



The Bell Policy Center

Repeal of the Colorado Health Benefit Exchange Act SB 17-003

Testimony to the Senate Finance Committee
Natalie O'Donnell Wood, Senior Policy Analyst
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Mister Chair, members of the committee, thank you for the opportunity to be here today.

I am Natalie O'Donnell Wood, a senior policy analyst with the Bell Policy Center. The Bell is a non-partisan, nonprofit research and advocacy organization founded on progressive values and dedicated to making Colorado a state of opportunity for all.

The Bell Policy Center opposes SB 17-003, which would repeal Colorado's health insurance exchange, its governing structure and the premium tax credit that insurance carriers may claim.

The Bell, along with a diverse group of advocates, consumers and business coalitions, was part of the effort to create our exchange in 2011. Colorado's approach to passing and implementing our exchange was also striking because it was the first bipartisan state effort to do so. We created a Colorado-specific solution to meet the unique needs of our citizens. Repealing the exchange, especially at a time of great uncertainty around federal health policy, does Coloradans a disservice. Colorado's best strategy is to retain our exchange and work to improve it.

Colorado's health insurance exchange has had many successes. It enabled over 177,000 Coloradans to get coverage last year. And the newest numbers for 2017 show increased demand this year. The exchange has helped low- and moderate-income Coloradans save around \$300 a month on average.ⁱ Its operations and outreach methods have been studied by national groups like the Kaiser Family Foundation and other states as they looked to improve their state-based exchanges.ⁱⁱ ⁱⁱⁱ Over time, it has continued to refine and improve its approach to customer service.^{iv}

If we repeal the exchange before we have clarity about plans in Congress to repeal the Affordable Care Act, we risk interrupting this trajectory and reversing some of Colorado's gains. Making changes now could exacerbate anxiety and turmoil for insurers and consumers, which could lead to disruptions in the insurance market. A recent analysis from the Commonwealth Fund cautions states about changing regulations to their insurance markets while federal plans are in flux, saying that "premature state-level changes could contribute to the destabilization of state insurance markets." Instead, "state policymakers should exercise caution" and wait for Congressional action so that they will have better information with which to shape state law."^v

With a state-based exchange, Colorado is well-positioned for any federal change that increases state autonomy. The experience of the past month suggests that in the future, a state-based approach may result in more people covered than a federal one. State-based exchanges, including Colorado's, saw increases during 2017 open enrollment.^{vi} In contrast, federal exchange enrollment was down in the final two-week

period when compared to last year. This is likely due to uncertainty created by federal actions, such as President Trump's first executive order, his Administration's decisions to pull back on advertising and outreach.^{vii}

According to the Colorado Health Institute, Colorado has had a relatively competitive marketplace compared to other states.^{viii} This includes states that use the federal marketplace platform. We have seen a decline in the number of insurers offering plans, but this has happened nationwide. In 2017, the average number of insurers participating in the federally-run state marketplaces is 3.9, compared to seven in Colorado.^{ix} In states that are partially supported by the federal platform, evidence suggests that while this model has some benefits with respect to controlling costs, these marketplaces have lacked "flexibility to customize the consumer enrollment experience, have been limited in their ability to integrate with Medicaid systems, and continue to work with federal officials to get timely access to data. While some of these barriers may be overcome as experience with the model grows and the lease process is formalized, others, especially around customization, may drive up the price of the platform."^x It thus seems premature to abandon a Colorado-designed solution that is helping many get affordable health insurance in a relatively competitive marketplace.

Colorado is unique in that when we designed the exchange we also created a bipartisan oversight committee to study and monitor it. This committee meets several times throughout the year to study and monitor the exchange. It can offer legislation – and it is noteworthy that it has not suggested legislation that would repeal the exchange.

Repealing our exchange and moving to the federal exchange does not address pressing problems of health coverage affordability and choice. It's certainly true that some customers buying insurance through Connect for Health Colorado are feeling financially squeezed. That's especially true in some Western Slope communities and in other rural parts of the state.^{xi} Nationally, reducing their health care costs is the number one concern for most people.^{xii} Rather than repealing the exchange, we should focus our collective energy on finding ways to address those concerns for low- and moderate-income Coloradans.

We thank you for the opportunity to share our thoughts.

If you have any questions, or if I can provide further information, please contact me at (303) 297-0456 or wood@bellpolicy.org

ⁱ<http://www.cohealthinitiative.org/sites/cohealthinitiative.org/files/attachments/Value%20of%20ACA%20Factsheet%20%281%29.pdf>

ⁱⁱ <http://kff.org/health-reform/issue-brief/what-worked-and-whats-next-strategies-in-four-states-leading-aca-enrollment-efforts/>

ⁱⁱⁱ Cauchi, D. Health Exchanges: Creative Marketing and Enrollment. National Conference of State Legislatures, August 2016.

^{iv} https://connectforhealthco.com/wp-content/uploads/2016/04/C4HC_OE_Report_FINALv2.pdf

^v <http://www.commonwealthfund.org/publications/blog/2017/jan/aca-repeal-efforts-impact-state-laws>

^{vi} <http://www.vox.com/2017/2/3/14502918/obamacare-sign-ups-trump>

^{vii} <http://healthaffairs.org/blog/2017/02/05/uncertainty-headwinds-hurt-final-marketplace-enrollment-total/>

^{viii} http://www.coloradohealthinstitute.org/uploads/postfiles/Hot_Issues/2016/Presentations/HHHC_2016_Exchanges_on_Life_Support.pdf

^{ix} <http://kff.org/health-reform/issue-brief/2017-premium-changes-and-insurer-participation-in-the-affordable-care-acts-health-insurance-marketplaces/>

^x <http://www.commonwealthfund.org/publications/issue-briefs/2015/sep/state-run-marketplaces-use-healthcaregov>

^{xi} <http://coloradohealthinstitute.org/key-issues/detail/health-coverage-and-the-uninsured/insurance-rates>

^{xii} <http://kff.org/health-costs/poll-finding/kaiser-health-tracking-poll-health-care-priorities-for-2017/>