

## Financial Relief Defray Individual Health Care Costs (HB18-1205)

Testimony to House Health, Insurance and Environment Committee  
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Thank you for the opportunity to present this testimony.

I'm Natalie Wood and I'm a senior policy analyst at the Bell Policy Center. The Bell Policy Center provides policymakers, advocates, and the public with reliable resources to create a practical policy agenda that promotes economic mobility for every Coloradan.

The Bell Policy Center supports HB 18-1205, which creates temporary financial relief for middle class Coloradans who buy health insurance through our state insurance exchange if they meet certain criteria. This program will help hardworking Coloradans who face a financial squeeze due to rising insurance costs and incomes that aren't keeping pace with the high cost of living in our most expensive communities.

Health care costs consume an increasing share of family budgets in Colorado. This trend is predicted to continue. In 2015, health costs for Coloradans represented 9.5 percent of median household income, up from 6.2 percent 11 years earlier. According to the Centers for Medicare and Medicaid Services (CMS), in the next decade health spending is projected to grow at an average rate of 5.8 percent per year. This is faster than the Congressional Budget Office's projected annual growth in wages and salaries over the same period.

Thanks to federal tax credits, many lower- and middle-income Coloradans can get critical support in paying for health insurance costs when they purchase plans on Connect for Health. Analysis from the Colorado Health Institute in December 2016 showed while the health insurance premiums in the individual market have increased over time, rising by 40 percent in just two years, the tax credits have "shielded" many families from financial pain. These credits became even more valuable in 2018 as the federal government froze funding for cost-sharing assistance and premiums skyrocketed yet again.

Unfortunately, not everyone is eligible to get this help. The credits are calculated using factors like a family's income, size, and location, which is a common-sense, targeted approach to helping with those costs. However, it doesn't account for the cost of living in our communities, which means many of those living in high-cost areas of the state are feeling squeezed by health care costs.

Last summer and fall, the Bell visited Coloradans on the Western Slope, in mountain resort communities, and rural corners of the state to gather survey data and first-hand feedback for our 2018 Guide to Economic Mobility in Colorado. Affordable health insurance ranked as one of the top three issues, along with affordable housing and child care, in a list of key factors impacting economic opportunity. Middle-class Coloradans in these communities are thus dealing with tough choices to make their budgets work: Do I pay for health insurance or college tuition? Do I stay in the place I've called home for 15 years or move to Denver for more affordable insurance?

This temporary relief program would allow residents in these high-cost counties a little bit of budgetary breathing room. It would enable them to live and work in areas of the state that the rest of Colorado depends on for economic and recreational activity.

Tax credits also encourage people to purchase insurance on the exchange. The latest data from Connect for Health Colorado shows fairly steady enrollment in the exchange in 2017 and Coloradans received average monthly subsidies of \$374. By expanding the pool of people who are eligible to receive subsidies, we could draw more participation to the marketplace and support its continued success. In a time of great market uncertainty due to action and inaction at the federal level, Coloradans in the marketplace could use this additional support.

We urge your yes vote on HB18-1205. Thank you for the opportunity to share my thoughts. We thank Representative Roberts for bringing this bill forward today.

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