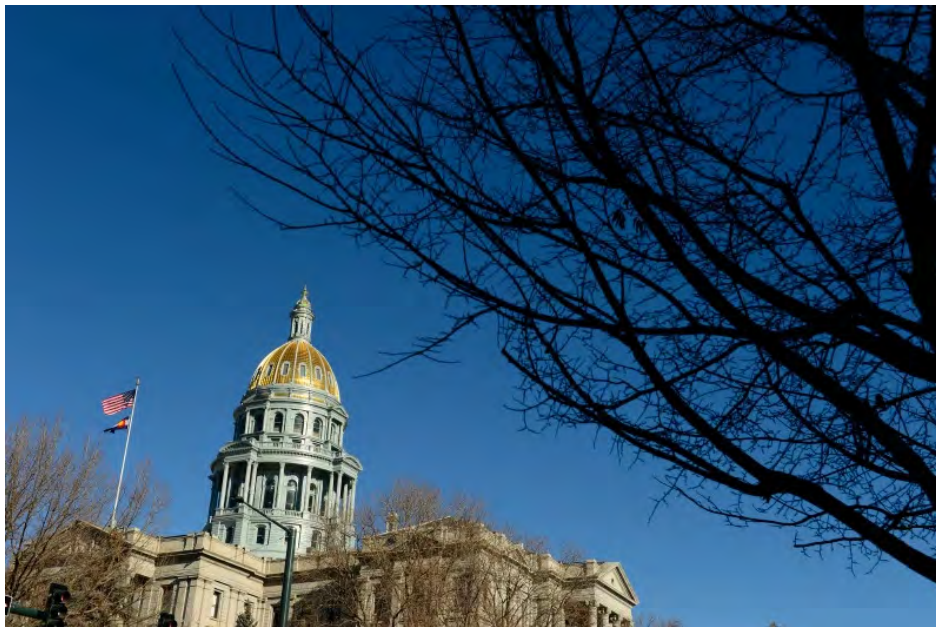


POLITICS > **COLORADO POLITICS** • News

Colorado fight over public health insurance option heats up as legislative session begins

Hospital and consumer groups square off as lawmakers draft bill



Helen H. Richardson, The Denver Post

The Colorado State Capitol on Jan. 3.

By **SAJA HINDI** | shindi@denverpost.com | The Denver Post
January 8, 2020 at 6:00 am

The fight over whether to adopt a public health insurance option in Colorado ramped up this week ahead of the [legislative session's start on Wednesday](#).

Lawmakers approved a [bill last year](#) directing the Division of Insurance and the state Department of Health Care Policy and Financing to draft a proposal with recommendations for a public option. The [final report](#) was released in November. Now, lawmakers are weighing what to include in a bill to create the program.

Proponents of the bill say it will reduce health care costs and increase consumer choice, but the plan has received [pushback](#) from the Colorado Hospital Association and insurance companies who say it will have unintended consequences such as a decrease in competition and reduction in services and access to care.

In the days leading up to the session, a study released by FTI Consulting Inc. and Colorado's Health Care Future — a lobbying group for hospitals and insurance companies — said the public option would have “sweeping negative consequences for Colorado families and their health care, including hospital closures, cuts in services and layoffs of hospital staff, reducing patients’ access to care across the state.” It asserted that 23 rural hospitals would be closed and that 83 percent of Colorado's hospitals would see a reduction in reimbursement, according to a news release.

The following day, the Colorado Consumer Initiative noted the release of a study by Altarum Healthcare Value Hub's Healthcare Affordability State Policy Scorecard that ranked Colorado as one of the most expensive states for health care, calling for lawmakers to do more to help control costs.

The General Assembly made significant improvements in reducing health care costs in 2019, said Sen. Kerry Donovan, D-Vail, but “we still have more work to do.”

Donovan, who is sponsoring the bill with House Rep. Dylan Roberts, D-Avon, said groups are putting politics over policy, with “deep pockets” spending money on political ads and attempting to influence public opinion without coming to the table with a commitment to find a way to lower health care costs.

The public health option is envisioned as a public-private partnership in which the plans offered to consumers will be provided by private insurance companies.



HEALTH

Colorado officials have finalized their proposal for a public health insurance option. Here's what we still don't know about it.

Short answer: There's a lot for lawmakers to fight over, from hospital and insurance company participation to an application for federal approval

NOV 18, 2019 5:00AM MST



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Colorado regulators last week unveiled their final proposal for a public health insurance option, a program that would, in theory, provide a more affordable choice for people who buy coverage on their own.

The final details of the proposal aren't much different [from what was originally offered](#). But make no mistake: This is a big deal.

In states across the country and on the presidential campaign trail, public options [are getting a ton of attention](#) as a way to reform how we receive health coverage and [as an alternative](#) to a Medicare-for-all-style single-payer system. Only one other state — [Washington](#) — has gone this far in actually creating one, though. Colorado officials used the word “transformative” when talking about a public option's impact on the state's health care system.



“The entire country is looking at what this does,” Kim Bimestefer, the head of the state's Department of Health Care Policy and Financing, said last week when announcing the final proposal.

The final proposal, along with its appendices, weighs in at several hundred pages, but there are still a few big issues that need to be decided. It will be up to the state legislature to sketch in those details — meaning you can expect the coming legislative session to be filled with health-policy fisticuffs.

Here's a look at some of the questions that are still TBD:

MORE: [Need to get caught up? Scan this story for the details on the public option proposal when it was first released.](#)

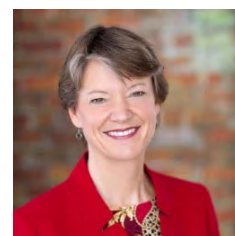
The state will set hospital prices ... but how?

We'll start with one of the big things that did change from the initial proposal. The state still plans to tell hospitals how much they can charge people who are covered by the public option. But, rather than just tying those payment rates to Medicare prices, the new plan is for state officials to come up with their own formula for setting prices.

And what is that formula?

It would take into account whether a hospital is in a city or in a rural area, whether it is part of a larger system or independent, whether it serves a lot of lower-income people or higher-income people. But that's pretty much all we know about it so far.

It will be up to regulators, lawmakers and the members of a to-be-formed advisory board to fill in the details (although the proposal says state officials have already "initiated work with experts at Johns Hopkins University" to develop the formula).



Kim Bimestefer
(Handout)

"While we're going to make those initial recommendations, the advisory board will have a critical role going forward," Bimestefer said.



A sign outside Saint Joseph Hospital in Denver, photographed on Oct. 22, 2019. (John Ingold, The Colorado Sun)

Hospitals have to participate ... but what if they don't?

As with the initial proposal, hospitals will be required to participate in this program. But there's nothing in the final proposal that says what happens if they don't.

"I think it would be left to the legislature as to how they want to structure those carrots and sticks," said Colorado Insurance Commissioner Michael Conway, who worked with Bimestefer to build the proposal. "We don't want to get out in front of our legislative partners."

Both Conway and Bimestefer said the goal is to avoid using this new authority that the legislature would give them. Bimestefer repeatedly talked about trying to collaborate with hospitals to bring them on board voluntarily, and she suggested that some hospitals have indicated they might be supportive.

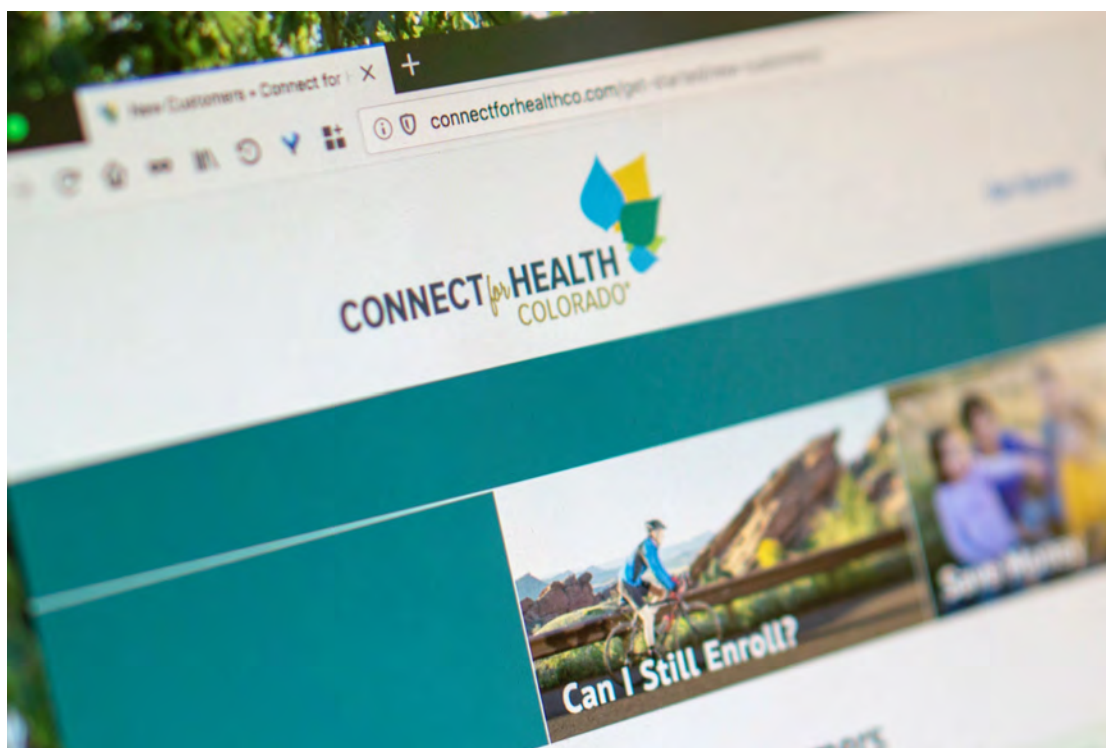
"I think our hospitals are going to step up," she said. "We just have to give them a little bit of time and a little bit of maneuverability."

But Katherine Mulready, the Colorado Hospital Association's chief strategy officer, said she knows of no hospital that is "wholeheartedly supportive of this approach." And she said her association is fundamentally opposed to dictating hospital prices.

"The proposal, in its current state, is not acceptable," she said.



Michael Conway
(Handout)



The website for Connect for Health Colorado, the state's health insurance exchange, shown in October 2018. (Eric Lubbers, The Colorado Sun)

Insurance companies have to participate ... but which ones and where?

Insurance companies will be required to participate — but fewer than in the original plan. In the final proposal, any company wanting to sell insurance in the individual market would also have to offer plans through the public option. (The original proposal also put this requirement on insurers in other segments of the market.)

But there's a new wrinkle: If there's a county where only one carrier is offering plans in the individual market, Conway wants the authority to require at least one other insurer to step in and sell public option plans in that county. That would solve a major problem with the original proposal — how to ensure that consumers in every county have multiple choices when shopping for insurance.

But it also raises new questions about how the state would exercise this authority.

Though there are currently eight insurance companies selling coverage in the individual market through the state's insurance exchange, there are 22 counties where only one company has plans for sale. Those counties are on the Western Slope and the Eastern Plains.

So how would Conway decide which companies to order into which counties? Would some companies feel the burden of this rule more than others?

This becomes especially complicated because every insurance company has to contract with an adequate network of doctors who accept its plans. And, while hospitals would be required to accept public option insurance at specified prices, the same would not be true for independent doctors and other health care providers.

Conway said he will look to the legislature to create guidelines for how to make these decisions.



Gov. Jared Polis speaks at a news conference at Denver Health medical center on April 4, 2019, to reissue his health care roadmap from the campaign. (Jesse Paul, The Colorado Sun)

Federal dollars would help lower-income residents ... but what if the feds don't approve?

The state's proposal doesn't need federal approval to get going. But boy would it help.

Conway said the state intends to submit an application for what's called a 1332 waiver — named after the section of the Affordable Care Act that authorizes such applications — to get some extra money from the federal government. The waiver would allow the state to get a cut of some of the money that the public option would save the feds by lowering insurance premiums.

Early estimates are that the state could receive as much as \$89 million. The proposal calls for using that money to help lower-income people afford coverage, with anything left over being used to help the middle class.

But will the federal government approve of Colorado's plan? The waiver application won't be submitted until the winter of 2021. That means whoever wins the 2020 presidential election will decide whether to approve the waiver. (The conventional wisdom is that a Democratic president would be more receptive to state public options and other free market tinkering than a Republican president would be. Earlier this year, for instance, Colorado Democrats had [a plan to set hospital rates](#) as part of a different 1332 waiver application, but [then they changed course](#) over concerns that the waiver wouldn't be approved.)

Meanwhile, a waiver would become moot if the federal courts strike down the entire Affordable Care Act, [which is a looming possibility](#).



Colorado state Rep. Dylan Roberts, D-Eagle, speaks on Feb. 1, 2019, at a town hall meeting in Frisco about the high cost of health care in Colorado mountain communities. (John Ingold, The Colorado Sun)

Lawmakers have a lot to do here ... but will they go along?

Conway and Bimestefer sent their proposal to the legislature on Friday. And now it's up to lawmakers to decide whether to sign off on everything or tear it all up.

Rep. Dylan Roberts, the Avon Democrat who sponsored last session's public option bill, said he didn't see anything in the final proposal that is dead on arrival at the legislature. But he also called the proposal "a really great start."

That means there's a lot more to come. Mulready, with the hospital association, said her group plans to propose its own idea for how to cut health care spending in the state.

Health care consumer advocacy groups will surely back the state's plan.

"It's time for Colorado to forge ahead and ensure the public option becomes a reality to continue our progress toward every Coloradan being covered," Adam Fox, the director of strategic engagement for the Colorado Consumer Health Initiative, said in a statement.

But Roberts' bill passed last year with only a handful of Republicans in support. And actually putting this plan in place could require lawmakers to take controversial votes in an election year.

So it's entirely possible that the details of the plan will change during the coming legislative session.

"What they got to us is a proposal," Roberts said. "And we look forward to working with all interested parties."



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Colorado proposes running public health care option through private insurers

Premiums under public option plans could be 9% to 18% cheaper than commercial plans in 2022

By **JESSICA SEAMAN** | jseaman@denverpost.com | The Denver Post

PUBLISHED: October 7, 2019 at 4:33 pm | UPDATED: October 7, 2019 at 6:38 pm

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When Colorado's public health insurance option rolls out on the individual market in a few years, the state won't be running the plans offered to consumers. Instead, the coverage will be administered by private insurance companies, which also will bear the brunt of the costs, according to initial details of the proposal.

Coloradans who receive coverage under the public option plans could see monthly premiums that are an estimated 9% to 18% cheaper than the projected rates for other commercial plans on the individual market when the program debuts in 2022.

The [196-page draft of the public health insurance option](#) was released Monday afternoon by the state Division of Insurance and the state Department of Health Care Policy and Financing.

Earlier this year, state legislators [approved a bill](#) directing the two agencies

“Folks will be pleasantly surprised by what we have put together,” said Kim Bimestefer, executive director of the Department of Health Care Policy and Financing, noting during a call with reporters that the agencies took input from communities around the state in drafting the plan.

Under the proposal, insurers will administer the plan — rather than use a government platform, such as Medicaid — but it will be designed by the state. The plan, which the agencies are calling the “state option,” will be available to Colorado residents who purchase their own insurance.

Under the proposal, the state will create a reimbursement fee schedule, basically setting rates for how much hospitals can receive in return for treating individuals on the public option plan. The state intends to set the rates between 175% to 225% of what Medicare charges for services, which is below the current average on the individual market.

The draft sparked concern from the Colorado Hospital Association, which said in a statement from Executive Vice President Chris Tholen that “by opening this public option to all Coloradans, there is the potential to significantly damage the health insurance market in our state.”

“The association is also skeptical about what appears to be the first step toward price control or rate setting as well as an intent to make provider participation mandatory,” Tholen added.

As proposed, the public option plan would also provide pre-deductible coverage for some services, such as primary care. A deductible is an amount a person has to pay before their insurance company will contribute toward health care costs.

This aspect of the plan drew praise from Adela Flores-Brennan, executive director of the Colorado Consumer Health Initiative, who noted that high deductible insurance plans can be unpredictable when it comes to patient out-of-pocket costs.

“It’s making some really good progress toward creating greater certainty for consumers,” she said of the public option draft.

As with plans already on the individual market, under the public option, insurance companies would bear the risk for health expenses, according to the document. The state also would seek a federal waiver to lower costs further or to provide more benefits, such as dental coverage.

The public insurance option was among the ambitious health legislation state lawmakers considered — and passed — during the 2019 General Assembly. Legislators also approved the [creation of a state reinsurance program](#) to help insurers cover their sickest — and most expensive — patients.

“It’s worth taking a step back and realizing that this is a big step and no other state has really done anything quite like this before,” said Joe Hanel, spokesman for the Colorado Health Institute.

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HEALTH

Groups tied to hospitals, insurance companies launch pricey ad blitz against Colorado public option

Partnership for America's Health Care Future and Colorado's Health Care Future spent \$121,000 on television and digital ads against the proposal, which will be debated in the upcoming legislative session

DEC 31, 2019 4:00AM MST



Jesse Paul [@jesseapaul](#)

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The Colorado Sun — jesse@coloradosun.com

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The Colorado State Capitol on Jan. 19, 2019. (Eric Lubbers, The Colorado Sun)

Two affiliated organizations with ties to hospitals and insurance companies have launched a six-figure public relations ad blitz against the creation of a “public” health insurance option in Colorado.

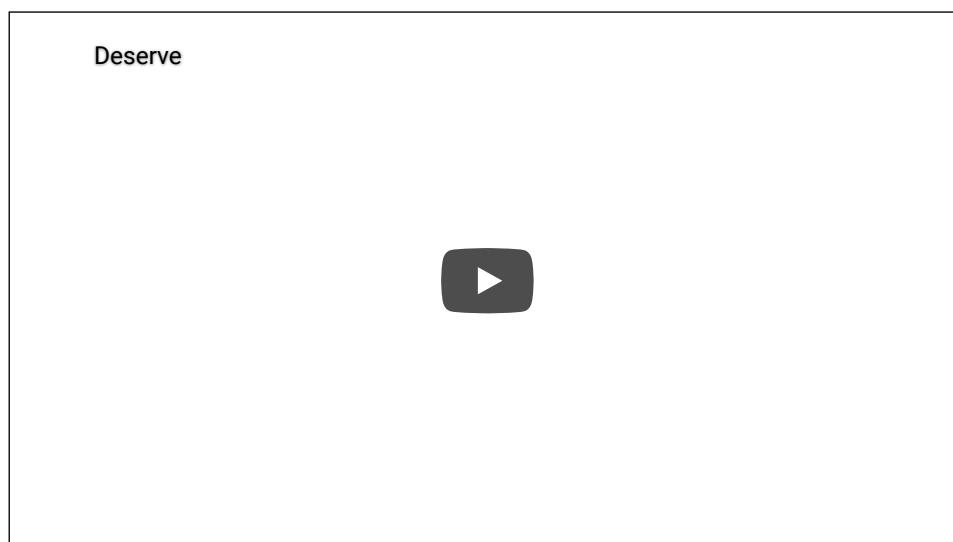
The campaign began earlier this month and comes ahead of the 2020 legislative session, which begins next week and is [expected to feature an intense battle](#) over how and whether to create the public option.

The so-called public option, as proposed by Gov. Jared Polis' administration, would actually be run by private insurance companies that would offer plans with government oversight. The plans would be available at first only to people who buy coverage on their own, without help from an employer. But Polis administration officials have said they hope to expand the public option to small employers within a couple of years.

MORE: [Colorado officials have finalized their proposal for a public health insurance option. Here's what we still don't know about it.](#)

The proposal would [allow state officials to dictate hospital prices](#) for those covered by a public option plan and would require both hospitals and insurance companies to participate, a major sticking point for those industries.

Federal Communications Commission filings show that a group called Partnership for America's Health Care Future has spent more than \$100,000 on television ads in the Denver and Colorado Springs/Pueblo markets since Dec. 11.



Meanwhile, an offshoot organization, Colorado's Health Care Future, [spent nearly \\$21,000 on scores of different Facebook ads](#) starting Dec. 11, each blasting the public option proposal. The ads warn that Coloradans could be forced to cover the cost of the public option and that it would hurt the state's economy.

"Health care decisions should be made by Coloradans and their doctors – not politicians," one ad says.

Another says: "Every Coloradan deserves access to affordable, high-quality health coverage. But the new state government option will threaten access to quality care for Coloradans."

Colorado's Health Care Future's Facebook page [was created less than a month ago](#), about three weeks after the Polis administration finalized its public option proposal. Its [website](#) only says it's "a project of" Partnership for America's Health Care Future and has no contact options or further identifying information.

Partnership for America's Health Care Future, [a deep-pocketed nonprofit](#) created in 2018 that attacks government-run health care efforts, [boasts members](#) including health insurance providers, such as BlueCross BlueShield, and the American Hospital Association, the Federation of American Hospitals and the National Association of Insurance and Financial Advisors. The Colorado Farm Bureau is also listed among its members.

The Colorado Hospital Association has said the public option proposal, in its current form, [is unacceptable](#).



"Colorado hospitals fully recognize that there is much work that needs to be done to address health care affordability," Chris Tholen, CHA's executive vice president, said in a written statement earlier this year. "But embarking on a path that adds further uncertainty by destabilizing Colorado's insurance market, on top of instituting government price controls, will likely cause consequences on the state's health care system beyond what is intended."

State Rep. Dylan Roberts, an Avon Democrat who is leading the push for a public health insurance option in Colorado, says he has seen the ads on TV. While he was expecting a tough battle over the proposal and certainly organized, deep-pocketed opposition, he's surprised it's cropped up so early.

"It's unfortunate that a bunch of out-of-state money is coming into Colorado to try and infiltrate our airwaves and message a bill that hasn't even been introduced yet," Roberts said.

MORE: [In a plan to set hospital prices, Colorado could see the mother of all health care battles](#)

Roberts is bullish on the passage of a bill creating a public option, even in an election year and with well-funded groups working to stop the legislation.

"We'll push through," he said. "It doesn't matter how much money they have from out of state."

Health care policy experts across the nation are keeping tabs on how the public option idea plays out in Colorado.

Washington is the only state that has [passed a bill to implement a similar program](#), so Colorado could be a national model if it's successful.

Polis and his administration, meanwhile, are making the creation of a public option a priority as part of their efforts to reduce health care costs in Colorado.