR GROUP BENEFIT PLANS
4 PREMIUM COSTS FROM LOCAL GOVERNMENT, SMALL BUSINESS, AND
5 NONPROFIT ORGANIZATION EMPLOYERS OR LOCAL GOVERNMENT, SMALL
6 BUSINESS, AND NONPROFIT ORGANIZATION EMPLOYEES, OR FROM THE
7 CARRIERS OF GROUP BENEFIT PLANS FOR LOCAL GOVERNMENT, SMALL
8 BUSINESS, AND NONPROFIT ORGANIZATION EMPLOYEES. THE DIRECTOR
9 SHALL REMIT THE PAYMENTS TO THE STATE TREASURER FOR DEPOSIT IN
10 THE PREMIUM ACCOUNT. ANY INTEREST DERIVED FROM THE DEPOSIT AND
11 INVESTMENT OF MONEYS IN THE PREMIUM ACCOUNT SHALL BE CREDITED
12 TO THE ACCOUNT.

13 (b) THE ADMINISTRATION ACCOUNT, WHICH SHALL CONSIST OF ALL
14 ADMINISTRATIVE FEES COLLECTED BY THE DIRECTOR PURSUANT TO
15 SECTION 24-50-604.5 (3). THE DIRECTOR SHALL REMIT THE FEES TO THE
16 STATE TREASURER FOR DEPOSIT IN THE ADMINISTRATION ACCOUNT. ANY
17 INTEREST DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEYS IN
18 THE ADMINISTRATION ACCOUNT SHALL BE CREDITED TO THE ACCOUNT.

19 (2) EXPENDITURES SHALL BE MADE FROM THE PREMIUM ACCOUNT
20 IN THE LOCAL GOVERNMENT, SMALL BUSINESS, AND NONPROFIT
21 ORGANIZATION GROUP BENEFIT PLANS FUND, UPON CERTIFICATION BY THE
22 DIRECTOR, FOR THE PAYMENT TO THE CARRIERS OF PREMIUMS, CLAIMS
23 COSTS, AND OTHER ADMINISTRATIVE FEES AND COSTS ASSOCIATED WITH
24 THE GROUP BENEFIT PLANS FOR LOCAL GOVERNMENT, SMALL BUSINESS,
25 AND NONPROFIT ORGANIZATION EMPLOYEES. MONEYS THAT ARE
26 CREDITED TO OR EXPENDED FROM THE PREMIUM ACCOUNT FOR PAYMENT
27 TO CARRIERS WHO PROVIDE [REDACTED] GROUP BENEFIT PLANS TO LOCAL

1 GOVERNMENT, SMALL BUSINESS, AND NONPROFIT ORGANIZATION
2 EMPLOYEES SHALL NOT CONSTITUTE FISCAL YEAR SPENDING OF THE STATE
3 FOR PURPOSES OF SECTION 20 (7) OF ARTICLE X OF THE STATE
4 CONSTITUTION, AND SUCH MONEYS SHALL BE DEEMED CUSTODIAL FUNDS
5 THAT ARE NOT SUBJECT TO APPROPRIATION BY THE GENERAL ASSEMBLY
6 EXCEPT AS AUTHORIZED IN SUBSECTION (3) OF THIS SECTION.

7 (3) THE STATE'S COST OF ADMINISTERING GROUP BENEFIT PLANS
8 FOR LOCAL GOVERNMENT, SMALL BUSINESS, AND NONPROFIT
9 ORGANIZATION EMPLOYEES, OTHER THAN THE COSTS PROVIDED FOR IN
10 SUBSECTION (2) OF THIS SECTION, IS SUBJECT TO ANNUAL APPROPRIATION
11 FROM THE ADMINISTRATION ACCOUNT IN THE LOCAL GOVERNMENT, SMALL
12 BUSINESS, AND NONPROFIT ORGANIZATION GROUP BENEFIT PLANS FUND TO
13 THE DEPARTMENT OF PERSONNEL BY THE GENERAL ASSEMBLY BASED ON
14 THE SUBMISSION BY THE DIRECTOR OF A BUDGET REQUEST CONTAINING
15 DETAILED INFORMATION ON CURRENT AND PROJECTED ADMINISTRATIVE
16 COSTS, WHICH INCLUDE, BUT ARE NOT LIMITED TO, PERSONAL SERVICES,
17 OPERATING EXPENSES, TRAVEL EXPENSES, AND UTILIZATION REVIEW. ANY
18 MONEYS APPROPRIATED BY THE GENERAL ASSEMBLY PURSUANT TO THIS
19 SUBSECTION (3) SHALL NOT CONSTITUTE FISCAL YEAR SPENDING FOR THE
20 STATE FOR PURPOSES OF SECTION 20 (7) OF ARTICLE X OF THE STATE
21 CONSTITUTION.

22 (4) FROM TIME TO TIME, THE DIRECTOR SHALL CERTIFY IN WRITING
23 TO THE STATE TREASURER THOSE PORTIONS OF THE PREMIUM ACCOUNT IN
24 THE LOCAL GOVERNMENT, SMALL BUSINESS, AND NONPROFIT
25 ORGANIZATION GROUP BENEFIT PLANS FUND THAT, IN THE DIRECTOR'S
26 JUDGMENT, MAY NOT BE NEEDED FOR THE PAYMENT OF PREMIUMS AND
27 CLAIMS COSTS TO THE CARRIERS AND MAY BE AVAILABLE FOR

1 INVESTMENT. SUCH INVESTMENTS SHALL BE MADE AS DETERMINED BY
2 THE STATE TREASURER AND SHALL BE LIMITED TO THOSE SECURITIES
3 AUTHORIZED FOR INVESTMENT BY THE BOARD OF TRUSTEES OF THE PUBLIC
4 EMPLOYEES' RETIREMENT ASSOCIATION PURSUANT TO SECTION 24-51-206.
5 INTEREST ON THE INVESTMENT OF MONEYS IN THE PREMIUM ACCOUNT
6 SHALL BE CREDITED TO THE ACCOUNT IN ACCORDANCE WITH PARAGRAPH
7 (a) OF SUBSECTION (1) OF THIS SECTION.

8 (5) IN THE EVENT OF UNEXPECTED YEAR-END DEFICITS DUE TO
9 CLAIMS COSTS OF LOCAL GOVERNMENT, SMALL BUSINESS, OR NONPROFIT
10 ORGANIZATION EMPLOYEES, EACH LOCAL GOVERNMENT, SMALL BUSINESS,
11 AND NONPROFIT ORGANIZATION EMPLOYER THAT PARTICIPATES IN THE
12 GROUP BENEFIT PLANS PURSUANT TO THIS PART 6 SHALL BEAR A
13 PERCENTAGE OF THE TOTAL COST OF SUCH UNEXPENDED YEAR-END
14 DEFICITS IN THE SAME PROPORTION THAT THE NUMBER OF EMPLOYEES OF
15 THE LOCAL GOVERNMENT, SMALL BUSINESS, OR NONPROFIT ORGANIZATION
16 EMPLOYER PARTICIPATING IN THE GROUP BENEFIT PLANS BEARS TO THE
17 TOTAL NUMBER OF LOCAL GOVERNMENT, SMALL BUSINESS, AND
18 NONPROFIT ORGANIZATION EMPLOYEES PARTICIPATING IN THE GROUP
19 BENEFIT PLANS.

20 **SECTION 12.** 24-50-614, Colorado Revised Statutes, is amended
21 to read:

22 **24-50-614. State payments - authority of controller.** The state
23 contributions to group benefit plans shall be paid monthly to the director
24 by the state controller, who shall make a charge against the accounts of
25 the state departments, agencies, and institutions for this purpose. Such
26 charges shall be the amounts necessary to cover the state contributions,
27 as defined in section 24-50-609, for STATE employees and shall be made

1 against both general revenue fund accounts and specific cash fund
2 accounts as required.

3 **SECTION 13. Specified effective date - applicability.** This act
4 shall take effect upon passage and shall apply to group benefit plans
5 offered on or after January 1, 2011.

6 **SECTION 14. Safety clause.** The general assembly hereby finds,
7 determines, and declares that this act is necessary for the immediate
8 preservation of the public peace, health, and safety.