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OPPOSE SB 88 – Raising Health Insurance Costs on Employers

Sponsors: Senators Holbert & Williams; Representatives Hooten & Van Winkle

Summary of Senate Bill 88: Includes provisions that place several requirements and restrictions on insurance carriers when they are selecting a network of health care providers, including:

- Limiting the type of criteria that a carrier can use for selecting those providers;
- Restricting how carriers can deselect those providers;
- Creating additional reporting and regulatory requirements on carriers;
- Creating unprecedented penalties & damages for violation of reporting requirements.

Business Organizations; Local Chambers & Companies Opposed to SB 88

CO Association of Commerce & Industry (CACI)

Nat'l Federation of Independent Businesses (NFIB)

Cigna

Aetna

Kaiser Permanente

Colorado Competitive Council (C3)

CO Association of Health Plans (CAHP)

Humana

America's Health Insurance Plans

List in Formation...

Background: To remain competitive in this economy, many employers offer health insurance benefits to employees. In many instances, employers pay for some, if not all, of the health insurance premiums for their employees. To manage costs, employers demand that insurance carriers offer health insurance plans with a narrowed, but adequate, network of providers.

Concerns with Senate Bill 88: This bill places restrictions on a carrier choosing to select or deselect a provider not only at the beginning of selection process but also when a carrier seeks to remove a provider from a network. The bill also severely limits the type of criteria that an insurance carrier can use when determining whether to select or deselect a provider for its network.

- SB 88 will likely raise health insurance costs for employers because it:
 - Requires an insurance carrier to afford providers with numerous, restrictive, and cumbersome “reconsideration rights” when the insurance carrier decides to deny a prospective provider from participating in a carrier’s network or terminate an existing provider from a carrier’s network;
 - Prohibits an insurance carrier from making decisions about the selection of a provider within a carrier’s network that are solely based on economic criteria (i.e., costs).
- SB 88 will make it difficult for insurance carriers to offer employers lower-cost, health insurance plans with a narrowed network of providers. Consequently, SB 88 will likely raise premiums to be borne by employers seeking to offer health insurance benefits to employees;
- We would oppose similar restrictions imposed on any other industry that seeks to select a vendor/supplier or terminate a contract with their vendor/supplier. Enacting laws interfering with that process creates costly consequences for employers.