LLS NO. 20-1144.02 Christy Chase x2008

SENATE BILL 20-215

SENATE SPONSORSHIP

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Senate Committees
Finance

House Committees

A BILL FOR AN ACT

CONCERNING MEASURES TO ADDRESS THE AFFORDABILITY OF HEALTH INSURANCE FOR COLORADANS PURCHASING COVERAGE ON THE INDIVIDUAL MARKET, AND, IN CONNECTION THEREWITH, ESTABLISHING AN ENTERPRISE TO ADMINISTER A HEALTH INSURANCE AFFORDABILITY FEE ASSESSED ON CERTAIN HEALTH INSURERS AND A SPECIAL ASSESSMENT ON HOSPITALS TO FUND MEASURES TO REDUCE CONSUMER COSTS FOR INDIVIDUAL HEALTH COVERAGE PLANS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.
The bill establishes the health insurance affordability enterprise, for purposes of section 20 of article X of the state constitution, that is authorized to assess a health insurance affordability fee (insurer fee) on certain health insurers and a special assessment (hospital assessment) on hospitals in order to:

- Provide business services to carriers that pay the fee, including services to increase enrollment in health benefit plans offered by carriers across the state; increasing the number of individuals who are able to purchase health benefit plans in the individual market by providing financial support for certain qualifying individuals; funding the reinsurance program that offsets the costs carriers would otherwise pay for covering consumers with high medical costs; improving the stability of the market throughout the state by providing consistent private health care coverage and reducing the movement of individuals between group and individual coverage and from insured to uninsured status; and reducing provider cost shifting from the individual market and the uninsured to the group market; and

- Provide business services to hospitals, including increasing hospital revenues by reducing the amount of uncompensated care provided by hospitals; and reducing the need of providers to shift costs of providing uncompensated care to other payers.

The enterprise is to start assessing and collecting the insurer fee in 2021, which fee is based on a percentage of premiums collected by health insurers in the previous calendar year on health benefit plans issued in the state. The hospital assessment is a specified amount assessed and collected in the 2022 and 2023 calendar years. Money collected from the insurer fee and hospital assessment is to be deposited in the health insurance affordability cash fund (fund), which the bill creates. The bill also transfers an amount of premium taxes collected by the state in 2020 or later years that exceeds the amount collected in 2019, but not more than 10% of the enterprise's revenues, to the fund.

The enterprise is required to use the insurer fee, the hospital assessment, and any premium tax revenues or other money available in the fund, in accordance with the allocation specified in the bill, for the following purposes:

- To provide funding for the reinsurance program established by House Bill 19-1168;
- To provide payments to carriers to increase the affordability of health insurance on the individual market
for Coloradans who receive the premium tax credit available under federal law;

! To provide subsidies for state-subsidized individual health coverage plans purchased by qualified low-income individuals who are not eligible for the premium tax credit or public assistance health care programs;

! To pay the actual administrative costs of the enterprise and the division of insurance for implementing and administering the bill, limited to 3% of the enterprise's revenues; and

! To pay the costs for consumer enrollment, outreach, and education activities regarding health care coverage.

The enterprise is governed by a 9-member board composed of the executive director of the Colorado health benefit exchange and the commissioner of insurance or their designees and 7 members appointed by the governor and representing various aspect of the health care industry and health care consumers.

With regard to the reinsurance program and enterprise established pursuant to House Bill 19-1168, the bill:

! Incorporates the reinsurance program enterprise within the health insurance affordability enterprise;

! Eliminates funding for the reinsurance program from special assessments on hospitals and health insurers, excess premium tax revenues, and specified transfers from the state general fund and instead allocates a portion of the health insurance affordability enterprise revenues to the reinsurance program annually; and

! Extends the reinsurance program, subject to federal approval of a new or extended state innovation waiver to enable the state to operate the reinsurance program and access federal funding for the program.

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

SECTION 1. In Colorado Revised Statutes, add part 12 to article 16 of title 10 as follows:

PART 12

HEALTH INSURANCE AFFORDABILITY ACT

10-16-1201. Short title. The short title of this part 12 is the "HEALTH INSURANCE AFFORDABILITY ACT".
10-16-1202. Legislative declaration. (1) The general assembly finds and declares that:

(a) The state, carriers, and hospitals share a common commitment to ensuring all Coloradans have access to affordable health care coverage because access to coverage improves health outcomes and provides financial security for Coloradans;

(b) Hospitals within the state incur the costs of uncompensated care to uninsured and underinsured populations;

(c) The economic downturn due to COVID-19 and its impacts on group and individual health care coverage in the state creates economic challenges for carriers from the potential lost revenue if people drop insurance coverage;

(d) This part 12 is enacted to provide the following services and benefits to carriers:

(I) Reducing the number of Coloradans who lack health care coverage by helping Coloradans to maintain consistent coverage;

(II) Providing stability in the insurance market;

(III) Reducing the movement of individuals between insured and uninsured status and between the individual market and the group market; and

(IV) offsetting the costs carriers would otherwise pay for covered persons' high medical costs so that premiums are set at more affordable levels; and

(e) This part 12 is enacted to provide the following services and benefits to hospitals:
INCREASING HOSPITAL REVENUES BY REDUCING THE AMOUNT
OF UNCOMPENSATED CARE PROVIDED BY HOSPITALS; AND

REDUCING THE NEED OF PROVIDERS TO SHIFT COSTS OF
PROVIDING UNCOMPENSATED CARE TO OTHER PAYERS.

10-16-1203. Definitions. As used in this Part 12, unless the
context otherwise requires:

(1) "Board" means the Health Insurance Affordability
board created in Section 10-16-1207.

(2) "Children's Basic Health Plan" has the meaning set
forth in Section 25.5-8-103 (2).

(3) "Enterprise" means the Colorado Health Insurance
Affordability Enterprise created in Section 10-16-1204.

(4) "Federal poverty line" has the same meaning as
"poverty line", as defined in 42 U.S.C. Sec. 9902 (2).

(5) "Fee" means the Health Insurance Affordability Fee
established and assessed pursuant to Section 10-16-1205.

(6) "Fund" means the Health Insurance Affordability Cash
Fund created in Section 10-16-1206.

(7) "Household income" has the same meaning as set forth
in 26 U.S.C. Sec. 36B (d)(2) of the Federal "Internal Revenue Code
of 1986", as amended.

(8) "Medicaid" means federal insurance or assistance as
provided by Title XIX of the Federal "Social Security Act", as
amended, and the "Colorado Medical Assistance Act", Articles
4, 5, and 6 of Title 25.5.

(9) "Medicare" means federal insurance or assistance
provided by the "Health Insurance for the Aged Act", Title XVIII
OF THE FEDERAL "SOCIAL SECURITY ACT", AS AMENDED, 42 U.S.C. SEC. 1395 ET SEQ.

(10) "PREMIUM TAX CREDIT" MEANS THE REFUNDABLE TAX CREDIT AVAILABLE PURSUANT TO THE FEDERAL ACT TO ASSIST CERTAIN INDIVIDUALS IN PURCHASING A HEALTH BENEFIT PLAN ON THE EXCHANGE.

(11) "PUBLIC BENEFIT CORPORATION" MEANS A PUBLIC BENEFIT CORPORATION FORMED PURSUANT TO PART 5 OF ARTICLE 101 OF TITLE 7 THAT IS ORGANIZED AND OPERATED BY THE EXCHANGE PURSUANT TO SECTION 10-22-106 (3) FOR THE PURPOSE OF ADMINISTERING AND OPERATING A SUBSIDY TO REDUCE THE COSTS OF HEALTH CARE COVERAGE OFFERED UNDER A STATE-SUBSIDIZED INDIVIDUAL HEALTH COVERAGE PLAN.

(12) "QUALIFIED INDIVIDUAL" MEANS AN INDIVIDUAL, REGARDLESS OF IMMIGRATION STATUS, WHO:

(a) HAS A HOUSEHOLD INCOME OF NOT MORE THAN THREE HUNDRED PERCENT OF THE FEDERAL POVERTY LINE; AND

(b) IS NOT ELIGIBLE FOR THE PREMIUM TAX CREDIT, MEDICAID, MEDICARE, OR THE CHILDREN'S BASIC HEALTH PLAN.

(13) "REINSURANCE PROGRAM" MEANS THE COLORADO REINSURANCE PROGRAM CREATED IN PART 11 OF THIS ARTICLE 16.

(14) "REINSURANCE PROGRAM CASH FUND" MEANS THE REINSURANCE PROGRAM CASH FUND CREATED IN SECTION 10-16-1107.

(15) "STATE-SUBSIDIZED INDIVIDUAL HEALTH COVERAGE PLAN" MEANS A SUBSIDIZED INDIVIDUAL HEALTH COVERAGE PLAN OFFERED BY CARRIERS TO QUALIFIED INDIVIDUALS THROUGH THE PUBLIC BENEFIT CORPORATION.

10-16-1204. Health insurance affordability enterprise -
creation - powers and duties - assess and allocate health insurance

affordability fee and special assessment. (1) (a) There is hereby
created in the division the Colorado health insurance
affordability enterprise. The enterprise is and operates as a
government-owned business within the division for the purpose
of assessing and collecting the health insurance affordability
fee from carriers that offer health benefit plans in the state
and a special assessment on hospitals in the state and using and
allocating the fee and assessment for the purposes specified in
this Part 12 in order to:

(I) Provide the following business services to carriers
that pay the fee:

(A) Outreach and related work to increase enrollment
in health benefit plans offered by carriers across the state;

(B) Increasing the number of individuals who purchase
health benefit plans in the individual market by providing
financial support to individuals to purchase private health
insurance coverage;

(C) Funding the reinsurance program that offsets the
costs carriers would otherwise pay for covering consumers with
high medical costs;

(D) Improving the stability of the market throughout the
state by providing consistent private health care coverage and
reducing the movement of individuals between group and
individual coverage and from insured to uninsured status; and

(E) Reducing provider cost shifting from the individual
market and the uninsured to the group market; and
(II) PROVIDE THE FOLLOWING BUSINESS SERVICES TO HOSPITALS:

(A) INCREASING HOSPITAL REVENUES BY REDUCING THE AMOUNT
OF UNCOMPENSATED CARE PROVIDED BY HOSPITALS; AND

(B) REDUCING THE NEED OF PROVIDERS TO SHIFT COSTS OF
PROVIDING UNCOMPENSATED CARE TO OTHER PAYERS.

(b) (I) THE ENTERPRISE CONSTITUTES AN ENTERPRISE FOR
PURPOSES OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION SO
LONG AS IT RETAINS THE AUTHORITY TO ISSUE REVENUE BONDS AND
RECEIVES LESS THAN TEN PERCENT OF ITS TOTAL REVENUES IN GRANTS, AS
DEFINED IN SECTION 24-77-102 (7), FROM ALL COLORADO STATE AND
LOCAL GOVERNMENTS COMBINED. SO LONG AS IT CONSTITUTES AN
ENTERPRISE PURSUANT TO THIS SECTION, THE ENTERPRISE IS NOT A
DISTRICT FOR PURPOSES OF SECTION 20 OF ARTICLE X OF THE STATE
CONSTITUTION.

(II) SUBJECT TO APPROVAL BY THE GENERAL ASSEMBLY, EITHER
BY BILL OR JOINT RESOLUTION, AND AFTER APPROVAL BY THE GOVERNOR
PURSUANT TO SECTION 39 OF ARTICLE V OF THE STATE CONSTITUTION, THE
ENTERPRISE IS HEREBY AUTHORIZED TO ISSUE REVENUE BONDS FOR THE
EXPENSES OF THE ENTERPRISE, SECURED BY REVENUES OF THE
ENTERPRISE.

(2) THE ENTERPRISE'S PRIMARY POWERS AND DUTIES ARE:

(a) TO ASSESS AND COLLECT THE FEE SPECIFIED IN SECTION
10-16-1205 (1)(a)(I);

(b) TO ASSESS AND COLLECT THE SPECIAL ASSESSMENT ON
HOSPITALS SPECIFIED IN SECTION 10-16-1205 (1)(a)(II);

(c) TO ALLOCATE MONEY IN THE FUND IN ACCORDANCE WITH
SECTION 10-16-1205 (2);
(d) To issue revenue bonds payable from the revenues of the enterprise;

(e) To engage the services of third parties serving as contractors, consultants, and legal counsel for professional and technical assistance and advice and to supply other services related to the conduct of the affairs of the enterprise;

(f) To engage in outreach and related efforts to increase enrollment in health benefit plans across the state; and

(g) To adopt and amend or repeal policies for the regulation of its affairs and the conduct of its business consistent with this part 12.

10-16-1205. Health insurance affordability fee - special assessment on hospitals - allocation of revenues. (1) (a) (I) Starting in the 2021 calendar year, the enterprise shall assess and collect from carriers, by July 15 each year, a health insurance affordability fee. The fee amount is based on the following percentages of premiums collected by the following carriers in the immediately preceding calendar year on health benefit plans issued in the state:

(A) One percent of premiums collected by nonprofit carriers; and

(B) Two and one-half percent of premiums collected by for-profit carriers.

(II) For the 2022 and 2023 calendar years, the enterprise shall assess and collect from hospitals a special assessment of twenty million dollars per year, subject to subsection (5) of this section. The enterprise shall not collect the special assessment
FOR THE 2022 CALENDAR YEAR BEFORE OCTOBER 1, 2022.

(b) The enterprise shall use the fee, the special assessment on hospitals, and any other money available in the fund as follows, allocated in accordance with subsection (2) of this section:

(I) To provide funding for the reinsurance program;

(II) To provide payments to carriers to increase the affordability of health insurance on the individual market for Coloradans who receive the premium tax credit;

(III) To provide subsidies for state-subsidized individual health coverage plans purchased by qualified individuals;

(IV) To pay the actual administrative costs of the enterprise and the division for implementing and administering this Part 12, limited to three percent of the enterprise’s revenues. Actual administrative costs include the following:

(A) The administrative costs of the enterprise and the division, including the costs to implement and administer the programs established pursuant to this Part 12;

(B) The enterprise’s and division’s actual costs related to implementing and maintaining the fee and special assessment on hospitals, including personal services and operating expenses; and

(C) The costs for conducting analyses necessary to determine the payments to be made to carriers for the purposes described in subsection (1)(b)(II) of this section and the requirements for state-subsidized individual health coverage plans offered by carriers; and
(V) To pay the costs for consumer enrollment, outreach, and education activities regarding health care coverage, including:

(A) increasing grants to the exchange's certified assistance network;

(B) marketing for the exchange;

(C) grants to community-based organizations that are able to assist with outreach and enrollment, particularly in communities that face the greatest barriers to enrolling in health care coverage; and

(D) improving the connection between unemployment services and enrollment in health care coverage.

(c) This subsection (1) does not apply to plans or benefits provided under medicaid, medicare, or the children's basic health plan.

(2) (a) The enterprise shall transmit the fees and special assessments collected pursuant to this section to the state treasurer for deposit in the health insurance affordability cash fund created in section 10-16-1206 and, except as provided in subsection (4) of this section, shall allocate the money in the fund in accordance with this subsection (2).

(b) The enterprise shall allocate the revenues collected in 2021, and any other money deposited in the fund in 2021, as follows:

(I) up to three percent for actual administrative costs as set forth in subsection (1)(b)(IV) of this section;

(II) to the reinsurance program cash fund, an amount
NECESSARY TO MEET THE STATE SHARE OF THE REINSURANCE PROGRAM, AS DETERMINED PURSUANT TO SECTION 10-16-1105 (2), NOT TO EXCEED NINETY MILLION DOLLARS OR, IF THE REVENUES COLLECTED PURSUANT TO SUBSECTION (1)(a) OF THIS SECTION ARE LESS THAN NINETY MILLION DOLLARS, THE AMOUNT COLLECTED; AND

(III) Of any remaining balance in the fund after deducting the allocations specified in subsection (2)(b)(I) of this section:

(A) Up to ten percent of the total amount of revenues collected or deposited into the fund in 2021 to carriers to reduce the costs of individual health plans for individuals who purchase an individual health benefit plan on the exchange and receive the premium tax credit; and

(B) The remaining balance for implementation costs and consumer enrollment, outreach, and education activities regarding health care coverage as described in subsection (1)(b)(V) of this section.

(c) The enterprise shall allocate the revenues collected in 2022, and any other money deposited in the fund in 2022, as follows:

(I) Up to three percent for actual administrative costs as set forth in subsection (1)(b)(IV) of this section;

(II) To the reinsurance program cash fund, ninety million dollars; and

(III) Of the remaining balance in the fund after deducting the allocations specified in subsections (2)(c)(I) and (2)(c)(II) of this section:

(A) Thirty percent to carriers to reduce the costs of
INDIVIDUAL HEALTH PLANS FOR INDIVIDUALS WHO PURCHASE AN
INDIVIDUAL HEALTH BENEFIT PLAN ON THE EXCHANGE AND RECEIVE THE
PREMIUM TAX CREDIT; AND

(B) SEVENTY PERCENT FOR SUBSIDIES FOR STATE-SUBSIDIZED
INDIVIDUAL HEALTH COVERAGE PLANS PURCHASED BY QUALIFIED
INDIVIDUALS.

(d) (I) THE ENTERPRISE SHALL ALLOCATE THE REVENUES
COLLECTED IN 2023 AND EACH YEAR THEREAFTER, AND ANY OTHER
MONEY DEPOSITED IN THE FUND IN 2023 AND EACH YEAR THEREAFTER, IN
THE FOLLOWING AMOUNTS AND ORDER OF PRIORITY:

(A) FIRST, UP TO THREE PERCENT FOR ACTUAL ADMINISTRATIVE
COSTS AS SET FORTH IN SUBSECTION (1)(b)(IV) OF THIS SECTION;

(B) SECOND, FIFTEEN MILLION DOLLARS FOR SUBSIDIES FOR
STATE-SUBSIDIZED INDIVIDUAL HEALTH COVERAGE PLANS PURCHASED BY
QUALIFIED INDIVIDUALS;

(C) THIRD, THE AMOUNT REMAINING IN THE FUND, UP TO
SEVENTY-FIVE PERCENT OF THE TOTAL AMOUNT OF REVENUES COLLECTED
OR DEPOSITED INTO THE FUND IN THE APPLICABLE YEAR, BUT NOT TO
EXCEED NINETY MILLION DOLLARS, TO THE REINSURANCE PROGRAM CASH
FUND; AND

(D) FOURTH, UP TO TEN PERCENT OF THE TOTAL AMOUNT OF
REVENUES COLLECTED OR DEPOSITED INTO THE FUND IN THE APPLICABLE
YEAR TO CARRIERS TO REDUCE THE COSTS OF INDIVIDUAL HEALTH PLANS
FOR INDIVIDUALS WHO PURCHASE AN INDIVIDUAL HEALTH BENEFIT PLAN
ON THE EXCHANGE AND RECEIVE THE PREMIUM TAX CREDIT.

(II) IF, AFTER MAKING THE ALLOCATIONS SPECIFIED IN SUBSECTION
(2)(d)(I) OF THIS SECTION, THERE IS MONEY REMAINING IN THE FUND IN
THE APPLICABLE YEAR, THE ENTERPRISE SHALL ALLOCATE THE REMAINING
MONEY FOR SUBSIDIES FOR STATE-SUBSIDIZED INDIVIDUAL HEALTH
COVERAGE PLANS PURCHASED BY QUALIFIED INDIVIDUALS.

(3) THE ENTERPRISE SHALL DISTRIBUTE THE ALLOCATIONS
SPECIFIED IN SUBSECTION (2) OF THIS SECTION IN ACCORDANCE WITH THE
REQUIREMENTS DETERMINED BY THE BOARD PURSUANT TO SECTION
10-16-1207 (4).

(4) IF THE COMMISSIONER, PURSUANT TO SECTION 10-16-1107 (4),
NOTIFIES THE BOARD THAT THE REINSURANCE PROGRAM WILL RECEIVE
FEDERAL FUNDING PURSUANT TO A FEDERAL REINSURANCE PROGRAM OR
OTHER FEDERAL FINANCIAL ASSISTANCE FOR THE REINSURANCE PROGRAM
THAT IS IN EXCESS OF FEDERAL PASS-THROUGH FUNDING RECEIVED
PURSUANT TO SECTION 10-16-1107 (1)(a)(I), THE ENTERPRISE MAY
ELIMINATE OR REDUCE THE AMOUNT OF ENTERPRISE REVENUES
ALLOCATED TO THE REINSURANCE PROGRAM PURSUANT TO SUBSECTION
(2) OF THIS SECTION BASED ON THE AMOUNT OF FEDERAL FUNDING THE
REINSURANCE PROGRAM RECEIVES, AS INDICATED IN THE COMMISSIONER'S
NOTICE, AND SHALL REALLOCATE THE PORTION OF THE ENTERPRISE
REVENUES NO LONGER ALLOCATED TO THE REINSURANCE PROGRAM TO
THE OTHER PURPOSES SPECIFIED IN SUBSECTION (2) OF THIS SECTION IN
ACCORDANCE WITH THAT SUBSECTION (2).

(5) (a) THE SPECIAL ASSESSMENTS ON HOSPITALS UNDER
SUBSECTION (1)(a)(II) OF THIS SECTION MUST COMPLY WITH AND NOT
VIOLATE 42 CFR 433.68. IF THE FEDERAL CENTERS FOR MEDICARE AND
MEDICAID SERVICES IN THE UNITED STATES DEPARTMENT OF HEALTH AND
HUMAN SERVICES INFORMS THE STATE THAT THE STATE WILL NOT BE IN
COMPLIANCE WITH 42 CFR 433.68 AS A RESULT OF THE SPECIAL
ASSESSMENT ON HOSPITALS PURSUANT TO SUBSECTION (1)(a)(II) OF THIS SECTION, THE ENTERPRISE SHALL REDUCE THE AMOUNT OF THE SPECIAL ASSESSMENT AS NECESSARY TO AVOID ANY REDUCTION IN THE HEALTHCARE AFFORDABILITY AND SUSTAINABILITY FEE COLLECTED PURSUANT TO SECTION 25.5-4-402.4.

(b) A HOSPITAL SHALL PAY THE SPECIAL ASSESSMENT IMPOSED PURSUANT TO SUBSECTION (1)(a)(II) OF THIS SECTION FROM ITS GENERAL REVENUES AND IS PROHIBITED FROM:

(I) COLLECTING AN ASSESSMENT FROM CONSUMERS AS ANY TYPE OF SURCHARGE ON ITS FEES;

(II) PASSING THE SPECIAL ASSESSMENT ON TO CONSUMERS AS ANY TYPE OF INCREASE TO FEES OR CHARGES FOR SERVICES; OR

(III) OTHERWISE PASSING THE SPECIAL ASSESSMENT ON TO CONSUMERS IN ANY MANNER.

10-16-1206. Health insurance affordability cash fund - creation. (1) THERE IS HEREBY CREATED IN THE STATE TREASURY THE HEALTH INSURANCE AFFORDABILITY CASH FUND. THE FUND CONSISTS OF:

(a) THE FEES COLLECTED FROM CARRIERS PURSUANT TO SECTION 10-16-1205 (1)(a)(I);

(b) THE SPECIAL ASSESSMENTS COLLECTED FROM HOSPITALS PURSUANT TO SECTION 10-16-1205 (1)(a)(II);

(c) AN AMOUNT OF PREMIUM TAX REVENUES DEPOSITED IN THE FUND PURSUANT TO SECTION 10-3-209 (4)(a)(III), NOT TO EXCEED, IN ANY YEAR, TEN PERCENT OF THE TOTAL AMOUNT THE ENTERPRISE COLLECTS FROM CARRIERS AND HOSPITALS UNDER SECTION 10-16-1205 (1)(a); AND

(d) ALL INTEREST AND INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE FUND.
(2) Money in the fund shall not be transferred to any other fund, except as provided in section 10-16-1205(2), and shall
not be used for any purpose other than the purposes specified in this part 12.

(3) All money in the fund is continuously available and appropriated to the enterprise to use in accordance with this part 12.

(4) The fund is part of the enterprise established pursuant to section 10-16-1204 (1).

10-16-1207. Health insurance affordability board - creation - membership - powers and duties - subject to open meetings and public records laws - commissioner rules. (1) (a) There is hereby created the health insurance affordability board, which board is responsible for governance of the enterprise established in this part 12. The board consists of the following nine voting members:

(I) The executive director of the exchange or the executive director's designee;

(II) The commissioner or the commissioner's designee; and

(III) Seven members appointed by the governor, with the consent of the senate, as follows:

(A) One member who is employed by a carrier;

(B) One member who is a representative of a statewide association of health benefit plans;

(C) One member representing primary care health care providers who does not represent a carrier;

(D) Two members who are consumers of health care who
ARE NOT REPRESENTATIVES OR EMPLOYEES OF A HOSPITAL, CARRIER, OR
OTHER HEALTH CARE INDUSTRY ENTITY. TO THE EXTENT POSSIBLE, THE
GOVERNOR SHALL ENSURE THAT THE CONSUMER MEMBERS OF THE BOARD
ARE INDIVIDUALS WITH AN ANNUAL HOUSEHOLD INCOME OF LESS THAN
FOUR HUNDRED PERCENT OF THE FEDERAL POVERTY LINE, WHO LACK
AFFORDABLE OFFERS OF COVERAGE FROM THEIR EMPLOYERS, AND WHO DO
NOT QUALIFY FOR PREMIUM TAX CREDITS, MEDICAID, MEDICARE, OR THE
CHILDREN'S BASIC HEALTH PLAN.

(E) ONE MEMBER WHO REPRESENTS A HEALTH CARE ADVOCACY
ORGANIZATION; AND

(F) ONE MEMBER WHO IS A REPRESENTATIVE OF A BUSINESS THAT
PURCHASES OR OTHERWISE PROVIDES HEALTH INSURANCE FOR ITS
EMPLOYEES.

(b) THE MEMBERSHIP OF THE BOARD MUST REFLECT THE DIVERSITY
OF THE STATE WITH REGARD TO RACE, ETHNICITY, IMMIGRATION STATUS,
INCOME, WEALTH, ABILITY, AND GEOGRAPHY.

(2) (a) (I) EXCEPT AS PROVIDED IN SUBSECTION (2)(a)(II) OF THIS
SECTION, THE TERM OF OFFICE OF THE MEMBERS OF THE BOARD APPOINTED
BY THE GOVERNOR IS FOUR YEARS, AND THOSE MEMBERS MAY SERVE NO
MORE THAN TWO FOUR-YEAR TERMS.

(II) IN ORDER TO ENSURE STAGGERED TERMS OF OFFICE, THE
INITIAL TERM OF OFFICE OF THE MEMBERS OF THE BOARD IS:

(A) TWO YEARS FOR THE MEMBERS APPOINTED PURSUANT TO
SUBSECTIONS (1)(a)(III)(A), (1)(a)(III)(C), AND (1)(a)(III)(F) OF THIS
SECTION AND FOR ONE OF THE MEMBERS APPOINTED PURSUANT TO
SUBSECTION (1)(a)(III)(D) OF THIS SECTION; AND

(B) FOUR YEARS FOR THE MEMBERS APPOINTED PURSUANT TO
SUBSECTIONS (1)(a)(III)(B) AND (1)(a)(III)(E) OF THIS SECTION AND FOR ONE OF THE MEMBERS APPOINTED PURSUANT TO SUBSECTION (1)(a)(III)(D) OF THIS SECTION.

(b) Members of the Board appointed by the Governor serve at the pleasure of the Governor and may be removed by the Governor or for cause by a majority vote of the Board members.

(c) A member who is appointed to fill a vacancy shall serve the remainder of the unexpired term of the member whose vacancy is being filled.

(d) Members of the Board may be reimbursed for actual and necessary expenses, including any required dependent care and dependent or attendant travel, food, and lodging, while engaged in the performance of official duties of the Board.

(3) The Board shall meet as often as necessary to carry out its duties pursuant to this Part 12.

(4) The Board is authorized to:

(a) Implement and administer the Enterprise;

(b) Establish administrative and accounting procedures for the operation of the Enterprise;

(c) Recommend, for approval and establishment by the Commissioner by rule:

(I) The timing and methodology for assessing and collecting the fee and special assessment, subject to Section 10-16-1205 (1)(a);

(II) The distribution of Enterprise revenues allocated for carrier payments and subsidies in a manner that improves affordability for subsidized populations and individuals not
(III) The payments authorized by this part 12 to be made to carriers to reduce the costs of individual health plans for individuals who purchase an individual health benefit plan on the exchange and receive the premium tax credit; and

(IV) The parameters for implementing the subsidies for state-subsidized individual health coverage plans authorized by this part 12, including:

(A) The coverage required under state-subsidized individual health coverage plans, which coverage must maximize affordability for qualified individuals and must include coverage for the lowest income group, as determined by the board, that has no premium and provides benefits actuarially equivalent to ninety percent of the full actuarial value of the benefits provided under the plan; and

(B) The criteria and procedures for determining whether an individual is a qualified individual eligible to enroll in a state-subsidized individual health coverage plan; and

(d) Establish bylaws, as appropriate and consistent with this part 12, for its effective operation.

(5) The commissioner shall adopt rules necessary for the administration and implementation of this part 12. In adopting the rules, the commissioner shall consider the recommendations of the board and shall express in writing the reasons for any deviation from the board recommendations.

(6) Meetings of the board are subject to the open meetings
provisions of the "COLORADO SUNSHINE ACT of 1972", contained in part 4 of article 6 of title 24. Except as otherwise provided in the "COLORADO OPEN RECORDS ACT", part 2 of article 72 of title 24, or other applicable state or federal law, records of the Board and the program are subject to the "COLORADO OPEN RECORDS ACT".

SECTION 2. In Colorado Revised Statutes, 10-16-107, add (8) as follows:

**10-16-107. Rate filing regulation - benefits ratio - rules.**

(8) (a) The commissioner may adopt rules designed to:

(I) Maximize the purchasing power of exchange consumers whose household income is up to four hundred percent of the federal poverty line; and

(II) Assure premium pricing that complies with the requirements in the federal act for modified community rating.

(b) In adopting these rules, the commissioner may consider the results of the evaluation and study of the reinsurance program conducted pursuant to section 10-16-1104 (2).

SECTION 3. In Colorado Revised Statutes, 10-16-1104, amend (1)(g); and repeal (1)(f) as follows:

**10-16-1104. Commissioner powers and duties - rules - study and report.** (1) The commissioner has all powers necessary to implement this part 11 and is specifically authorized to:

(f) Assess special fees against hospitals and, if applicable, carriers for the continuous operation of the reinsurance program, as provided in section 10-16-1108;

(g) In accordance with section 10-16-1109, apply for a state innovation waiver or an extension of a state innovation waiver;
APPLY FOR federal funds; or APPLY FOR both in accordance with section 10-16-1109; A WAIVER OR EXTENSION OF A WAIVER AND FEDERAL FUNDS for the implementation and operation of the reinsurance program;

SECTION 4. In Colorado Revised Statutes, 10-16-1105, amend (1)(a), (1)(b), (1)(c), (1)(e)(I), and (2)(b) introductory portion; and add (2)(a.5) as follows:

10-16-1105. Reinsurance program - creation - enterprise status - subject to waiver or funding approval - operation - payment parameters - calculation of reinsurance payments - eligible carrier requests - definition. (1) (a) There is hereby created in the division the Colorado reinsurance program to provide reinsurance payments to eligible carriers. Implementation and operation of the reinsurance program is contingent upon approval of the state innovation waiver, EXTENSION OF THE STATE INNOVATION WAIVER, OR A NEW STATE INNOVATION WAIVER or OF A federal funding request submitted by the commissioner in accordance with section 10-16-1109.

(b) (I) The reinsurance program constitutes an enterprise for purposes of section 20 of article X of the state constitution as long as the commissioner, on behalf of the program, retains authority to issue revenue bonds and the program receives less than ten percent of its total revenues in grants, as defined in section 24-77-102 (7), from all Colorado state and local governments combined. So long as it constitutes an enterprise pursuant to this section, the program is not a district for purposes of section 20 of article X of the state constitution IS PART OF THE COLORADO HEALTH INSURANCE AFFORDABILITY ENTERPRISE ESTABLISHED PURSUANT TO PART 12 OF THIS ARTICLE 16.

(II) Subject to approval by the general assembly, either by bill or
joint resolution, and after approval by the governor pursuant to section 39
of article V of the state constitution, the commissioner, on behalf of the
reinsurance program, is hereby authorized to issue revenue bonds for the
expenses of the program, secured by revenues of the program.

(c) If the state innovation waiver, ANY EXTENSION OF THE WAIVER,
or THE federal funding request submitted by the commissioner pursuant
to section 10-16-1109 is approved, the commissioner shall implement and
operate the reinsurance program in accordance with this section.

(e) (I) On a quarterly basis during the applicable benefit year,
(A) each eligible carrier shall report to the commissioner its
claims costs that exceed the attachment point for that benefit year.

(B) Each hospital that is subject to the special fees assessed
pursuant to section 10-16-1108 shall report to the commissioner the
amount the hospital is responsible for funding in the benefit year; and

(C) If special fees are assessed against carriers pursuant to section
10-16-1108 (1)(b), each carrier that is subject to the special fees shall
report to the commissioner on its collected assessments in that benefit
year:

(2) (a.5) TO THE GREATEST EXTENT POSSIBLE, THE COMMISSIONER
SHALL SET THE PAYMENT PARAMETERS FOR THE 2021 BENEFIT YEAR AT
AMOUNTS TO MAINTAIN THE TARGETED CLAIMS REDUCTIONS ACHIEVED IN
THE 2020 BENEFIT YEAR.

(b) For the 2022 benefit year AND EACH BENEFIT YEAR
THEREAFTER, after a stakeholder process, the commissioner shall establish
and publish the payment parameters for that benefit year by March 15
2020 OF THE IMMEDIATELY PRECEDING CALENDAR YEAR. In setting the
payment parameters under this subsection (2)(b), the commissioner shall
consider the following factors as they apply in each geographic rating area in the state:

SECTION 5. In Colorado Revised Statutes, 10-16-1106, amend (4) as follows:

10-16-1106. Accounting - reports - audits. (4) On or before November 1, 2020, and on or before November 1 of each year thereafter, the division shall include an update regarding the program in its report to the members of the applicable committees of reference in the senate and house of representatives as required by the "State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act", part 2 of article 7 of title 2.

SECTION 6. In Colorado Revised Statutes, 10-16-1107, amend (1); and add (4) as follows:

10-16-1107. Funding for reinsurance program - sources - permitted uses - reinsurance program cash fund - calculation of total funding for program. (1) (a) There is hereby created in the state treasury the reinsurance program cash fund REFERRED TO IN THIS SECTION AS THE "FUND", which consists of:

   (I) Federal pass-through funding granted pursuant to 42 U.S.C. sec. 18052 (a)(3) or any other federal funds that are made available for the reinsurance program;

   (II) Special fees assessed against hospitals and, if applicable, carriers as provided in section 10-16-1108;

   (III) The following amounts transferred from the general fund to the reinsurance program cash fund, but only if House Bill 19-1245 is enacted at the first regular session of the seventy-second general assembly and becomes law:
(A) Fifteen million dollars, transferred to the fund on June 30, 2020; and

(B) Forty million dollars, transferred to the fund on June 30, 2021;

(IV) An amount of premium tax revenues deposited in the fund pursuant to section 10-3-209 (4)(a)(III); and

(V) (II) Any money the general assembly appropriates to the fund for the program; AND

(III) Any amounts allocated to the fund pursuant to section 10-16-1205 (2).

(b) All money deposited or paid into or transferred, allocated, or appropriated to the reinsurance program cash fund, including interest or income earned on the investment of money in the fund, is continuously available and appropriated to the division to be expended in accordance with this part 11. Any interest or income earned on the investment of money in the fund shall be credited to the fund.

(c) The reinsurance program cash fund is part of the reinsurance program enterprise established pursuant to section 10-16-1105 (1)(b) Colorado health insurance affordability enterprise established pursuant to part 12 of this article 16.

(4) (a) If, after the effective date of this subsection (4), the United States Congress enacts and the President signs federal legislation establishing or the Secretary of the United States Department of Health and Human Services implements a federal reinsurance program that provides federal funding for the reinsurance program or otherwise makes additional federal funds available for the reinsurance program in excess of the amount received as federal pass-through funding pursuant to...
SUBSECTION (1)(a)(I) OF THIS SECTION, THE COMMISSIONER SHALL NOTIFY
THE HEALTH INSURANCE AFFORDABILITY BOARD CREATED IN SECTION
10-16-1207 OF THE AMOUNT OF FEDERAL FUNDING IN EXCESS OF THE
FEDERAL PASS-THROUGH FUNDING THAT WILL BE AVAILABLE FOR THE
REINSURANCE PROGRAM AND THE DATE THE FUNDING IS EXPECTED TO BE
RECEIVED.

(b) IF THE REINSURANCE PROGRAM RECEIVES FEDERAL FUNDING
AS DESCRIBED IN THIS SUBSECTION (4) TO MAKE REINSURANCE PAYMENTS
TO CARRIERS IN A GIVEN YEAR AFTER THE HEALTH INSURANCE
AFFORDABILITY ENTERPRISE HAS ALLOCATED MONEY TO THE
REINSURANCE PROGRAM PURSUANT TO SECTION 10-16-1205 (2) FOR THAT
YEAR, THE COMMISSIONER SHALL RETURN TO THE ENTERPRISE THE
ALLOCATION OR A PORTION OF THE ALLOCATION, AS DETERMINED BY THE
ENTERPRISE, BASED ON THE AMOUNT OF FEDERAL FUNDING RECEIVED FOR
THAT YEAR.


SECTION 8. In Colorado Revised Statutes, 10-16-1109, amend
(1)(a) as follows:

10-16-1109. State innovation waiver - federal funding -
Colorado reinsurance program. (1) (a) For purposes of implementing
and operating the reinsurance program as set forth in this part 11 for plan
years starting on or after January 1, 2020, the commissioner may
apply to the secretary of the United States department of health and
human services for:

(I) A two-year state innovation waiver. In accordance with section
1332 of the federal act, codified at 42 U.S.C. sec. 18052, and 45 CFR
155.1300:
(A) ONE OR MORE EXTENSIONS OF THE INITIAL TWO-YEAR STATE
INNOVATION WAIVER RECEIVED BEFORE THE EFFECTIVE DATE OF THIS
SUBSECTION (1)(a)(I), AS AMENDED, OF UP TO FIVE YEARS PER EXTENSION;
OR

(B) A NEW STATE INNOVATION WAIVER OF UP TO FIVE YEARS TO
FOLLOW THE INITIAL TWO-YEAR STATE INNOVATION WAIVER APPROVED
BEFORE THE EFFECTIVE DATE OF THIS SUBSECTION (1)(a)(I), AS AMENDED,
AND SUBSEQUENT EXTENSIONS OF ANY NEW STATE INNOVATION WAIVER
APPROVED BY THE SECRETARY;

(II) Federal funds for the reinsurance program; or

(III) A NEW OR EXTENDED state innovation waiver and federal
funds.

SECTION 9. In Colorado Revised Statutes, 10-16-1110, repeal
(2) as follows:

10-16-1110. Repeal of part - notice to revisor of statutes.
(2) This part 11 is repealed, effective September 1, 2023.

SECTION 10. In Colorado Revised Statutes, 10-3-209, amend
(4)(a)(III) as follows:

10-3-209. Tax on premiums collected - exemptions - penalties.
(4) (a) The division of insurance shall transmit all taxes, penalties, and
fines it collects under this section to the state treasurer for deposit in the
general fund; except that the state treasurer shall deposit amounts in the
specified cash funds as follows:

(III) (A) For the 2020-21 STATE FISCAL YEAR and 2021-22 EACH
state fiscal YEAR THEREAFTER, in the reinsurance program
HEALTH INSURANCE AFFORDABILITY cash fund created in section 10-16-1107
SECTION 10-16-1206, an amount equal to the amount of premium taxes
collected pursuant to this section in the 2020 calendar year or any
subsequent calendar year that exceeds the amount of premium taxes
collected pursuant to this section in the 2019 calendar year, subject to
subsection (4)(a)(III)(C) of this section.

(B) This subsection (4)(a)(III) is repealed, effective September 1, 2023.

(C) The amount of premium taxes deposited in the health
insurance affordability cash fund pursuant to this subsection
(4)(a)(III) in any given year shall not exceed ten percent of the
amount of revenues collected by the health insurance
affordability enterprise pursuant to section 10-16-1205 in that
year. The health insurance affordability board established in
section 10-16-1207 shall notify the treasurer of the maximum
amount of premium taxes that may be deposited in the health
insurance affordability cash fund to comply with this
subsection (4)(a)(III)(C).

SECTION 11. Safety clause. The general assembly hereby finds,
determines, and declares that this act is necessary for the immediate
preservation of the public peace, health, or safety.