

THE COLORADO HEALTH COVERAGE AND JOBS SOLUTION

a) Comprehensiveness¹

The Colorado Solution provides comprehensive, private product health insurance plans and benefits to Colorado residents, both businesses and individual consumers. It meets or exceeds all of the goals and objectives of the Blue Ribbon Commission.

(1) What problem does this proposal address?

The problem is that insurance coverage is expensive, inconsistently designed, and inaccessible to many businesses and consumers in Colorado. The Colorado Solution eliminates all of these problems and transforms challenges into job-producing opportunities.

(2) What are the objectives of your proposal?

The primary objective is to provide excellent insurance coverage at an affordable price, while reducing costs in the health care system. The secondary objective is to boost the state economy by bringing in thousands of new jobs with good incomes and stimulating entrepreneurial growth.

b) General

(1) Please describe your proposal in detail.

The Colorado Solution mirrors the largest, most successful privately implemented health insurance plan in America. It requires insurance firms having government contracts to offer also a plan comparable in price and benefits to the Federal Employees Health Benefit Plan (FEHB), a proven success story in health coverage. The plan will be attractive to existing Colorado businesses and will be an attraction tool for businesses looking at Colorado locations. Consider the strengths of the FEHB, and then offer a parallel plan. It's that simple.

(2) Who will benefit from this proposal? Who will be negatively affected by this proposal?

¹ See "comprehensive" in Definitions.

All Colorado businesses and consumers benefit. Any corporate and consumer resident who agrees to pay the premiums has access to the Colorado Solution. The insurance industry benefits from the strong growth in new premiums from plan customers who purchase good insurance, and health providers will be serving a fully insured customer, which reduces system costs and boosts profitability. No insurer, no provider, no government entity, and no customer will be negatively affected.

(3) How will your proposal impact distinct populations (e.g. low-income, rural, immigrant, ethnic minority, disabled)?

It provides equal treatment to all populations. There need be no distinctions as the Colorado Solution serves all customers.

(4) Please provide any evidence regarding the success or failure of your approach. Please attach.

The Colorado Solution ensures one result: success. By mirroring FEHB, which serves 9 million people with world class benefits at affordable premiums, from park rangers to the President of the United States, and with a 40-year track record, success is guaranteed. It works, its customers love it, and no participants have ever suggested abolishing the FEHB. This is the type of health coverage people want. So let's offer it to them.

(5) How will the program(s) included in the proposal be governed and administered?

It shall be monitored by pertinent Colorado regulatory agencies and administered by private insurers who are approved as Colorado Solution contractors.

(6) To the best of you knowledge, will any federal or state laws or regulations need to be changed to implement this proposal (e.g. federal Medicaid waiver, worker's compensation, auto insurance, ERISA)? If known, what changes will be necessary?

To our knowledge, no federal laws need come into play, and the requirement for government contractors of insurance to offer a parallel plan to FEHB can be accomplished quickly through state legislation, or perhaps through existing procurement rules, whichever is most

apropos. Hypothetically, the state could ask for federal legislation to open the federal health insurance plan to Coloradans, but that would require a national legislative effort to achieve the same goal of expanded access. Therefore, we recommend the in-state approach.

(7) How will your program be implemented? How will your proposal transition from the current system to the proposal program? Over what time period?

The Colorado Solution will be implemented through a simplified online enrollment process that can be completed on a single web page. The Colorado business or individual simply logs on, enters the necessary application information and arranges payment processing. Any insurance company that offers the parallel plan simply offers web-based enrollment through a Colorado.gov home page link, and competes to offer the best pricing. The transition should be immediate following adoption of the program solution. No deadlines are needed because there is no phase-in period from limited to open access. It is accessible from day one. Customer behavior will determine how long it takes to fully transition to the Colorado Solution. Meanwhile, the status quo system remains the norm.

c) Access²

(1) Does this proposal expand access? If so, please explain.

The Colorado Solution revolutionizes expansion of access to excellent insurance coverage. It leverages the pricing power of the nation's largest proven health plan, models a comprehensive package of benefits, and qualifies every Coloradan who agrees to pay for the plan. All they have to do is sign up.

(2) How will the program affect safety net providers³?

The Colorado Solution will relieve burdens on safety net providers by transforming part of their client base into fully insured health service customers over time. This better distributes the time and place of health care delivery, which otherwise becomes a long line at the emergency room. Insuring customers prevents cost-shifting as under the current system, and

² See "access" in Definitions.

³ See "safety net provider" in Definitions.

allows providers to focus on quality of care instead of worrying about how they will be paid for the care they deliver.

d) Coverage⁴

(1) Does your proposal “expand health care coverage⁵?”

(Senate Bill 06-208) How?

Yes. It brings in those who are outside the coverage umbrella, and it keeps them in regardless of life change or job change. It opens the door to every Coloradan and offers top quality benefits at a fair price, so by definition it expands coverage as many Coloradans will adopt it and pay into the system.

(2) How will outreach and enrollment be conducted?

Enrollment should be made transparent and simple. There should be a direct web link to an enrollment page on the Colorado.gov home page. Customers sign up online, and a back-up toll free number should be included. Outreach can be conducted through many existing channels, from routine public communications to outreach to employers who are registered in the state.

(3) If applicable, how does your proposal define “resident?”

The only necessity to define “resident” seems to be to clarify that a business registered in Colorado and an individual or head of household whose principal residence is in our state would be considered residents. The legislature can further address residency definitions if it deems it necessary.

e) Affordability

(1) If applicable, what will enrollee and/or employer premium-sharing requirements be?

We recommend to the blue ribbon commission that employer cost shares be parallel to FEHB, which is a 72% to 75% employer-share.

⁴ See “coverage” in Definitions.

⁵ See “expansion of coverage” in Definitions.

(2) How will co-payments and other cost-sharing be structured?

Simple. Structure them according to the FEHB model, which has reasonable cost shares and co-pays.

f) Portability

(1) Please describe any provisions for assuring that individuals maintain access to coverage⁶ even as life circumstances (e.g. employment, public program eligibility) and health status change.

The Colorado Solution is 100% portable under any life circumstance. The customer simply pays the premiums or has them paid on his/her behalf by any stakeholder (employer, public entity or other booster) and the plan and benefits are completely portable. We also recommend that any employer offering the Colorado Solution or another health insurance plan enroll all full-time employees for health coverage, unless employees have separate coverage through a spouse or other familial relationship. This approach expands the pool of covered workers, including those workers who may otherwise refuse health coverage and boost cost risks to the health care system, and prevents adverse selection while spreading risk broadly and boosting financial stability of the insurance system.

g) Benefits

(1) Please describe how and why you believe the benefits under your proposal are adequate, have appropriate limitations and address distinct populations.

The benefits are superior. The benefits design mirrors the most envied health coverage plans in the nation, ensuring a high degree of satisfaction for Coloradans.

Let's also focus on the employment benefits of our solution. What if we could attract businesses to health insurance, rather than repel them? What if by attracting business to good

⁶ See "coverage" in Definitions.

insurance we are also attracting jobs and plants to Colorado? That's exactly what the Colorado Health Coverage and Jobs Solution does. It revolutionizes economic development and business location efforts through good insurance coverage. It makes Colorado a new employment magnet, because its business climate champions a health care system that works. Move your business to Colorado, where you can focus on your core functions, and never worry again about how to find and keep good health benefits for your employees and their families, because Colorado firms can buy coverage equal to coverage offered by the FEHB. Now you can retain your best and brightest human resources, and put your company in its most competitive position to succeed. Colorado wants you to succeed. That's a powerful message. And when job-creating businesses succeed, Colorado succeeds.

(2) Please identify an existing Colorado benefit package that is similar to the one(s) you are proposing (e.g. Small Group Standard Plan, Medicaid, etc) and describe any differences between the existing benefit package and your benefit package.

State of Colorado Plan Kaiser HMO Employee Plus Family

Total Premium \$929.88 per month, with employee share @ 39% for \$362.46.

\$3,000 out of pocket. Drug co-pay \$10/\$30 generic/brand 30-day supply.

\$30 co-pay doctor visit. Hospital inpatient charge \$750.00. Durable Medical Equipment up to \$2,000.

Federal Employee Health Plan – Colorado Kaiser HMO Standard Employee Plus Family

Total Premium \$778.55 per month, with employee share @ 25% for \$194.64.

\$4,000 out of pocket. Drug co-pay \$15/\$35 generic/brand 60-day supply.

\$25 co-pay doctor visit. Hospital inpatient charge \$250/day or \$750.00 max. Durable Medical Equipment up to \$2,000.

The Colorado Health Coverage and Jobs Solution would model the FEHB Kaiser plan in this case, offering a lower total premium and having similar benefits and cost-sharing.

Customers would have this choice, as well as other high option PPO plans or high deductible plans with Health Savings Account choices. The discounting power of the federal system is apparent in this example. The plan saves \$1815.00 per year in premiums.

When we provide clear and easy choices for standard benefits packages we will reduce administrative costs for everyone. One third of our health care costs are administrative. That's massive, and unsustainable for a sophisticated economic power like the U.S. Offer a great health package that customers want to pay for and you cut out the unnecessary costs of procuring insurance. That's more wealth that stays in the pockets of Coloradans and more wealth to reinvest back into our economy.

h) Quality

(1) How will quality be defined, measured, and improved?

As this proposal focuses on access to health coverage, job growth and cost containment, we urge the commission to apply the industry best practices in quality metrics, in consultation with our fellow proposal respondents who have made specific recommendations on quality of care.

(2) How, if at all, will quality of care be improved (e.g. using methods such as applying evidence to medicine, using information technology, improving provider training, aligning provider payment with outcomes, and improving cultural competency including ethnicity, sexual orientation, gender identity, education, and rural areas, etc.?)

If we continue to apply broadly the success stories we have achieved in each of these quality-of-care topics, then the health system will continue to show quality improvement. We are learning what works. Let's copy these models and apply them widely.

i) Efficiency

(1) Does your proposal decrease or contain health care costs?
How?

The Colorado Solution decreases health care costs. It broadens the market for health services and broadens the revenue base. In what was a lawless market for coverage, now a suitable yet streamlined market framework is available for customers, and providers can compete in the marketplace to offer the highest quality products and service delivery at the best market

prices. The standard plan offerings and simplified enrollment processes reduce complexity, redundancy and administrative burdens and will quickly save millions.

(2) To what extent does your proposal use incentives for providers, consumers, plans or others to reward behavior that minimizes costs and maximizes access⁷ and quality in the health care services? Please explain.

There are no limits to the innovations that can be brought to our health system. Let's allow these innovations to take root. The Colorado Solution encourages incentives particularly for customers for preventative, healthy behaviors, and also for cost-saving and quality-enhancing innovations by providers. Incentives are what drive consumers to action, so they should be deployed because consumers respond to them. There are hundreds of creative ideas to consider. For instance, pay customers to get check-ups. Literally pay them \$20.00 in cash or provide a free-lunch voucher to come into a Redi-Clinic or Minute Clinic. It will save millions. Offer incentives for doctor and lab visits that are time and location flexible. There are traveling health providers and micro-offices that operate nimbly and use health information technology. The providers will benefit by building their customer bases and new personal relationships. Get medical pricing information out in the open. Reward providers who improve customer satisfaction and cost efficiency. Everything can be an opportunity. Create an environment that fosters that innovation.

(3) Does this proposal address transparency of costs and quality⁸? If so, please explain.

The Colorado Solution would adopt the transparency improvements and quality enhancements demanded by FEHB participants. Since customers will reward providers who provide the greatest degree of transparency, we urge transparent pricing and cost practices that meet or exceed FEHB goals. The more we can demystify the health care delivery system in cost and quality areas, the more high performance it will become.

(4) How would your proposal impact administrative costs⁹?

⁷ See "access" in Definitions.

⁸ See "transparency" in Definitions.

On April 1, we conducted an experiment, applying online for health insurance for a two-person business. After 20 minutes, we had obtained 13 separate quotes from one insurer, and contact information for brokers from 5 other insurers, which already defeats the purpose of online quote requests. Within 30 minutes we had applied for one plan, and received back a 12-page application and a warning that the quotes had no value until the application was completed, including a health review of all possible ailments and a disclaimer that this would later determine eligibility for coverage, and then eligibility for specific benefits, and that this personal information could be circulated among many industry stakeholders for the next two and one half years. Then at some point soon, we're assured there would be conversations with the insurer as to whether a policy would be written and enrollment would commence. Consider also that if we had 50 employees then 50 more applications would be required, plus hours of work flow between our company and the insurer to arrive at a decision on a group policy.

Now compare this to the FEHB process mirrored by the Colorado Solution. If you are a Colorado employer or worker, you are eligible and immediately enrolled upon applying. That's it. How do these two processes impact administrative costs? It's obvious. Now multiply this comparison by the thousands.

The Colorado Solution recommends an online, one page enrollment application, available 24 hours per day on the Colorado.gov main page and on the business development pages of Colorado.gov. It goes directly to the insurance provider of choice and they collect premiums immediately through automatic debit or credit.

j) Consumer choice and empowerment

(1) Does your proposal address consumer choice? If so, how?

Yes. The customer has the same desirable choices that have been awarded through healthy competition in the federal employee market and controls his or her own choice of available coverage.

⁹ See "administrative costs" in Definitions.

(2) How, if at all, would your proposal help consumers to be more informed about and better equipped to engage in health care decisions?

It supports adoption of best practices in consumer education, medical pricing disclosure, workplace seminars, nutrition information and related decision support.

k) Wellness and prevention

(1) How does your proposal address wellness and prevention?

Our solution supports adoption of best practices in wellness and prevention. There are many approaches. For example, we support continued focus on the five most expensive health conditions in research, health and safety education and prevention. Heart disease, mental disorders, lung disorders, cancer and trauma account for one third of all new cost increases.

More specifically, among the activities of Colorado FEHB programs are: personal health coaching by email, a free 24-hour nurse line, healthy home discounts to improve indoor air and drinking water quality, discounted safety and emergency equipment, specific disease management programs for diabetes and other conditions, smoking cessation support, and many other approaches which result in healthier outcomes, risk reduction and cost savings for providers and consumers.

l) Sustainability

(1) How is your proposal sustainable over the long-term?

It is the status quo that is unsustainable. As long as there is a federal government, and a federal employee health plan, the Colorado Solution approach is sustainable in perpetuity.

(2) (Optional) How much do you estimate this proposal will cost? How much do you estimate this proposal will save? Please explain.

There are no direct costs as proposed. To the extent the state supports subsidies for premium payment coverage, those costs are knowable and easily calibrated based on income level or population count for those made eligible for subsidies. Tax incentives for coverage can also be calibrated to maximize coverage benefit and minimize expenditure.

As for savings, recall health care in Colorado is a \$30 billion market. It is widely accepted that administrative costs account for at least 31% of health system costs. Squeezing out the first 1% of inefficiencies and preventable costs from the system represents more than \$300 million in savings, and that is just a down payment on a high performance future for Colorado's health care. A state market with \$30 billion is one no health industry participant can ignore. Clearly this is an exciting opportunity for all stakeholders in our health system.

(3) Who will pay for any new costs under your proposal?

Not applicable. See also 1) (2).

(4) How will distribution of costs for individuals, employees, employers, government, or others be affected by this proposal? Will each experience increased or decreased costs? Please explain.

This is not a cost shift. Cost sharing will be close to current ratios in the existing marketplace because the Colorado Solution calls for a 75% average employer share. Since the plan is actually negotiated by the largest pool in the nation, the insured should realize a comparative cost savings and a benefit value, since the competitive price per level of benefits reflects a high standard of coverage, perhaps with even better benefits than they currently receive or expect.

If we expand paid coverage (by offering good insurance benefits at a fair price) and grow the pool of insured customers, we simplify the health care system, because we fund health care upfront and directly, rather than through the back entrance of the emergency room, which delays the time and diverts the place of quality care. This costs more money, as uninsured care costs more than insured care. Always has. Always will. Insured customers are cost

effective. The more we can insure our population, the more cost effective our health care system can begin to be.

(5) Are there new mandates that put specific requirements on payers in your proposal? Are any existing mandates on payers eliminated under your proposal? Please explain.

There is one mandate pertaining only to selected payers: those who seek taxpayer-supported government contracts to provide services. These insurance contractors must also offer a plan that is a mirror image to FEHB choices. Having fulfilled that requirement, to the extent this action allows payers to qualify for relief from existing or duplicative mandates, if applicable, then that would be a reasonable outcome. Any other insurance carrier that agrees to offer a parallel or mirror image plan is eligible to compete for business.

(6) (Optional) How will your proposal impact cost-shifting¹⁰? Please explain.

There is no cost-shifting, only cost savings. This is not a shell game, it is a true solution.

(7) Are new public funds required for your proposal?

No public funds are required. Any new subsidies or incentives can be financed from existing funds, public program enrollment reduction savings, federal funds, or tax expenditures. We understand certain subsidies and financial incentives are likely desirable, and we are supportive of prudent decisions in that regard. Colorado's competitiveness is about transforming the uninsured and underinsured into the well insured.

(8) (Optional) If your proposal requires new public funds, what will be the source of these new funds?

Not applicable. See also (7) just above.

3. A single page describing how your proposal is either comprehensive or would fit into a comprehensive proposal.

¹⁰ See "cost-shifting" in Definitions.

See Appendix One (attached).

4. (Optional) A single page describing how your proposal was developed.

Not applicable.

APPENDIX ONE

The Colorado Health Coverage and Jobs Solution delivers comprehensive recommendations. These systemic improvements depend on the commitment of all stakeholders to secure this transformation into a high performance, cost effective and economically competitive health care system. No single proposer can deliver success, it must be collaborative.

The brevity of this proposal is its strength, and is intentional. Simplicity cuts costs. At the same time, our simplified approach is incredibly thorough. Our proposal meets or exceeds the objectives of the Blue Ribbon Commission by expanding access to good insurance coverage while reducing health care costs. It presents a streamlined approach for benefit design and pricing. The comprehensive proposal expands access, boosts coverage, is affordable, is portable, has high quality benefits, improves quality, is efficient, expands choice, empowers customers, prioritizes wellness and prevention, and is fully sustainable.

An open door to coverage makes all remaining challenges surmountable, while boosting economic growth in our state. Offer good insurance, get people paying into the system, and you solve problems. It is a panacea. The Colorado Solution is based on the buying power of the FEHB plans, providing 225% more discounting power compared to Wal-Mart, the nation's largest company. That's why it is such an incredible business attraction incentive. It creates a powerful mega pool of premium revenues to pay for health care. There are no profit caps and no new bureaucracy. Competition is wide open. This is a sensible framework in which payers and providers can thrive and excel.

We challenge you to simply look at health policy through a new lens. Expanding health coverage is actually an entrepreneurial growth opportunity, not a social problem. What once was a negative, has now become a powerful positive. It is a key component of a prosperous Colorado future. In state economic development, winning jobs is about being first. Other states are taking a new look at health care. Make Colorado the first health care magnet for business now, and win. This is the moment. Act now while economic times are good, as the time to fix the roof is when the sun is still shining. Adopt the Colorado Solution.