



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

SB 20-176

FINAL FISCAL NOTE

Drafting Number:	LLS 20-0114	Date:	August 5, 2020
Prime Sponsors:	Sen. Danielson; Ginal Rep. Titone; Young	Bill Status:	Signed into Law
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Bill Topic: **PROTECT NEUTRAL DETERMINATIONS IN HEALTH INSURANCE**

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill clarifies the applicability of remedies for the unreasonable delay or denial of insurance benefits and that discretionary clause provisions are void in an insurance policy, contract, or plan. It increases state workload on an ongoing basis.

**Appropriation
Summary:** No appropriation is required.

**Fiscal Note
Status:** The fiscal note reflects the enacted bill.

Summary of Legislation

House Bill 08-1407 prohibited discretionary clauses that allow an insurer, plan administrator, or claim administrator to interpret terms of the policy, contract, or plan to determine eligibility for benefits in an insurance policy, contract, or plan issued in this state that offers health or disability benefits. This bill clarifies that any such provision is void.

The bill also clarifies that for this prohibition, "issued in this state" refers to every health and disability insurance policy, insurance contract, insurance certificate, and insurance agreement existing, offered, issued, delivered, or renewed in the State of Colorado or providing health or disability benefits to a resident or domiciliary of the State of Colorado and every employee benefit plan covering a resident or domiciliary of the state of Colorado, whether or not on behalf of an employer located or domiciled in Colorado, on or after August 5, 2008, notwithstanding any contractual or statutory choice-of-law provision to the contrary.

Finally, the bill separates a person's entitlement to de novo review in any court with jurisdiction from the person's entitlement to a trial by jury.

State Revenue

This bill may increase revenue to the Judicial Department for court filing fees for cases that will be brought due to the clarifying language of the bill. This revenue increase is subject to TABOR but has not been estimated.

State Expenditures

This bill will increase workload for the trial courts in the Judicial Department if more insureds seek a judicial remedy for their benefit delay or denial. Any workload increase for the Judicial Department is expected to be accomplished within existing appropriations.

Effective Date

The bill was signed into law by the Governor on July 14, 2020, and takes effect on September 14, 2020, assuming no referendum petition is filed. It applies to every health and disability insurance policy, insurance contract, insurance certificate, and insurance agreement existing, offered, issued, delivered, or renewed in Colorado or providing health or disability benefit to a resident or domiciliary of the State of Colorado, whether or not on behalf of an employer located or domiciled in Colorado on or after the effective date, notwithstanding any contractual or statutory choice-of-law provision to the contrary.

State and Local Government Contacts

Counties	Health Care Policy and Financing
Information Technology	Judicial
Law	Municipalities
Personnel	Regulatory Agencies