



**Report to the
Colorado General Assembly**

**Colorado Health
Insurance Exchange
Oversight Committee**

Prepared by

The Colorado Legislative Council

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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/ Senator Kevin J. Grantham
Chairman

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This report is also available on line at:

www.colorado.gov/pacific/cga-legislativecouncil/colorado-health-insurance-exchange-oversight-committee

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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 two times in 2017. During these meetings, the committee received briefings from staff of the exchange and the Colorado Division of Insurance.

Meeting I - March 3, 2017

At the March 3, 2017, meeting, Connect for Health Colorado staff presented to the committee. Kevin Patterson, Chief Executive Officer, Connect for Health Colorado, described open enrollment data for the 2017 plan year. He told committee members that 62 percent of consumers covered through the exchange in 2017 received the advance premium tax credit and approximately 50 percent of the consumers on the exchange utilized a broker for assistance. He explained that the exchange did not track the insurance choices of consumers who do not purchase coverage through the exchange. He discussed the challenges consumers with inconsistent incomes face due to fluctuating between Medicaid eligibility and eligibility for coverage through the exchange and the advance premium tax credit.

Mr. Patterson described the Fiscal Year 2017 budget and discussed projected revenues and expenditures for the exchange. He described the grants, donations, and special fees that will affect the exchange's budget throughout the year. He discussed the value of the exchange to consumers even if the PPACA is repealed.

Meeting II – December 15, 2017

At the December 15, 2017 meeting, both exchange staff and staff from the Division of Insurance (DOI) presented before the committee. Mr. Patterson updated the committee on the 2017-18 open enrollment period and the uninsured rate in Colorado, which is currently at 6.5 percent. Mr. Patterson spoke about the exchange's strategic plan and the collaborative process that was involved in developing that plan. He pointed out the following four goals of the strategic plan: advocate to improve access to coverage in rural areas; maximize the number of consumers and employers who shop and enroll through the health insurance marketplace and apply for available financial assistance; improve the ability of customers to attain and retain the right coverage for their needs; and ensure that the exchange is a healthy and thriving organization.

Mr. Patterson discussed the reduction in the operating expenses of the exchange, the outreach efforts the exchange has taken to help consumers understand how insurance works, the differences in coverage between plans, and the financial assistance available through the exchange. Mr. Patterson told the committee that he did not expect the elimination of the individual mandate to purchase insurance to substantially impact participation in the exchange because qualified individuals and families purchasing insurance through the exchange will continue to receive financial incentives through advance premium tax credits.

Peg Brown, Chief Deputy Director, DOI, and Michael Muldoon, Actuary, DOI, provided an overview of the 2018 insurance premium rates and the process and actuarial standards that DOI uses to review rates. They pointed out that the primary cost component of insurance premiums is health care service costs and that utilization rates and unit costs contribute to this cost. They indicated that the substantial differences in health care service costs between geographic areas within the state also impact premiums.

Ms. Brown told the committee that the uncertainty about whether the individual mandate would be eliminated and whether Cost Sharing Reductions (CSRs) would be funded complicated the premium rate setting process. She explained that DOI required carriers to file two sets of rates this year: one assuming CSRs would be paid in 2018; and another set assuming the CSRs would not be paid. She pointed out that this preplanning made it easier for DOI and the exchange to switch to the non-CSR filings when the federal government announced it would not continue paying the CSRs.

Summary of Recommendations

The Colorado Health Insurance Exchange Oversight Committee did not make any statutory recommendations for the 2018 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:

www.colorado.gov/pacific/cga-legislativecouncil/year-round-committees

Meeting Dates and Topics Discussed

March 3, 2017

- ◆ Committee discussion with Connect for Health CO board members and staff

December 15, 2017

- ◆ Update on 2017-18 open enrollment
- ◆ Committee discussion with the Division of Insurance regarding 2018 insurance rates.