

**First Regular Session  
Sixty-ninth General Assembly  
STATE OF COLORADO**

**REVISED**

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

LLS NO. 13-0645.01 Bart Miller x2173

**HOUSE BILL 13-1115**

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**HOUSE SPONSORSHIP**

**McCann,** Fields, Labuda, Levy, Schafer, Swalm, Tyler, Joshi, Primavera, Ryden, Young

**SENATE SPONSORSHIP**

**Steadman and Roberts,**

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**House Committees**

Health, Insurance & Environment  
Finance  
Appropriations

**Senate Committees**

Health & Human Services

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**A BILL FOR AN ACT**

101     **CONCERNING THE REPEAL OF COVERCOLORADO, AND, IN CONNECTION**  
102             **THEREWITH, TERMINATING HEALTH CARE COVERAGE FOR ALL**  
103             **COVERCOLORADO PARTICIPANTS EFFECTIVE APRIL 1, 2014, AS**  
104             **PART OF THE TRANSITION TO HEALTH INSURANCE COVERAGE**  
105             **REGARDLESS OF PREEXISTING MEDICAL CONDITIONS UNDER THE**  
106             **FEDERAL "PATIENT PROTECTION AND AFFORDABLE CARE**  
107             **ACT".**

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**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*

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.*

SENATE  
Amended 2nd Reading  
April 25, 2013

HOUSE  
3rd Reading Unamended  
April 11, 2013

HOUSE  
Amended 2nd Reading  
April 10, 2013

The bill recognizes that as a result of the passage of health care reform by the federal government, Colorado residents termed "high risk" for purposes of health insurance coverage will be able to obtain health insurance coverage regardless of preexisting medical conditions. Therefore, there is no reason for the continued existence of the CoverColorado program.

The bill provides for the repeal of CoverColorado, effective March 31, 2015. Prior to the repeal, the bill requires the board of directors of CoverColorado to develop an orderly plan for cessation of the program including:

- ! Cessation of enrollment of new participants for coverage after December 1, 2013;
- ! Termination of health care coverage for existing participants, effective April 1, 2014;
- ! Payment or settlement of claims for covered services and all other outstanding liabilities by December 31, 2014; and
- ! By March 31, 2015, final disposition of all remaining funds in any account of the program.

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

**SECTION 1.** In Colorado Revised Statutes, **add** 10-8-502.5, 10-8-530.5, 10-8-536, and 10-8-537, as follows:

**10-8-502.5. Legislative declaration.** (1) THE GENERAL ASSEMBLY HEREBY DECLARES THAT THE PURPOSE OF THIS PART 5 HAS BEEN TO PROVIDE ACCESS TO HEALTH INSURANCE FOR THOSE COLORADO RESIDENTS WHO ARE TERMED "HIGH RISK" BECAUSE THEY ARE UNABLE TO OBTAIN HEALTH INSURANCE OR UNABLE TO OBTAIN HEALTH INSURANCE EXCEPT AT PROHIBITIVE RATES OR WITH RESTRICTIVE EXCLUSIONS.

(2) FURTHER, THE GENERAL ASSEMBLY RECOGNIZES THAT:

(a) WITH THE PASSAGE OF THE FEDERAL "PATIENT PROTECTION AND AFFORDABLE CARE ACT", H.R. 3590, PUB.L. 111-148, COLORADO RESIDENTS WHO ARE HIGH RISK WILL BE ABLE TO OBTAIN HEALTH INSURANCE WITH COVERAGE FOR ANY PREEXISTING MEDICAL CONDITIONS;

1 AND

2 (b) THIS ABILITY TO OBTAIN COVERAGE ELIMINATES THE NEED FOR  
3 THIS PART 5.

4 **10-8-530.5. Termination of funding from unclaimed property**  
5 **trust fund - return of moneys from CoverColorado to unclaimed**  
6 **property trust fund.** (1) NOTWITHSTANDING ANY OTHER PROVISION OF  
7 THIS PART 5 OR ARTICLE 13 OF TITLE 38, C.R.S., ON AND AFTER MAY 1,  
8 2013, THE STATE TREASURER SHALL NOT TRANSMIT ANY ADDITIONAL  
9 MONEYS FROM THE UNCLAIMED PROPERTY TRUST FUND TO  
10 COVERCOLORADO, AND EFFECTIVE MAY 1, 2013, THE STATE TREASURER  
11 SHALL END THE TRANSMISSION OF MONEYS FROM THE UNCLAIMED  
12 PROPERTY TRUST FUND TO COVERCOLORADO AS REQUIRED BY THIS  
13 SUBSECTION (1).

14 (2) ON JULY 1, 2013, THE BOARD SHALL TRANSMIT FIFTEEN  
15 MILLION DOLLARS FROM THE ACCOUNTS OF COVERCOLORADO TO THE  
16 STATE TREASURER FOR DEPOSIT INTO THE UNCLAIMED PROPERTY TRUST  
17 FUND CREATED IN SECTION 38-13-116.5, C.R.S.

18 **10-8-536. Cessation of program coverage.** (1) THE BOARD OF  
19 DIRECTORS SHALL DEVELOP AN ORDERLY PLAN FOR THE CESSATION OF THE  
20 PROGRAM, TO INCLUDE THE FOLLOWING:

21 (a) CESSATION OF ENROLLMENT OF ANY NEW PARTICIPANTS FOR  
22 EFFECTIVE DATES OF COVERAGE AFTER DECEMBER 1, 2013, AND  
23 TERMINATION OF HEALTH CARE COVERAGE FOR ALL PARTICIPANTS,  
24 EFFECTIVE APRIL 1, 2014. THE PROGRAM WILL MAKE ALL REASONABLE  
25 EFFORTS TO GIVE ADEQUATE NOTICE OF TERMINATION OF COVERAGE TO  
26 PARTICIPANTS AND TO ASSIST IN THE TRANSITION OF PARTICIPANTS TO  
27 OTHER HEALTH CARE COVERAGE.

1           (b) PAYMENT OF ALL CLAIMS FOR COVERED SERVICES FROM  
2 HEALTH CARE PROVIDERS THAT ARE TIMELY FILED IN ACCORDANCE WITH  
3 THE POLICIES OF THE PROGRAM AT THE THEN-EXISTING FEE SCHEDULE FOR  
4 HEALTH CARE PROVIDERS. THE PROGRAM WILL MAKE ALL REASONABLE  
5 EFFORTS TO GIVE ADEQUATE NOTICE TO HEALTH CARE PROVIDERS AND  
6 PARTICIPANTS OF THE NEED TO FILE ALL OUTSTANDING CLAIMS FOR  
7 PAYMENT FOR COVERED SERVICES IN ACCORDANCE WITH THE POLICIES OF  
8 THE PROGRAM.

9           (c) PAYMENT OR SETTLEMENT OF ALL OTHER OUTSTANDING  
10 LIABILITIES OF THE PROGRAM NO LATER THAN DECEMBER 31, 2014. THE  
11 PROGRAM SHALL PROVIDE A COMPLETE AND FINAL ACCOUNTING OF  
12 PROGRAM FUNDS TO THE DIVISION OF INSURANCE NO LATER THAN MARCH  
13 31, 2015.

14           (2) ON OR BEFORE MARCH 31, 2015, THE BOARD OF DIRECTORS  
15 SHALL MAKE A FINAL DISPOSITION OF ALL FUNDS REMAINING IN ANY  
16 ACCOUNT OF THE PROGRAM. THE BOARD SHALL FIRST TRANSFER  
17 TWENTY-FIVE PERCENT OF THE REMAINING FUNDS TO THE NONPROFIT  
18 UNINCORPORATED PUBLIC ENTITY CREATED IN ARTICLE 22 OF THIS TITLE.  
19 THE BOARD SHALL THEN TRANSFER THE AMOUNT REMAINING TO A  
20 COLORADO NONPROFIT FOUNDATION SELECTED BY THE BOARD, WITH  
21 SPECIFIC INSTRUCTIONS THAT THE FUNDS BE DISTRIBUTED STATEWIDE FOR  
22 THE PURPOSES OF PROMOTING ACCESS TO HEALTH CARE AND IMPROVING  
23 HEALTH OUTCOMES FOR POPULATIONS IN COLORADO WITH HIGH HEALTH  
24 CARE NEEDS. THE BOARD SHALL PROMPTLY GIVE NOTICE OF THE TRANSFER  
25 TO THE DIVISION OF INSURANCE.

26           (3) LOSS OF COVERAGE UNDER THE ~~COVER~~COLORADO PROGRAM  
27 UNDER PARAGRAPH (a) OF SUBSECTION (1) OF THIS SECTION IS A LOSS OF

1 MINIMUM ESSENTIAL COVERAGE FOR PURPOSES OF ENROLLMENT IN THE  
2 COLORADO HEALTH BENEFIT EXCHANGE, CREATED UNDER ARTICLE 22 OF  
3 THIS TITLE. LOSS OF COVERAGE UNDER THE COVERCOLORADO PROGRAM  
4 UNDER PARAGRAPH (a) OF SUBSECTION (1) OF THIS SECTION IS AN  
5 INVOLUNTARY LOSS OR TERMINATION OF EXISTING CREDITABLE COVERAGE  
6 FOR THE PURPOSES OF QUALIFYING A PARTICIPANT FOR SPECIAL  
7 ENROLLMENT IN AN INDIVIDUAL OR GROUP HEALTH PLAN IN THE STATE OF  
8 COLORADO.

9 **10-8-537. Repeal.** THIS PART 5 IS REPEALED, EFFECTIVE MARCH  
10 31, 2015.

11 **SECTION 2.** In Colorado Revised Statutes, 10-8-534, **amend** (1)  
12 (a) as follows:

13 **10-8-534. Tax credit for contributions to CoverColorado -**  
14 **allocation notice - rules.** (1) (a) For tax years 2005 through ~~2014~~ 2012  
15 there shall be allowed a credit against the tax imposed by sections  
16 10-3-209 and 10-6-128 to any insurance company that becomes a  
17 qualified taxpayer by making a contribution to CoverColorado pursuant  
18 to this section.

19 **SECTION 3.** In Colorado Revised Statutes, 10-3-109, **amend** (2)  
20 as follows:

21 **10-3-109. Reports, statements, assessments, and maintenance**  
22 **of records - publication - penalties for late filing, late payment, or**  
23 **failure to maintain - repeal.** (2) (a) If any annual report, statement, or  
24 payment of special fees assessed pursuant to section 10-8-530 from any  
25 entity regulated by the division of insurance is not filed by the date  
26 specified by law or by rules of the commissioner, the commissioner may  
27 assess a penalty of up to one hundred dollars per day for each day after

1 the date an annual statement, report, or assessment of special fees is due  
2 from any such entity.

3 (b) THIS SUBSECTION (2) IS REPEALED, EFFECTIVE MARCH 31,  
4 2015.

5 **SECTION 4.** In Colorado Revised Statutes, 10-3-1104, **amend**  
6 (1) (r) as follows:

7 **10-3-1104. Unfair methods of competition - unfair or deceptive**  
8 **acts or practices - repeal.** (1) The following are defined as unfair  
9 methods of competition and unfair or deceptive acts or practices in the  
10 business of insurance:

11 (r) (I) Advising an employer to arrange for or arranging for an  
12 employee or an employee's dependent to apply to a plan developed  
13 pursuant to the "Colorado High Risk Health Insurance Act", under part  
14 5 of article 8 of this title, for the purpose of separating such employee or  
15 employee's dependent from any group health coverage provided in  
16 connection with such employee's employment.

17 (II) THIS PARAGRAPH (r) IS REPEALED, EFFECTIVE MARCH 31,  
18 2015.

19 **SECTION 5.** In Colorado Revised Statutes, 10-3.5-106, **amend**  
20 (1) (b) (II) (B) as follows:

21 **10-3.5-106. Aggregate limitations on credits - repeal.**

22 (1) (b) (II) (B) Notwithstanding any other requirement of this article, of  
23 the ten million dollars of tax credits that would otherwise be claimed  
24 annually for ten years beginning in tax year 2005 pursuant to this  
25 subsection (1), five million dollars shall not be claimed pursuant to this  
26 subsection (1) and an equivalent amount of credits may instead be  
27 claimed annually pursuant to section 10-8-534; except that, if S.B. 04-106

1 is enacted at the second regular session of the sixty-fourth general  
2 assembly, becomes law, and is subsequently declared to be  
3 unconstitutional by a final judgment that invalidates the tax credits  
4 enacted by such bill, the remaining five million dollars of tax credits that  
5 would otherwise be claimed annually each of the remaining calendar  
6 years through 2014 shall not be claimed pursuant to this subsection (1),  
7 and a total of ten million dollars of tax credits may instead be claimed  
8 annually for each of the remaining calendar years through 2014 pursuant  
9 to section 10-8-534. THIS SUB-SUBPARAGRAPH (B) IS REPEALED,  
10 EFFECTIVE MARCH 31, 2015.

11 **SECTION 6.** In Colorado Revised Statutes, **amend** 10-14-503 as  
12 follows:

13 **10-14-503. Exemptions.** Except as provided in this section,  
14 societies shall be governed by the provisions of this article and shall be  
15 exempt from all other provisions of the insurance statutes of this state  
16 unless the terms of such statutes expressly apply to societies, or unless  
17 any such insurance statute is specifically made applicable to societies by  
18 this article. Societies shall comply with the applicable provisions of  
19 sections 10-3-109 (2) AND 10-3-208; ~~and 10-8-530 (1.5);~~ part 7 of article  
20 3 of this title; and article 16 of this title.

21 **SECTION 7.** In Colorado Revised Statutes, 10-16-102, **amend**  
22 (13.7) (d) and (36.3) as follows:

23 **10-16-102. Definitions.** As used in this article, unless the context  
24 otherwise requires:

25 (13.7) "Creditable coverage" means benefits or coverage provided  
26 under:

27 (d) A state health benefits risk pool; ~~(including but not limited to~~

1 ~~CoverColorado~~); or  
2 (36.3) "Qualifying event" includes birth, adoption, marriage,  
3 dissolution of marriage, loss of employer-sponsored insurance, loss of  
4 eligibility under the "Colorado Medical Assistance Act", articles 4, 5, and  
5 6 of title 25.5, C.R.S., loss of eligibility under the children's basic health  
6 plan, article 8 of title 25.5, C.R.S., entry of a valid court or administrative  
7 order mandating the child be covered, or involuntary loss of other existing  
8 coverage for any reason other than fraud, misrepresentation, or failure to  
9 pay a premium. FOR THE PURPOSES OF THIS SUBSECTION (36.3), LOSS OF  
10 COVERAGE UNDER THE ~~COVERCOLORADO~~ PROGRAM DUE TO THE  
11 PROGRAM'S TERMINATION IS AN INVOLUNTARY LOSS OF EXISTING  
12 COVERAGE.

13 **SECTION 8.** In Colorado Revised Statutes, 10-16-105.5, **add** (6)  
14 as follows:

15 **10-16-105.5. Individual health plans - federally eligible**  
16 **individual - limited guarantee issue - repeal.** (6) THIS SECTION IS  
17 REPEALED, EFFECTIVE JANUARY 1, 2014.

18 **SECTION 9.** In Colorado Revised Statutes, 10-16-107.2, **amend**  
19 (2) (c) (VI) as follows:

20 **10-16-107.2. Filing of health policies - rules - repeal.**

21 (2) (c) (VI) (A) If a carrier decides to deny coverage based upon  
22 information received in the initial uniform application form, the denial of  
23 coverage shall serve as a denial for purposes of eligibility for coverage  
24 through CoverColorado pursuant to part 5 of article 8 of this title.

25 (B) THIS SUBPARAGRAPH (VI) IS REPEALED, EFFECTIVE JANUARY  
26 1, 2014.

27 **SECTION 10.** In Colorado Revised Statutes, 10-16-136, **repeal**



1 (7) (a) as follows:

2 **10-16-136. Wellness and prevention programs - individual and**  
3 **small group health coverage plans - voluntary participation -**  
4 **incentives or rewards - definitions - legislative declaration - repeal.**

5 (7) As used in this section:

6 (a) ~~"Carrier" shall have the same meaning as set forth in section~~  
7 ~~10-16-102 and shall include CoverColorado, established in section~~  
8 ~~10-8-504, and any carrier offering a health benefit plan to participants in~~  
9 ~~CoverColorado.~~

10 **SECTION 11.** In Colorado Revised Statutes, 10-16-302, **amend**

11 (1) as follows:

12 **10-16-302. Incorporation and organization - exemptions.**

13 (1) Any nonprofit corporation organized under the laws of the state of  
14 Colorado for the purpose of establishing, maintaining, and operating a  
15 nonprofit plan, whereby prepaid hospital care, medical-surgical care, and  
16 other health services are made available to persons who become  
17 subscribers to such plan under a contract with the corporation, or for the  
18 purpose of providing long-term care insurance to persons pursuant to a  
19 contract with the corporation shall be subject to and governed by the  
20 provisions of part 1 of this article and this part 3 and, except as provided  
21 in this article and elsewhere in this title, shall not be subject to the laws  
22 of this state relating to insurance or insurance companies. The provisions  
23 of sections 10-3-109 (2) AND 10-3-128; ~~and 10-8-530 (1.5);~~ articles 1 and  
24 2 of this title; and parts 4, 5, 7, 8, 11, and 12 of article 3 of this title, to the  
25 extent applicable, shall govern corporations organized pursuant to the  
26 provisions of this part 3.

27 **SECTION 12.** In Colorado Revised Statutes, 10-16-421, **amend**

1 (1) as follows:

2 **10-16-421. Statutory construction and relationship to other**  
3 **laws.** (1) Except for sections 10-1-102, 10-1-116, 10-1-117, 10-1-118,  
4 10-3-109 (2), 10-3-118, 10-3-128, AND 10-3-208, ~~and 10-8-530 (1.5)~~, part  
5 2 of article 1 of this title, and parts 4 to 8 of article 3 of this title, and as  
6 otherwise provided in this article, the provisions of the insurance law and  
7 provisions of nonprofit hospital, medical-surgical, and health service  
8 corporation laws shall not be applicable to any health maintenance  
9 organization granted a certificate of authority under this part 4.

10 **SECTION 13.** In Colorado Revised Statutes, 10-18-103, **amend**  
11 (5) as follows:

12 **10-18-103. Standards for policy provisions - guarantee issue.**  
13 (5) The guaranteed issue period for a medicare supplement policy shall  
14 not be for less than six months after a previous policy has been  
15 involuntarily terminated for reasons other than nonpayment of premiums  
16 or for fraud or abuse. FOR PURPOSES OF THIS SUBSECTION (5),  
17 TERMINATION OF COVERAGE IN THE COVER COLORADO COORDINATION OF  
18 BENEFITS PLAN DUE TO THE PLAN'S TERMINATION IS AN INVOLUNTARY  
19 TERMINATION OF A PREVIOUS POLICY.

20 **SECTION 14.** In Colorado Revised Statutes, 10-20-103, **amend**  
21 (8) (e) as follows:

22 **10-20-103. Definitions - repeal.** As used in this article, unless the  
23 context otherwise requires:

24 (8) "Member insurer" means any insurer licensed or who holds a  
25 certificate of authority in this state to write any kind of insurance for  
26 which coverage is provided pursuant to section 10-20-104 and includes  
27 any insurer whose license or certificate of authority in this state may have

1     been suspended, revoked, not renewed, or voluntarily withdrawn; but  
2     "member insurer" does not include:

3             (e) (I) CoverColorado.

4             (II) THIS PARAGRAPH (e) IS REPEALED, EFFECTIVE MARCH 31, 2015.

5             **SECTION 15.** In Colorado Revised Statutes, 24-77-102, **amend**  
6     (15) (b) (XII) as follows:

7             **24-77-102. Definitions - repeal.** As used in this article, unless the  
8     context otherwise requires:

9             (15) (b) "Special purpose authority" includes, but is not limited to:

10            (XII) (A) CoverColorado, created pursuant to section 10-8-501,  
11     C.R.S.

12            (B) THIS SUBPARAGRAPH (XII) IS REPEALED, EFFECTIVE MARCH  
13     31, 2015.

14            ==

15            **SECTION 16.** In Colorado Revised Statutes, 25.5-1-204, **amend**  
16     (5) (a) as follows:

17            **25.5-1-204. Advisory committee to establish an all-payer**  
18     **health claims database - creation - members - duties - creation of**  
19     **all-payer health claims database - rules - repeal.** (5) If sufficient  
20     funding is received, the executive director shall direct the administrator  
21     to create the database and the administrator shall:

22            (a) Determine the data to be collected from payers and the method  
23     of collection, including mandatory and voluntary reporting of health care  
24     and health quality data. ~~If the administrator requires mandatory reporting,~~  
25     ~~CoverColorado, created in part 5 of article 8 of title 10, C.R.S., shall be~~  
26     ~~included in the mandatory reporting requirements.~~

27            **SECTION 17.** In Colorado Revised Statutes, 38-13-113, **amend**

1 (1) (b) as follows:

2 **38-13-113. Custody by state - holder relieved from liability -**  
3 **waiver of rights by owner - reimbursement of holder paying claim -**  
4 **reclaiming for owner - defense of holder - payment of safe deposit**  
5 **box or repository charges.** (1) (b) Any person appearing to be an owner  
6 of property paid or delivered to the administrator pursuant to this article  
7 may notify the administrator on a form prescribed by the administrator  
8 that the person waives the right to claim the property. ~~Upon receipt of~~  
9 ~~such notice, the administrator shall transfer the property to the~~  
10 ~~CoverColorado cash fund created in section 10-8-530 (2), C.R.S. After~~  
11 ~~the property is transferred to the fund, the state shall no longer be~~  
12 ~~responsible for the safekeeping of the property and shall be relieved of all~~  
13 ~~liability to the extent of the value of the property for any claim that may~~  
14 ~~arise or be made with respect to the property.~~

15 **SECTION 18.** In Colorado Revised Statutes, 38-13-116.5, **add**  
16 (2.7) (a.5) (III) as follows:

17 **38-13-116.5. Unclaimed property trust fund - creation -**  
18 **payments - interest - appropriations - records - rules - repeal.**  
19 (2.7) (a.5) (III) THIS PARAGRAPH (a.5) IS REPEALED, EFFECTIVE MARCH  
20 31, 2015.

21 **SECTION 19. Appropriation - adjustments to 2013 long bill.**

22 (1) For the implementation of this act, appropriations made in the annual  
23 general appropriation act to the department of the treasury for the fiscal  
24 year beginning July 1, 2013, are adjusted as follows:

25 (a) The cash funds figure included for informational purposes  
26 from the unclaimed property trust fund created in section 38-13-116.5 (1)  
27 (a), Colorado Revised Statutes, for CoverColorado, is decreased by

1     \$36,511,694.

2             **SECTION 20. Effective date.** (1) Sections 6, 7, 10, 11, 12, 16,  
3     and 17 of this act take effect March 31, 2015, and the remainder of this  
4     act takes effect upon passage.

5             (2) Sections 7, 8, and 9 of this act take effect only if House Bill  
6     13-1266 does not become law.

7             **SECTION 21. Safety clause.** The general assembly hereby finds,  
8     determines, and declares that this act is necessary for the immediate  
9     preservation of the public peace, health, and safety.