

Testimony re: SB17-003 January 7, 2014
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Considering myself a fiscal conservative and hating to see waste, before making up my mind about this bill I did some homework. I started with Sen. Smallwood's justification for this bill as published in the Castle Rock News-Express, in which he makes these four arguments:

1) Premiums are rising and the ACA has problems keeping insurers: This bill in no way addresses these problems.

2) States that have "repealed their exchange in a similar manner" have seen positive results and we should learn from them: Sen. Smallwood cites Nevada and Kentucky as two examples. A little digging on my part revealed that both KY and NV still have state-run exchanges. They now use the federal web site. Sen. Smallwood implies by juxtaposition of his words that Nevada's gain of two health insurers is a result of Nevada's dropping its exchange. In addition to NV still having an exchange, it gave access to the Medicaid Managed-Care market only to insurers that participate in the exchange, creating an inducement for more insurers to join. Sen. Smallwood suggests that Kentucky's repealing its exchange had the positive effect of inducing 74,000 people to enroll, but the state had more than that number enrolled before the exchange was nixed and by they way, immediately re-created. It's just that all those who could have simply kept their plans now were forced to re-enroll.

3) "This bill would not eliminate Obamacare in Colorado but would save the taxpayers millions of dollars.": This argument flops on several counts. First, the fiscal note attached assumes that the ACA will remain intact, and as we know, it is in danger. So the fiscal note means little to the state's bottom line, but it means a lot to individuals who will find themselves uninsured if Congress guts the ACA. Second, the fiscal note does not mention the 1.5% (in 2017 – rising to 2% in 2018) premium surcharge for the state-run exchanges to use healthcare.gov or the 3.5% surcharge for states that do not have state-run exchanges at all. If the Senator is truly concerned about the rising premiums, he should consider this to be an argument against dropping CO's exchange.

4) Connect for Health Colorado was accused of mispending almost \$10M in taxpayer funds "much of it for social activities and executive bonuses": Upon reading the auditor's report, I can see just how misleading this statement is. To call 2.2% "much" is at best a flawed reading of the material. The audit noted \$211,891 in insufficiently-documented or un-documented bonuses of executives and employees combined, and a whopping \$297 in un-allowed social activities. While I don't defend the accounting failures of the exchange, these failures do not justify shutting down the operation, which is providing a needed service. The Inspector General also audited the Colorado Department of Health Care Policy and Financing and asked it to reimburse \$6.5M in claims for payments for physician-administered drugs, but I don't see calls for gutting the state agency responsible for that.

All of the above leads me to conclude that this bill is nothing more than a thinly-disguised partisan effort to gut the ACA, one state at a time, with no regard for the people it affects and disregard for sound financial planning. Whatever happens at the federal level, if you pass this bill, you will create a lot more work for the state than just shutting down the exchange, and you have no idea what or how expensive that will be.

Having already spent the money to create a functioning exchange, you now want to throw it out before you have any idea what might replace it? That is simply irresponsible.

References:

<https://www.healthinsurance.org/kentucky-state-health-insurance-exchange/>
<https://www.healthinsurance.org/nevada-state-health-insurance-exchange/>
<https://oig.hhs.gov/oas/reports/region7/71402801.pdf>
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