

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

INTRODUCED

LLS NO. 13-0790.01 Kristen Forrestal x4217

HOUSE BILL 13-1245

HOUSE SPONSORSHIP

McCann,

SENATE SPONSORSHIP

Steadman,

House Committees
Health, Insurance & Environment

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING FUNDING MECHANISMS FOR THE COLORADO HEALTH**
102 **BENEFIT EXCHANGE.**

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>.)

On and after January 1, 2014, in order to fund the Colorado health benefit exchange, the bill allows:

- ! The health benefit exchange board of directors to assess against small group and individual health insurers in an amount necessary to provide for the sustainability of the

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.

exchange; and
! A credit against the tax imposed against insurance companies to any insurance company that becomes a qualified taxpayer by making a contribution to the exchange.

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

2 **SECTION 1.** In Colorado Revised Statutes, **amend** 10-22-108 as
3 follows:

4 **10-22-108. Moneys for implementation, operation, and**
5 **sustainability of the exchange.** Moneys received by the board for the
6 implementation of this article, FOR BUILDING RESERVES, AND FOR THE
7 OPERATION AND SUSTAINABILITY OF THE EXCHANGE PURSUANT TO
8 SECTION 10-22-109 must be transferred directly to the exchange for the
9 purposes of this article. The board shall deposit any moneys received in
10 a banking institution within or outside the state. Moneys from the general
11 fund shall not be used for the implementation of this article, except for
12 the sums specified in section 10-22-107 (3) and for legislative staff
13 agency services. The banking institution must be insured by the federal
14 deposit insurance corporation. ~~and compliant with the "Savings and Loan~~
15 ~~Association Public Deposit Protection Act", article 47 of title 11, C.R.S.~~

16 **SECTION 2.** In Colorado Revised Statutes, **add** 10-22-109 as
17 follows:

18 **10-22-109. Funding for the operation of the exchange reserves**
19 **- special fees - tax credit - rules.** (1) ON AND AFTER JANUARY 1, 2014,
20 AMONG OTHER FUNDING SOURCES DERIVED THROUGH THE OPERATION OF
21 THE EXCHANGE, FUNDING FOR THE EXCHANGE MAY BE FROM THE
22 FOLLOWING SOURCES:

23 (a) SPECIAL FEES ASSESSED AGAINST CARRIERS AS PROVIDED IN

1 SUBSECTION (2) OF THIS SECTION; AND

2 (b) ANY MONEYS ACCEPTED THROUGH GIFTS, GRANTS, OR
3 DONATIONS RECEIVED BY THE BOARD FOR OPERATION, RESERVES, AND
4 SUSTAINABILITY OF THE EXCHANGE, INCLUDING CONTRIBUTIONS RECEIVED
5 PURSUANT TO THE PREMIUM TAX CREDIT ALLOCATION IN SUBSECTION (3)
6 OF THIS SECTION.

7 (2) (a) ON AND AFTER JANUARY 1, 2014, THROUGH DECEMBER 31,
8 2016, THE BOARD SHALL ASSESS SPECIAL FEES AGAINST SMALL EMPLOYER
9 AND INDIVIDUAL CARRIERS IN AN AMOUNT NECESSARY TO PROVIDE
10 FUNDING FOR THE EXCHANGE. THE BOARD SHALL DETERMINE THE
11 AMOUNT OF THE SPECIAL FEES BASED ON THE BOARD-APPROVED
12 FINANCIAL PLAN AND ANTICIPATED BUDGETARY NEEDS FOR THE
13 UPCOMING YEAR TO COMPLY WITH THIS ARTICLE AND ASSOCIATED
14 FEDERAL REQUIREMENTS. THE SPECIAL FEES SHALL NOT EXCEED ONE
15 DOLLAR AND EIGHTY CENTS PER HEALTH BENEFIT PLAN PER MONTH IN THE
16 INDIVIDUAL MARKET AND PER POLICYHOLDER PER MONTH AGAINST SMALL
17 GROUP HEALTH BENEFIT PLANS. THE BOARD SHALL USE SPECIAL FEES
18 ASSESSED PURSUANT TO THIS SECTION FOR THE OPERATING EXPENSES OF
19 THE EXCHANGE, THE RESERVES OF THE EXCHANGE, AND RELATED
20 AGREEMENTS.

21 (b) IF AN INDIVIDUAL OR SMALL EMPLOYER CARRIER FAILS TO PAY
22 A SPECIAL FEE TO THE EXCHANGE IN ACCORDANCE WITH THE TIME
23 PERIODS ESTABLISHED BY RULE, THE COMMISSIONER MAY USE ALL
24 POWERS CONFERRED BY THE INSURANCE LAWS OF THIS STATE TO ENFORCE
25 PAYMENT OF THE SPECIAL FEES.

26 (c) THE COMMISSIONER SHALL PROMULGATE RULES TO IMPLEMENT
27 THIS SUBSECTION (2) THAT INCLUDE:

1 (I) THE REASONABLE TIME PERIODS FOR THE BILLING AND
2 COLLECTION OF THE SPECIAL FEES; AND

3 (II) THE PROCESS FOR DETERMINING THE ALLOCATION OF THE
4 ASSESSMENT AMONG CARRIERS, INCLUDING THE PROCESS FOR OBTAINING
5 ACCURATE INFORMATION ABOUT THE NUMBER OF POLICIES ISSUED BY A
6 CARRIER WITHIN THE SIX MONTHS PRIOR TO THE ASSESSMENT.

7 (3) (a) (I) FOR THE 2014 TAX YEAR AND EACH TAX YEAR
8 THEREAFTER, AN INSURANCE COMPANY THAT BECOMES A QUALIFIED
9 TAXPAYER BY MAKING A CONTRIBUTION TO THE EXCHANGE PURSUANT TO
10 THIS SUBSECTION (3) MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY
11 SECTIONS 10-3-209 AND 10-6-128.

12 (II) A QUALIFIED TAXPAYER CLAIMING A CREDIT AGAINST
13 PREMIUM TAX LIABILITY UNDER THIS SUBSECTION (3) IS NOT REQUIRED TO
14 PAY ANY ADDITIONAL RETALIATORY TAX AS A RESULT OF CLAIMING THE
15 CREDIT.

16 (b) THE COMMISSIONER MAY PROMULGATE RULES NECESSARY FOR
17 THE ADMINISTRATION OF THE TAX CREDIT ALLOWED BY THIS SUBSECTION
18 (3) IN ACCORDANCE WITH ARTICLE 4 OF TITLE 24, C.R.S.

19 (c) (I) AN INSURANCE COMPANY MAY BECOME A QUALIFIED
20 TAXPAYER IF:

21 (A) THE INSURANCE COMPANY DECLARES WITH ITS QUARTERLY
22 TAX PAYMENT IN ANY GIVEN TAX YEAR, IN A MANNER PRESCRIBED BY THE
23 COMMISSIONER, ITS INTENT TO CONTRIBUTE TO THE EXCHANGE, ON OR
24 BEFORE THE DATE THAT THE NEXT QUARTERLY PAYMENT IS DUE, AN
25 AMOUNT OF MONEY EQUAL TO THE PREMIUM TAXES PAID BY THE
26 COMPANY IN THE CURRENT QUARTERLY TAX PAYMENT OR AN AMOUNT
27 EQUAL TO THE ACTUAL LIABILITY DUE IN THE NEXT QUARTER; AND

1 (B) THE INSURANCE COMPANY RECEIVES AN ALLOCATION NOTICE
2 FROM THE COMMISSIONER AND MAKES THE CONTRIBUTION TO THE
3 EXCHANGE AS SPECIFIED IN THE ALLOCATION NOTICE ON OR BEFORE THE
4 DATE THE NEXT QUARTERLY PAYMENT IS DUE.

5 (II) AN INSURANCE COMPANY THAT HAS BECOME A QUALIFIED
6 TAXPAYER MAY CLAIM THE TAX CREDIT ON ONE OR MORE SUBSEQUENT
7 QUARTERLY OR ANNUAL TAX PAYMENTS BEGINNING ON OR ABOUT THE
8 DATE THE NEXT QUARTERLY PAYMENT IS DUE.

9 (III) UPON RECEIPT OF A CONTRIBUTION PURSUANT TO THIS
10 SUBSECTION (3), THE BOARD SHALL PROMPTLY NOTIFY THE
11 COMMISSIONER OF THE AMOUNT AND DATE OF THE CONTRIBUTION AND
12 THE NAME OF THE CONTRIBUTOR.

13 (d) BY JANUARY 31 OF EACH YEAR, THE COMMISSIONER SHALL
14 POST ON THE DIVISION'S WEB SITE THE FULL AMOUNT OF TAX CREDITS
15 ALLOCATED PURSUANT TO THIS SUBSECTION (3) IN THE PREVIOUS TAX
16 YEAR.

17 (e) THE BOARD SHALL USE MONEYS CONTRIBUTED TO THE
18 EXCHANGE PURSUANT TO THIS SUBSECTION (3) AND INTEREST DERIVED
19 FROM THE DEPOSIT AND INVESTMENT OF THE MONEYS TO OPERATE AND
20 SUSTAIN THE EXCHANGE AND TO BUILD RESERVES.

21 **SECTION 3. Act subject to petition - effective date.** This act
22 takes effect at 12:01 a.m. on the day following the expiration of the
23 ninety-day period after final adjournment of the general assembly
24 (August 7, 2013, if adjournment sine die is on May 8, 2013); except that,
25 if a referendum petition is filed pursuant to section 1 (3) of article V of
26 the state constitution against this act or an item, section, or part of this act
27 within such period, then the act, item, section, or part will not take effect

1 unless approved by the people at the general election to be held in
2 November 2014 and, in such case, will take effect on the date of the
3 official declaration of the vote thereon by the governor.