



How stakeholders are responding to Colorado's public option proposal

Michael Goldberg | Dec 18, 2019

There are 728 pages of public comments on Colorado's public option proposal – not exactly light reading.

However, we went through most of those comments to read exactly what stakeholders thought of the approach. It was, as you might imagine, a pretty mixed bag.

Here are a few highlights.



Get the latest state-specific policy intelligence for the health care sector delivered to your inbox.

PhRMA thought the approach to directing rebates to lower patient costs didn't go far enough.

“

While we appreciate your goal of using manufacturer rebates to lower patient costs through reduced plan premiums, this is essentially the status quo. We strongly urge you to instead require plans to share rebates directly with patients at the point of sale... Sharing negotiated rebates with asthma and diabetic patients in Colorado would have minimal impact on premiums and could save patients up to \$1,000 annually.

The Colorado Academy of Family Physicians, along with the American Academy of Family Physicians and the American College of Physicians, signed a letter emphasizing the importance of supporting primary care through the public option.

“

We believe the public option offers an opportunity to not only expand access to care for Colorado's uninsured and underinsured, but to also ensure covered Coloradans get the right care, in the right place, and at an affordable price. The state option can achieve this through supporting and investing appropriately in primary care as the foundation of our health care system.

The Colorado Center on Law and Policy said the public option should be accessible to Coloradans in the lowest income brackets.

“

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.

Children's Hospital Colorado raised concerns over the proposed structure of the public option draft. Specifically, they raised concerns over the public option's potential to “destabilize the broader individual market in Colorado” and how plans might react to individuals being displaced from other Exchange offerings.

“

We had hoped that the option proposed by the departments would be designed to improve access to care for those who are uninsured. The actuarial analysis indicates a disappointingly low impact on the state's uninsured rate, and we believe this represents a significant missed opportunity. We urge the departments to revise their model to target high-cost geographic regions and special populations who do not today have affordable access to insurance.

Concerns over the proposal's capacity to expand coverage were echoed by the Center for Health Progress, who also questioned whether the state could raise enough revenue for creating a "true public option" under its current tax schedule.

“

According to the actuarial analysis, the State Option would only extend coverage to 4600 to 9200 Coloradans in its first year. Because this is only a fraction of the state's uninsured population, we strongly encourage HCPF and DOI to go back to the drawing board and develop a plan that will reach more Coloradans. Center for Health Progress also urges HCPF and DOI to re-examine the guiding philosophy behind the State Option and its long term goals. For example, due to TABOR, the state is not currently in a position to raise the taxes needed to create a true public option. Addressing our state's financial limitation would allow HCPF and DOI to propose a more robust plan in the future.

The business coalition, Good Business Colorado, affirmed their support for provisions such as prescription drug rebates and the reduction in insurance premiums for individual plans, though they voiced concern over what reductions could mean for premium tax credits.

“

We are pleased to see an anticipated 9-18% reduction in insurance premiums for individual plans. However, we have concerns that the reduction in premium rates will also reduce the benchmark plan premium, which is the plan that premium tax credits are based upon. The unintended consequence of this change could reduce the purchasing power of the subsidies for those that are eligible.

John J. Reilly Jr, M.D., President of the University of Colorado School of Medicine wrote that the final draft should contain provisions that ensure rural areas have equal access.

“

The Draft Report states that a central goal of the State Option is 'increasing competition' in the state among health insurance carriers to put downward pressure on health insurance premiums.' As the report correctly notes, many Colorado residents are in areas where only one health insurance is available. Consideration should be given to requiring that insurance companies offering products in our state offer them in all counties."

The legislative session will convene on January 8th, 2020, where the questions and comments will continue.