



Legislative Council Staff

Research Note

Version: Final

Date: 5/5/2016

Bill Number

House Bill 16-1336

Sponsors

***Representatives Hamner
& Rankin
Senator Donovan***

Short Title

***Study Single Geographic Area
Individual Health Plans***

Research Analyst

Amanda King (x4332)

Status

This research note reflects the final version of the bill and becomes effective upon signature of the Governor.

Summary

This bill requires the Commissioner of Insurance in the Department of Regulatory Agencies to conduct a study to determine the impacts and viability of establishing a single geographic area for use in determining the premium rates for individual health insurance plans issued in Colorado. In conducting the study, the Commissioner of Insurance must consider factors that affect differentiation in the premium rates throughout different geographic areas of the state, including differentiation in health care costs throughout the state for prescription drugs, provider rates, diagnostic tests, surgical procedures, and other hospital procedures and services.

The study must be completed no later than August 1, 2016. The commissioner must report and present the findings and recommendations of the study to the Joint Budget Committee, House Health, Insurance, and Environment Committee, the House Public Health Care and Human Services Committee, the Senate Health and Human Services Committee. The commissioner must also send the report to the Colorado Commission on Affordable Health Care.

Background

Colorado law allows health insurers to consider the geographic location of policyholders when establishing health insurance rates for individual and group insurance plans. Currently, the state has nine geographic rating areas for individual and small group health insurance. The statewide

This research note was prepared by Legislative Council Staff, the nonpartisan research staff for the Colorado General Assembly. The research note is provided for informational purposes only and should not be relied upon as an official record of action by the General Assembly. Legislative Council Staff are not attorneys, and the research note is not a legal opinion. If you have legal questions about the bill, including questions about the meaning of the bill language or amendments, please contact the drafter.

weighted average of increase in health insurance rates from 2015 to 2016 was 9.8 percent for individual plans and 3.2 percent for small group plans. The region with the highest individual plan increase was the Western Slope region, at 25.8 percent. The region with the highest small group plan increase was the Colorado Springs region, at 5.8 percent.

House Action

House Health, Insurance, and Environment Committee (March 24, 2016). At the hearing, representatives from Club 20, Colorado Children's Campaign, Colorado Consumer Health Initiative, Colorado Counties, Inc., Colorado Municipal League, Eagle County, Gunnison County, Lake County, Garfield County, Pitkin County, Summit County, and the Town of Frisco, and seven private citizens testified in support of the bill. Representatives from America's Health Insurance Plans, Colorado Association of Health Plans, the Division of Insurance in the Department of Regulatory Agencies, and the Office of U.S. Representative Jared Polis testified in a neutral position.

The committee adopted amendment L.002, and referred the bill, as amended, to the House Committee of the Whole. Amendment L.002 requires the Commissioner of Insurance to send a report containing the findings and recommendations of the study determining the impacts and viability of establishing a single geographic area for use in determining the premium rates for individual health insurance plans issued in Colorado to the House Health, Insurance, and Environment Committee, the House Public Health Care and Human Services Committee, and the Senate Health and Human Services Committee.

House second reading (March 31, 2016). The House adopted the House Health, Insurance, and Environment committee report and Amendment No. 2. Amendment No. 2 requires the Commissioner of Insurance to consider factors that affect differentiation in the premium rates throughout different geographic areas of the state in conducting the study, including differentiation in health care costs throughout the state for prescription drugs, provider rates, diagnostic tests, surgical procedures, and other hospital procedures and services. The House passed the bill on second reading, as amended.

House third reading (April 1, 2016). The House passed the bill on third reading with no amendments.

Senate Action

Senate Health and Human Services Committee (April 14, 2016). At the hearing, representatives from Club 20, Colorado Children's Campaign, Colorado Consumer Health Initiative, Colorado Counties, Inc., Colorado Municipal League, Eagle County, Gunnison County, Lake County, Garfield County, Pitkin County, and Summit County, and seven private citizens testified in support of the bill. Representatives from America's Health Insurance Plans and Colorado Association of Health Plans testified in a neutral position. Representatives of the Division of Insurance in the Department of Regulatory Agencies responded to questions.

The committee adopted amendment L.006, and referred the bill, as amended, to the Senate Committee of the Whole. Amendment L.006 added the Colorado Commission on Affordable Health Care to the list of entities to which the Commissioner of Insurance is required to send the report containing the findings and recommendations of the study established by the bill.

Senate second reading (April 19, 2016). The Senate adopted the Senate Health and Human Services committee report and Amendment No. 2. Amendment No. 2 required the Commissioner of Insurance to present the report required by the bill to the House Health, Insurance, and Environment Committee, the House Public Health Care and Human Services Committee, and the Senate Health and Human Services Committee during the State Measurement for Accountable, Responsive, and Transparent Government Act (SMART Act) hearing held prior to the 2017 regular

legislative session. The Senate passed the bill on second reading, as amended.

Senate third reading (April 20, 2016). The Senate passed the bill on third reading with no amendment

Consideration of Amendments

Consideration of amendments (April 25, 2016). The House concurred with Senate amendments and repassed the bill.

Relevant Research

- *Colorado Study of Health Cost by Geographic Region*, Prepared by Miller & Newberg, Consulting Actuaries for the Colorado Division of Insurance, April 28, 2014. <http://bit.ly/1piEbNk>
- *Colorado Division of Insurance Geographic Rating Areas – Individual & Small Group Health Insurance*. <http://bit.ly/1LUqY7k>