



COLORADO CENTER
on LAW & POLICY

Justice and Economic Security for all Coloradans

General Assembly takes critical steps toward economic security for low-income Coloradans

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The Colorado Center on Law and Policy is a nonprofit, nonpartisan research and advocacy organization seeking justice and economic security for all Coloradans.

The Colorado General Assembly took significant steps toward providing economic and health security for low-income Coloradans during the General Assembly session completed yesterday. Two issues dominated the agenda for low-income Coloradans: implementing health care reform and tax relief for working families.

Implementation of the Affordable Care Act will enter a critical stage later this year with the launch on October 1 of the Colorado Health Benefits Exchange. Now known as Connect to Health Colorado, the Exchange will help Coloradans navigate the purchase of private health insurance and link them with federal subsidies for the purchase of insurance. The legislature chose to expand Medicaid so the lowest income people in our state will also have access to health insurance. By advancing legislation that will strengthen both aspects of health care reform the General Assembly ensured that more Coloradans will have access to health insurance in the coming year.

The Medicaid expansion bill, SB-200, will provide health care to at least 160,000 Coloradans who are currently uninsured. The measure ensures that Medicaid is available to all Coloradans with incomes at or below 138 percent of the Federal Poverty Level. Single adults represent a large portion of the group that will now be eligible for Medicaid. A CCLP analysis found that at least 122,000 of the people who will move into coverage already have jobs but their income is so low that they can't afford health insurance and many work for employers such as restaurants that don't offer health insurance to their employees.

The General Assembly also approved a measure, SB-144, that will provide a limited dental benefit for adult Medicaid patients. Adults on Medicaid currently have access to emergency dental care only. Providing preventative care is a cost-effective solution that will not only improve the health of thousands of Coloradans.

Many Coloradans, uninsured or otherwise, don't understand the health care options available to them. To help ensure that people find the best option for them, as part of the ACA, the state is creating a new marketplace where consumers can purchase insurance and learn about tax subsidies that might be available to them to make insurance more affordable.

The General Assembly, which created the new marketplace, or Exchange, two years ago, approved two bills this session that are designed to help the Exchange. One

established a funding mechanism for the Exchange, and the other regulated stop-loss insurance policies.

HB-1245 will transition existing health insurance carrier assessments to COHBE to support its operations, sustainability and ability to generate reserves. The assessments have traditionally funded CoverColorado, the insurance vehicle for people unable to obtain coverage because of pre-existing conditions. CoverColorado is closing down with ACA implementation. These assessments will generate approximately \$14.7 million per year in revenue. Moreover, HB-1245 will transfer a \$5 million annual premium tax credit, which is also part of the existing CoverColorado financing structure, to the Exchange, resulting in a total of nearly \$20 million in revenue for years 2014, 2015 and 2016. Revenue generated through HB-1245 is part of COHBE's broad-based, multisource financing model, which will also include assessing administrative fees on carriers selling through the Exchange, advertising revenue and other sources. The new funding structure provides essential support to COHBE during its first few years while it builds up enrollment and other operating revenue.

CCLP led the effort to amend HB-1245 to authorize a state-run appeals process for people who are denied benefits through Connect for Health Colorado. The bill grants authority to the Colorado Office of Administrative Courts to handle COHBE appeals. Passage of the bill means the Exchange board has the option to conduct eligibility appeals in a manner that maximizes efficiencies while reducing frustrations for consumers.

CCLP also played a lead role in advocating for HB-1290, a bill that will better regulate a self-insurance practice known as "stop-loss" in order to ensure stability in Colorado's small group, fully insured marketplace next year.

Colorado's current regulatory landscape surrounding self-insurance —when an employer bears the risk of covering employees' medical claims — threatens to destabilize the small group, fully insured marketplace. Self-insuring will likely be cheaper for employers starting in 2014 than buying a small group insurance policy because self-insurance is not subject to many of the important consumer protections required under the Affordable Care Act.

Given the probable financial incentive to self-insure, small employers with relatively young and healthy employees may decide to avoid the ACA requirements in the small group market by self-funding their health coverage. If small employers with healthier-than-average employees self-fund when times are good and then enter the fully insured small group market when times are bad — for example, if an employee is diagnosed with a chronic illness — that "adverse selection" in the fully insured small group market will increase premiums for employers purchasing small group plans through the exchange or non-exchange markets.

Most large employers self-insure because it is easier for them to build adequate reserves and absorb losses when an employee becomes sick. However, small employers often cannot take on this kind of risk or afford such reserves, so they purchase a type of backup insurance, or "reinsurance," called stop-loss insurance. When a small employer purchases a stop-loss policy, the employer is responsible for an employee's claims up to a certain amount — called the "attachment point" — and the stop-loss insurer pays anything over this level.

The bill increases the attachment point in Colorado from \$15,000 to \$20,000 per employee and eliminates the ability of stop-loss issuers to vary attachment points from employee to employee. The bill also contains a data collection requirement, which will help to identify trends in the self-insured/stop-loss market.

The other major accomplishment for low-income Coloradans was the passage of SB-1, a measure that will provide a pair of tax benefits to working Coloradans — the Earned Income Tax Credit (EITC) and the Child Tax Credit.

When fully implemented, the combination of those two policies will put hundreds of dollars back in the pockets of low-wage working parents. A full-time minimum wage worker with two children younger than 6 could receive a tax refund of up to about \$1,000. The size of the benefit would vary by income, and the number and age of the children.

Low- and moderate-income tax filers with children under 6-years old would qualify for the child tax credit. The size of the credit will be based on a sliding scale percentage of the federal credit.

The state EITC, when fully phased in, will equal 10 percent of the federal credit. The largest credits will go to families with annual earnings between \$10,000 to \$25,000 a year. Roughly 185,587 families could qualify for the Child Tax Credit, and 385,500 tax filers could qualify for the EITC.

Unfortunately, the implementation of both credits will be delayed for an unknown period of time. Both credits were linked to so-called “triggers,” meaning they are dependent on other changes in the economy or state revenue.

Implementation of the Child Tax Credit is conditional on the U.S. Congress passing a uniform Internet sales tax law, known as the Marketplace Fairness Act. The earliest the Colorado Child Tax Credit could be available would be tax year 2014. The Colorado EITC will become a permanent tax credit once the state collects enough to revenue to exceed the so-called TABOR revenue limit. The growth in state revenue depends, largely, on the health of the economy. Separate economic reports from Colorado’s legislative and executive branches estimate that the revenue will not likely reach the TABOR limit until tax year 2016 at the earliest.

Finally, the General Assembly took great strides toward provide security for older Coloradans by boosting spending on programs such as Meals on Wheels that help seniors remain independent and healthy. Through the state budget and SB-127, the General Assembly increased spending for a variety of programs collectively known as “Senior Services.” These programs serve people 65 and older, nearly all of whom live at or near poverty, and are designed to help them age with dignity in their homes. In addition to delivering meals, the program includes congregate meal sites, help with in-home chores and transportation to doctor appointments.

A CCLP analysis in 2012 found that spending on these services is a cost-effective way to care for seniors who want to live independently as long as possible. Without these services, many seniors would be forced to move out of their homes and some of those would end up in nursing homes where a more comprehensive level of care is also much more costly. Medicaid would pick up the tab for some of those seniors right from the start, while others would enroll in Medicaid within the first year after spending all of their assets.

The bills listed above represent just a few of the measures approved by the General Assembly that will lead to greater security for low-income Coloradans. The chart below captures all of the bills that CCLP worked on most closely this year. The highlighted sections represent CCLP’s highest priorities.

Bill No.	Title	Summary	Position	Status
Strengthening Medicaid				
<u>SB13-200</u>	Expand Medicaid Eligibility	Implements a critical provision of the Affordable Care Act by providing health care to more than 160,000 low-income Coloradans	Support	Passed; Awaiting action by the governor
<u>SB13-242</u>	Adult Dental Benefit Medicaid	Will provide cost-effective preventative dental care to adults on Medicaid, which already covers costlier emergency care	Support	Passed; Awaiting action by the governor
<u>HB13-1175</u>	Higher Ed Funding Before Medicaid Expansion	Would have undermined health reform by forcing the state to restore cuts to colleges before expanding Medicaid	Oppose	Killed
<u>SB13-006</u>	No Reduction In K-12 Education To Expand Medicaid.	Inappropriately links education spending to health care spending, threatening the implementation of health reform	Oppose	Killed
Mitigating poverty				
<u>SB13-001</u>	Colorado Working Families Economic Opportunity Act	Creates a permanent Earned Income Tax and Child Tax credits for working families once certain revenue triggers are met	Support	Passed; Awaiting action by the governor
<u>SB13-127</u>	Sales Tax Revenue To Older Coloradans Cash Fund	Strengthens Meals on Wheels and other Senior Services by increasing funding	Support	Passed; Awaiting action by the governor
<u>SB13-018</u>	Permissible Use Of Credit Information By Employers	Restricts the use of consumer credit information by employers when making hiring decisions	Support	Signed by governor
<u>HB13-1006</u>	K-12 Breakfast After The Bell Nutrition Program	Provides breakfast in the classroom for all children in schools with high poverty rates	Support	Passed; Awaiting action by the governor
<u>HB13-1055</u>	Colorado Works Redetermination Of Eligibility	Eliminates the need for in-person meetings for re-determination of TANF eligibility	Support	Signed by governor

SB13-033	In-state Classification CO High School Completion	Classifies immigrants who attended high school in Colorado for at least three years as eligible for in-state tuition rates	Support	Signed by governor
SB13-194	Repeal Low-income Telephone Assistance Program	Eliminates a program that makes telephone service more affordable for low-income Coloradans	Monitor	Signed by governor
Shaping the Colorado Health Benefit Exchange				
HB13-1245	Funding Colorado Health Benefit Exchange and developing an appeals process	Creates a reasonable funding mechanism to pay for the self-sustaining Exchange; and allows appeals on denial of benefits to be heard by Office of Administrative Courts	Support	Passed; Awaiting action by the governor
HB13-1290	Modernize Stop-loss Health Insurance	Protects Colorado's small group insurance marketplace by modernizing the regulations that allow very small businesses to self-insure	Support	Passed; Awaiting action by the governor
HB13-1078	Repeal Colorado Health Benefit Exchange	Would have undermined health reform by repealing the Colorado Health Benefit Exchange	Oppose	Killed
Creating jobs for low-income Coloradans				
HB13-1004	Colorado Careers Act Of 2013	Creates a program of subsidized jobs to encourage employers to hire people who are otherwise difficult to employ.	Support	Passed; Awaiting action by the governor
HB13-1005	Basic Ed & Career & Tech Ed Pilot Program, or I-BEST bill	Creates a program for people with few skills that combines skills training with basic education	Support	Passed; Awaiting action by the governor
HB13-1165	Creation Of A Manufacturing Career Pathway	Creates a career pathway designed to give students skills and certificates that prepare them for manufacturing jobs	Support	Passed; Awaiting action by the governor

Improving health care				
<u>HB13-1121</u>	Pharmacist Substitute Biosimilar Products	Would have pre-empted federal yet-to-be developed rules and placed burdens on generic biologic drugs that would drive up costs	Oppose	Killed
<u>HB13-1088</u>	Office Of Health Equity CDPHE	Directs the newly re-named Office of Health Equity to develop strategies for addressing health disparities	Support	Signed by governor
<u>HB13-1144</u>	Eliminate Cigarette Sales & Use Tax Exemption	Keeps in place the sales tax on cigarettes	Support	Passed; Awaiting action by the governor
<u>SB13-008</u>	Eliminate Waiting Period Under CHP+	Eliminates a three-month waiting period for enrolling in the Children's Basic Health Plan after leaving a private insurance plan	Support	Signed by governor
<u>SB13-144</u>	Exempt Certain Hospitals Info Financial Assistance	Would have exempted certain health care facilities from the requirement established for hospitals in 2012 to give patients notice of charity care and related policies.	Oppose	Killed
Expanding justice				
<u>SB13-011</u>	Colorado Civil Union Act	The establishment of civil unions improves access to many benefits for gay and lesbian couples	Support	Signed by governor
<u>SB13-251</u>	Driver's License & Identification Documentation	Allows the state to issue driver's licenses to immigrants who are not lawfully present in the U.S.	Support	Passed; Awaiting action by the governor
<u>HB13-1222</u>	Family Care Act Family Medical Leave Eligibility	Extends family medical leave protections for partners in a civil union or domestic partnership	Support	Passed; Awaiting action by the governor
<u>HB13-1058</u>	Determination Of Spousal Maintenance Upon Divorce	Creates guidelines for determining maintenance, or alimony, payments in divorce agreements	Support	Passed; Awaiting action by the governor