



SUPPORT HB13-1290

Modernize Stop-loss Health Insurance

HB13-1290 works to create a more affordable small employer health insurance market in Colorado by strengthening the integrity and sustainability of the small group market. HB13-1290:

- Raises the individual attachment point for stop-loss insurance policies in Colorado to \$20,000.
- Gives the Commissioner of Insurance rule making authority to raise the attachment point based on the consumer price index.
- Requires the Colorado Division of Insurance to collect information about the stop-loss market.
- Creates more transparency in stop-loss insurance by requiring issuers to provide employers with a document detailing the specific costs, attachment points, and coverage limits in their contract.
- Bans stop-loss issuers from discriminating against or medically underwriting individual employees, through a practice known as “lasering.”

Colorado’s outdated stop-loss law threatens to destabilize both the small group market and the Small Employer Health Options Program (SHOP) in the Colorado health benefit exchange, *Connect for Health Colorado*. Some employers self-insure to cover their health care costs, and then use stop-loss insurance to limit their liability. Currently, the minimum individual attachment point for stop-loss policies is \$15,000 per person or 120% of expected claims for the entire group. Stop-loss plans are not “guaranteed renewable.” A stop-loss issuer can deny the renewal of a policy if an employer incurred a high amount of claims. These small employers would then be forced into the small group market or the SHOP. If small businesses only purchase insurance in the small group market when their employees are sick, this creates adverse selection, and premiums will go up for everyone. HB13-1290 protects the progress Colorado has made creating a new, robust health care marketplace by ensuring that the fully-insured small group market and the SHOP are not subject to increased premiums because of inappropriate use of the self-insurance/stop loss mechanism.

WHY CCHI URGES YOU TO SUPPORT:

- Rising healthcare costs continue to be one of the biggest issues facing small employers. This bill protects the integrity and sustainability of the small group market, where the vast majority of small employers purchase their healthcare coverage.
- If many small businesses move into and out of the small group insurance market depending on their employees’ health status, the majority of Colorado’s small businesses would be left in an unstable insurance pool with increasingly high premiums.
- This bill protects consumers by maintaining a healthy small group marketplace that does not discriminate against employees.

JUST THE FACTS:

- 93% of employers that provide health insurance use the small group market.
- 24 states currently regulate stop-loss insurance. 19 have established minimum attachment points, three ban the sale to small groups, two regulate stop-loss insurance as health insurance, and four (Minnesota, Rhode Island, Utah, and California) have proposed new legislation to regulate stop-loss.
- According to an Urban Institute study, if stop-loss was not regulated at all, premiums could increase by 25% for individuals and 19% for families in the small group market.
- The National Association of Insurance Commissioners proposed in 2012 to raise the individual attachment point for stop-loss policies to \$60,000 per person.

CCHI supports HB13-1290 and urges you to do the same. For more information please contact Debra Judy at djudy@cohealthinitiative.org or (303) 839-1261.