

April 4, 2013

SCR13-002 Colorado Health Care Cooperative

There are four primary holes in the current health care model that the Colorado Health Care Cooperative would address:

- 1) The Cooperative **provides universal health care**, covering all residents of the state.
- 2) The Cooperative would **offer full choice of providers**, in contrast to private commercial insurances that restrict provider choices to a limited network.
- 3) The Cooperative would **reduce costs to people** by eliminating for-profit insurances that deny care and shift costs to people to boost their bottom line.
- 4) The Cooperative would **substantially reduce overhead provider costs** of commercial insurers from current 31% administrative costs.

Submitted to:

Senate Health & Human Services Committee

by: Michele Swenson
P.O. Box 7006
Denver, CO 80207

Improvement upon Patient Protection & Affordable Care Act: Colorado Health Care Cooperative (SCR13-002)

Based on Analysis by Economist Gerald Friedman, Ph.D., Department of Economics, University of Massachusetts at Amherst

Patient Protection & Affordable Care Act

Colorado Health Care Cooperative

More Costly

- Taxpayers subsidize profit-first insurers; Colorado Health Expenditure (CHE) 14.5% of Gross State Product (GSP) in 2016, 18.5% GSP in 2024

Higher Employer/Employee Costs

- Employers and their employees now pay an average 11.8% of payroll for health insurance + medical portion of Workers Comp.

Lacks Administrative Efficiency

- Multi-payer for-profit insurances; ACA administrative costs in 2016 projected at 31% of the \$50.5 B Colorado Health Expenditures (CHE)

Lacks Market Power

- Requires each insurer/provider to negotiate separate payment rates

Tort Reform

- Maintains costly defensive medicine practices

Less Choice

- Locks everyone into a single insurer's limited network of providers

Less Than Comprehensive

- Bronze, Silver, Gold and Platinum plans provide actuarial values of 60%, 70%, 80% and 90%, with a far less comprehensive coverage standard, and high copays & deductibles

Less Integrated Health Care

- Incentivizes excessive, costly care

Less Than Universal

- 362,666 (8%) Colorado residents remain uninsured in 2016

Cost Savings, More Sustainable

- Net combined savings to Colorado businesses, government & residents of \$4.8 B in 2016, \$16.2 B in 2024; lower projected costs to 80% of families
- Cost Health Expenditure (CHE) 14% of GSP in 2016, 14.5% of GSP in 2024

Reduced Employer/Employee Costs

- Employer payments decrease to 6%, employees to 3% (total 9%), with Workers Comp medical covered by Cooperative

Greater Administrative Efficiency

- Reduced administrative costs result in \$3.7 B savings over ACA in 2016 and \$6.4 B savings in 2024
- Member-owned Cooperative has independent board of directors accountable to members. Savings are returned to members or used to improve services.

Greater Market Power

- Permits annual negotiation of global budgets, provider reimbursements, etc. Bulk rates for pharmaceuticals and medical supplies achieve \$1.2 B savings in 2016, \$3.1B savings in 2024

Tort Reform

- Reduces litigation by eliminating future health care costs, and controls defensive medicine costs

More Choice

- Offers full choice of providers, hospitals

Comprehensive

- Covers primary, specialty, hospital, mental & substance abuse, long-term & home care, designated dental, vision & hearing, with no deductibles, minimal copays and a 90% actuarial value - greater benefits than most existing plans.

Integrated Health Care

- Incentivizes primary preventative, quality outcome-based health care

Universal

- All Colorado residents are covered members (following 1 year of residency), providing financial security and eliminating threat of bankruptcy.



Co-operate Colorado
Health Care For All, For Less

Full Report: www.Co-operateColorado.org

MS 2/19/13