

First Regular Session  
Seventy-fourth General Assembly  
STATE OF COLORADO

**REENGROSSED**

*This Version Includes All Amendments  
Adopted in the House of Introduction*

LLS NO. 23-0591.01 Kristen Forrestal x4217

**HOUSE BILL 23-1116**

**HOUSE SPONSORSHIP**

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**Senate Committees**

**A BILL FOR AN ACT**

101 **CONCERNING INSURANCE CONTRACTS FOR HEALTH-CARE SERVICES**  
102 **THAT INVOLVE ELECTRONIC PAYMENTS TO A HEALTH-CARE**  
103 **PROVIDER.**

**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 <http://leg.colorado.gov>.)*

The bill:

- Requires a contract between a health insurance carrier (carrier) and a licensed health-care provider (provider) for the provision of health-care services to covered persons under a health coverage plan issued by the carrier (contract)

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters or bold & italic numbers indicate new material to be added to existing law.  
Dashes through the words or numbers indicate deletions from existing law.*

HOUSE  
3rd Reading Unamended  
February 3, 2023

HOUSE  
Amended 2nd Reading  
February 2, 2023

to offer at least one method of payment to the provider for which there is not an associated fee; and

- Prohibits the contract from restricting the form or method of payment the carrier uses to make payments to the provider so that the only acceptable payment method is a credit card payment.

If a carrier initiates a payment to a provider using, or changes the payment method to, electronic funds transfer payments, including virtual credit card payments, the bill requires the carrier to:

- Notify the provider of any fees associated with the particular payment method;
- Advise the provider of the available payment methods and include instructions on how to select an alternative available method; and
- With each payment, remit an explanation of benefits.

The bill prohibits a carrier from charging a fee for a change in the payment method to a specified electronic transaction and allows a provider's billing service to charge a fee under certain circumstances.

The bill makes it an unfair method of competition and unfair or deceptive act or practice in the business of insurance if a carrier violates or fails to comply with the requirements of the contract limitations and requirements.

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

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3 **SECTION 1.** In Colorado Revised Statutes, **add** 10-16-121.3 as  
4 follows:

5 **10-16-121.3. Limitations on provisions in contracts between**  
6 **carriers and licensed health-care providers - methods of payment -**  
7 **fees.** (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
8 REQUIRES:

9 (a) "BILLING SERVICE" MEANS A PERSON OR ENTITY THAT  
10 CONTRACTS WITH A LICENSED HEALTH-CARE PROVIDER TO:

11 (I) PROCESS BILLS FOR HEALTH-CARE SERVICES PROVIDED BY THE  
12 LICENSED HEALTH-CARE PROVIDER; AND

13 (II) PURSUANT TO THE TERMS OF THE CONTRACT, SUBMIT BILLS,

1 REQUEST RECONSIDERATION OF PAYMENTS, AND RECEIVE PAYMENTS OR  
2 REIMBURSEMENTS FOR HEALTH-CARE SERVICES PROVIDED BY THE  
3 LICENSED HEALTH-CARE PROVIDER.

4 (b) "CONTRACT" MEANS A CONTRACT BETWEEN A CARRIER AND A  
5 LICENSED HEALTH-CARE PROVIDER FOR THE PROVISION OF HEALTH-CARE  
6 SERVICES TO COVERED PERSONS UNDER A HEALTH COVERAGE PLAN ISSUED  
7 BY THE CARRIER.

8 (c) "HEALTH-CARE ELECTRONIC FUNDS TRANSFERS AND  
9 REMITTANCE ADVICE TRANSACTION" HAS THE SAME MEANING AS DEFINED  
10 IN 45 CFR 162.1601 AND INCORPORATES THE STANDARDS DESCRIBED IN  
11 45 CFR 162.1602.

12 (2) IN A CONTRACT ENTERED INTO, AMENDED, OR RENEWED ON OR  
13 AFTER THE EFFECTIVE DATE OF THIS SECTION, THE CARRIER SHALL:

14 (a) OFFER AT LEAST ONE METHOD OF PAYMENT TO THE LICENSED  
15 HEALTH-CARE PROVIDER THAT DOES NOT REQUIRE AN ASSOCIATED FEE  
16 CHARGED TO THE HEALTH-CARE PROVIDER; AND

17 (b) NOT RESTRICT THE METHOD OR FORM OF PAYMENT TO THE  
18 LICENSED HEALTH-CARE PROVIDER SO THAT THE ONLY ACCEPTABLE  
19 PAYMENT METHOD IS A CREDIT CARD PAYMENT.

20 (3) IF A CARRIER INITIATES A PAYMENT TO A LICENSED  
21 HEALTH-CARE PROVIDER USING, OR CHANGES THE PAYMENT METHOD TO,  
22 ELECTRONIC FUNDS TRANSFER PAYMENTS, INCLUDING VIRTUAL CREDIT  
23 CARD PAYMENTS, THE CARRIER SHALL:

24 (a) NOTIFY THE LICENSED HEALTH-CARE PROVIDER IF ANY FEE IS  
25 ASSOCIATED WITH A PARTICULAR PAYMENT METHOD;

26 (b) ADVISE THE LICENSED HEALTH-CARE PROVIDER OF THE  
27 AVAILABLE PAYMENT METHODS AND PROVIDE CLEAR INSTRUCTIONS TO

1 THE LICENSED HEALTH-CARE PROVIDER AS TO HOW TO SELECT AN  
2 ALTERNATIVE PAYMENT METHOD; AND

3 (c) WITH EACH PAYMENT, REMIT AN EXPLANATION OF BENEFITS.

4 (4) FOR ANY CONTRACT THAT IS IN EFFECT ON OR BEFORE THE  
5 EFFECTIVE DATE OF THIS SECTION OR THAT IS ENTERED INTO, AMENDED,  
6 OR RENEWED ON OR AFTER THE EFFECTIVE DATE OF THIS SECTION, A  
7 CARRIER THAT INITIATES A PAYMENT TO A LICENSED HEALTH-CARE  
8 PROVIDER USING, OR CHANGES THE PAYMENT METHOD TO, A HEALTH-CARE  
9 ELECTRONIC FUNDS TRANSFERS AND REMITTANCE ADVICE TRANSACTION  
10 SHALL NOT CHARGE A FEE SOLELY TO TRANSMIT THE PAYMENT TO THE  
11 LICENSED HEALTH-CARE PROVIDER UNLESS THE LICENSED HEALTH-CARE  
12 PROVIDER CONSENTS TO THE FEE. A LICENSED HEALTH-CARE PROVIDER'S  
13 BILLING SERVICE MAY CHARGE A REASONABLE FEE RELATED TO  
14 TRANSACTION MANAGEMENT, DATA MANAGEMENT, PORTAL SERVICES, OR  
15 OTHER VALUE-ADDED SERVICES ABOVE AND BEYOND THE BANK  
16 TRANSMITTAL WHEN TRANSMITTING AN ELECTRONIC FUNDS TRANSFER.

17 (5) THE COMMISSIONER HAS THE AUTHORITY TO ENFORCE THIS  
18 SECTION AND IMPOSE A PENALTY OR REMEDY AGAINST A PERSON WHO  
19 VIOLATES THIS SECTION.

20 **SECTION 2. Act subject to petition - effective date.** This act  
21 takes effect at 12:01 a.m. on the day following the expiration of the  
22 ninety-day period after final adjournment of the general assembly; except  
23 that, if a referendum petition is filed pursuant to section 1 (3) of article V  
24 of the state constitution against this act or an item, section, or part of this  
25 act within such period, then the act, item, section, or part will not take  
26 effect unless approved by the people at the general election to be held in

- 1 November 2024 and, in such case, will take effect on the date of the
- 2 official declaration of the vote thereon by the governor.