Community Catalyst

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Colorado Health Insurance Marketplace Affordability Fact Sheet

This fact sheet is intended to highlight the innovative strategies Colorado uses to improve affordability of insurance coverage on their state insurance marketplace, called "Connect for Health Colorado" (C4HCO). This is one of a five-state series, presented by Community Catalyst, to share information with policymakers about innovations states can use to make health insurance more accessible for low- and moderate-income individuals. In Colorado, "low- and moderate-income individuals" are defined as individuals under 250% FPL. Accessibility includes expanding eligibility to undocumented Coloradans. This brief focuses on solutions in the individual market.

Colorado's Insurance Environment

Colorado market characteristics:

- Population size: 5.840 million (2022)
- 4.6% uninsured (2023)
- $87,598 median household income (2022)
- 237,107 covered (2024)
- Individual mandate
- Plan standardization
- Medicaid-Marketplace account transfer model
- Democratic-controlled government

Colorado has had versions of its state marketplace, Connect for Health Colorado (C4HCO), since 2011[1] and has had full Medicaid expansion under the Affordable Care Act (ACA) since 2014.[2] Colorado uses an account-transfer model where the Marketplace sends applicant information to the Medicaid agency to complete enrollment, as opposed to a fully-integrated model used in some states where State-Based Marketplaces (SBMs) fully complete the enrollment process.[3]

Colorado also has a standardized option plan, colloquially called the Colorado Option, a public-private partnership that has covered consumers since 2023. The standardized benefits are designed to improve health equity, and the required premium reductions fund other policies via a CMS-approved 1332 waiver amendment.[4] More information about Colorado's health care policy environment can be found in **Appendix A.**

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[1] Connect for Health Colorado. "History of Connect for Health Colorado". Aug 2013. https://connectforhealthco.com/c4-media/wp-content/uploads/2013/04/20130805-C4HCO-History_Aug-2013.pdf. Colorado's marketplace became operational in the 2014 plan year.

[2] CO Department of Health Care Policy & Financing. "Health First Colorado Expansion". Oct 2020. https://hcpf.colorado.gov/sites/hcpf/files/Medicaid%20Expansion%20Overview_1.pdf. Colorado's Medicaid expansion was funded prior to the ACA by HB09-1293 - the Hospital Provider Fee fund - which was used to expand Medicaid eligibility to parents under 100 FPL and adults without dependents under 10 FPL. The first plan year in which beneficiaries received coverage was 2013. The current FPL levels for those categories were aligned with the ACA expansion definition and made effective as of 1/2014.

[3] Centers for Medicare and Medicaid Services (CMS). "State-based Marketplace Medicaid Unwinding Report." Apr 30 2024. https://data.medicaid.gov/dataset/5670e72c-e44e-4282-ab67-4ebebaba3cbd . Colorado's account-transfer model includes manual integration that C4HCO conducts for mixed-eligibility households where some household members are enrolled in an ACA plan, and some are enrolled in Medicaid.

[4] CMS. "Colorado: State Innovation Waiver - Amendment". Jun 23, 2022. https://www.cms.gov/files/document/1332-co-amendment-fact-sheet.pdf

Policies driving coverage affordability and accessibility

Colorado has implemented several policies and programs aimed at improving access to affordable health coverage. These include reinsurance, premium alignment through induced demand, additional cost-sharing reductions for low-income enrollees, and the Colorado Option. The state also improved accessibility through providing premium subsidies for a limited number of undocumented Coloradans, as well as an easy enrollment program.

Strengthening affordability of premium and covered benefits

When Colorado advocates embarked on policy efforts to increase affordability, they coalesced around a set of values and principles that prioritized equity. As part of early negotiations, advocates designed a linked policy pathway to expand state subsidies for low-income people purchasing Marketplace coverage and create new, subsidized coverage for undocumented Coloradans.[5,6] The resulting Health Insurance Affordability Enterprise (HIAE) was created through SB20-215. HIAE regulation, funding, eligibility determination, and enrollment platform were all entirely state-based until Colorado's 1332 waiver amendment in 2022. HIAE was built to work in tandem with the Colorado Option and the state's reinsurance program.[7]

The funding mechanisms for these policies are intertwined and rely on a mixture of state assessed fees and federal pass-through savings via a 1332 waiver that was amended to

[5] Originally, this also included consumers who fell into the family glitch, but the IRS finalized a policy change to fix the family glitch in late 2022, so Colorado's program is only needed for undocumented Coloradans.
[6] Internal Revenue Service 26 CFR Part 1. "Affordability of Employer Coverage for Family Members of Employees" Oct 13, 2022. https://public-inspection.federalregister.gov/2022-22184.pdf
[7] Westerson C., Miller E., Neswood A. US of Care. "How Colorado Stakeholders Used a Creative Solution to Improve Access to Health Insurance During COVID-1." Aug 26, 2020. https://unitedstatesofcare.org/how-colorado-improved-access-to-health-insurance-during-covid-19/

also include Colorado Option savings to federal PTC payments. Further discussion of the funding mechanism is in **Appendix A**.

Reinsurance

Colorado passed HB19-1168[8] in 2019 to establish the State Innovation Waiver Reinsurance Program, based on actuarial studies[9] and stakeholder input. The law required the submission of a 1332 State Innovation Waiver (currently approved through 2027) to receive federal pass-through funding for reinsurance, taking effect in 2020.[10] As discussed above, the HIAE funded the state portion of these costs, thus relieving the state of that expense.[11]

Under the reinsurance program[12], full-price premiums dropped by roughly 20%[13], and have continued to be more than 20% lower than they would be without the reinsurance program.[14] This directly benefits people who pay full price for their coverage, including the 23% of C4HCO enrollees whose income is high enough that they do not qualify for PTC[15], as well as anyone who purchases individual major medical coverage outside of C4HCO, or off-exchange. Indirectly, it enables state premium subsidies to be offered to more enrollees, as unsubsidized premiums are lower than they would be without reinsurance. For more information on reinsurance policy considerations and impacts, see **Appendix B**.

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[8] H.B. 19-1168, 2019 Regular Session, (Colo. 2019). "State Innovation Waiver Reinsurance Program". http://leg.colorado.gov/bills/hb19-1168
[9] S.B. 17-300, 2017 Regular Session, (Colo. 2017). "High-risk health care coverage program". https://leg.colorado.gov/bills/sb17-300
[10] CMS. "Section 1332: State Innovation Waivers". https://www.cms.gov/marketplace/states/section-1332-state-innovation-waivers
[11] S.B. 20-215 Final Fiscal Note, 2020 Regular Session, (Colo. 2020). "Health Insurance Affordability Enterprise ". https://leg.colorado.gov/sites/default/files/documents/2020A/bills/fn/2020a_sb215_f1.pdf
[12] CO Department of Regulatory Agencies. "Reinsurance Program". https://doi.colorado.gov/insurance-products/health-insurance/health-insurance-initiatives/reinsurance-program
[13] CCHI. "Colorado announces 20% average reduction across individual health insurance premiums for 2020". https://cohealthinitiative.org/cchi-in-the-news/colorado-announces-20-average-reduction-across-individual-health-insurance-premiums-for-2020/
[14] CMS. "Colorado: State Innovation Waiver - Amendment". Jun 23, 2022. https://www.cms.gov/files/document/1332-co-amendment-fact-sheet.pdf
[15] CMS. "2024 Marketplace Open Enrollment Period Public Use Files". https://www.cms.gov/data-research/statistics-trends-reports/marketplace-products/2024-marketplace-open-enrollment-period-public-use-files

Premium Alignment

In 2021, Colorado began limiting carrier induced demand factors.[16] These are factors that carriers use to account for differences in consumer behavior when pricing plans in different metal levels. Previously, individual and small group plans had issuer discretion to set these factors. Because issuers are more competitive on silver plans, they used induced demand factors to create large variation across and within some metal tiers, especially gold plans. That also compressed pricing on silver plans, which resulted in lower benchmark plans and the corresponding lower Premium Tax Credits (PTC). To limit this, the state issued a rule to require plans to use induced demand factors determined by federal standards using actuarial values (AV) derived from the federal AV calculator.[17] This maximizes the buying power of exchange consumers with incomes eligible for federal premium assistance and ensures benchmark plans are appropriately priced, along with the corresponding PTC. In other states, similar premium alignment mechanisms have encouraged consumers to move to higher metal tiers with out-of-pocket costs, although the impact of induced demand regulation has not been studied in Colorado.[18]

Cost-Sharing Reduction Program

HIAE began providing state-funded cost-sharing reductions (CSR) in 2022, for C4HCO enrollees with household income between 150% and 200% FPL. The state-funded CSR benefits were expanded in 2024 to enrollees with household income up to 250% FPL, meaning all enrollees eligible for federal CSR receive the highest value, 94% Actuarial Value (94AV) plans.[19] In 2025, these benefits will revert back to cover enrollees with household income up to 200%, and Coloradans 200-250% will be eligible for CSRs at 73AV instead.[20] Further considerations in the design of the CSR program and evidence of

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[16] CO Department of Regulatory Agencies. "Bulletin B–4.116. Directives for the Use of Induced Demand Factors in Individual and Small Group Rate Filings". https://drive.google.com/file/d/1Fc0IMg_QQakGyjgnEvIBt39f-t2MB0VA/view

[17] The only other states that mandate this approach to induced demand are Texas: https://www.tdi.texas.gov/rules/2022/documents/35013507.pdf (1, 1.03, 1.08, and 1.15, respective to each metal level) and New Mexico: https://www.osi.state.nm.us/wp-content/uploads/2022/04/2023PY-QHP-Issuer-Rate-Guidance_Final.pdf

[18] Dorn, S. Health Affairs. "How New Mexico Dramatically Reduced Marketplace Deductibles." July 2022. https://www.healthaffairs.org/content/forefront/new-mexico-dramatically-reduced-marketplace-deductibles-zero-cost-state

[19] CO Department of Regulatory Agencies, Division of Insurance. 3 CCR 702-4. "Amended Regulation 4-2-78 Concerning Cost Sharing Reduction Enhancements." https://drive.google.com/file/d/1HWNBWjjhmMXtaAq6JV7H4vBDL6dqBWTN/view

[20] Details of the CSR decision are within these board slides: CO Department of Regulatory Agencies. "Health Insurance Affordability Board." April 19, 2024. https://drive.google.com/drive/folders/1abZlhwv-PHHSXyeWAE6WDB3Y4AphwBE8 and also communicated to state brokers in an email from Connect for Health Colorado.

impact is provided in **Appendix C.**

Funding	• HIAE funding comes from several sources: • an annual health insurance affordability fee from health insurers, • a special assessment fee from hospitals (2022 and 2023 only), • a portion of the annual health insurance premium tax revenue, • federal pass-through funds from Colorado's amended Section 1332 State Innovation Waiver[21]
Policy Levers	• HIAE benefits stack on top of the federal APTCs and CSR benefits.[22] In Plan Year 2024, C4HCO enrollees with income from 200-250% FPL are all eligible for the highest level of CSR, giving them access to silver plans with 94AV. • HIAE is administered by the Division of Insurance, and advised by a board that includes four consumer advocates (36% of board members).
Impacts	• The subsidy results in very low out-of-pocket costs, as 94AV is more robust than a standard platinum plan.[23] • In outreach and enrollment, the CSR benefit was more difficult for consumers to understand but also provided a more generous subsidy than they would otherwise receive, and moved some enrollees from bronze to silver plans.[24]

[21] In 2022, these subsidies were allocated with 30% of remaining HIAE funds after administrative and reinsurance were allocated. For 2023 and beyond, these subsidies are funded using up to 10% of remaining funds after administrative, reinsurance, and $18M qualified individual subsidies are allocated.

[22] Under ACA rules, applicants who select silver-level plans are eligible for CSR with household income up to 250% FPL, but the benefits become weaker as income increases. A standard silver plan has an actuarial value (AV) of about 70%. For those with income up to 150% FPL, AV is increased to 94%. For those with income from 150-200% FPL, AV is increased to 87%, and for those with income from 200-250% FPL, AV is only slightly increased, to 73%.

[23] To put this in perspective, a single adult earning $36,000 in 2024 can get a Silver plan in Colorado with a deductible in the range of $0 to $200, and total out-of-pocket costs in the range of $1,100 to $3,000. If that person were in neighboring Wyoming, with only access to the lowest level of federal CSR benefits (based on their income being just under 250% FPL), their Silver plan options would have deductibles that range from $2,750 to $6,700, and out-of-pocket maximums that range from $7,200 to $7,500.

[24] CO Health Insurance Affordability Enterprise. "Evaluation of the Colorado Health Insurance Affordability Enterprise FY 2022/23 - Final Evaluation Report". June 1, 2023. https://drive.google.com/file/d/1mRbl07YM_uKpdywLfzfh3_D6KRmudYSe/view

	• The CSR reduced uninsured rates but churn between insured vs not persisted across those who were eligible for the subsidy compared to other on-exchange consumers.[25]

Standardized Colorado Option Plans

HB 21-1232 created standardized Colorado Option plans[26] available to consumers during the 2022 open enrollment, with benefits beginning in January 2023.[27] The Colorado Option[28] is not a 'classic' public option, which would have required the state to not only build and administer insurance plans, but to also take on the financial requirements of carrying reserves that cover the potential medical liability of all enrollees.[29] Instead, it is a public-private partnership where the Division of Insurance releases plan benefit and premium requirements to the issuers each year. As noted above, Colorado's 1332 waiver amendment[30] allows the state to recoup federal savings generated by lower PTCs[31] due to the Colorado Option program. Further discussion of the premium rate reduction mechanism is in **Appendix D**.

Colorado Option plans are required to have consistent cost sharing structures that are lower than non-Option plans, and often have premiums that are lower than non-Option plans.[32]

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[25] Compared to years prior, Silver plan enrollment increased when the APTC-eligible enrollee subsidy started in 2022, and enrollment was fairly steady across the state. Net premiums decreased with the start of the subsidy in 2022, but churn was slightly higher for APTC–eligible enrollees who were eligible for the HIAE subsidy compared to other on-exchange consumers in 2022.

[26] US Department of Health and Human Services. "HHS Announces Historic, First-in-the-Nation Program that Seeks to Expand Coverage to Nearly 10,000 Coloradans." Jun 23, 2022. https://www.hhs.gov/about/news/2022/06/23/hhs-announces-historic-first-in-the-nation-program-that-seeks-to-expand-coverage-to-nearly-10000-coloradans.html

[27] H.B. 21-1232, 2021 Regular Session, (Colo. 2021). "Standardized Health Benefit Plan Colorado Option." https://leg.colorado.gov/bills/hb21-1232

[28] Colorado Department of Regulatory Agencies. "Colorado Option." https://doi.colorado.gov/insurance-products/health-insurance/health-insurance-initiatives/colorado-option

[29] NAIC. "Model Laws, Regulations, Guidelines and Other Resources - Health Insurance Reserves Model Regulation." 2nd Quarter 2017. https://content.naic.org/sites/default/files/inline-files/MDL-010.pdf

[30] CMS. "Colorado: State Innovation Waiver - Amendment". Jun 23, 2022. https://www.cms.gov/files/document/1332-co-amendment-fact-sheet.pdf

[31] Savings are driven by lower benchmark plan premiums in the public option. The state was required to analyze the impact of the lower PTC on net premiums for low-income consumers.

[32] In 2024, Colorado Option plans were at, or below, the average premium in 60 counties for bronze plans, all 64 counties for silver plans, and 43 counties for gold plans.

They are also required to have culturally responsive provider networks, and standardized benefits that are easy to compare. The plan design was created after extensive stakeholder input and is explicitly designed to improve racial health equity. However, advocates state that the federal AV calculator constraints forced tradeoffs across patient groups that were affected differently by cost structures (i.e. chronic disease management costs vs prescription costs).

Currently over 93,000 C4HCO enrollees[33] are covered by a Colorado Option plan. This is over a third of C4HCO enrollees.[34] Preferential display may have aided enrollment, but a required customer satisfaction survey reported that Colorado Option customers have nearly 18% higher relative customer satisfaction than those enrolled in non-Colorado Option plans.[35]

Coverage and subsidies for underserved groups

OmniSalud and the Colorado Connect Enrollment Platform

OmniSalud, allows undocumented Coloradans and DACA[36] recipients to enroll in Colorado Option plans offered through a separate parallel marketplace, Colorado Connect.[37] OmniSalud helps this population which previously had very little, or no access to affordable health coverage because they were generally ineligible for federally-financed health coverage options, including Marketplace affordability programs, Medicaid and CHIP. This amendment set a new precedent and required significant communication with CMS. More information about the financial tradeoffs for OmniSalud and its history alongside Colorado Option are included in **Appendix E.**

Funding	Funded under the HIAE with pass-through funding via the 1332 waiver (created by Colorado Option's premium reductions).[38]

[33] Colorado Consumer Health Initiative (CCHI). "State of the Standardized Colorado Option Plan - 2024". https://cohealthinitiative.org/wp-content/uploads/2024/02/CCHI_OptionReport_final_with-audio_reduced.pdf
[34] Evidence suggests that overall, public options improve affordability, particularly for subsidized enrollees, while maintaining their ability to buy a non-public option plan.
[35] Connect for Health CO. "Colorado Option PY2023 Overview". Jan 2024. https://c4-media.s3.amazonaws.com/wp-content/uploads/2024/01/22081103/Colorado-Option-Enrollment-January2024_RF.pdf
[36] The Biden administration proposed a rule change in 2023 to allow DACA recipients to use the Marketplaces nationwide and qualify for income-based financial assistance, but that has not yet been finalized as of March 2024.
[37] Connect for Health Colorado. "Omnisalud." https://connectforhealthco.com/get-started/omnisalud/
[38] In 2023, the state's total pass-through savings of $326 million meant an effective subsidy increase of $27.65 million for the Omnisalud program.

Policy levers	• OmniSalud provides state-funded premium subsidies and CSR benefits to a limited number of enrollees with income up to 150% FPL, allowing them to enroll in plans with $0 premiums and 94% AV.[39] • All plans are standardized Colorado Option plans offered on a separate, parallel enrollment platform: Colorado Connect.
Impacts	• The subsidized benefits were available to 10,000 enrollees in 2023, and the program was expanded to 11,000 enrollees in 2024. • That limit was reached within two days of the start of open enrollment, and another 1,485 enrolled without any subsidies, indicating a strong demand for these benefits.

Cover All Coloradans

Adding to OmniSalud, under HB22-1289[40] Colorado is implementing the "Cover All Coloradans" program, which includes a rule change that will allow access to Health First Colorado (Medicaid) and CHP+ for children and pregnant people, regardless of immigration status, starting in January 2025.[41] The original goal of this policy effort was to increase insured rates for this population, but state budget limitations restricted program eligibility to pregnant individuals and youth up to age nineteen.[42] This could result in some people shifting from OmniSalud to Medicaid/CHP+ and will also likely enroll some people who are currently uninsured.

Reducing barriers to enrollment

Easy Enrollment Program

HB 20-1236[43] established Colorado's easy enrollment program in early 2022.[44] The policy is intended to streamline the enrollment process, and improve access for low- and moderate-income consumers who otherwise may not know about their eligibility for low-

[39] Connect for Health Colorado. "Silver Enhanced Savings." https://connectforhealthco.com/get-started/silverenhanced-savings/
[40] HB 22-1289, 2022 Regular Session, (Colo. 2022). "Health Benefits For Colorado Children And Pregnant Persons". https://leg.colorado.gov/bills/hb22-1289
[41] CO Department of Health Care & Financing. "Cover All Coloradans: Health Benefits for Children and Pregnant Persons". https://hcpf.colorado.gov/coverallcoloradans
[42] CO Legislative Council Staff. "Final Fiscal Note: HB 22-1289". Sep 8, 2022. https://leg.colorado.gov/sites/default/files/documents/2022A/bills/fn/2022a_hb1289_f1.pdf
[43] HB 20-1236, 2020 Regular Session, (Colo. 2020). "Health Care Coverage Easy Enrollment Program". https://leg.colorado.gov/bills/hb20-1236
[44] Healthinsurance.org. "Easy Enrollment Program". https://www.healthinsurance.org/glossary/easy-enrollment-program/

cost health insurance.[45] The program allows uninsured Colorado residents to check a box on the state tax return[46] indicating that they would like their information to be shared with C4HCO and the Medicaid agency. If the individual is found likely to be eligible for Health First Colorado (Medicaid), CHP+, or subsidized Marketplace coverage, the agencies will reach out to them and provide enrollment assistance. This also triggers the start of a special enrollment period for people eligible to enroll in a Marketplace plan.

Easy enrollment programs are relatively inexpensive to implement. At the passage of the legislation, the projected fiscal impact was $28,372.[47] More on the potential impacts of enrollment programs can be found in **Appendix F.**

Recommendations and lessons learned

> **"TABOR Is important context for thinking about how Colorado is able to do anything in this space because it really limits our ability to fund large programs... I think it's an important piece of the puzzle.**

Colorado state advocates report several lessons learned and recommendations, specifically in implementing OmniSalud. First, the requirement that the OmniSalud program offered standardized Colorado Option plans increased pass-through savings from the 1332 waiver. Second, states should refine assessments of demand for these programs. Better data about expected demand would have better informed decisions around FPL eligibility thresholds and enrollment mechanisms to reduce unequal competition for limited spots. Third, advocates report the need to invest in health literacy. Many OmniSalud enrollees do not know how to use their new coverage. This is partly due to an overly complicated health system, so efforts to expand coverage should include resources for individual health literacy and work to simplify the system.

Finally, advocates encourage states to consider where enrollees access care. Many OmniSalud enrollees previously received low-cost or free culturally and linguistically

[45] HealthInsurance.org. "Easy enrollment program". https://www.healthinsurance.org/glossary/easy-enrollment-program/
[46] https://tax.colorado.gov/sites/tax/files/documents/DR0104_2023.pdf

[47] CO Legislative Council Staff: "Final Fiscal Note: HB 20-1236". https://leg.colorado.gov/sites/default/files/documents/2020A/bills/fn/2020a_hb1236_f1.pdf

appropriate care from community clinics. These clinics, however, are not yet integrated into the Colorado Option contracted networks, leaving OmniSalud enrollees wondering where to get care.

Colorado's affordability and accessibility programs are uniquely intertwined and make sense when considered as a package of affordability policies created and funded over time. However, this complexity is driven by the tax constraints in this state. Colorado's Tax Payer Bill of Rights (TABOR) deeply limits the state's ability to fund programs.[48] Advocates expressed an interest across Colorado to expand "***access to social services in general in the state, but TABOR is one of the main limitations to us being able to do so."***

[48] Center for Budget and Policy Priorities. "Policy Basics: Taxpayer Bill of Rights (TABOR)." https://www.cbpp.org/research/policy-basics-taxpayer-bill-of-rights-tabor

Appendices

The following appendices provide additional detail about the information presented in the fact sheet for those who would like more context. For more information on Connect for Health Colorado and related programs, policies, and legislation, see the following links:

1. Colorado Health Institute - Our Work (https://www.coloradohealthinstitute.org/our-work)
2. Connect for Health Colorado Marketplace (https://connectforhealthco.com/)
    a. C4HCO 2024 Open Enrollment Report (https://c4-media.s3.amazonaws.com/wp-content/uploads/2024/04/01161503/C4HCO_OEReport_Electronic_English_FINAL-4-24.pdf)
    b. C4HCO 2024 Open Enrollment Findings & Legislative Session Update (https://connectforhealthco.com/digging-into-open-enrollment-data-and-findings/)
3. Colorado Department of Health Care Policy & Financing (https://hcpf.colorado.gov/)
    a. Cover all Coloradans 2nd Stakeholder Meeting Slides March 6, 2023 (https://hcpf.colorado.gov/sites/hcpf/files/2nd%20Stakeholder%20Meeting%20Cover%20All%20Coloradans.pdf)
4. Colorado Option State of the Plan 2024 Report (https://cohealthinitiative.org/wp-content/uploads/2024/02/CCHI_OptionReport_final_with-audio_reduced.pdf)
5. Colorado Department of Regulatory Agencies: Division of Insurance
    a. OmniSalud Home (https://doi.colorado.gov/omnisalud)
    b. Colorado Option Home (https://doi.colorado.gov/insurance-products/health-insurance/health-insurance-initiatives/colorado-option)
    c. HIAE 2023 Evaluation Report (https://drive.google.com/file/d/1mRbl07YM_uKpdywLfzfh3_D6KRmudYSe/view?usp=sharing)
    d. Improving Health Equity: Colorado's 1332 Waiver and Benchmark Plan overview slides, September 2023 (https://content.naic.org/sites/default/files/call_materials/Colorado%20Presentation.pdf)
6. Standardized information and private blog posts across states

a. ACA Signups (https://acasignups.net/search/node/colorado)
b. Health Insurance Marketplaces by State (https://www.healthinsurance.org/states)
c. XpostFactoid (https://xpostfactoid.blogspot.com/search?q=colorado)
d. State Marketplace Network: Collective group of 21 SBMs from across the country supported by the National Academy for State Health Policy (https://statemarketplacenetwork.org/)

Appendix A: Colorado Health Insurance Context

Colorado Insurance Environment

C4HCO has six issuers within its marketplace.[49] Colorado's market affordability policies have uniquely enmeshed fund mechanisms due to TABOR constraints.

In late 2019, a fee that provided a portion of federal funding for the ACA pay-for was repealed after a decade of intense lobbying by health insurance companies.[50] Because this fee was already included in premium costs for 2020, it created a unique opportunity for states to collect the fee at the state level instead, without increasing insurance costs. In Colorado, this funded the HIAE at over $100M each year and was supplemented by two years of payments from hospitals and a small portion of state taxes.[51]

Political Context & Public Opinion

Colorado's affordability policies and marketplace evolution take place within the context of a historically "purple" but recently Democratic-controlled governorship and legislature.[52] All the policies mentioned in this brief were passed with bipartisan sponsorship. The state has several important 2024 elections approaching[53], but given its

[49] Connect for Health CO. "Health Insurance Companies" "https://connectforhealthco.com/find-answers/before-you-buy/health-insurance-companies/#:~:text=Connect%20for%20Health%20Colorado%20works,offer%20care%20to%20Coloradans%20statewide.
[50] Keith, K. Health Affairs. "ACA provisions in new budget bill." Dec 20, 2019. https://www.healthaffairs.org/content/forefront/aca-provisions-new-budget-bill
[51] Internal Revenue Services IRM 25.21.2.2. "Material Update to Affordable Care Act. Section 25.21.2 Insurance Provider Fee." August 26, 2020. This explains that ACA Section 9010 collection of fees ended 12/31/2020. https://www.irs.gov/irm/part25/irm_25-021-002
[52] Ballotpedia. "Party control of Colorado state government". May 22, 2024. https://ballotpedia.org/Party_control_of_Colorado_state_government
[53] Ballotpedia. "Colorado". May 22, 2024. https://ballotpedia.org/Colorado

history of health policy priorities, drastic changes in state health policy priorities are unlikely. Furthermore, Governor Jared Polis considers himself a health care affordability champion, thus catalyzing state health care innovation.

In terms of public opinion, the 2023 Colorado Health Access Survey reports that issues like cost as a barrier to health care, climate change effects on health, and burden of social determinants of health like housing and food insecurity persist.[54]

Appendix B: Reinsurance Considerations

Reinsurance is promoted as a policy "that achieves the maximum simulated risk protection for insurers for a given level of public funding",[55] but reinsurance is not a one-size-fits-all policy.[56] A study simulating 12 state reinsurance programs found that each state reinsurance program was associated with greater government spending, lower insurer liability, and greater insurer risk protection, as compared to the case of no reinsurance.[57] However, programs varied significantly. Two states could have similar levels of government spending, yet one state yielded greater insurer risk protection. The study also found that reinsurance programs had no effect on insurer participation.[58] Therefore, when states implement these programs, they should consider strategies to encourage participation.

The impact of reinsurance on individuals eligible for APTC depends on how much the reinsurance program reduces the cost of the benchmark plan in their geography (i.e., lowest cost silver plan) and thus impacts their APTC calculation. The minimum cost of coverage of the least expensive plans increases for subsidized enrollees with incomes between 250-400% FPL. This effect requires further study in Colorado, to determine the causal impact of reinsurance on enrollees above and below 250% FPL, as well as the impact of multiple issuer entrances and exits to and from the marketplace.

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[54] Colorado Health Institute. "Key Findings from the [2023 Colorado Health Access Survey]". Feb 2024. https://www.coloradohealthinstitute.org/sites/default/files/2024-02/2023%20Colorado%20Health%20Access%20Survey.pdf

[55] JAMA Health Forum. "Analysis of Publicly Funded Reinsurance—Government Spending and Insurer Risk Exposure". Aug 13 , 2021. https://jamanetwork.com/journals/jama-health-forum/fullarticle/2783129
Aug 2021.

[56] Health Services Research. "Effects of state reinsurance programs on health insurance exchange premiums and insurer participation" Jul 24, 2023. https://onlinelibrary.wiley.com/doi/10.1111/1475-6773.14205 Jul 2023.

[57] JAMA Health Forum. Aug 2021.

[58] Health Services Research. July 2023.

Colorado state advocates report that on its own, the state's reinsurance program is not designed for health equity. However, paired with other equity-centered affordability policies, it can be advantageous. They comment that before the American Rescue Plan Act (ARPA) and Inflation Reduction Act (IRA) enhanced APTC,[59] reinsurance was especially beneficial in mountainous, rural resort communities above 400% FPL who experienced the "cliff" effect of not qualifying for APTC. This population could not afford premiums, as they were the highest cost premiums in the country.[60] Now, with enhanced APTC under the IRA, that does not currently have a cliff at 400% FPL, defining the benefits and drawbacks of reinsurance is more nuanced.

Advocates report that, in the enhanced APTC context, reinsurance lowers the amount the state spends for each individual in OmniSalud (discussed below), which can be a positive effect. It allows each dollar to go further to cover premiums. For states considering implementing a premium wrap instead of CSR enhancements, reinsurance can increase the number of people covered as the cost of unsubsidized premiums may be lower.

Appendix C: Cost–Sharing Reduction Considerations

Since funding is limited, the HIAE Board weighed whether subsidies should be given through a premium wrap or CSR enhancements, and whether all eligible enrollees or a subset of enrollees would receive these. CSR enhancements lower out of pocket costs for consumers who use more care, while premium wraps address barriers to enrollment at all. Ultimately, in February 2022, the board decided to distribute subsidies as CSR enhancements to a subset of enrollees,[61] based on actuarial models that showed this would increase enrollment and the uncertainty surrounding ARPA enhancements to APTC. In April 2024, the HIAE Board voted to transition away from the enhanced CSR to prepare

[59] Kaiser Family Foundation. "How the American Rescue Plan Act Affects Subsidies for Marketplace Shoppers and People Who Are Uninsured". Mar 25, 2021. https://www.kff.org/affordable-care-act/issue-brief/how-the-american-rescue-plan-act-affects-subsidies-for-marketplace-shoppers-and-people-who-are-uninsured/
[60] Denver Post. "Colorado mountain towns pay highest health premiums in U.S.". Apr 17, 2016. https://www.denverpost.com/2014/02/08/colorado-mountain-towns-pay-highest-health-premiums-in-u-s/
[61] CO HIAE. "Health Insurance Affordability Board Meeting Agenda". Feb 18. 2022. https://drive.google.com/drive/folders/13S0GM5vPUFpa6QnhI1CjZc0jjWfFgLAc

for the potential end of enhanced APTC from the IRA and is considering transitioning from enhanced CSR to a state premium wrap in the coming years.[62] They desire to achieve the goals of SB20-215, but CSR and premium wrap decisions depend on federal affordability policies, and consideration of which populations receive increased affordability.

Literature thoroughly documents that high deductibles impose financial burdens and deter use of essential health care.[63] It further reports that even small co-pays (as little as $1 or $5) reduce health services utilization, and that token premiums are a substantial barrier to access, as the administrative burden of payment is high.[64,65]

Appendix D: Colorado Option Plan Considerations

Colorado Consumer Health Initiative released a report in 2024 covering the history and impact of the standardized Colorado Option plan.[66] More detailed information is available to advocates upon request.

The stakeholder process to create a standardized plan design yielded a benefit design[67] that reduces out of pocket costs for consumers, especially on high value benefits that can help address racial and health disparities. This includes preventive primary care visits, behavioral health visits, pre- and post-natal care, some diabetes supplies, smoking cessation programs, and co-pay only prescriptions. Colorado Option plans have $0 cost-

[62] Cox, C. (2022, Aug 12). "Five things to know about renewal of extra ACA subsidies in the Inflation Reduction Act." https://www.kff.org/policy-watch/five-things-to-know-about-renewal-of-extra-affordable-care-act-subsidies-in-inflation-reduction-act/
[63] Health Affairs. "How New Mexico Dramatically Reduced Marketplace Deductibles At Zero Cost To The State". Jul 20, 2022. https://www.healthaffairs.org/content/forefront/new-mexico-dramatically-reduced-marketplace-deductibles-zero-cost-state
[64] Center for American Progress. "How States Can Build Bridges by Smoothing Medicaid-to-Marketplace Coverage Transitions". Feb 14, 2023. https://www.americanprogress.org/article/how-states-can-build-bridges-by-smoothing-medicaid-to-marketplace-coverage-transitions/
[65] Health Affairs. "Small Marketplace Premiums Pose Financial and Administrative Burden". 2024: 43(1). https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2023.00649?journalCode=hlthaff
[66] Colorado Consumer Health Initiative. "State of the Standardized Colorado Option Plan - 2024." Feb 2024. https://cohealthinitiative.org/wp-content/uploads/2024/02/CCHI_OptionReport_final_with-audio_reduced.pdf
[67] Colorado Department of Regulatory Agencies. "Colorado Option 2024 Standardized Benefit Plans". https://drive.google.com/file/d/1GW-7oBh4YDV8g0T4p_reEZO0YFBUq9yt/view

sharing for primary care and mental health office visits, to improve access to these services (this is particularly important for mental health care, as non-Option plans in the individual market tend to count mental health visits toward the deductible, whereas it's available free-of-charge under Colorado Option plans).

Colorado's public option plans have premium reduction targets[68]: Compared with premiums in 2021, the Colorado Option plans had targets of 5% lower premiums in 2023, 10% lower premiums in 2024, and 15% lower premiums in 2025.[69] As mentioned prior, the savings achieved by these reductions are passed through a 1332 waiver amendment back to the state, and fund the CSR reductions and OmniSalud program.

The Colorado Option savings are largely designed to come from hospital reimbursement changes and pressure on insurance carrier premiums. Starting with 2024 health coverage, if carriers did not achieve their target or comply with network adequacy, the Commissioner may hold a public hearing.[70] At that hearing, the DOI would publicly address the carrier's reasons for not achieving the premium rate reduction target. Consumers are meant to have an opportunity to ask questions about the carriers' and hospitals' pricing decisions that are responsible for missing premium rate reduction targets. The hearing's outcome could include the Commissioner setting reimbursement rates for hospitals or health systems that prevent the carrier from achieving targets. If contracted reimbursement rates with a hospital is a contributing reason for the carrier not meeting the target, the Commissioner of Insurance can require that the hospital accept a reimbursement rate greater than, or equal to, the minimum rate specified in statute (i.e. the "floor"). The reimbursement rate floor is hospital specific,[71] and defined by a formula set forth in regulation and updated each year.[72]

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[68] National Academy of State Health Policy. "Improving Insurance Access, Affordability, and Equity: Updates on the Colorado Option". Aug 23, 2022. https://nashp.org/improving-insurance-access-affordability-and-equity-updates-on-the-colorado-option/

[69] If these targets are not met, state rules call for public hearings. Carriers have faced challenges with hitting these targets. However, the public hearings that were scheduled for the summer of 2023 (about 2024 rates) were canceled after additional insurer-hospital negotiations along with additional pricing transparency. The Colorado Division of Insurance website indicates that hearings will be held, if necessary, in the summer of 2024, regarding 2025 premiums. As of May 2024, all the carriers have filed non-compliance notices for 2025.

[70] Colorado Option Public Hearings: https://doi.colorado.gov/insurance-products/health-insurance/health-insurance-initiatives/colorado-option/colorado-option

[71] Wakely. "Colorado Option Hospital Reimbursement Rate Floors Quality and Acuity Considerations" Dec 1, 2022. https://drive.google.com/file/d/1zxAwKpMv9_Z-sReYf7nFV5Q2IMEJPKz1/view

[72] Colorado Department of Regulatory Agencies. "3-CCR-702-4". https://drive.google.com/file/d/14QxIzaTcuH2wjXEuv_ksgkUWtkgsB4vd/view

Appendix E: Undocumented Coloradan Coverage Considerations

Undocumented Coloradans have increasing access to coverage through the OmniSalud marketplace plans and the Cover All Coloradans program that expands Medicaid eligibility. All OmniSalud plans are standardized Colorado Option plans, which are designed to improve health equity.

Initially, the OmniSalud program would have offered limited premium subsidies for a broader population with higher FPL eligibility. But after considering tradeoffs and equity, they decided that "meaningful" affordability for those who need it most must be "highly subsidized". They chose to highly subsidize a limited number of enrollees under approximately 150% FPL rather than providing lower subsidies for more enrollees.[73] This generated extreme demand, where people felt they must fight for very limited slots. State advocates are trying to plan for the next enrollment cycle, since many feel this last cycle was implemented in an unjust way. Many have lost trust in the enrollment process. State advocates knew funding would be limited and that there would not be enough slots to satisfy demand for OmniSalud so, during the initial planning stages, they proposed mechanisms to allocate these limited slots in the most equitable way possible. In 2021, they had presented the idea of a lottery system weighted based on different socioeconomic criteria to equitably distribute slots, alleviate a rush to enrollment, and capture a full picture of those trying to enroll in coverage within the eligibility threshold they had set. This way, they could at least quantify how close or far they were from meeting demand and what funding would be needed to do so. This would also allow for more careful evaluation of the program. In the end, these mechanisms were not used due to Enterprise board concerns about the cost of administration and communicating the lottery process to potential enrollees. However, this means the most recent enrollment cycle functioned "very inequitably". To address coverage gaps hospitals are required to offer relevant financial assistance[74] to Coloradans who do not obtain coverage through OmniSalud when they receive care at a hospital.

[73] Colorado Division of Insurance. Health Insurance Affordability Board. Nov 19, 2021. https://drive.google.com/file/d/1lA3KU3w1FymUiKp5fshlqsnZHQ43t40p/view?usp=sharing
[74] Colorado Consumer Health Initiative. "Hospital Financial Assistance." Accessed May, 2024. https://cohealthinitiative.org/need-help/hospital-financial-assistance/

Policies like OmniSalud and Cover All Coloradans aim to address the issue of many immigrants forgoing care because of the high cost of health care without insurance. In 2023, 22% of US immigrant adults reported skipping or postponing care and 40% of these reported that their health worsened as a result of skipping or postponing care.[75] In the same year, among non-elderly adults, 18% with documented immigration status and 50% of those with undocumented status were uninsured compared to only 8% of all US citizens. Kaiser Family Foundation research found that "the cost of providing insurance to immigrant adults through Medicaid expansion" was found to be "less than half per person cost of doing so for U.S-born adults."[76] More estimates suggest that "state-funded expansion to all immigrants regardless of status in California could reduce poverty among noncitizen immigrants and their families."

A 2023 Survey of Immigrants showed that coverage increases and postponing or forgoing care decreases for immigrants in states with more expansive coverage policies for immigrants.[77] Additionally, immigrants in these states are more likely to receive care and have a trusted provider compared to their counterparts living in states with less expansive coverage policies.

More research found that expanding Medicaid coverage to pregnant people regardless of immigration status was associated with higher rates of prenatal care, improved outcomes in gestation length, and birthweight among newborns, while in more restrictive states, there is lower postpartum care utilization.[78] Additionally, "the cost of providing insurance to immigrant adults through Medicaid expansion" was found to be "less than half per person cost of doing so for U.S-born adults."

Colorado advocates and legislators intend to slowly expand coverage to more undocumented Coloradans as funding is planned out, like Oregon and California have done in gradually expanding access to different age groups.

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[75] Kaiser Family Foundation. "Health and Health Care Experiences of Immigrants: The 2023 KFF/LA Times Survey of Immigrants". Sep 17, 2023. https://www.kff.org/racial-equity-and-health-policy/issue-brief/health-and-health-care-experiences-of-immigrants-the-2023-kff-la-times-survey-of-immigrants/

[76] Kaiser Family Foundation. "State Health Coverage for Immigrants and Implications for Health Coverage and Care". May 1, 2024. https://www.kff.org/racial-equity-and-health-policy/issue-brief/state-health-coverage-for-immigrants-and-implications-for-health-coverage-and-care/

[77] Kaiser Family Foundation. "Understanding the U.S. Immigrant Experience: The 2023 KFF/LA Times Survey of Immigrants". Sep 17, 2023. https://www.kff.org/racial-equity-and-health-policy/poll-finding/kff-la-times-survey-of-immigrants/

[78] Kaiser Family Foundation. State Health Coverage for Immigrants and Implications for Health Coverage and Care". May 1, 2024. https://www.kff.org/racial-equity-and-health-policy/issue-brief/state-health-coverage-for-immigrants-and-implications-for-health-coverage-and-care.

Appendix F: Enrollment Program Considerations

It is too early to thoroughly measure efficacy of increasing coverage through easy enrollment programs such as Colorado's, but preliminary evidence suggests these are more cost-effective and less controversial than other policies like subsidies, individual mandates, and public options.[79] Maryland implemented its easy enrollment policy with overwhelming bipartisan support.

Tax filing itself reaches 41% of those uninsured whose income is up to 150% FPL and it reaches 90% of those uninsured whose income is between 150% and 200% FPL nationally.[80] This means enrollment by leveraging the tax filing process is promising, particularly for low-income filers. Maryland was the first state to institute such a program in 2020; and in its first year, over 60,000 people chose to share their information with the marketplace.[81] Over 4,000 people ended up enrolling in coverage, including 11% found eligible for subsidized marketplace plans (that, in 2020, were only available for households up to 400% FPL). The state saw a boost in enrollment among Black people: 23% of those who enrolled by easy enrollment were Black compared to only 17% who signed up during the open-enrollment period. This preliminary evidence suggests that easy enrollment programs improve access by streamlining enrollment and may be especially important for historically marginalized groups.

Colorado's easy enrollment program, modeled after Maryland, sought to deepen the equity impacts. Colorado ensured a consumer and an assister were on the Tax Time Enrollment board which yielded a stated program goal of "prioritize health equity by

[79] Urban Institute. "Expanding Health Coverage through Marketplace Facilitated Enrollment Programs". Dec 12, 2023. https://www.urban.org/research/publication/expanding-health-coverage-through-marketplace-facilitated-enrollment-programs
[80] The Commonwealth Fund. "Automatic Enrollment in Health Insurance: A Pathway to Increased Coverage for People with Low Income". Mar 11, 2024. https://www.commonwealthfund.org/publications/fund-reports/2024/mar/automatic-enrollment-health-insurance-pathway-increased-coverage
[81] The Commonwealth Fund. "State "Easy Enrollment" Programs Gain Momentum, Lay Groundwork for Additional Efforts to Expand Coverage". Aug 3, 2021. https://www.commonwealthfund.org/blog/2021/state-easy-enrollment-programs-gain-momentum-lay-groundwork-additional-efforts-expand

addressing structural barriers."[82] Advertising for the program was conducted in Spanish as well as English, as well as outreach to free tax assistance sites for people under 400% FPL.[83]

In 2022, 147,000 Colorado households checked the box; representing 262,000 people.[84] Of these, 2,220 were enrolled in the ACA market. In 2023, 139,000 households checked the box, representing 249,000 people. Of these, 4,706 were enrolled in the ACA market. In 2024, about 1,500 people enrolled.

[82] Connect for Health Colorado. "Colorado Health Care Coverage Easy Enrollment Advisory Committee Meeting". Sep 7. 2022. https://c4-media.s3.amazonaws.com/wp-content/uploads/2022/09/06200034/20220907_EE_Advisory_PP.pdf
[83] Colorado Vita. https://www.coloradovita.org/
[84] Connect for Health Colorado. " Tax Time Enrollment Update". Feb 12, 2024. https://c4-media.s3.amazonaws.com/wp-content/uploads/2024/02/11092712/20240212_TTE_Board-1.pdf