

## Understanding The New Changes And How It Will Affect The Colorado Insurance Market.

As the New-year begins it is a good idea to look at and have a good understanding of the new House Bills 1355 and 1385. The first part of house bill 1355 (effective 1/1/2008), basically leveled the playing field in the group health insurance market by taking away the insurance carriers ability to rate up your business for known insurance risks. The second part has insurance carriers changing the way they used to be able to give discounts to healthier (Small Business 1-50 Employees), groups in the Colorado health insurance market. Part I, took affect January 2008, and part II will take affect January 2009. In conjunction to these mandated changes in the market carriers can now have to implement the following type of rating structure for small business 1-50 employees in Colorado. So here is what HB1355 means to you and your clients

- Health conditions can no longer be used in determining a group's final Rates.
- SIC code and/or Tobacco status may be used to determine a group's final Rates, but still has to remain within the range of 0.75-1.10 of filed rates.
- SIC codes Rates: The allowable range within the law is 0.75-1.10 for SIC codes.
- Every carrier has developed a list of SIC codes, and the specific range varies dramatically from carrier to carrier.
- Tobacco status may be used to LOAD Only - No discounts for groups, to a maximum of a 15 point load. The carriers using tobacco loads are: Anthem, Humana and UHC.

A combination of SIC code and tobacco status load cannot exceed 1.10 of filed rates.

The illustrated employee rates age-banded table rates do not have the SIC code factor applied to them.

- SIC codes have been assigned on a Carrier-specific basis by every Carrier.
- Range of SIC codes vary by Carrier; however all are within the range of 0.75-1.10.
- Tobacco Status loads will be applied during the Underwriting process by Anthem, Humana, and United HealthCare. The tobacco load may not exceed 15%, or 1.10 of the filed rate in situations where the SIC code

factor + the maximum Tobacco status load is being applied. The group's rate cannot exceed 1.10 of the filed rate.

- All Carriers have reported some level of rate decrease on their filed rates from December to January.

Rocky Mountain Health Plans are not using Sic Codes until 4/1/09 and are awaiting approval from the DOI.

House Bill 1385: This legislation mandates that full commissions disclosure happens for every individual and small group business owner. How it works? All insurance brokers' and insurance companies will have to provide a "Commission Disclosure Form" for every insurance product being proposed to each client. The "Commission Disclosure Form" shall have a signature line for both parties to sign off on the disclosure. This form shall be kept in a file for audits if they should ever happen for either insurance broker or insurance company.

Every product has a different commission that is charged per product. One important thing to note is if you use an insurance company direct they won't pay the commission. However, it's important to note, the *premiums won't be cheaper if you don't use a broker.*

We suggest you look over the disclosure and see if the broker has been providing this value added service as most professional brokers are worth doing business with especially if you don't have to pay more for it...

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