



# Dora

Department of Regulatory Agencies

Division of Insurance

## Bulletin No. B-2.8

### Multiple Employer Health Trust

#### I. Background and Purpose

The purpose of this bulletin is to provide affected state government entities and political subdivisions with the criteria that the Colorado Division of Insurance (Division) considers to be fundamental for an acceptable fully self-funded or partially self-funded multiple employer health trust.

Bulletins are the Division's interpretations of existing insurance law or general statements of Division policy. Bulletins themselves establish neither binding norms nor finally determine issues or rights.

#### II. Applicability and Scope

This bulletin applies to all state government entities and political subdivisions providing health benefits to their employees under a health plan that is not fully insured. The language of §10-3-903.5(7)(b), C.R.S. states that a multiple employer health trust may be formed by one or more state government entities or political subdivisions; consequently, this bulletin will apply to a government entity or political subdivision that is providing health benefits to its employees under a fully self-funded or partially self-funded health plan.

#### III. Division Position

Section 10-3-903.5, C.R.S. requires that Colorado laws regulating insurance and insurance companies apply to governmental entities and political subdivisions providing health benefits to their employees unless the entities and subdivisions provide the health benefits through a multiple employer health trust. Multiple employer health benefit trusts must comply with the provisions of §10-3-1104, C.R.S., and may not continue operating if the Division determines that the trust's operation is hazardous to the public or to individuals receiving benefits. Colorado Insurance Regulation 4-2-10 applies to all multiple employer trusts subject to §10-3-903.5, C.R.S. and states that fully insured health plans are not subject to licensure as an insurer.

The Division considers the following criteria to be necessary for all multiple employer health trusts that hold funds in a fiduciary capacity:

- The trust must have a written operating agreement, or trust instrument, containing the provisions for the affairs of the trust and the conduct of its business;
- The trust instrument must state that all trustees and trust members are acting in a fiduciary capacity, that the trust funds may not be transferred to any other account or fund of a state government entity or political subdivision, and that the trust funds may only be used to pay employee health claims; and
- The trust must be sufficiently funded to pay for the expected amount of employee health claims.



Consumer protection  
is our mission

The Division will verify that a multiple employer health trust was properly established should we receive a consumer health care coverage complaint against the government entity or political subdivision. The government entity or political subdivision is operating as an unauthorized insurance company if they cannot show that their fully self-funded or partially self-funded health coverage plan is administered through an acceptable multiple employer health trust.

#### **IV. Additional Division Resources**

##### **A. For More Information**

Colorado Division of Insurance  
Corporate Affairs  
1560 Broadway, Suite 850  
Denver, CO 80202  
Tel. 303-894-7499  
Internet: <http://www.dora.state.co.us/insurance>

##### **B. Related DOI Regulations**

Colorado Insurance Regulation 4-2-10; Reporting Requirements for Multiple Employer Welfare Arrangements

#### **V. History**

Issued February 27, 2009