



**Report to the
Colorado General Assembly**

**Colorado Health
Insurance Exchange
Oversight Committee**

Prepared by

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Colorado Health Insurance Exchange Oversight Committee

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To Members of the Seventy-first General Assembly:

Submitted herewith is the final report of the Colorado Health Insurance Exchange Oversight Committee. This committee was created pursuant to Article 22 of Title 10, Colorado Revised Statutes. The purpose of this committee is to guide Colorado's health insurance exchange, including reviewing the financial and operational plans of the exchange and approving the appointment of the executive director of the exchange.

Sincerely,

/s/ Representative Dickey Lee Hullinghorst
Chairman

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This report is also available online at:

<http://leg.colorado.gov/committees/colorado-health-insurance-exchange-oversight-committee/2016-regular-session>

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Committee Charge

In March 2010, the federal Patient Protection and Affordable Care Act (PPACA), was adopted by the U.S. Congress and signed by the President. PPACA is intended to expand health care coverage by increasing access to private health insurance and public health programs through the use of the federal health insurance exchange and state-based health insurance exchanges. Health insurance exchanges are regulated marketplaces in which individuals and small businesses can shop for health insurance, or be referred to public health programs.

In 2011, Colorado passed Senate Bill 11-200 establishing the Colorado Health Benefit Exchange, which currently does business under the name Connect for Health Colorado (exchange), and its governance structure. The bill created the exchange as a nonprofit public entity with a board of directors responsible for its operation.

Senate Bill 11-200 also established the Legislative Health Benefit Exchange Implementation Review Committee. Senate Bill 15-256 changed the name of the committee to the Colorado Health Insurance Exchange Oversight Committee (committee). State law authorizes the committee to:

- meet at least two times a year; however, the committee can meet an unlimited number of times during the legislative session and up to seven times during the interim;
- approve the appointment of the executive director of the exchange by the Colorado Health Benefit Exchange board of directors (board);
- review and approve the board's initial financial and operational plans;
- review annual financial and operational plans of the exchange;
- review and approve any implementation grants for which the board wishes to apply; and
- recommend up to eight bills for consideration by the General Assembly each year.

Committee Activities

The Colorado Health Insurance Exchange Oversight Committee met four times in 2016. The committee received briefings from the exchange board and staff at most of the meetings, and per its statutory charge, covered a range of topics pertaining to the operations and finances of the exchange. Additionally, the committee received briefings from the National Conference of State Legislatures, Colorado Association of Health Plans, the Center for Improving Value in Health Care (CIVHC), Colorado Commission on Affordable Care, Colorado Rural Health Center, Colorado Choice Health Plans, Division of Insurance in the Department of Regulatory Agencies, Colorado Health Institute, and Colorado Hospital Association.

Financial and Operational Plans, Budget, and Fees

In accordance with Section 10-22-107, C.R.S., the committee is required to review the financial and operational plans of the exchange. At the June 9, 2016, meeting, exchange staff presented the FY 2017 exchange budget to the committee for review and comment. The FY 2017 budget of \$40,093,000 reflects an overall reduction in revenues of 8 percent or

\$3.6 million. The reduction is the result of the special fee assessment revenue ending in December 2016 and the end of a federal grant. Carrier fee revenue is expected to increase in FY 2017. There are no new revenue streams identified for FY 2017, although efforts continue to establish a Medicaid cost recovery model with the Department of Health Care Policy and Financing and the federal government. Sources of revenue for FY 2017 operational expenses identified by exchange staff, include:

- carrier fees;
- tax credit donations;
- grants; and
- special fee assessments.

Overall reductions in expenditures for FY 2017 include a decrease in customer service operations expenses, technology expenses, and general and administrative expenses.

2015-16 Open Enrollment

During the 2015-16 open enrollment period, 169,000 individuals enrolled into private health insurance programs through Connect for Health Colorado. Administrative improvements realized during the 2015-16 open enrollment period included improvement in call center wait times and improvement in real time Medicaid eligibility determinations. Forty percent of individuals who contacted the exchange during this open enrollment period were identified as being Medicaid eligible compared to 60 percent of individuals in previous years.

Carrier Transition

Connect for Health Colorado staff discussed the insurance carriers that are leaving the individual market and those carriers that are reducing their offerings through the exchange in 2017. United Healthcare and Humana Insurance will not offer individual plans in 2017, and Rocky Mountain Health Plans and Anthem Blue Cross and Blue Shield will reduce their offerings on the individual market. Seven carriers will offer individual plans on the exchange, and four carriers will offer small group plans on the exchange. Connect for Health Colorado staff estimated that 44,000 exchange customers will need to select new plans for 2017 as a result of these carriers leaving the marketplace.

Small Business Health Options Program (SHOP)

Connect for Health Colorado staff briefed the committee on the Small Business Health Options Program (SHOP). The SHOP is the portion of the exchange that provides small businesses with up to 100 employees with resources to select and purchase small group coverage for employees. Kaiser Permanente, Rocky Mountain Health Plans, Anthem Blue Cross and Blue Shield, and Colorado Choice offer plans through the SHOP. There are 375 small groups currently enrolled in the SHOP, which equals over 2,800 covered lives. Recent efforts to improve the functionality of the SHOP include: improving the user interface; reducing the number of screens needed for enrollment; and broker training on the SHOP.

Enrollment Enhancements and Expansion

Connect for Health Colorado staff explained the marketing and outreach strategies, including social media outreach of the exchange and the efforts to make these strategies more cost-effective. Outreach efforts designed for the 2016-17 open enrollment period will target geographic areas in the state that have high eligible-but-not-enrolled populations and clients who have been denied Medicaid, but who could qualify for other financial assistance for health insurance through the exchange.

Single Geographic Rating Study

At the August 2, 2016, meeting, Marguerite Salazar, Commissioner of Insurance, presented the Division of Insurance (DOI) study prepared in accordance with House Bill 16-1336 by Lewis and Ellis, Inc. Actuaries and Consultants to determine the impacts and viability of establishing a single geographic area for setting health insurance premiums. The report recommendation was to keep the current regions, but introduce a rating band. The report recommended against creating one rating area. The full report may be viewed on the DOI website at www.colorado.gov/pacific/dora/division-insurance.

Consideration of Legislation

The committee discussed and approved drafting a bill establishing a Basic Health Program insurance option in accordance with the federal Patient Protection and Affordable Care Act. Prior to consideration by the committee, the bill draft was withdrawn. A Basic Health Program allows states to provide coverage to individuals whose incomes are currently over the limit to qualify for state medical assistance programs, but are below 200 percent of the federal poverty level.

Presentations

The following entities presented information to the committee about health care trends in Colorado:

- National Conference of State Legislatures;
- Colorado Association of Health Plans;
- Center for Improving Value in Health Care (CIVHC);
- Colorado Commission on Affordable Health Care;
- Colorado Rural Health Center;
- Colorado Choice Health Plans;
- Colorado Health Institute; and
- Colorado Hospital Association.

Presentations focused mainly on the cost of health care and the factors that drive the cost of care in Colorado. Detailed information about these presentations may be found in the meeting summaries available on the committee's website at:

<http://leg.colorado.gov/committees/colorado-health-insurance-exchange-oversight-committee/2016-regular-session>.

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Summary of Recommendations

The Colorado Health Insurance Exchange Oversight Committee did not make any statutory recommendations for the 2017 legislative session.

Resource Materials

Meeting summaries are prepared for each meeting of the committee and contain all handouts provided to the committee. The summaries of meetings and attachments are available at the Colorado State Archives, 1313 Sherman Street, Denver (303-866-2055). The listing below contains the dates of committee meetings and the topics discussed at those meetings. Meeting summaries are also available on the Legislative Council website at:

<http://leg.colorado.gov/committees/colorado-health-insurance-exchange-oversight-committee/2016-regular-session>

Meeting Dates and Topics Discussed

April 13, 2016

- ◆ Update on 2015-16 open enrollment
- ◆ Update on strategic plan and budgeting process

June 9, 2016

- ◆ Presentation of FY 2016-17 budget and strategic plan update
- ◆ Discussion of Carrier Transitions for 2017
- ◆ Presentation on Small Business Health Options Program (SHOP)

August 2, 2016

- ◆ Enrollment enhancement and expansion presentation
- ◆ All Payer Claims Database presentation
- ◆ Single Geographic Rating Study DOI presentation
- ◆ Discussion about Rural Health Insurance Rates

August 24, 2016

- ◆ Presentation on issues related to uncompensated care