

**STATE
FISCAL IMPACT**

Drafting Number: LLS 13-0850
Prime Sponsor(s): Rep. McCann
 Sen. Aguilar

Date: April 4, 2013
Bill Status: House Health, Insurance and
 Environment
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TITLE: CONCERNING THE REGULATION OF STOP-LOSS HEALTH INSURANCE USED IN CONJUNCTION WITH SELF-INSURED HEALTH CARE COVERAGE IN EMPLOYER BENEFIT PLANS.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue General Fund	<\$500	<\$500
State Expenditures	Minimal, see State Expenditures section.	
FTE Position Change		
Effective Date: Sections 1, 3, and 4 are effective July 1, 2013. Section 2 is effective January 1, 2014.		
Appropriation Summary for FY 2013-2014:		
Local Government Impact:		

Summary of Legislation

This bill changes the law that regulates excess loss or stop-loss health insurance policies used with self-insured small employer health benefit plans. It requires insurers that sell excess loss or stop-loss policies to report specific policy information to the commissioner of insurance annually from 2013 through 2018. Specifically, the bill:

- conforms terminology in Colorado law with that used by the National Association of Insurance Commissioners by changing the term "excess loss" to "stop-loss";
- establishes criteria for the issuance of stop-loss health insurance policies to small employers including a minimum dollar amount for the attachment point (see Background section below) and a prohibition against attachment points that vary by individual covered person or that exclude any employee or eligible dependent; and
- requires each insurer that issues stop-loss health insurance policies to small employers to file an actuarial certification with the commissioner that confirms that the insurer is in compliance with the regulatory requirements of this bill.

Background

Excess loss or stop-loss health insurance policies used in association with a self-insured health plan are designed to help protect the employer from extremely high or catastrophic claims. With a stop-loss health insurance policy, an employer pays all claims up to a predetermined amount, also known as the attachment point, and then the stop-loss health insurance policy pays for claims above that amount. A stop-loss health insurance policy can have an annual attachment point per individual or an annual aggregate attachment point for the small employer group.

State Revenue

This bill establishes penalties of up to \$100 per day for each day beyond the annual due date, for providers of stop-loss health insurance policies that fail to file the information required in the bill. The fiscal note assumes that most insurers will comply and that penalty revenue will be less than \$500 per year to the General Fund.

State Expenditures

The Division of Insurance in the Department of Regulatory Agencies will implement the bill by conducting a rulemaking hearing, collecting and posting data to its website, and reviewing actuarial certifications from 55 insurers. The amendments to current regulations can be incorporated into routine rulemaking hearings and because the bill does not require analysis, the data can be collected and posted, and the certifications reviewed with minimal effort. As such, the bill can be implemented within existing appropriations.

Departments Contacted

Regulatory Agencies