



Support HB 18-1392: Individual Health Insurance Market Stabilization Act Reps. Kennedy and Rankin; Sens. Coram and Donovan

The Problem

The cost of health insurance premiums on the individual market (the Health Exchange) has reached crisis levels. According to the Colorado Division of Insurance, the issue is being felt statewide, with three years of annualized premium increases in excess of 20 percent, and even higher in rural communities.

High cost health premiums are impeding people's ability to save for retirement, buy a home and save for college. Some are working under the table or turning away work in order to stay below the 400% of poverty threshold for the subsidy. Others are moving or using a friend's address in a lower cost area to be able to afford health insurance. Some small businesses have closed, and others are contemplating closing to get a job with health benefits. Many of these hold together the very fabric of our community like child care providers.

The Solution: HB 1392

High cost re-insurance is not an all-in-one solution, but it is the necessary step to stabilize the market, so we may then focus on cost containment. Re-insurance is making a difference in other states.

This is a non-partisan strategy that is being among both Republican and Democratic governors and elected insurance commissioners alike in Alaska, Minnesota, and Oregon, all of which have implemented re-insurance programs; Wisconsin and Maryland just passed bills for re-insurance; and Louisiana is expected to pass legislation this session.

The purpose of establishing a high-risk reinsurance program is to foster competition among health insurance companies and provide more choice for consumers to develop market stability.

- **A high-risk coverage program reduces premiums by providing funds to counterbalance the highest cost claims.** This will benefit consumers through reduced premiums with the most benefit received by consumers not eligible for the advance premium tax credits (APTC) or employer provided coverage.
- **A reduction in overall individual market premiums creates a more stable individual insurance coverage market.** Market stability encourages insurers to remain in all areas of the state, while also attracting carrier competitors to underserved areas.

While there are larger conversations necessary to address cost containment, establishing a high-risk reinsurance program is a first step to solving our health care crisis.

Please SUPPORT HB 1392 – Our Communities Can't Wait!

Submitted May 1, 2018

CCAT: Ruth Aponte, 303-907-1980 or Sara Odendahl 303-506-2348



CCAT

Counties & Commissioners Acting Together

Supporting Organizations

Counties and Commissioners Acting Together

Colorado Counties Inc.

Colorado Hospital Association

Colorado Center on Law and Policy

Colorado Consumer Health Initiative

Colorado Children's Campaign

Colorado Rural Health Center

Denver Health Medical Center

Healthier Colorado

The Bell Policy Center

Mesa County Board of County Commissioners

Supporting Local Officials

Tim Mauck, Clear Creek County Commissioner

Rachel Richards, Pitkin County Commissioner

Deb Gardner, Boulder County Commissioner

Kathy Chandler-Henry, Eagle County
Commissioner

Rich Cimino, Grand County Commissioner

John Messner, Gunnison County Commissioner

Ben Tisdell, Ouray County Commissioner

Tim Corrigan, Routt County Commissioner

Hilary Cooper, San Miguel County
Commissioner

Steve O'Dorisio, Adams County Commissioner

Eva Henry, Adams County Commissioner

Nancy Jackson, Arapahoe County Commissioner

Michael Whiting, Archuleta County
Commissioner

Cindy Domenico, Boulder County Commissioner

Elise Jones, Boulder County Commissioner

Keith Baker, Chaffee County Commissioner

Randy Wheelock, Clear Creek County
Commissioner

Jill Ryan, Eagle County Commissioner

Jeanne McQueeney, Eagle County
Commissioner

Gail Watson, Gilpin County Commissioner

Ron Engels, Gilpin County Commissioner

Joan May, San Miguel County Commissioner

Kris Holstrom, San Miguel County Commissioner

Linda Isenhardt, Gilpin County Commissioner

Karn Stiegelmeier, Summit County
Commissioner

Jonathan Houck, Gunnison County
Commissioner

Casey Tighe, Jefferson County Commissioner

Julie Westendorff, La Plata County
Commissioner

Gwen Lachelt, La Plata County Commissioner

Brad Blake, La Plata County Commissioner

Steve Child, Pitkin County Commissioner

Patti Clapper, Pitkin County Commissioner

George Newman, Pitkin County Commissioner

Greg Poschman, Pitkin County Commissioner

Jason Anderson, Saguache County
Commissioner

Peter McKay, San Juan County Commissioner

Tom Jankowsky, Garfield County Commissioner

Matt Scheer, Town of Minturn Mayor

Thomas Davison, Summit County Commissioner

Dan Gibbs, Summit County Commissioner

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THE DAILY SENTINEL

Grand Junction, Colorado

By: **TOM JANKOVSKY**, Garfield County Commissioner
Apr 29, 2018

Reinsurance program can stabilize health insurance costs

Garfield County residents and Coloradans across the state are struggling with ever-increasing health insurance costs, which have reached exorbitant levels on the individual market, and are getting worse every year.

According to the Colorado Division of Insurance, the issue is being felt regardless of zip code, with three years of annualized premium increases in excess of 20 percent (and even higher in rural and mountain communities). This means the average cumulative premium increase in the individual market was approximately 72 percent over the past three years. This has a staggering effect on our residents.

The failure to find a solution is hurting many Colorado citizens, and particularly small business owners, mom-and-pop operations, nonprofits, and individuals working in the trades, who don't qualify for group plans. Critical and immediate action is needed to secure stabilization in the individual market.

State lawmakers have a solution before them this session in HB 18-1392, the Individual Health Insurance Market Stabilization Act, which is co-sponsored by Colorado state Reps. Bob Rankin, R-Carbondale, and Rep. Chris Kennedy, D-Lakewood. This bipartisan bill creates a high-cost reinsurance program that buffers insurance companies against risk for unusually expensive claims, such as transplants and cancer care. It spreads the risks to avoid destabilization of the market, and incentivizes insurers to offer coverage in currently underserved areas.

There is a cost — \$300 million for the reinsurance program. The summary from the fiscal note says it much more succinctly:

"This bill requires the commissioner of insurance to seek a state innovation waiver under the federal Affordable Care Act to create a state reinsurance program in Colorado. If federal approval is received, the reinsurance program will apply to 2019 health plans sold on the individual health insurance market. To fund the reinsurance program, the commissioner is authorized to assess a fee on state-regulated health insurance carriers of up to two percent on premiums. In addition, the reinsurance program will be supported by federal funds that would have otherwise been provided to consumers as federal advanced

premium tax credits. The bill directs the commissioner to set the parameters of the reinsurance program, so that claims costs in the areas of the state with the highest health insurance premiums are reduced by 30 percent, and that all other geographic areas of the state have a 20 percent reduction in claims costs. Fees collected from health insurers and available federal funds under the State Innovation Waiver are to be deposited into the newly created Reinsurance Program cash fund. The reinsurance program is created as an enterprise under TABOR and revenue is exempt from the TABOR revenue limits."

The Colorado Division of Insurances has said that each individual on group plans will pay roughly \$100 per year, but those on the individual market will save an average of \$1,300 annually, or 20 percent per person.

Reinsurance is the necessary step to stabilize the individual market, and it is making a difference in other states. This non-partisan strategy has been endorsed among both Republican and Democratic governors and elected insurance commissioners alike in Alaska, Minnesota, and Oregon, all of which have implemented reinsurance programs. Wisconsin and Maryland just passed bills for reinsurance; and Louisiana is expected to pass legislation this session.

Burgeoning costs are causing healthy consumers to drop insurance coverage, thus leaving a risk pool that is more prone to illness and expensive to cover. This, in turn, causes everyone's health insurance to increase, and we all pay the price. In Garfield County, our neighbors and friends are directly impacted. Across the state, some are not reporting income or turning away work to stay below the 400 percent of poverty threshold for the subsidy. Others are moving away because of insurance costs. These are drastic measures. High-cost health premiums are impeding people's abilities to save for retirement, buy homes, or save for college.

Reinsurance is admittedly not an all-in-one solution, yet waiting another year is not the solution. Reinsurance will have a dramatic impact on the lives and livelihood of many Coloradans. I urge state lawmakers to follow their local county commissioners in supporting HB 18-1392 to begin addressing Colorado's health care crisis. Our communities can't wait!

As a Garfield County commissioner, I've spoken with many people who are struggling with the high cost of health insurance. I know of an individual battling cancer who has children, and doesn't have insurance. I also recently attended a memorial service for a friend who faced health issues without insurance and died. That individual had spoken with me about the high cost of health insurance for seven years. The time to act is now.

Contact your state senator. In Garfield County, that's Randy Baumgardner. Ask him to vote in favor of this bill. It will help all the people of Colorado. He can be contacted at (303) 866-5292 (office) or by email at randy.baumgardner.senate@state.co.us or randybaumgardner@gmail.com.

Eagle County Commissioners: Support act to help remedy Colorado health insurance prices (column)

Eagle County Board of Commissioners
Valley Voices
April 26, 2018



In October 2015, the phones started ringing. It was open enrollment time, and once again, Eagle County residents began sounding the alarm on the high cost of health plans in the marketplace. The Colorado Division of Insurance had just announced it was closing Colorado HealthOP, a low-cost plan that was popular in high-cost areas such as rural resort communities. Individuals trying to purchase health insurance on the Colorado Health Exchange were having sticker shock.

As county commissioners, we had tackled this problem once before. Soon after implementation of the Affordable Care Act and the creation of geographic rating areas, the Kaiser Family Foundation reported that Colorado's area 11 (Eagle, Summit, Pitkin and Garfield counties) had the highest health insurance premiums in the nation.

Commissioners from these counties lobbied for a change, and Colorado's Division of Insurance received permission from the federal government to combine all Western Slope counties (with the exception of Mesa County) into one rating area — Area 9. That was 2014.

According to the Colorado Division of Insurance, the individual market has had three years of annualized premium increases in excess of 20 percent per year statewide. Increases have been even higher in rural and mountain communities. This means the average cumulative premium increases have amounted to approximately 72 percent over the past three years. The system that first raised alarm bells in rural resort communities is not working for anyone.

The Affordable Care Act was signed into law in March 2010. The Act came with several new and unique changes to the American health care system. One popular provision was that insurers could no longer consider health status, including preexisting conditions, to deny coverage or charge higher premiums. The uninsurable were now insured.

As a result of the Affordable Care Act, health care coverage increased in numbers never before seen and almost 600,000 more Coloradans gained health insurance. However, now the risk pool was sicker and more expensive to cover.

According to the Kaiser Family Foundation, certain regulatory programs need to accompany the Affordable Care Act to prevent unintended consequences to the market. The Affordable Care Act started out with these in place: re-insurance to provide a stop loss to insurance companies for the highest risk claims and risk corridors to assure financial aid if insurers ended up with too many sick people and too little cash from premiums to cover their medical bills.

This is exactly what happened. The federal re-insurance program expired and probably wasn't instituted long enough. Congress defunded the risk corridor program. This led to disruptions, premium volatility and ever-increasing premiums for the individual market.

These cost barriers are causing healthy consumers to drop insurance coverage, thus perpetuating a cycle of a risk pool growing ever sicker and more expensive to cover. As the uninsured numbers grow, so does the cost of uncompensated care that is passed on to all medical consumers. This, in turn, causes everyone's health insurance to increase — across all groups — and in this fashion, we all pay the price.

The high-cost health premiums are impacting our smallest businesses, some of which are closing, turning away work to stay below the 400 percent of poverty threshold for the subsidy or moving to a cheaper area. The costs are impeding the ability to save for retirement, buy a home and put children through school. Many in Eagle County say the cost is like having another mortgage, only without the return on investment.

Immediate action is needed to stop the bleeding and secure market stabilization.

Fortunately, state lawmakers have a solution before them this session in HB 18-1392, the State Innovation Waiver Reinsurance Program. This bipartisan bill creates a high-cost re-insurance program that buffers insurance companies against risk for unusually expensive claims such as for transplant and cancer care.

In this way, it spreads the risks to avoid destabilization of the market and provides incentives to insurers to offer coverage in currently underserved areas. It will also draw those who have dropped their insurance back into the market. Recently, several Eagle County residents testified in support of this bill.

Re-insurance is admittedly not a comprehensive solution. Cost-containment measures for hospitals and other health-care providers must go hand in hand with this effort, and the legislature is also working on this front. Re-insurance is the necessary first step to stabilize the individual market. Many states have recognized this, and six other states are in various stages of implementation and having success. Colorado's re-insurance program is expected to bring down premiums at least 20 percent and even more in high cost areas.

We urge state lawmakers to follow their local county commissioners in supporting HB 18-1392 to begin addressing Colorado's health care crisis. Our communities can't wait.

Jill Ryan, Kathy Chandler-Henry and Jeanne McQueeney are Eagle County commissioners.

Is reinsurance the antidote for high insurance premiums in Aspen, other mountain communities?

Rick Carroll

April 28, 2018



Pitkin County can lay claim to a bevy of bragging rights when it comes to quality of life, but not when it comes to the cost of health insurance premiums.

Along with other rural mountain communities, including Eagle, Garfield and Summit counties, customers on the individual market have seen their annualized premiums skyrocket by some 72 percent over the past three years, according to the state's insurance division.

There might be help on the way, however, and it will boil down to what state lawmakers decide during the current legislative session.

House Bill 1392, the Individual Health Insurance Market Stabilization Act, aims to stabilize health plans on the individual market — those buyers who don't get insurance through their employer or relatives, and don't have Medicare or Medicaid. Many of those individuals who have been hurt in the wallet are those who weren't eligible for federal tax credits under the Affordable Care Act.

In 2015 in Pitkin County, 3,020 residents, or 16.9 percent, were uninsured; 7,583 individuals, or 42.5 percent, had employer-sponsored insurance; and 3,361, or 18.9 percent, had individually purchased insurance, according to the Colorado Health Institute.

Another 1,629 residents, or 9.1 percent, were Medicaid enrollees and 139 individuals, or 0.8 percent, were enrolled in Child Health Plan Plus.

The reinsurance bill is hardly perfect, said Pitkin County Commissioner Rachel Richards. Still, she strongly supports it.

"It really would make a difference to people when the rates for 2019 go out in the fall," said Richards, who testified about the bill April 19 before the state's health education committee.

The bill's goal is to lower premium increases on the individual market by 20 percent in 2019.

Richards is cochair of the organization Counties & Commissioners Working Together, which lobbies the statehouse for policy changes pertaining to health care, affordable housing and transportation, among other causes.

The organization includes the entire board of Pitkin County commissioners, who have voiced support for the bipartisan bill whose prime sponsors are state Reps. Bob Rankin (R) of Carbondale and Chris Kennedy (D) of Lakewood, and Sens. Don Coram (R) of Montrose and Kerry Donovan (D) of Vail. The bill was introduced to the House on April 13.

Reinsurance programs have caught on in other states, such as Alaska, Minnesota and Oregon.

By setting up a reinsurance fund, the new bill in Colorado would help the state's 124,000 residents who have private insurance, but it would result in the remaining 2 million people seeing their premiums rise by single-digit percentage points.

Half of the \$350 million annual program could be supported by federal dollars, the other half paid for by the insurance carriers.

The trade-off, suggested Edmond Toy, director of the nonpartisan Colorado Health Institute, poses a sticky scenario.

"The outlook for this bill is uncertain," he wrote in a report published April 18. "On the one hand, the bill has both Democratic and Republican sponsors in the House and Senate. This bipartisan backing will improve its chances for passage, but various stakeholders have voiced concerns.

"Many insurance carriers support the concept of reinsurance, but some believe that policymakers need to find a financing mechanism that doesn't just target carriers. For example, some states fund their reinsurance programs using general tax revenue. In addition, a reinsurance program won't address the underlying causes of high insurance costs. Rising prices for medical services and greater use of health care will continue to drive up insurance premiums.

"Reinsurance is just a band-aid to a problem that needs fundamental changes."

Richards, however, said something needs to be done sooner than later, or consumers on the individual market will continue to suffer as their premiums continue to increase.

Garfield County Commissioner Tom Jankovsky, in an op-ed sent to local media Friday, agreed.

"The failure to find a solution is hurting many Colorado citizens, and particularly small business owners, mom-and-pop operations, nonprofits and individuals working in the trades, who don't qualify for group plans," he wrote. "Critical and immediate action is needed to secure stabilization in the individual market."

Said Richards: "The real issue, at the end of the day, is the overall market," she said. "What is the benefit to you? You might be in the group market, but if you lose your job, you're in the open market. We need to stabilize the overall market. Fourteen Colorado counties have one provider. That's zero competition, zero choice for the consumer."

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In this way, it spreads the risks to avoid destabilization of the market and provides incentives to insurers to offer coverage in currently underserved areas. It will also draw those who have dropped their insurance back into the market. Recently, several Eagle County residents testified in support of this bill.

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