



August 26, 2019

Executive Director Kim Bimestefer
Department of Health Care Policy and Financing
1570 Grant Street
Denver, CO 80203

Commissioner Michael Conway
Division of Insurance
1560 Broadway, Suite 110
Denver, CO 80202

Re: Recommendations for HB19-1004, State Coverage Option

Dear Executive Director Bimestefer and Commissioner Conway:

The Colorado Center on Law and Policy (CCLP) submits the following comments regarding a state coverage option that will meet the requirements of HB19-1004, serve existing need in Colorado, and help address existing inequities in access to care. The nonprofit Colorado Center on Law and Policy uses research, education and policy advocacy to remove the systemic barriers that prevent Coloradans from meeting their basic needs and achieving better health.

These comments are intended to align with principles expressed in the joint letter submitted on behalf of over 20 consumer groups (joint letter), including CCLP, submitted July 22, 2019.

The state has invited feedback in three areas: eligibility and population to whom the state option will be made available; affordability considerations; and state health infrastructure that should be utilized. We expand on those three areas below and add a fourth, regarding transparency and accountability of a state option.

Eligibility and population

CCLP believes that the state coverage option should be accessible to all Coloradans, regardless of income, region, or immigration status. When individuals lack access to coverage, they are less likely to get preventative care and services for major health conditions and chronic diseases, more likely to have adverse events when they receive hospital care, and have increased mortality.¹ When those individuals receive care for which there is no compensation, hospitals may respond by raising prices, adding to financial burdens on other individuals and employers.

¹ Care Without Coverage: Too Little, Too Late. Chapter 3: Effects of Health Insurance on Health. Institute of Medicine (US) Committee on the Consequences of Uninsurance. Washington (DC): National Academies Press (US); 2002. <https://www.ncbi.nlm.nih.gov/books/NBK220636/>

The high cost of coverage for Coloradans ineligible for premium tax credits, particularly in the mountain corridor and Western Slope, has been a focal point of public discussion since at least 2014.^{2 3 4} Testimony and reports by elected officials and residents of those areas clearly established the impact of high premium costs on the local economy and individual lives, despite incomes significantly above poverty.⁵

However, the greater proportion of individuals nationally and in Colorado who lack coverage have lower incomes.⁶ The option should not be limited to those above 400 FPL because doing so would have the effect of increasing existing disparities. In 2017, 66 percent of the uninsured in Colorado had incomes between 100 and 399 FPL, three times the number of uninsured Coloradans with incomes of 400 FPL and above. Those lower-income households also spend a larger share of income on necessities such as housing, food and child care, leaving them particularly vulnerable to debt and bankruptcy when medical costs are encountered.

In order to ensure that a state coverage option serves the interests of Coloradans, it is also important to consider demographics and immigration status. Hispanic households have the highest uninsured rates of any racial or ethnic group⁷ – despite many Colorado households’ eligibility for subsidized coverage or public programs.⁸ A 2018 report by the Center for Health Progress also noted that a quarter of Colorado’s uninsured population, just over 100,000 individuals, were people who lacked documentation of legal status.⁹ Due to recent federal actions and rhetoric,¹⁰ households that include non-citizens may be less likely to access coverage even if some or all household members are eligible for tax credits or other assistance; by permitting access regardless of immigration status, the state has an opportunity to set a different tone and support a healthier future for Colorado communities.

Last, those who are already covered but seek an option that is more affordable in terms of premium cost or plan structure, or that potentially offers greater transparency, should have access to a state coverage option.

² Electa Draper, The Denver Post. *Colorado mountain towns pay highest health premiums in U.S.* February 8, 2014, updated April 27, 2016.

³ Jordan Rau, Kaiser Health News. *The 10 Most Expensive Insurance Markets in the U.S.*, February 3, 2014.

⁴ *Rates on a Roller Coaster*, CHI, October 2015.

https://www.coloradohealthinstitute.org/sites/default/files/migrated/downloads/2016_Rate_Analysis_3.pdf

⁵ Christie Aschwanden, *The Healthiest State in the Country Has Some of the Steepest Premiums*. Nov. 13, 2017. FiveThirtyEight. <https://fivethirtyeight.com/features/the-healthiest-state-in-the-country-has-some-of-the-steepest-premiums/>

⁶ Kaiser Family Foundation, *Key Facts About the Uninsured Population*. Dec 7, 2018.

<https://www.kff.org/uninsured/fact-sheet/key-facts-about-the-uninsured-population/>

⁷ *Profile: Hispanic/Latino Americans*. U.S. Department of Health and Human Services Office of Minority Health. <https://minorityhealth.hhs.gov/omh/browse.aspx?lvl=3&lvlid=64>

⁸ *Colorado’s Eligible but Not Enrolled Population Continues to Decline*. Colorado Health Institute, June 29, 2017. <https://www.coloradohealthinstitute.org/research/colorados-eligible-not-enrolled-population-continues-decline>

⁹ *Immigrant Health in Colorado Population Demographics and Insurance Status*. Center for Health Progress. February 2018. <https://centerforhealthprogress.org/blog/publications/immigrant-demographics/>

¹⁰ Andy J. Semotiuk, *Immigrants Troubled by Trump’s New Immigration Policy Restrictions*. Forbes. August 23, 2019. <https://www.forbes.com/sites/andyjsemotiuk/2019/08/23/immigrants-troubled-by-trumps-new-policy-restrictions/#47f5c1163b34>

Affordability considerations

As stated in the joint letter, we support a view of affordability that encompasses both premiums and cost-sharing, with the overall goal of providing affordable access to health care services. We also support plan benefit structures that allow greater access to non-acute services and provide more predictability, so that consumers can get care before problems become acute and can identify and budget for health-related expenses.

Premiums

Due to the ACA definition of affordability and the complexity of plan structures, premium levels are typically the main consideration for consumers when they shop for plans.¹¹ There is reason for optimism in Colorado regarding premium prices overall in the individual market because of the recently approved reinsurance plan and resulting forecasts.¹² That said, premiums pose a substantial initial hurdle to acquiring coverage and affect perceptions of affordability, and premium costs should remain an important factor in the state definition of affordability.

Cost-sharing levels and predictability of costs

Deductibles and cost-sharing are obstacles to access to treatment even for those who are able to purchase coverage, and it is essential that the state coverage option provides not just access to coverage but access to care. Current analysis of deductible affordability suggests that access to health care services is hampered by the presence of larger deductibles, with almost a third of enrollees in family plans with deductibles above \$2,700 reporting that they delayed care due to costs.¹³ Colorado's average deductibles are significantly higher, with bronze plans deductibles exceeding \$12,000 for a family.

While not all families will exhaust their full plan deductible, those with chronic conditions, who have made a visit to the emergency department or have experienced a major health event are likely to do so. Very few have existing resources sufficient to cover those amounts,¹⁴ and research by CCLP suggests that large numbers of Coloradans lack annual income – let alone income over a shorter period - sufficient to cover the cost.¹⁵ Excluding Medicaid-enrolled families, close to half of working-age families in sixteen southern Colorado counties would have insufficient income to cover an average silver plan deductible over the course of three months. The situation for bronze-plan purchasers – who would not have access to cost-sharing reductions – is even more troubling.

¹¹ Erin Taylor, Katherine Carman, Andrea Lopez, Ashley Muchow, Parisa Roshan, Christine Ebner. *Consumer Decisionmaking in the Health Care Marketplace*. Rand Corporation, 2016.

https://www.rand.org/content/dam/rand/pubs/research_reports/RR1500/RR1567/RAND_RR1567.pdf

¹² Reinsurance Program, HB1168 and 1332 State Innovation Waiver Application. Colorado Division of Insurance web page. <https://www.colorado.gov/pacific/dora/reinsurance-program>

¹³ Paul Fronstin, Edna Dretzka. *Issue Brief: Consumer Engagement in Health Care: Findings from the 2018 EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey*, Dec. 13, 2018. P. 16, https://www.ebri.org/docs/default-source/ebri-issue-brief/ebri_ib_468_cehcs-20dec18.pdf?sfvrsn=effc3e2f_6

¹⁴ Matthew Rae, Gary Claxton, Larry Leavitt. *Do Health Plan Enrollees Have Enough Money to Pay Cost-Sharing?* Kaiser Family Foundation, Nov. 3, 2017. <https://www.kff.org/health-costs/issue-brief/do-health-plan-enrollees-have-enough-money-to-pay-cost-sharing/>

¹⁵ Charles Brennan. *Deductible Affordability for Colorado's Working-Age Families*. Colorado Center on law & Policy. August 12, 2019.

One effect of unpredictable and high cost-sharing is avoidance or deferral of less acute care needs, which would potentially result in the same or similar negative outcomes as those described above for individuals who lack coverage altogether. Providing pre-deductible coverage for primary care or establishing cost-sharing structures in a state coverage option that allow access to non-acute services, including primary care and maintenance medications, should be a priority.

State health Infrastructure

CCLP interprets state infrastructure to mean assets held by the state that can be utilized to create efficiencies that will help lower the cost of coverage. We support use of the state exchange, Connect for Health Colorado, and its public benefit corporation, so long as those structures will allow all Coloradans – regardless of income, region or immigration status – to purchase coverage. We emphasize a point raised earlier in the joint letter, that the existing individual market health coverage application used by the Division of Insurance improperly requires a social security number (SSN), potentially allowing discrimination on the basis of national origin. That application needs immediate revision, and such information must be optional for a public coverage option offered off-exchange.

CCLP also recommends that state consider use of the Medicaid and CHP+ provider networks as a way to provide continuity of care for populations that may move between Medicaid, CHP+ and the individual market, and as a way to create a second income stream for providers with Medicaid caseloads.

Transparency and Accountability

A last consideration is the transparency of the state coverage option, both in its creation and its ongoing functions. One significant benefit of public programs such as Medicaid or CHP+ is that structures, medical necessity criteria, and financing have a high level of transparency. The public can hold those programs accountable; individuals can get information about services that are covered and can better understand the basis for providing care and challenge denials of care. It is CCLP's position that a coverage option that is made possible through state action should have a mechanism for ongoing public engagement and provide opportunity for public scrutiny of benefit design, utilization management and provider inclusion criteria, among other factors.

Thank you for the opportunity to comment. We look forward to continued discussions about the public coverage option over the coming months.

Regards,



Bethany Pray, Esq.