

# Colorado

Colorado Insurance Commission  
1560 Broadway, Suite 850  
Denver, CO 80202  
(303) 894-7495

## Summary of Important Regulations

|                             |                  |
|-----------------------------|------------------|
| MEWA Regulations .....      | No               |
| TPA Regulations .....       | No               |
| Stop-Loss Regulations ..... | No               |
| UR Regulations .....        | Yes <sup>1</sup> |

## NAIC Model Laws or Regulations

| <u>Name of Model Law/Regulation</u>                        | <u>Model/Similar</u>                          | <u>Related</u>   |
|--|---|--|
| Health Insurance Reserves<br>Model Regulation              | Colo. Admin. Ins. Reg.<br>3-1-9               | None   |
| Comprehensive Health Ins. Cost<br>Containment Model Act    | None  | None   |
| Standardized Health Claims Form<br>Model Regulation        | None  | Colo. Rev. Stat. §<br>10-1-131   |
| Small Employer Health Insurance<br>Availability Model Law  | Colo. Rev. Stat. §§ 10-8-601<br>to 10-8-606   | Colo. Rev. Stat. §§10-16<br>-101 to 10-16-113; Colo.<br>Admin. Ins. Reg. 4-6-8 |
| Model Regulation To Eliminate<br>Unfair Sex Discrimination | None  | None   |
| Health Information Privacy<br>Model Law                    | None  | Colo. Rev. Stat. §<br>6-18-103   |
| Preferred Provider Arrangements<br>Model Law               | None  | None   |
| Utilization Review Model Law                               | None  | None   |
| Managed Care Plan Network<br>Adequacy Model Law            | Colo. Rev. Stat. §§<br>10-16-701 to 10-16-708 | None   |
| Third Party Administrator Law                              | None  | None   |
| Stop-loss Insurance Model Law<br>Colorado                  | None  | Colo. Rev. Stat. §   |

10-16-119

## NAIC Model Laws or Regulations

| <u>Name of Model Law/Regulation</u>                         | <u>Model/Similar</u>                        | <u>Related</u>                                  |
|---|---|---|
| Jurisdiction of Health Care Providers Model Law             | Colo. Rev. Stat. §§<br>10-3-903.5           | None  |
| Standard Group Health Model Law                             | None  | Colo. Rev. Stat. §<br>10-16-214                 |
| Group Health Insurance Mandatory Conversion Law             | Colo. Rev. Stat. §<br>10-16-108             | None  |
| Group Coverage Discontinuance/ Replacement Model Regulation | Colo. Rev. Stat. §<br>10-16-106             | None  |
| Premium Rates and Renewability of Coverage-Small Groups     | Colo. Rev. Stat. §§<br>10-8-601 to 10-8-606 | Colo. Rev. Stat. §§<br>10-16-105 to 10-16-108.5 |
| Group Coordination of Benefits Model Law                    | Colo. Admin. Ins. Reg.<br>4-6-2             | Reg. 86-1                                       |
| Model Regulation for Certification of Health Plans          | None  | None  |
| Off-Label Drug Use Model Law                                | None  | None  |
| Group Health Mandatory Drug/ Alcohol Dependency Law         | None  | Colo. Rev. Stat. §<br>10-16-104(9)              |
| Model Newborn Children's Law                                | Colo. Rev. Stat. §<br>10-16-104             | Notice dated<br>April 4, 1983                   |

|   |      |      |
|---|------|------|
| Health Examination Benefits<br>Availability Law | None | None |
|---|------|------|

## NAIC Model Laws or Regulations

| <u>Name of Model Law/Regulation</u>  | <u>Model/Similar</u>                          | <u>Related</u>                   |
|--|---|----------------------------------|
| Accident and Sickness Insurance<br>Minimum Standards Model Law   | None  | None                             |
| Agents and Brokers Licensing<br>Model Law  | Colo. Rev. Stat. §§<br>10-2-201 to 10-2-221   | None                             |
| MEWA Licensing Model Law   | None  | Colo. Admin. Ins. Reg.<br>4-2-10 |
| Managing General Agents Law  | Colo. Rev. Stat. §§<br>10-2-401 to 10-2-408   | Colo. Admin. Ins.<br>Reg. 1-2-7  |
| Health Maintenance Organization<br>Model Law   | Colo. Rev. Stat. §§<br>10-16-401 to 10-16-428 | None                             |
| Insurance Information and Privacy<br>Protection Law  | None  | None                             |
| Unfair Trade Practices Law   | Colo. Rev. Stat. §§<br>10-3-1101 to 10-3-1113 | None                             |
| Model Regulation on Unfair<br>Discrimination in Life and Health<br>Insurance on the Basics of<br>Physical or Mental Impairment | None  | None                             |
| Model Regulation on Unfair<br>Discrimination in Life and Health<br>Insurance on the Basics of<br>Total or Partial Blindness    | None  | None                             |

## NAIC Model Laws or Regulations

| <u>Name of Model Law/Regulation</u>  | <u>Model/Similar</u>         | <u>Related</u>   |
|--|------------------------------|--|
| Unfair Discrimination against Subjects<br>of Domestic Abuse in Health Benefit Plans<br>Model Law | None                         | Colo. Rev. Stat. §<br>10-3-1104.8                                |
| Unfair Claims Settlement<br>Practices Law  | Colo. Rev. Stat. § 10-3-1104 | None   |
| Improper Termination Practices<br>Law  | None                         | None   |
| Employee Leasing Registration<br>Model Law   | None                         | None   |
| Private Employer Workers'<br>Compensation Group Self-<br>Insurance Model Law                     | None                         | Colo. Rev. Stat. §<br>8-44-205; Colo. Admin.<br>Ins. Reg. 2-2-2  |
| Public Employee Workers'<br>Compensation Group Self-<br>Insurance Model Law                      | None                         | None   |
| Twenty Four Hour Coverage<br>Pilot Project Model Law   | None                         | Colo. Rev. Stat. §§<br>8-44-204; Colo. Admin.<br>Ins. Reg. 2-2-2 |

## State-Mandates

### **Benefits That Must Be Covered**

- Breast reconstruction
- Cleft palate
- Complications of pregnancy
- Dental anesthesia (children only)
- Diabetic supplies, education
- Emergency services
- Mammography screening
- Maternity care
- Minimum maternity stays
- Mental health, general
- Mental health, parity
- Prostate cancer screening
- Well-child care

### **Benefits That Must Be Offered**

- Alcoholism treatment
- Home health care
- Hospice care

### **Persons Who Must Be Allowed Coverage**

- Adopted children
- Continuation/dependents
- Continuation/employees
- Conversion to non-group
- Newborns

### **Providers Who Must Be Covered**

- Chiropractors
- Dentists
- Licensed Health Professionals
- Nurses
- Nurse Midwives
- Nurse Practitioners
- Nurse Psychiatric
- Optometrists
- Osteopaths
- Podiatrists

- Psychologists
- Social Workers

**Coordination of Benefits**

- Birthday Rule? Yes
- Divorced/Separated Rule? Yes
- Joint Custody Rule? No
- Active v. Inactive Rule? Yes
- Longer v. Shorter Rule? Yes
- Managed Care Rule? No
- COBRA Rule? No
- Preservation Rule? No

**Continuation or Conversion**

Required

**Patient's Bill of Rights Legislation**

None

**High Risk Health Pool**

Yes - capped at 150%

**External Grievance System**

Yes

Basis of Filing Grievance

Medical necessity

Status of Decision of Grievance Parol

Binding

**Prompt Payment of Health Claim Requirement**

Yes - Health plans have 30 days to pay electronic claims, 45 days for nonelectronic claims, and 90 days for disputed claims.

**Alcohol and Drug Treatment**<sup>5</sup>

Alcoholism: 45 days of inpatient/calendar year which reduces total days available for mental health; outpatient to \$500 per year benefit; copayments are acceptable. Mandatory.

**Mental Health Coverage**<sup>6</sup>

Forty-five days of inpatient or 90-day partial hospitalization (3-12 hours/day) in 12-month period in hospital or psychiatric hospital; outpatient coverage to include community health center and licensed psychologist services; copayment to 50% aggregate 12 months benefits not less than \$1,000; copayment is acceptable. Mandatory.

**Mammography**

Screening by low-dose mammography for the presence of breast cancer in adult women, not to exceed \$60 per mammography screening, according to the following guidelines: (1) a single baseline mammogram must be provided to women between the ages of 35-40; (2) a screening not less than once every two years must be offered to women between the ages of 40 and 50, but at least once a year for women with risk factors for breast cancer as determined by a physician; and (3) an annual screening must be offered to women between the ages of 50 to 65 years of age. The mammogram requirements apply to all group accident and sickness policies issued, renewed, or reinstated after January 1, 1990.

### **Maternity**

Normal pregnancy and childbirth, unless the employer has fewer than 15 full-time employees or operates on a seasonal basis for not more than six consecutive months each year and the employer provides the coverage through self-insurance or a separate policy designed for that purpose.

Maternity care to both married and unmarried women in nonfamily contracts and offer the same coverage and same payment costs for maternity benefits to unmarried women that it offers to married women.

### **Birth Defects**

With regard to newborn children with cleft lip or cleft palate or both, oral and facial surgery, management, and follow-up care by plastic and oral surgeons, prosthetic, orthodontic, and prosthodontia treatment, rehabilitative speech therapy, otolaryngology treatment, and audiological assessment and treatment.

## **MEWA Regulation**

Colorado does not have a MEWA statute or regulation. It does have the standard unauthorized insurance statute which gives the Insurance Commissioner the power to enjoin and restrain such unauthorized practice.<sup>2</sup> Further, the state is empowered to require funds to be deposited with the department.

## **TPA Regulations**

Colorado has no TPA regulation statute.

## **Stop-Loss Regulation**

Colorado requires a \$10,000 minimum specific and a 120% aggregate.<sup>3</sup> Colorado's position on this legislation is that it was within the state's right to impose such regulations pursuant to its authority to regulate insurance.

In addition, the purpose of this legislation was to inhibit the use of stop-loss coverage as a subterfuge to get around the guarantee issue requirements for small group coverage and mandated benefits.

Stop-loss agreements do not have to be filed with the state for approval.

## **Utilization Review Regulations**

|                                       |  |
|---------------------------------------|--|
| Agency Responsible <sup>4</sup> ..... | Dept. of Insurance   |
| Requirements .....                    | None   |
| Exemptions .....                      | Workers' Compensation  |
| Waivers .....                         | None   |
| Comments .....                        | If a health insurer nonprofit hospital, health care organization, or HMO contracting with any private utilization review organization relies on the opinion of such utilization review not to pay benefits, and a fact finder later determines that the benefits were due, the health insurer, etc., will be responsible for the past due benefits in addition to interest, costs and attorney's fees. |

## Miscellaneous

### State Premium Taxes

Commercial insurers are taxed at 2.25%; Blue Cross at .50c per enrollee per month. HMOs pay a graduated fee based upon premium volume.

### Continuation and Conversion Requirements

Colorado law requires group health policies to allow participants and dependents to continue coverage for 90 days if their group coverage ends due to termination of employment or other reason, except termination of the policy or termination of coverage for failure to pay. Continuation coverage ends when the individual becomes employed.

*Conversion Rights.* Group policies that allow continuation rights upon termination of employment must also allow a participant or surviving spouse or dependent to convert to an individual policy upon termination of the continued coverage without evidence of insurability.

### Small Group Reform<sup>7</sup>

An employer that has had no more than 50 employees may subscribe to either a basic benefits policy or a standard benefits policy. Beginning January 1, 1996, such policies also must be available to any *business group of one*, which refers to an individual, sole proprietor, or employee of a partnership, subchapter S or C corporation, or limited liability company. All employees who work at least 24 hours per week are eligible, unless they work on a temporary or substitute basis. Basic and standard policies must meet minimum regulatory requirements, including coverage of most hospital, outpatient, home health and substance abuse services, but need not comply with ordinary group insurance mandates. A carrier that offers such policies may not require an employer to pay more than 50% of the premium for employee coverage, but an employer may choose to contribute toward spouse or dependent coverage or pay more than 50% of employee coverage.

### Managed Care Related

Colorado law requires managed care health care plans to give women direct access to an advanced practice nurse who is a certified midwife for reproductive health and gynecological care.

### MSA Legislation<sup>8</sup>

|                                 |  |
|---------------------------------|--|
| Who May Establish .....         | Individuals or employer  |
| Tax Treatment .....             | Not taxable to participant so long as not deductible by employer         |
| Policy Deductible .....         | \$3,000 for both individuals and families; must be purchased by employer |
| Max. Annual Deposit .....       | \$3,000  |
| Non-Medical Withdrawals .....   | Any time after end of plan year; subject to state income tax             |
| Eligible Medical Expenses ..... | Tracks IRC § 213   |

**Court-Order Employer-Support**

An employer that receives an order to withhold support from any employee's wages will be required to notify the person entitled to the support of the employee's complete name and Social Security number; present and past employment status; assets: income; entitlements, or other monies without regard to source; and current or last known address. It also must notify such person of the availability and description of present or previous health insurance coverage for a dependent child, and of any health insurance benefits paid or applied for under a health insurance policy for a dependent child.

**Anti-Deception Practices**

Colorado deems it to be an unfair or deceptive practice to reduce benefits under a health insurance policy by the addition of an exclusionary rider, unless the rider only excludes conditions that were documented in the original application, the insured's original medical examination, or the insured's medical history.

## Endnotes

<sup>1</sup> Colo. Rev. Stat. § 10-4-115.

<sup>2</sup> Colo. Rev. Stat. § 10-3-903; Colo. Ins. Reg. § 4-1-10.

<sup>3</sup> Colo. Rev. Stat. § 10-16-119.

<sup>4</sup> See N. 1.

<sup>5</sup> Colo. Rev. Stat. §§ 10-8-301 and 10-16-136.

<sup>6</sup> Colo. Rev. Stat. §§ 10-8-116(7) and 10-16-135.

<sup>7</sup> Colo. Rev. Stat. §§ 10-8-601 to 10-8-606.

<sup>8</sup> Colo. Rev. Stat. § 39-22-504.