Attachment J

www.askdora.colorado.gov
1560 Broadway, Suite #1550, Denver, CO 80202
303.894.7855

Consumer protection is our mission

Barbara J Kelley
Executive Director
303-894-7866

Jo Donlin
Legislative Liaison
303-894-2950 wk
303-503-4453 cell

John Hickenlooper
Governor

Legislative Fact Sheet

State Alignment of Health Insurance Requirements
Representatives McCann & Gardner / Senator Aguilar

DORA & DIVISION OF INSURANCE SUPPORT HB 1266

House Bill 13-1266 aligns Colorado health insurance laws with federal law. It addresses over 30 issues between state and federal healthcare laws, with the goals of ensuring consumer protection and providing insurance carriers, agents, and other stakeholders with one set of health insurance rules in Colorado. HB13-1266 also creates the regulatory environment envisioned in SB11-200 to support the Colorado Health Benefit Exchange (the Exchange) in becoming a new marketplace for health insurance. This bill represents nearly two years of extensive collaboration with many different stakeholder groups including consumer advocates, healthcare providers, businesses, policymakers, and the health insurance industry, including both carriers and agents.

- **Prohibits insurance companies from denying coverage based on an applicant's health status.** Insurance companies in the individual market can no longer vary rates or deny coverage if an applicant is in poor health or has a pre-existing condition. Insurance companies can only vary rates based on age, tobacco use, geography, and family size.

- **Aligns regulations to make insurance easier for consumers to navigate.** Standardizes the application consumers use to apply for insurance coverage, improves procedural standards for consumer appeals when coverage is denied, and provides a standardized process for grace periods if an enrollee fails to pay a premium.

- **Creates a regulatory structure that creates an even playing field for health insurance plans sold inside and outside the Exchange.** This provides uniformity for carriers, agents, businesses, consumers and providers, and strengthens the overall health insurance market.

- **Keeps Colorado mandated benefits in place, but no new state mandates are added.** However, current mandates can no longer have dollar limits. The Division will have authority to develop a level of service that is actuarially equivalent to the original dollar limit.

- **Moves sole proprietors, known as Business Groups of One (BG-1s), from the small employer group market to the individual market.** Because individuals can no longer be denied coverage if they are in poor health or have pre-existing conditions, state statute no longer needs BG-1s to be covered in the small employer market.

- **Establishes the benefit requirements for Colorado's essential health benefits package within the requirements of federal law.** Gives the Commissioner of Insurance rulemaking authority in this area.

Additional Information Regarding HB 13-1266

Improving Consumer Experience

- Extends requirements in the large group market for parity between mental health benefits and other medical benefits to individual and small group health plans.
- Increases dependent coverage on a parent's health benefit plan to age 26 and raises eligibility for child-only coverage to age 21.
- Expands network adequacy requirements to include "essential community providers" as defined by federal and state law.
- Establishes a 31-day grace period to ensure continued payment of claims when premiums are not paid. Consistent with federal law, establishes a 90-day grace period for individuals who qualify for federal subsidies to purchase insurance in the Exchange. Requires a 30-day notice before cancelling a policy, except for fraud and intentional misrepresentation.
- Permits use of financial incentives and disincentives in wellness programs. Gives the Division of Insurance rulemaking authority to set limits, within federal law, on the extent of incentives and disincentives.

Streamlining Insurance Market Rules

- Modifies definitions of eligible employee and small employer, so the same rules apply under both federal and state law.
- Establishes initial and annual open enrollment periods for individual health benefit plans, and transitions individual plans to a calendar year basis. Leaves small group enrollment as it currently is in law, allowing small employers to purchase a plan at any point in the year. Establishes rulemaking authority for special enrollment periods when an individual's or employee's circumstances change.
- Enables the Division of Insurance to consider investments in quality improvement and information technology when reviewing premium rate filings.
- Exempts grandfathered health benefit plans (in existence before March 23, 2010) from changes that do not apply to them.