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Three bills address Colorado's health insurance exchange

FACT SHEET

Jan. 29, 2014

Bill title: Repeal Health Benefit Exchange

Bill No.: HB 1066

Sponsor: Rep. Joshi; Sen. Lundberg

Our position: Strongly oppose

Bill title: Health Exchange Audit

Bill No.: SB 19

Sponsor: Sen. Sonnenberg; Sen. Jahn; Rep. Nordberg

Our position: Support with amendment

Bill title: Health Benefit Exchange Review

Committee Approval

Bill No.: SB 52

Sponsor: Sen. Crowder; Rep. Keyser

Our position: Strongly oppose

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Colorado's Health Benefits Exchange (better known as Connect for Health Colorado) acts as a marketplace for individuals and small-business employees to purchase health insurance plans. Passed with bipartisan support, SB11-200 created Colorado's Exchange as a "nonprofit, unincorporated public entity" that is an "instrumentality of the state" but not a state agency. Colorado's Health Benefits Exchange was intended to "increase access, affordability, and choice for individuals and small employers purchasing health insurance in Colorado. Connect for Health Colorado reports to the Legislative Implementation Review Oversight Committee, which meets up to five times a year.

About Connect for Health Colorado:

- The exchange operates a toll-free call center, up-to-date website, and streamlined application system for enrolling consumers in health plans
- It determines whether consumers are eligible for federal tax credits to assist with the costs of the health plan premiums
- It provides free consumer assistance, including providing consumers with information on health plans and eligibility in the state; providing referrals to assistance for consumers with complaints or questions; conducting outreach activities to educate consumers about the exchange and insurance affordability programs; and providing in-person assistance to help consumers enroll in health plans.

There are 172 individual health plans and 92 small business plans offered through Connect for Health Colorado. Since the second open enrollment period started on Nov. 15, 2014, more than 100,000 consumers have signed up for private insurance through Connect for Health Colorado. Fifty percent of those consumers are receiving tax credits of \$228.35 on average.

Legislation regarding the exchange

For 2015, three bills have been introduced during the legislative session that deal with Connect for Health Colorado:

- HB 1066 (Rep. Janek/Sen. Joshi) would repeal the Colorado Health Benefits Exchange Act of 2010 (Exchange Act), which established the exchange and provided for oversight of its implementation.

- SB 19 (Rep. Nordberg/Sen. Sonnenberg/Sen. Jahn) would grant continuing authority to the state auditor to conduct performance audits of the exchange, including the operation, contract management, project management, and performance of the shared eligibility system and any other related or corresponding state system, and require the auditor to submit written reports to the legislative audit committee with any recommendations and findings.¹
- SB 52 (Rep. Crowder) would require the legislative health benefit exchange implementation committee to approve any bonuses offered to employees of the exchange.²

HB 1066

HB 1066 would require the dissolution of Connect for Health Colorado, the State's online marketplace for health insurance. The bill would repeal the Exchange Act of 2010, which established the exchange; the exchange's board of directors; and, the legislative review committee, which oversees implementation of the exchange.

As introduced, the bill would repeal the Exchange Act as of Jan. 1, 2016. The bill requires the Exchange's board of directors to make a final disposition of all moneys remaining in any account of the program by March 31, 2015. The board of directors is directed to do so by transferring the funds to a Colorado nonprofit foundation selected by the board of directors, with specific instructions that the funds be distributed statewide for the purposes of promoting access to health care and improving health outcomes for populations in Colorado with high health care needs. The bill also requires the board of directors, on Dec. 31, 2015, to transfer any unencumbered moneys remaining in the Exchange to the state treasurer, who would then transfer the moneys to the General Fund.

The bill provides that anyone who loses coverage as a result of the repeal will be considered to have undergone an involuntary loss or termination of existing credible coverage for the purpose of qualifying the individual for special enrollment in an individual or group health plan in the State.

The Colorado Center on Law and Policy (CCLP) strongly opposes repeal of the Exchange Act. Established with bi-partisan support, the exchange continues to provide an essential service in Colorado. It has enrolled more than 100,000 Coloradans in private health insurance for 2015 and, in 2014, about 60 percent of people who bought private health insurance through the exchange received subsidies to help them afford their coverage. If the legislature eliminates the state-

¹ As introduced, SB15-19 did not specify what the performance audit should include. It was amended to indicate that the performance audit of the Exchange includes an audit of "the operation, contract management, project management, and performance of the shared eligibility system and any other related or corresponding state system."

² As introduced, SB15-052 required legislative review of any salary increase and other monetary benefit for employees of the Exchange in addition to bonuses.

run exchange, Colorado will be required under federal law to rely on the federally facilitated marketplace, Healthcare.gov, as the state's online marketplace for insurance plans.

HB1066 is scheduled for hearing on Jan. 29, 2015 at 1:30 p.m. in House Committee Room 0107.

SB15-019

As introduced, SB 19 would allow the state auditor to conduct a performance audit of Connect for Health Colorado. The bill requires the state auditor, upon completion of a performance audit, to submit a written report to the legislative audit committee, together with any findings and recommendations. The bill would give the state continuing authority to conduct performance audits of the exchange whenever the state auditor or the legislative audit committee deems them appropriate. The bill was amended in the Senate to specify that performance audits of the exchange would include the operation, contract management, project management, and performance of the shared eligibility system and any other related or corresponding state system "in order to ensure a complete and thorough audit of the operation of the exchange."

A limited performance audit of the exchange was released on Dec. 1, 2015. That audit was conducted pursuant to C.R.S. 10-22-105(4)(b), which authorizes the state auditor to audit the moneys received by the exchange. The report released in December outlined several concerns. Specifically, the state auditor found that Connect for Health Colorado had not sufficiently ensured that public funds were being spent in accordance with federal requirements, that staff were following internal financial and accounting policies and procedures consistently, and that financial controls adequately safeguarded its resources as its last federal grant enters its final stage. The report outlines four key recommendations, all of which were agreed to by Connect for Health Colorado.

CCLP supports the audit bill as amended. Any audit of IT contracts and performance should include an end-to-end audit of the governance and performance of the new Shared Eligibility System (SES). The SES requires communication between the state's IT systems and the new exchange systems and a meaningful audit would, therefore, necessarily include an analysis of both systems, as they contribute to the functionality of the SES.

SB 019, as amended, has passed the Senate and was introduced in the House on Jan. 27, 2015. It has been assigned to the House Public Health Care & Human Services committee. It is not yet scheduled for hearing.

SB15-052

As introduced, SB 52 would require the legislative health benefit exchange implementation review committee to review and approve any salary increase, bonus or other additional monetary benefits for each employee of Connect for Health prior to the employee's receipt of the salary increase, bonus, or other monetary benefit. The bill was amended so that only bonuses would be subject to legislative review.

CCLP opposes SB 52 and introduced and as amended. By statute, the exchange operates under a board of directors and an executive director. As they have been charged with overseeing the implementation and operation of the Exchange, the board and the executive director are best situated to make appropriate decisions regarding executive compensation. They are most intimately familiar with staff performance and staffing needs at the exchange.

SB 52, as amended, has passed the Senate and was introduced on the House on Jan. 27, 2015. It has been assigned to the Health, Insurance, & Environment committee. It is not yet scheduled for hearing.