



Public Comment Submitted to Colorado Department of Health Care Policy and Financing and the Division of Insurance

DATE: October 28, 2019
RE: **Public comment regarding the *Draft Report for Colorado's State Coverage Option***

Dear Executive Director Bimestefer and Commissioner Conway,

On behalf of the REMI Partnership please find the following public comments concerning the draft proposal to establish a state health insurance option in Colorado.

The REMI Partnership represents Colorado Association of REALTORS®, the Colorado Bankers Association, Colorado Concern, Common Sense Policy Roundtable, and Denver South Economic Development Partnership. Our mission is to provide Colorado lawmakers, policymakers, business leaders, and citizens with greater insight into the economic impact of public policy decisions that face the state and surrounding regions.

To fully promote a thorough public understanding of the proposal, we strongly encourage the Administration to provide additional information to the public and engage in an actuarial analysis that will provide answers to the following questions:

- What would be the net change in revenue going to medical providers, by category of provider, as a result of people migrating to the state option?
 - How would the state option impact the underlying costs of delivering care?
 - Would there be any impacts on health care quality or access to services as a result of any change in revenue to medical providers?
 - Would there be an impact on health care jobs across the state?
- What would the projected enrollment in the state option plan be?
 - Along with those that were previously uninsured, what existing coverage would state option enrollees be migrating from?
 - What would be the estimated enrollment if the state also chose to offer a state option plan in the small and large group markets, as has been indicated could be mandated in future years?
- How would the state option impact different regions of the state?
 - Would there be a single statewide reimbursement rate, or would prices be set by region, by procedure?
 - How would the proposed benchmarked prices compare to the underlying costs of delivering services across different regions of the state?
 - How would the proposed benchmark prices compare to the actual costs associated with delivering the care?
 - How did the proposal arrive at reimbursement rate benchmarked at 175% to 225% of Medicare?



- What is the operational plan for the state to set the state option premium reimbursement rates across the state?
 - What is the underlying data set that the state will be using?
 - Are there any good examples of where this has been done before?
 - What are the likely uses and impacts of the estimated federal premium tax credit savings?

- If hospital profit margins have been suggested to be too high, what barriers currently exist to allow for consumers to choose lower cost alternatives?
 - What are the barriers for competing hospitals to open or to lower prices and attract some of that profitable business?
 - What is limiting consumer's access to information that can help make more informed decisions about the costs of their care?
 - Are there other health care system innovations that could address the rising costs of delivering care that don't require the state government to intervene in this way?

We recognize the need and urgency of the Administration's effort to improve health care accessibility and affordability. These are essential components of the discussion, and we share in your concerns regarding the growing costs for consumers and businesses related to health care. Equally important is the idea of 'do no harm'. Coloradans have worked hard to build a health care system that is one of the top in the nation and we believe in the foundational principles of how free markets work, through transparency, free exchange, and a level playing field.

As a partnership, we are committed to helping voters and public officials fully understand policy decisions and impacts of those decisions. To that end, the REMI Partnership released a study, "Anticipating a State Option for Health Care: Will Businesses Face Higher Costs or Will Quality and Access be Cut?" on September 10th, several weeks prior to the release of the current state option proposal.

The study highlighted the potential unintended consequences and economic impacts of a state option based on if different levels of price-controls were implemented. Our study examined consequences across all economic sectors. The full study is available on the REMI Partnership website: www.remipartnership.org. Our study was based on the actuarial findings of a proposed state option in Washington state which found premiums could be reduced by 24% to 42%. The current draft proposal suggests the target range for a Colorado state option would be between 9% to 18%. While the magnitude of the impacts we identified in our study will change, the underlying drivers of those impacts have not. To better gauge the potential impacts of this new plan, the REMI Partnership will be updating our analysis following the November 15th release of the final state proposal.

We believe it will have a significant impact on both the state's health care system, as well as the entire Colorado economy. We encourage the administration to slow down, invite all stakeholders to the table, and work with Coloradans to better understand the true impact of changing the health care marketplace. There are other policy tools that can address fundamental issues that are driving the high costs of healthcare.

This approach does not solve the problem of high costs, it merely ensures that medical providers will be left with the difficult choice between finding ways to reduce costs that may adversely impact quality or bypassing costs on to the remaining private insurance market. We appreciate the administration's verbal commitment to protecting Colorado's communities and preventing cost-shifting onto employers but do not



see how these efforts are compatible with a proposal that includes statewide benchmarked payments to Medicare, well below current market rates. Legislating lower prices does not make costs disappear, it simply shifts those costs somewhere else. The impact of this inevitable shift is left unanswered by this proposal and it is of the utmost importance.

We encourage the administration to slow down and work with us to better understand the true impacts of fundamentally changing the health care marketplace. We invite your suggestions, feedback and questions on our work. Please contact CSPR Director of Policy and Research Chris Brown at chris@cspco.org with your input. We would appreciate your suggestions by December 2nd so that we may issue a timely analysis.

Thank you for your consideration of our comments and we look forward to continued opportunities to engage on this important topic.

Sincerely,

The REMI Partnership

