Second Regular Session Sixty-seventh General Assembly STATE OF COLORADO

REVISED

This Version Includes All Amendments Adopted on Second Reading in the Second House

LLS NO. 10-0493.01 Christy Chase

HOUSE BILL 10-1160

HOUSE SPONSORSHIP

Rice and Stephens,

SENATE SPONSORSHIP

Mitchell,

House Committees

Health and Human Services

Senate Committees

Business, Labor and Technology

A BILL FOR AN ACT

101	CONCERNING THE ABILITY OF HEALTH INSURANCE CARRIERS TO OFFER
102	INCENTIVES FOR PARTICIPATION IN WELLNESS PROGRAMS
103	BASED ON SATISFACTION OF A STANDARD RELATED TO A HEALTH
104	RISK FACTOR.

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.)

Current law allows health insurance carriers offering individual health coverage plans and small group plans and the board of directors of SENATE Am ended 2nd Reading April 20, 2010

HOUSE
3rd Reading Unam ended

HOUSE ended 2nd Reading March 9, 2010 the CoverColorado program or carriers providing health benefit plans to CoverColorado participants to offer incentives or rewards to encourage persons covered under the plans to participate in a wellness and prevention program. The incentives or rewards can be based only on participation in a wellness and prevention program and cannot be tied to any particular outcome achieved by participating in the program.

The bill repeals the restriction on incentives based on outcomes and allows carriers to base the incentives or rewards on satisfaction of a standard related to a health factor if the incentive or reward under the wellness and prevention program is consistent with the nondiscrimination requirements of the federal "Health Insurance Portability and Accountability Act of 1996".

1 Be it enacted by the General Assembly of the State of Colorado: 2 **SECTION 1.** 10-16-136 (1), (2) (a), (2) (b), (3) (a), (3) (c), (3) 3 (d), and (5), Colorado Revised Statutes, are amended, and the said 4 10-16-136 is further amended BY THE ADDITION OF THE 5 FOLLOWING NEW SUBSECTIONS, to read: 10-16-136. Wellness and prevention programs - individual and 6 7 small group health coverage plans - voluntary participation -8 incentives or rewards - definitions - legislative declaration - repeal. 9 (1) The general assembly hereby finds and declares that: 10 (a) With the rising costs of health care coverage, it is important to 11 find innovative ways to reduce costs and make health coverage more 12 affordable for individuals and small employer groups; 13 (b) When individuals covered under a health coverage plan lead healthy lifestyles and engage in wellness and disease prevention 14 15 activities, their need for health care and the costs of their health care are reduced, and the entity providing their health care coverage benefits from 16 17 reduced utilization rates and costs; 18 (c) Carriers should be afforded the ability to develop innovative 19 and flexible ways to encourage covered persons under their health

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1	coverage plans to engage in activities that promote their overall health
2	and prevent or reduce the impacts of disease; and
3	(d) It is therefore important to allow carriers to provide incentives
4	or rewards, including premium discounts and reduced out-of-pocket costs
5	for health care services, to encourage covered persons to participate in
6	AND SATISFY A STANDARD RELATED TO A HEALTH RISK FACTOR PURSUANT
7	TO wellness and prevention programs; AND
8	(e) This section is intended to lower costs for all small
9	GROUPS AND INDIVIDUALS AND IS NOT INTENDED TO INCREASE OR ALLOW
10	CARRIERS TO INCREASE RATES FOR OR SHIFT COSTS TO THOSE INDIVIDUALS
11	AND SMALL GROUPS THAT DECLINE TO PARTICIPATE IN WELLNESS AND
12	PREVENTION PROGRAMS OFFERED BY CARRIERS.
13	(2) (a) Consistent with section 10-16-107 (6) and subject to
14	subsection (3) of this section, a carrier offering an individual health
15	coverage plan or a small group plan in this state may offer incentives or
16	rewards to encourage the individual or small group and other covered
17	persons under the plan to participate in wellness and prevention
18	programs. For purposes of small group plans, the incentives or rewards
19	may be applied to the entire small group or to individuals in the small
20	group based on their participation in wellness and prevention programs.
21	A carrier offering such incentives or rewards shall implement adequate
22	measures to ensure that the privacy of individuals in the group is
23	maintained and that individually identifiable health information is not
24	shared or made available to an individual's employer or any other person
25	not otherwise allowed access to the information under the federal "Health
26	Insurance Portability and Accountability Act of 1996", as amended. A
27	carrier shall not disclose to any third party, including a covered person's

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1	employer, AND THE COVERED PERSON'S EMPLOYER SHALL NOT DISCLOSE,
2	any information obtained from or about a covered person in connection
3	with the covered person's participation in a wellness and prevention
4	program that is reasonably attributable to the covered person, unless the
5	covered person consents IN WRITING to disclosure of such information.
6	(2) (b) (I) Carriers may determine the types of wellness and
7	prevention programs to offer to individuals and small groups and the
8	incentives or rewards allowed under the health coverage plan or small
9	group plan.
10	(II) LICENSED HEALTH CARE PROVIDERS, COMMUNITY-BASED
11	WELLNESS PROGRAMS, EMPLOYERS, AND INDIVIDUALS PARTICIPATING IN
12	AN INDIVIDUAL HEALTH COVERAGE PLAN MAY DEVELOP WELLNESS AND
13	PREVENTION PROGRAMS FOR CARRIERS TO CONSIDER IN DETERMINING THE
14	TYPES OF WELLNESS AND PREVENTION PROGRAMS TO OFFER UNDER A
15	HEALTH COVERAGE PLAN OR SMALL GROUP PLAN.
16	(III) The incentives or rewards THAT A CARRIER MAY ALLOW
17	UNDER A HEALTH COVERAGE PLAN OR SMALL GROUP PLAN may include,
18	but are not limited to, premium discounts or rebates; modifications to
19	copayment, deductible, or coinsurance amounts; or a combination of these
20	incentives or rewards.
21	(IV) An incentive or reward offered by a carrier for participation
22	in UNDER wellness and prevention programs shall be reasonably related
23	to the program and MAY BE:
24	(A) Tied ONLY to participation in the program; rather than
25	particular outcomes or results from such participation OR
26	(B) Based on satisfaction of a standard related to a
27	HEATTH DICK EACTOD AS DEDMITTED BY AND IN COMPLIANCE WITH THE

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1	FEDERAL "HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT
2	OF 1996", AS AMENDED, 42 U.S.C. SEC. 201 ET SEQ., AND THE FEDERAL
3	REGULATIONS IMPLEMENTING SUCH ACT.
4	(3) A carrier offering incentives or rewards pursuant to this
5	section shall ensure that:
6	(a) Participation in OR SATISFACTION OF A STANDARD RELATED TO
7	A HEALTH RISK FACTOR PURSUANT TO a wellness and prevention program
8	is not a condition of coverage under the health coverage plan or small
9	group plan;
10	(c) Participation in a wellness and prevention program is
11	voluntary and that a penalty may not be imposed on a covered person or
12	small group for not participating in a wellness and prevention program OR
13	NOT SATISFYING A STANDARD RELATED TO A HEALTH RISK FACTOR
14	PURSUANT TO THE PROGRAM;
15	(d) A covered person or small group is not required to achieve any
16	specific outcome in order to receive the incentive or reward for
17	participation in a wellness and prevention program ANY INCENTIVE OR
18	REWARD FOR SATISFYING A STANDARD RELATED TO A HEALTH RISK
19	FACTOR IS MADE IN COMPLIANCE WITH THIS SECTION, THE FEDERAL
20	"Health Insurance Portability and Account ability Act of 1996",
21	AS AMENDED, AND THE FEDERAL REGULATIONS IMPLEMENTING SUCH ACT;
22	and
23	(3.5) AN INCENTIVE OR REWARD BASED UPON SATISFACTION OF A
24	STANDARD RELATED TO A HEALTH RISK FACTOR MAY BE OFFERED OR
25	PROVIDED BY A CARRIER ONLY PURSUANT TO A BONA FIDE WELLNESS AND
26	PREVENTION PROGRAM AND IF THE FOLLOWING STANDARDS ARE MET:
27	(a) (I) THE INCENTIVE FOR THE WELLNESS AND PREVENTION

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1	PROGRAM, TOGETHER WITH THE INCENTIVE FOR OTHER WELLNESS AND
2	PREVENTION PROGRAMS WITH RESPECT TO THE HEALTH COVERAGE PLAN
3	OR SMALL GROUP PLAN THAT REQUIRES SATISFACTION OF A STANDARD
4	RELATED TO A HEALTH RISK FACTOR, IS REASONABLY RELATED TO THE
5	PROGRAM AND DOES NOT EXCEED TWENTY PERCENT OF THE COST OF
6	EMPLOYEE-ONLY COVERAGE UNDER THE HEALTH COVERAGE OR SMALL
7	GROUP PLAN OR, IF AN EMPLOYEE'S DEPENDENTS ARE ALLOWED TO
8	PARTICIPATE IN THE PROGRAM, DOES NOT EXCEED TWENTY PERCENT OF
9	THE COST OF THE COVERAGE IN WHICH AN EMPLOYEE AND DEPENDENTS
10	ARE ENROLLED. AN EMPLOYER MAY ALSO RECEIVE AN INCENTIVE FOR
11	PARTICIPATION OF EMPLOYEES IN A WELLNESS AND PREVENTION PROGRAM
12	AS LONG AS THE EMPLOYEES ARE ALLOWED AN INCENTIVE.
13	(II) FOR PURPOSES OF THIS PARAGRAPH (a), THE COST OF
14	COVERAGE IS DETERMINED BASED ON THE TOTAL AMOUNT OF EMPLOYER
15	AND EMPLOYEE CONTRIBUTIONS FOR THE BENEFIT PACKAGE UNDER WHICH
16	THE EMPLOYEE IS, OR THE EMPLOYEE AND ANY DEPENDENTS ARE,
17	RECEIVING COVERAGE.
18	(III) AN INCENTIVE MAY BE IN THE FORM OF A DISCOUNT OR
19	REBATE OF A PREMIUM OR CONTRIBUTION, A WAIVER OF ALL OR PART OF
20	A COST-SHARING MECHANISM, INCLUDING, BUT NOT LIMITED TO,
21	DEDUCTIBLES, COPAYMENTS, OR COINSURANCE, THE ABSENCE OF A
22	SURCHARGE, OR THE VALUE OF A BENEFIT THAT WOULD OTHERWISE NOT
23	BE PROVIDED UNDER THE HEALTH COVERAGE OR SMALL GROUP PLAN.
24	(b) THE WELLNESS AND PREVENTION PROGRAM:
25	(I) IS CONSISTENT WITH EVIDENCE-BASED RESEARCH AND BEST
26	PRACTICES;
27	(II) HAS A REASONABLE LIKELIHOOD OF IMPROVING THE HEALTH

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1	OF, OR PREVENTING DISEASE IN, PARTICIPATING INDIVIDUALS;
2	(III) CONTAINS CULTURALLY AND LINGUISTICALLY APPROPRIATE
3	PROGRAMS AND MATERIALS; AND
4	(IV) IS NOT OVERLY BURDENSOME, A SUBTERFUGE FOR
5	DISCRIMINATING BASED ON A HEALTH FACTOR, OR HIGHLY SUSPECT IN THE
6	METHOD CHOSEN TO PROMOTE HEALTH OR PREVENT DISEASE.
7	(c) THE PROGRAM GIVES INDIVIDUALS ELIGIBLE FOR THE WELLNESS
8	AND PREVENTION PROGRAM THE OPPORTUNITY TO QUALIFY FOR THE
9	INCENTIVE UNDER THE PROGRAM UPON ENROLLMENT IN THE HEALTH
10	COVERAGE OR SMALL GROUP PLAN AND AT LEAST ONCE PER YEAR AFTER
11	ENROLLMENT.
12	(d) (I) THE FULL INCENTIVE UNDER THE WELLNESS AND
13	PREVENTION PROGRAM IS MADE AVAILABLE TO ALL SIMILARLY SITUATED
14	INDIVIDUALS. AN INCENTIVE IS NOT AVAILABLE TO ALL SIMILARLY
15	SITUATED INDIVIDUALS FOR A PERIOD UNLESS THE WELLNESS AND
16	PREVENTION PROGRAM ALLOWS AN INDIVIDUAL OR A LICENSED HEALTH
17	CARE PROVIDER CHOSEN BY THE INDIVIDUAL TO REQUEST:
18	(A) A REASONABLE ALTERNATIVE STANDARD OR WAIVER OF THE
19	OTHERWISE APPLICABLE STANDARD FOR OBTAINING THE INCENTIVE FOR
20	THAT PERIOD IF IT IS UNREASONABLY DIFFICULT FOR THE INDIVIDUAL, DUE
21	TO A MEDICAL CONDITION, TO SATISFY THE OTHERWISE APPLICABLE
22	STANDARD; <u>OR</u>
23	(B) A REASONABLE ALTERNATIVE STANDARD OR WAIVER OF THE
24	OTHERWISE APPLICABLE STANDARD FOR OBTAINING THE INCENTIVE FOR
25	THAT PERIOD IF IT IS MEDICALLY INADVISABLE FOR THE INDIVIDUAL TO
26	ATTEMPT TO SATISFY THE OTHERWISE APPLICABLE STANDARD.
27	(II) IF AN INDIVIDUAL REQUESTS AND IS GRANTED A WAIVER OR IS

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1	ALLOWED A REASONABLE ALTERNATIVE STANDARD AND SATISFIES THAT
2	STANDARD, THE INDIVIDUAL SHALL RECEIVE THE FULL INCENTIVE UNDER
3	THE PROGRAM THAT IS AVAILABLE TO ALL SIMILARLY SITUATED
4	INDIVIDUALS.
5	(III) IF THE CARRIER DENIES A REQUEST FOR AN ALTERNATIVE
6	STANDARD OR WAIVER OF A STANDARD THAT WOULD OTHERWISE BE
7	APPLICABLE TO AN INDIVIDUAL UNDER A WELLNESS AND PREVENTION
8	PROGRAM, THE INDIVIDUAL MAY REQUEST AN INDEPENDENT EXTERNAL
9	REVIEW PURSUANT TO SECTION 10-16-113.5.
10	(IV) THE SMALL EMPLOYER CARRIER SHALL DISCLOSE, IN ALL PLAN
11	MATERIALS DESCRIBING THE TERMS OF THE WELLNESS AND PREVENTION
12	PROGRAM, THE AVAILABILITY OF A REASONABLE ALTERNATIVE STANDARD
13	OR THE POSSIBILITY OF WAIVER OF THE OTHERWISE APPLICABLE STANDARD
14	AS REQUIRED BY THIS PARAGRAPH (d). IF HEALTH COVERAGE OR SMALL
15	GROUP PLAN MATERIALS MENTION THE AVAILABILITY OF A WELLNESS AND
16	PREVENTION PROGRAM BUT DO NOT DESCRIBE THE TERMS OF THE
17	PROGRAM, THE SMALL EMPLOYER CARRIER IS NOT REQUIRED TO MAKE THE
18	DISCLOSURE OF AN ALTERNATIVE OR WAIVER PURSUANT TO THIS
19	SUBPARAGRAPH (IV).
20	(e) THE INCENTIVES ARE PROVIDED TO AN INDIVIDUAL BASED ON
21	A PROGRAM OR ACTIVITY THAT IS SCIENTIFICALLY PROVEN TO IMPROVE
22	HEALTH, AND THE CARRIER DOES NOT PROVIDE INCENTIVES BASED ON AN
23	INDIVIDUAL'S ACTUAL HEALTH STATUS.
24	(3.7) PRIOR TO OFFERING OR PROVIDING AN INCENTIVE OR REWARD
25	BASED UPON SATISFACTION OF A STANDARD RELATED TO A HEALTH RISK
26	FACTOR IN ACCORDANCE WITH SUBSECTION (3.5) OF THIS SECTION, A
27	CARRIER SHALL SUBMIT ITS PROPOSAL FOR THE INCENTIVE OR REWARD TO

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1	A NATIONALLY RECOGNIZED NONPROFIT ENTITY THAT ACCREDITS
2	WELLNESS PROGRAMS FOR REVIEW AND DETERMINATION AS TO WHETHER
3	THE PROPOSED PROGRAM AND INCENTIVE OR REWARD SATISFY THE
4	REQUIREMENTS OF SUBSECTION (3.5) OF THIS SECTION. A CARRIER SHALL
5	NOT OFFER THE PROPOSED PROGRAM OR THE INCENTIVES OR REWARDS
6	UNLESS THE ACCREDITING ENTITY DETERMINES THAT THE PROGRAM AND
7	INCENTIVES OR REWARDS SATISFY THOSE REQUIREMENTS AND ACCREDITS
8	THE CARRIER'S WELLNESS AND PREVENTION PROGRAM.
9	(5) (a) The division of insurance shall determine which carriers
10	are offering wellness and prevention programs in Colorado and collect
11	the following information from those carriers:
12	(I) The types of wellness and prevention programs offered;
13	(II) The types and nature of incentives or rewards the carrier
14	provides for participation;
15	(III) The total number of small groups in the small group market
16	participating in programs offered by the carrier, and SPECIFYING THE
17	NUMBER OF EACH OF THE FOLLOWING SMALL GROUPS PARTICIPATING IN
18	SUCH PROGRAMS:
19	(A) Business groups of one;
20	(B) SMALL GROUPS WITH AT LEAST TWO EMPLOYEES AND FEWER
21	THAN ELEVEN EMPLOYEES;
22	(C) SMALL GROUPS WITH AT LEAST ELEVEN EMPLOYEES AND
23	FEWER THAN TWENTY-SIX EMPLOYEES;
24	(D) SMALL GROUPS WITH AT LEAST TWENTY-SIX EMPLOYEES AND
25	FEWER THAN FIFTY-ONE EMPLOYEES;
26	(IV) The number of individuals insured through an individual
27	health coverage plan that are participating in programs offered by the

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1	<u>carrier;</u>
2	(V) ANY INFORMATION, INCLUDING SOCIOECONOMIC
3	INFORMATION, AS REQUIRED BY THE COMMISSIONER PURSUANT TO
4	SECTION 10-16-107 TO ENSURE THAT RATES FILED IN CONJUNCTION WITH
5	THE PROGRAMS ARE NOT EXCESSIVE, INADEQUATE, OR UNFAIRLY
6	DISCRIMINATORY;
7	(VI) THE DOLLAR AMOUNT OF DISCOUNTS PROVIDED TO THE TOTAL
8	NUMBER OF SMALL GROUPS, AS IDENTIFIED PURSUANT TO SUBPARAGRAPH
9	(III) OF THIS PARAGRAPH (a); AND
10	(VII) THE DOLLAR AMOUNT OF DISCOUNTS PROVIDED TO THE
11	TOTAL NUMBER OF INDIVIDUALS, AS IDENTIFIED PURSUANT TO
12	SUBPARAGRAPH (IV) OF THIS PARAGRAPH (a).
13	(b) The division shall determine the percentage of carriers
14	issuing individual health coverage plans or small group plans in the state
15	that offer wellness and prevention programs and shall provide that
16	information and the information collected pursuant to paragraph (a) of
17	this subsection (5) to the health care task force created in section
18	10-16-221 HEALTH AND HUMAN SERVICES COMMITTEES OF THE SENATE
19	AND HOUSE OF REPRESENTATIVES, THE BUSINESS, LABOR, AND
20	TECHNOLOGY COMMITTEE OF THE SENATE, AND THE BUSINESS AFFAIRS
21	AND LABOR COMMITTEE OF THE HOUSE OF REPRESENTATIVES, OR THEIR
22	SUCCESSOR COMMITTEES, BY JANUARY 1, 2012, AND BY EACH JANUARY
23	1 THEREAFTER UNTIL JANUARY 1, 2015. THE DIVISION SHALL ALSO MAKE
24	THE INFORMATION AVAILABLE TO THE PUBLIC BY THAT DATE.
25	(6.5) Nothing in this section modifies rate regulation of
26	HEALTH COVERAGE PLANS PURSUANT TO THIS ARTICLE, INCLUDING THE
27	APPLICABILITY OF MODIFIED COMMUNITY RATING TO SUCH PLANS.

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1	(8) This section is repealed, effective July 1, 2015.
2	SECTION 2. 10-16-136 (3), Colorado Revised Statutes, is
3	amended BY THE ADDITION OF A NEW PARAGRAPH to read:
4	10-16-136. Wellness and prevention programs - individual and
5	small group health coverage plans - voluntary participation -
6	incentives or rewards - definitions - legislative declaration. (3) A
7	carrier offering incentives or rewards pursuant to this section shall ensure
8	<u>that:</u>
9	(f) The carrier does not use wellness and prevention
10	PROGRAMS, OR INCENTIVES OR REWARDS UNDER SUCH PROGRAMS, TO
11	INCREASE RATES OR PREMIUMS FOR ANY INDIVIDUALS OR SMALL GROUPS
12	COVERED BY THE CARRIER'S PLANS.
13	SECTION <u>3.</u> 10-16-136 (7), Colorado Revised Statutes, is
14	amended BY THE ADDITION OF A NEW PARAGRAPH to read:
15	10-16-136. Wellness and prevention programs - individual and
16	small group health coverage plans - voluntary participation -
17	incentives or rewards - definitions - legislative declaration. (7) As
18	used in this section:
19	(a.5) "HEALTH RISK FACTOR" INCLUDES, WITHOUT LIMITATION,
20	HEALTH BEHAVIORS SUCH AS SMOKING, DIET, ALCOHOL CONSUMPTION,
21	EXERCISE, AND EXPOSURE TO UV RADIATION, THAT ARE KNOWN TO BE
22	ASSOCIATED WITH INCREASED MORTALITY AND MORBIDITY FOR A NUMBER
23	OF CONDITIONS.
24	SECTION <u>4.</u> 10-16-107 (6), Colorado Revised Statutes, is
25	amended to read:
26	10-16-107. Rate regulation - rules - approval of policy forms
27	- benefit certificates - evidences of coverage - benefits ratio -

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1	disclosures on treatment of intractable pain. (6) (a) A carrier offering
2	a group health benefit plan may not require any individual, as a condition
3	of enrollment or continued enrollment under the plan, to pay a premium
4	or contribution that is greater than such THE premium or contribution for
5	a similarly situated individual enrolled in the plan on the basis of any
6	health status-related factor in relation to the individual or to an individual
7	enrolled under the plan as a dependent of the individual.
8	(b) This The prohibition In Paragraph (a) OF this subsection
9	(6) shall not be construed to:
10	(I) Restrict the amount that an employer may be charged for
11	coverage under a group health benefit plan; or to
12	(II) Prevent a carrier from establishing premium discounts or
13	rebates or modifying otherwise applicable copayments, coinsurance, or
14	deductibles in return for:
15	(A) Adherence to programs of health promotion and disease
16	prevention if otherwise allowed by state or federal law; or for
17	(B) Participation in a wellness and prevention program pursuant
18	to section 10-16-136; OR
19	(C) SATISFACTION OF A STANDARD RELATED TO A HEALTH RISK
20	FACTOR PURSUANT TO A WELLNESS AND PREVENTION PROGRAM
21	AUTHORIZED IN SECTION 10-16-136.
22	SECTION 5. 10-8-514.5, Colorado Revised Statutes, is amended
23	to read:
24	10-8-514.5. Incentives or rewards for participation in wellness
25	and prevention programs. Notwithstanding any provision of this part
26	5 to the contrary and consistent with section 10-16-136, the board or a
27	carrier providing health benefit plans to participants may offer incentives

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1	or rewards to participants for participation in a wellness and prevention
2	program OR FOR SATISFACTION OF A STANDARD RELATED TO A HEALTH
3	FACTOR PURSUANT TO A WELLNESS AND PREVENTION PROGRAM.
1	SECTION 6. Specified effective date - applicability. This act
5	shall take effect July 1, 2010, and shall apply to health coverage plans and
5	small group plans issued, delivered, or renewed on or after said date.
7	SECTION <u>7</u> . Safety clause. The general assembly hereby finds,
3	determines, and declares that this act is necessary for the immediate
)	preservation of the public peace, health, and safety.

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