

**Second Regular Session
Sixty-fifth General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 06-0145.01 Christy Chase

SENATE BILL 06-036

SENATE SPONSORSHIP

Hagedorn,

HOUSE SPONSORSHIP

(None),

Senate Committees

Health and Human Services

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE TYPES OF HEALTH BENEFIT PLANS REQUIRED TO BE**
102 **OFFERED BY SMALL EMPLOYER CARRIERS TO SMALL**
103 **EMPLOYERS IN THE STATE.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Interim Committee on Health Insurance. Eliminates the requirement that small employer carriers offer a standard health benefit plan to small employers in the state. Adds an additional benefit design option to the basic health benefit plan required to be offered by small employer carriers, allowing carriers to offer a basic health benefit plan with the same or similar benefit design as is available to a medical

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.

assistance recipient enrolled with a managed care organization under the statewide managed care system. Makes conforming amendments.

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

2 SECTION 1. Legislative declaration. (1) The general assembly
3 hereby finds, determines, and declares that:

4 (a) The rising cost of health care and health insurance premiums
5 has made it increasingly difficult for small employers to provide health
6 insurance coverage to their employees.

7 (b) Employees of small employers are experiencing great difficulty
8 in affording their portion of employer-sponsored health insurance
9 premiums for coverage for themselves and their families.

10 (c) Given the financial difficulties small employers experience in
11 offering health insurance coverage to their employees as well as the
12 increasing inability of employees of small employers to afford premiums
13 when health insurance coverage is provided by the employer, employees
14 of small businesses are nearly twice as likely to be uninsured than
15 employees who work for larger employers.

16 (d) Employees of small businesses make up nearly two-thirds of
17 all uninsured adults in Colorado.

18 (e) Uninsured individuals are more likely to have unpaid medical
19 bills, which is the number one reason for declaring personal bankruptcy
20 in the United States.

21 (f) Insurers offering health insurance plans for small employers
22 need more flexibility in the components of the plans that are required to
23 be offered in order to reduce the costs of such plans and increase the
24 affordability of the plans to small employers and their employees.

25 (g) Medical evidence can be used to enhance a health insurance

1 plan that covers catastrophic medical care by covering limited preventive
2 services and chronic disease care, which are proven to be the most
3 cost-effective, thereby lowering the cost of such plans and making them
4 more affordable for small employers and their employees.

5 (h) It is in the best interest of the state to assure that small business
6 employees have access to affordable health insurance with coverage based
7 on the latest medical evidence.

8 (i) It is the intent of the general assembly to require small
9 employer health insurance carriers to offer an affordable health insurance
10 plan with coverage based on the latest medical evidence in an effort to
11 increase the number of small business employees who are insured through
12 a small employer health benefit plan and reduce the number of Coloradans
13 declaring personal bankruptcy due to the inability to pay outstanding
14 medical bills.

15 **SECTION 2.** The introductory portion to 10-16-105 (7.2) and
16 10-16-105 (7.2) (b) and (11), Colorado Revised Statutes, are amended,
17 and the said 10-16-105 is further amended BY THE ADDITION OF A
18 NEW SUBSECTION, to read:

19 **10-16-105. Small group sickness and accident insurance -**
20 **guaranteed issue - mandated provisions for basic health benefit plans**
21 **- rules - benefit design advisory committee - repeal.** (7.2) The
22 commissioner shall promulgate rules to implement a basic health benefit
23 plan and a standard health benefit plan to be offered by each small
24 employer carrier as a condition of transacting business in this state. The
25 commissioner shall survey small group carriers to determine the range of
26 health benefit plans available annually. The commissioner shall
27 implement a basic plan that approximates the lowest level of coverage

1 offered in small group health benefit plans and IS BASED ON THE LATEST
2 MEDICAL EVIDENCE. THE COMMISSIONER shall implement a standard plan
3 that approximates the average level of coverage offered in small group
4 health benefit plans. In determining such levels of coverage, the
5 commissioner shall consider such factors SUCH as coinsurance,
6 copayments, deductibles, out-of-pocket maximums, and covered benefits.
7 The commissioner shall amend the rules to implement the basic and
8 standard plans HEALTH BENEFIT PLANS no more frequently than once every
9 two years. Such THE rules shall be in conformity with the provisions of
10 article 4 of title 24, C.R.S., and shall incorporate the following HEALTH
11 BENEFIT PLAN DESIGNS:

12 (b) (I) A basic health benefit plan may reflect a basic health benefit
13 plan that does not include coverage pursuant to the mandatory coverage
14 provisions of section 10-16-104 (4), (5), (8), (9), (10), and (12);

15 (II) A basic health benefit plan may reflect a health benefit plan
16 that is a high deductible plan that would qualify for a health savings
17 account pursuant to 26 U.S.C. sec. 223; except that a carrier may apply
18 deductible amounts for mandatory health benefits for mammography,
19 prostate screening, child supervision services, or prosthetic devices
20 pursuant to section 10-16-104 (4), (10), (11), and (14) if such mandatory
21 benefits are not considered by the federal department of treasury to be
22 preventive or to have an acceptable deductible amount; or

23 (III) A basic health benefit plan may reflect a basic health benefit
24 plan that:

25 (A) Does not include coverage pursuant to the mandatory coverage
26 provisions of section 10-16-104 (4), (5), (8), (9), (10), and (12); and

1 (B) Is a high deductible plan that would qualify for a health
2 savings account pursuant to 26 U.S.C. sec. 223;

3 (C) COVERS LIMITED PREVENTION AND SCREENING BASED ON THE
4 LATEST MEDICAL EVIDENCE EMBODIED IN RECOMMENDATIONS OF AN
5 INDEPENDENT PANEL OF EXPERTS IN PRIMARY CARE AND PREVENTION THAT
6 SYSTEMATICALLY REVIEWS THE EVIDENCE OF EFFECTIVENESS AND
7 DEVELOPS RECOMMENDATIONS FOR CLINICAL PREVENTIVE SERVICES;
8 except that a carrier may apply deductible amounts for mandatory health
9 benefits for mammography, prostate screening, child supervision services,
10 or prosthetic devices pursuant to section 10-16-104 (4), (10), (11), and
11 (14) if such mandatory benefits are not considered by the federal
12 department of treasury to be preventive or to have an acceptable
13 deductible amount;

14 (D) COVERS LIMITED NONELECTIVE INPATIENT AND SURGICAL
15 CARE;

16 (E) COVERS LIMITED MEDICATIONS USED PRIMARILY FOR
17 COST-EFFECTIVE CHRONIC DISEASE MANAGEMENT; AND

18 (F) COVERS MATERNITY CARE.

19 (11) The requirements contained in this section for small employer
20 carriers to issue basic and standard health benefit plans shall terminate
21 July 1, 2006, unless the general assembly acts by bill to extend such
22 requirements beyond said date after conducting the review required in
23 section 10-16-120.

24 (16) (a) THE COMMISSIONER SHALL APPOINT A BENEFIT DESIGN
25 ADVISORY COMMITTEE TO PROVIDE RECOMMENDATIONS ON THE
26 DEVELOPMENT OF THE STANDARD AND BASIC HEALTH BENEFIT PLANS. THE
27 ADVISORY COMMITTEE SHALL CONSIST OF ACTUARIES; FOR-PROFIT AND

1 NONPROFIT HEALTH INSURERS; HEALTH CARE CONSUMERS;
2 REPRESENTATIVES OF HEALTH CARE PROVIDERS; HEALTH CARE
3 PROFESSIONALS; SMALL BUSINESS OWNERS, INCLUDING OWNERS OF
4 BUSINESS GROUPS OF ONE; AND PERSONS HAVING EXPERTISE IN HEALTH
5 CARE FINANCE, POLICY, AND EVIDENCE-BASED MEDICINE. THE
6 COMMISSIONER SHALL APPOINT THE MEMBERS OF THE ADVISORY
7 COMMITTEE BY JULY 1, 2006.

8 (b) THE DIVISION MAY ACCEPT GIFTS, GRANTS, AND DONATIONS
9 MADE FOR THE PURPOSE OF FUNDING THE FUNCTIONS OF THE BENEFIT
10 DESIGN ADVISORY COMMITTEE. MEMBERS OF THE ADVISORY COMMITTEE
11 SHALL SERVE WITHOUT COMPENSATION AND SHALL NOT BE REIMBURSED
12 FOR EXPENSES INCURRED WHILE SERVING ON THE ADVISORY COMMITTEE.

13 (c) THIS SUBSECTION (16) IS REPEALED, EFFECTIVE JULY 1, 2011.
14 PRIOR TO SUCH REPEAL, THE ADVISORY COMMITTEE SHALL BE REVIEWED
15 PURSUANT TO SECTION 2-3-1203, C.R.S.

16 **SECTION 3.** 10-16-104 (15), Colorado Revised Statutes, is
17 amended to read:

18 **10-16-104. Mandatory coverage provisions.**
19 (15) Notwithstanding any provision to the contrary, a small employer may
20 purchase health benefit coverage that does not include the coverage for
21 benefits pursuant to subsections (4), (5), (8), (9), (10), and (12) of this
22 section through a basic health benefit plan pursuant to section 10-16-105
23 (7.2) (b) ~~(f)~~ (III).

24 **SECTION 4. Repeal.** 10-16-120, Colorado Revised Statutes, is
25 repealed as follows:

26 **10-16-120. Legislative review of requirements for guaranteed**
27 **issue of basic and standard health benefit plans. ~~(1)~~ During the regular**

1 session of the general assembly in the year 2001, the legislative council of
2 the general assembly shall conduct a review of the operation of
3 requirements contained in section 10-16-105 for small employer carriers
4 to issue basic and standard health benefit plans. Such review shall
5 consider, but not be limited to, the effect of such requirement on the
6 availability and affordability of health care coverage to residents of
7 Colorado. As a result of the review required by this subsection (1), the
8 legislative council may recommend to the general assembly any legislation
9 determined to be necessary based on such review.

10 (2) The requirements contained in section 10-16-105 for small
11 employer carriers to issue basic and standard health benefit plans shall
12 terminate July 1, 2006, unless the general assembly acts by bill to extend
13 said requirements beyond July 1, 2006.

14 **SECTION 5. 26-19-107 (1) (a) (I), Colorado Revised Statutes, is**
15 amended to read:

16 **26-19-107. Duties of the department - schedule of services -**
17 **premiums - copayments - subsidies.** (1) In addition to any other duties
18 pursuant to this article, the department shall have the following duties:

19 (a) (I) To design, on or after April 21, 1998, and from time to time
20 revise, a schedule of health care services included in the plan and to
21 propose said schedule to the medical services board for approval or
22 modification. The schedule of health care services as proposed by the
23 department and approved by the medical services board shall include, but
24 shall not be limited to, preventive care, physician services, prenatal care
25 and postpartum care, inpatient and outpatient hospital services,
26 prescription drugs and medications, and other services that may be
27 medically necessary for the health of enrollees. The department shall

1 design and revise this schedule of health care services included in the plan
2 to be based upon the basic and standard health benefit plans defined in
3 section 10-16-102 (4) and ~~(42)~~ AND (43), C.R.S.; except that the
4 department may modify the basic and the standard health benefit plans to
5 meet specific federal requirements or to accommodate those changes
6 necessary for a program designed specifically for children.

7 **SECTION 6.** 2-3-1203 (3) (x), Colorado Revised Statutes, is
8 amended BY THE ADDITION OF A NEW SUBPARAGRAPH to read:

9 **2-3-1203. Sunset review of advisory committees.** (3) The
10 following dates are the dates for which the statutory authorization for the
11 designated advisory committees is scheduled for repeal:

12 (x) July 1, 2011:

13 (V) THE BENEFIT DESIGN ADVISORY COMMITTEE, APPOINTED
14 PURSUANT TO SECTION 10-16-105 (16), C.R.S.

15 **SECTION 7. Effective date - applicability.** (1) Except as
16 provided in subsection (2) of this section, this act shall take effect January
17 1, 2007, and shall apply to health benefit plans offered by small employer
18 carriers on or after said date.

19 (2) (a) Section 10-16-105 (11), Colorado Revised Statutes, as
20 amended in section 2 of this act, and section 4 of this act shall take effect
21 July 1, 2006, and shall apply to health benefit plans issued by small
22 employer carriers on or after said date.

23 (b) Section 10-16-105 (16), Colorado Revised Statutes, as enacted
24 in section 2 of this act, shall take effect upon passage.

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