

# STATE OF COLORADO

DEPARTMENT OF REGULATORY AGENCIES

## DIVISION OF INSURANCE

1560 Broadway, Suite 850  
Denver, Colorado 80202



### Amended Bulletin No. B-4.6

#### Mandatory Newborn Coverage and Premiums

##### I. Background and Purpose

The purpose of this bulletin is to provide clarification regarding newborn coverage requirements and the collection of required premium as required in the Newborn Act, § 10-16-104(1), C.R.S. The Division of Insurance recognizes that the business of insurance has changed significantly since the Newborn Act was passed in 1975. The Act was initially intended to require coverage for newborn dependent children from the date of birth, prohibiting carriers from applying waiting periods before coverage could be effective or from applying pre-existing condition limitations for newborns.

The prevalence of managed care in the marketplace today, as well as other local and federal changes, including mandatory coverage of well child care and limits on pre-existing exclusions makes the interpretation of the Act more complex. After reviewing concerns raised by the industry, the Division has reviewed both the intent of the law, as well as proper application, in the current health insurance environment.

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 is intended for all group and individual sickness and accident insurance policies and all service or indemnity contracts issued by licensed carriers, including health maintenance organizations, in the state of Colorado.

##### III. Division Position

It is the responsibility of the carrier to provide health coverage for newborn dependent children from the date of birth. In order for coverage to extend beyond the first thirty-one days, a carrier may require notification and payment of the required premiums within thirty-one days of the newborn dependent child's birth.

###### A. Coverage during the first thirty-one days.

Coverage must be provided automatically upon birth, continuing through the thirty-first day, without requiring notification or payment of premium. Such coverage shall be provided for the first thirty-one days of life and shall include all coverage available under the policy, including coverage for well-baby services as mandated in § 10-16-104 (11), C.R.S.

###### B. Coverage after the first thirty-one days.

If payment of premium is required to provide coverage for the dependent child, the carrier may require that the child be enrolled within thirty-one days of the birth date in order for coverage to continue beyond

the required thirty-one days of coverage. The policy must properly disclose the notification requirements as described in § 10-16-104(1)(d), C.R.S. As provided in the statute, if payment of additional premium is not required because the insured, policyholder, member or subscriber is already paying a premium for coverage of all children or for family coverage, the carrier may require that notification be provided to ensure that correct eligibility information is received. However, if the notification is not received within the first thirty-one days of life, the effective date for the newborn remains the date of birth, not the date of notification.

A newborn dependent child must be covered continuously from the date of birth. A carrier may charge premium in the same manner it would for any new dependent. Determination of premium shall be calculated according to the terms of the policy and the filed premium rates. Nothing prevents a carrier from charging premiums starting on a date earlier than the thirty-second day of the dependent child's life.

Some common examples of premium calculation methods are provided below; however, these examples are not intended to restrict or limit the manner in which premium for newly eligible dependents, including a newborn dependent child, is calculated.

C. Examples of common premium calculation methods.

1. "Wash" rule: For new dependents effective on the 1st – 15th of the month, a full month's premium is charged for the month in which they were effective; for a new dependent effective on the 16th- 31st day of the month, a full month's premium is charged beginning the first of the month following the month in which the new dependent is effective.
2. First of the month following effective date: Premium charges always begin the first of the month following the date of the dependent addition.
3. Pro-rated: Premium charges begin on the first day of coverage for the new dependent.

D. Coordination of Benefits

Benefits shall be coordinated based upon the coordination of benefits rules described in Colorado Division of Insurance Regulation 4-6-2, "Group Coordination of Benefits". Benefits during the first thirty-one days shall be coordinated without regard to the carrier ultimately chosen to provide dependent coverage.

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

A. For More Information

Colorado Division of Insurance  
Consumer Affairs, Life and Health Section  
1560 Broadway, Suite 850  
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B. Related DOI Regulations

Colorado Division of Insurance Regulation 4-6-2

**V. History**

- Issued April 30, 2001
- Reissued May 1, 2007
- Amended July 9, 2007