

HB21-1232: Standardized Health Benefit Plan Colorado Option (aka Colorado Option)

Improving equity & controlling costs



Colorado Consumer
Health Initiative

How did we get here?

- CO was consistently on higher end of costs/profits in health care.
- Advocates in CO began looking at potential public option models in 2015/2016
 - Challenges of Colorado's hamstrung state budget
- Efforts to create a reinsurance program in 2018 – passed in 2019
- CO passed “study” bill with stakeholder process in 2019
- 2020 public option legislation based on results of the study – sidelined by COVID
 - created the scaffold for 2021 legislation
 - Hospital reimbursement rate formula based on Colorado Hospital Association, APCD, and Rand pricing data
 - Premium reductions

Colorado Option – high level

Introduced:

- Requires standardized plan be offered in individual/small group markets
- Premium reduction targets of 20% 2023–2024 on a standardized plan
 - If targets not met – state would stand up a quasi-governmental non-profit entity to stand up a public option for coverage
 - Ability to set reimbursement rates and require participation by hospitals/providers
 - 1332 waiver collects passthrough savings to fund reserves & extra goes to Affordability Enterprise

Passed:

- Requires standardized plan & culturally competent provider networks in individual and small group markets
- Requires carriers to lower premiums 15% between 2023–2025 (costs limited to inflation after)
 - Starting in 2024, if targets are not met, triggers public hearing process
 - Ability for DOI to set reimbursement rates for hospitals/providers
 - Ability to require provider/hospital participation in networks if they are inadequate
- 1332 waiver directs passthrough savings to Health Insurance Affordability Enterprise (state level subsidy mechanism)

Implementation

- CO Option Stakeholder Processes & Regulations:
 - Standardized Plan requirements – partially done
 - Culturally Responsive Provider Networks – complete
 - Premium Rate Reduction Methodology – near complete
 - Public Hearing Process regulation – summer 2022

Colorado Option – equity structured standardized plan

- Copays for more/most services for better transparency in costs for consumers
- Provides more primary, behavioral, and perinatal care visits (including home visits) with no copays
- All copays for prescription drugs
- No copay for diabetes DME and low-cost diabetes management/prevention programs
- Smoking cessation program coverage

Reducing Health Disparities with Value-Based Insurance Design

HEALTH DISPARITIES

are **preventable** differences in opportunities to achieve health that are experienced by socially disadvantaged populations

SOCIOECONOMIC STATUS

is one of many **social determinants of health** that greatly contributes to health disparities

Out-of-pocket costs are a **BARRIER** to accessing care



Colorado Option – culturally competent networks to improve equity

- Collection of demographic data by carriers of covered persons and providers in the network
- Provider directories must reflect languages spoken, if they offer hours outside of normal business hours, accessibility for persons living with disabilities, and information to access language translation or interpretation services if needed
- Carriers collect info on anti-bias, cultural competency, or similar trainings of providers
- Requires more Essentially Community Providers be included in-network
- Requires coverage of midwifery

What's next?

- Finalize Regulations
- 1332 Waiver under consideration by CMS – Hopeful Approval (no later than August)
- Insurers file rates/rate review (May–July, finalized Sept/Oct.)
- Advisory Board appointed (by July)
- Coloradans can begin enrolling in CO Option plans Nov. 1, 2022 for coverage starting January 1, 2023
- 2024 – rate hearings/reimbursement setting if targets not met
- Evaluate and improve standardized plan and network regulations

Limitations, lessons, and advice

- Trade-offs in standardized plans
 - Don't get credit for potential savings in Federal AV calculator
 - More copays = higher deductibles
- Network improvement will take time – not enough diversity of providers
- Standing up the traditional concept of a public option requires substantial investment up front
- Unprecedented lobbying and perverse tactics
- Set value/goals at the outset

The Colorado Sun

WE PLAN TO REDUCE CARBON EMISSIONS 87% BY 2030. The kind of progress doesn't just happen—it takes all of us. Xcel Energy

POLITICS AND GOVERNMENT

Dark-money group spends record amount lobbying against Colorado Democrats' effort to shrink health care costs

Partnership for America's Health Care Future, funded by hospitals, insurers and other business groups, is now the top single-year Colorado lobbying client for any year since 2011 — and possibly ever

Sandra Fish 3:30 AM MDT on Apr 29, 2021

The Colorado Sun

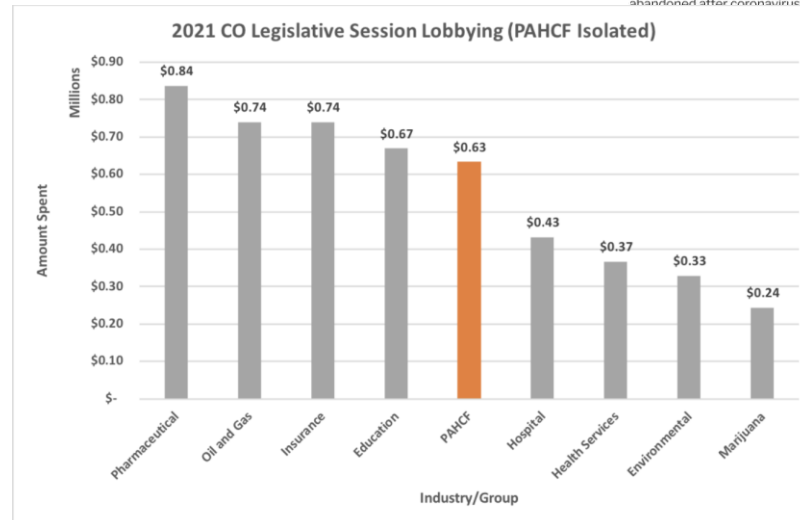
2022 ROCKY MOUNTAIN CORPORATE GROWTH CONFERENCE MARCH 28-29 | HILTON DENVER CITY CENTER Where the Colorado Middle Market Meets

RESILIENCE RECOVERY RENEWAL

POLITICS AND GOVERNMENT

Nonprofit launches \$1 million TV ad buy against Colorado Democrats' public health insurance option proposal

Partnership for America's Health Care Future, whose members include hospitals and private insurance companies, spent nearly \$5 million in 2020 to attack a similar measure abandoned after coronavirus struck



If you have additional questions after today:

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