

RECOMMENDATIONS FOR HEALTH REFORM IN COLORADO



Blue Ribbon Commission for Health Care Reform

JANUARY 2008

THE BLUE RIBBON COMMISSION FOR HEALTH CARE REFORM

The Blue Ribbon Commission for Health Care Reform (*also known as the 208 Commission, after its enabling legislation, SB 06-208*)

was created by the Colorado legislature in 2006.

The Commission was charged with

...studying and establishing health care reform models to expand health care coverage and to decrease health care costs for Colorado residents. The Commission shall be authorized to examine options for expanding affordable health coverage for all Colorado residents in both the public and private sector markets, with special attention given to the uninsured, underinsured, and those at risk of financial hardship due to medical expenses.

This document summarizes those recommendations.

It is unprecedented in Colorado for such a diverse group of individuals – representing a broad array of backgrounds, party affiliations, ideologies and interests – to agree on a vision for health reform. Twenty-four of 27 commissioners endorsed these recommendations. That spirit of cooperation and compromise for the greater good signals that real reform is, indeed, achievable.

—William N. Lindsay III, Commission Chair

To view the Commission's full report, all proposals submitted to the Commission, detailed cost and coverage analyses and all records of the Commission's work, please visit www.colorado.gov/208commission.



Colorado has some of the healthiest people in the nation. Yet we are squeezed by rising numbers of uninsured and the rising cost of health care and coverage. **AN ESTIMATED 792,000 COLORADANS – NEARLY ONE-FIFTH OF OUR POPULATION – DON'T HAVE HEALTH INSURANCE.** That contributes to higher costs for all of us. **THE COST OF HEALTH INSURANCE IS ESCALATING RAPIDLY.** That contributes to growing numbers of Coloradans without insurance. **ALL COLORADANS PAY FOR THE UNINSURED,** as premiums rise still more to cover the cost of care provided to those who cannot pay. The cycle feeds on itself, and in the absence of action will only worsen over time.

THE STATUS QUO IS NOT SUSTAINABLE.

This document lays out the vision of Colorado's Blue Ribbon Commission for Health Care Reform — A bold yet realistic approach to providing high quality, affordable health care to all Coloradans.

- The package of recommendations in this report will reduce the number of uninsured Coloradans by an estimated 88%, extending coverage to 694,500 individuals who currently do not have insurance.
- We make it easier for people to get and keep coverage, whether through their workplace, as individuals or through public programs.
- We improve the delivery of services for vulnerable populations.
- We encourage and reward prevention and personal responsibility.
- We preserve and enhance consumer choice.
- We strengthen the safety net.
- We identify administrative streamlining measures that could save an estimated \$167 million.
- By extending insurance coverage to more Coloradans, we aim to minimize the “hidden tax” of uncompensated care, stabilize rising costs and improve Coloradans' health.

**THIS DOCUMENT LAYS OUT A VISION FOR CHANGE –
A ROADMAP TO HEALTH REFORM.**

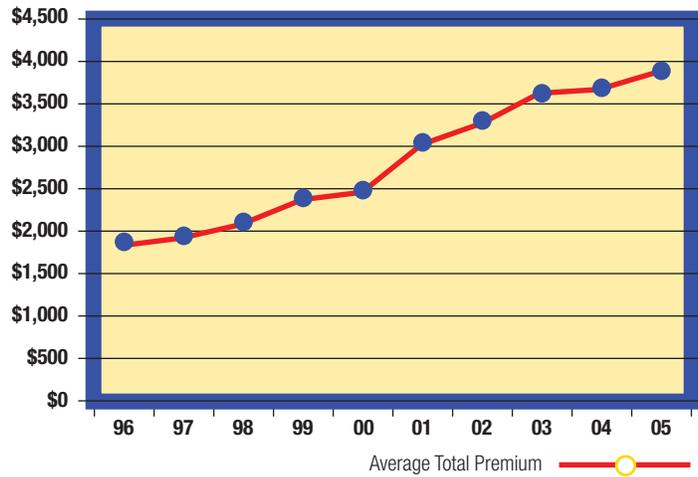
THE NEED FOR REFORM

EVER-RISING COSTS

Health insurance premiums have risen dramatically in recent years, outpacing overall inflation and growth in wages. *Total premiums for employer-sponsored insurance (including both employer and employee shares) more than doubled in Colorado between 1996 and 2005.*

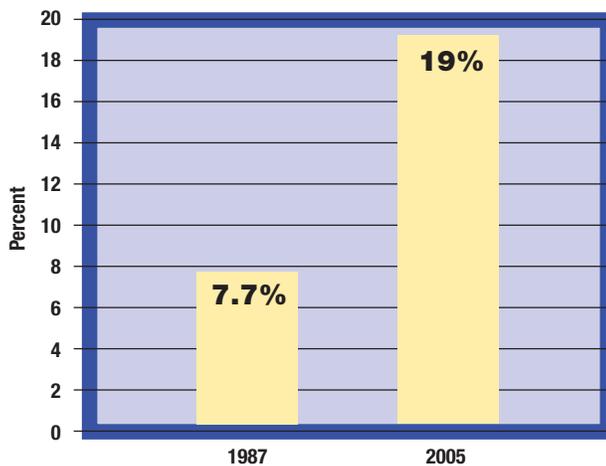
SOURCE: Agency for Healthcare Research and Quality, using Medical Expenditure Panel Survey data.

AVERAGE TOTAL PREMIUM PER ENROLLED EMPLOYEE FOR SINGLE COVERAGE AT PRIVATE-SECTOR ESTABLISHMENTS OFFERING HEALTH INSURANCE: COLORADO



As a result, Colorado families are spending an ever-growing share of their income on health insurance: *as much as 19% of household income in 2005, more than double the percentage in 1987.*

PERCENT OF MEDIAN FAMILY INCOME REQUIRED TO BUY FAMILY HEALTH COVERAGE



And we're all paying for the uninsured – Families USA estimates that *\$934 of the average \$12,000 annual family insurance premium in Colorado is the cost of the care provided to those without insurance.*

SOURCE: Len Nichols, The New America Foundation, using premium data from the Agency for Healthcare Research and Quality and the Kaiser Family Foundation and income data from the Current Population Survey.

**AS EMPLOYEES, EMPLOYERS, HEALTH CARE CONSUMERS AND TAXPAYERS,
WE'RE ALL PAYING THE COST OF OUR NEIGHBORS WHO DON'T HAVE HEALTH INSURANCE.
WOULDN'T IT MAKE MORE SENSE TO INVEST THAT MONEY IN MAKING SURE THAT EVERYONE HAS
AFFORDABLE HEALTH COVERAGE SO THEY CAN GET THE CARE THEY NEED, WHEN THEY NEED IT?**

WHO ARE THE UNINSURED?

When we understand who is uninsured in Colorado, we can determine the best ways to bring them into the insured pool.

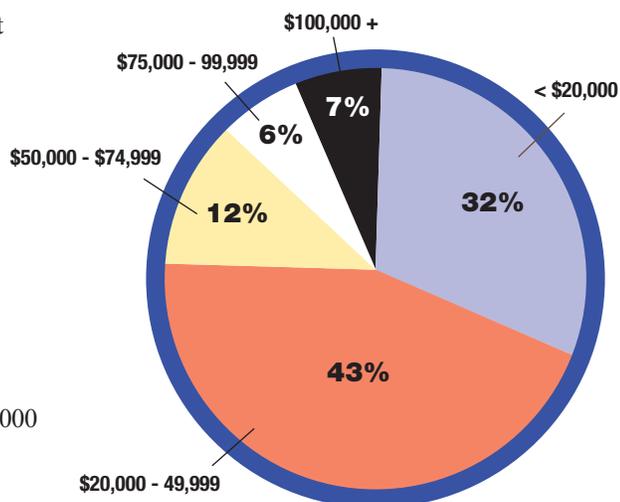
70% OF THE UNINSURED ARE IN THE WORKFORCE OR ARE THE DEPENDENT OF A WORKER.

- 37.5% of Colorado's uninsured work for firms that do not offer health coverage to their employees.
- 21% are ineligible for their employer's coverage.
- 11% of uninsured workers and dependents are eligible for but do not take the coverage offered by their employer.

THE UNINSURED ARE FOUND IN ALL INCOME GROUPS.

- 32% of the uninsured have family incomes of \$20,000 or less.
- 75% have family incomes of \$50,000 or less.
- 13% have family incomes of \$75,000 or more.

AVERAGE MONTHLY UNINSURED IN COLORADO BY FAMILY INCOME, 2007



792,000 UNINSURED COLORADANS

THE UNINSURED ARE ALL AGES AND RACES.

- Young adults are more likely than any other age group to lack insurance: about 40% of the uninsured are between the ages of 19 and 34.
- Close to 20% of the uninsured are children.
- 57% of the uninsured are white.

About \$1.25 billion will be spent on Colorado's uninsured in 2007-08. The uninsured pay for about half of their care out-of-pocket; the remainder is uncompensated care from doctors and hospitals, and care provided by safety net providers, workers compensation and veterans' benefits.

THE COMMISSION'S VISION FOR HEALTH REFORM

- **Everyone – individuals, employers, providers, insurers and the government – has a role to play** in addressing Colorado's health care needs. All have a share in the responsibility; all will share in the benefits.
- **"One size fits all" doesn't work in health care.** People have differing income levels and health care needs, and health status can change in an instant. Communities' needs vary greatly, depending on geographic location, demographic makeup and numerous other factors. We need a range of interventions that respond to a variety of individual and community situations.
- **Some people simply cannot afford private insurance coverage.** Those people should have access to public coverage or sliding scale subsidies for basic health care needs.
- **We recognize that vulnerable populations must be protected in any reform of the system.** We cannot jeopardize their safety or reduce or compromise current levels of services as reform moves forward.
- **Safety net providers such as community clinics and hospitals play an essential role** in caring for those on public programs and those without any health coverage. We must preserve and enhance safety net providers' ability to serve these populations.
- **Individuals should have meaningful choices and options** that give them control over their own care and coverage decisions.
- **Government, employers and insurers should promote and encourage healthy lifestyles and preventive care. Individuals, however, have responsibility for their own health and wellness.**
- **Because most Coloradans have insurance, we should build on the strengths of the current system,** keeping and broadening what works to minimize dislocation for those who already have good coverage, while making important changes to better meet the needs of those who currently lack affordable health coverage.
- **In order to accomplish our goals, we must maximize the federal funding available to Colorado** – for example, through public program expansions that will enable us to draw down the maximum federal match, and through applications for federal waivers that will enable us to try new approaches to better meet the needs of Colorado's vulnerable populations.

The Commission received 31 health reform proposals from interested parties throughout Colorado. We selected four of them, representing a range of different approaches, to analyze for cost and coverage impacts.

Those proposals were:

- **Better Health Care for Colorado**
submitted by the Service Employees International Union
- **Solutions for a Healthy Colorado**
submitted by the Colorado State Association of Health Underwriters
- **A Plan for Covering Coloradans**
submitted by the Committee for Colorado Health Care Solutions
- **Colorado Health Services Program**
submitted by the Health Care for All Colorado Coalition

The Commission also developed a fifth proposal of its own.

Details of these proposals and the analysis of each may be found at the Commission’s Web site, www.colorado.gov/208commission.

The recommendations that follow track closely with the Commission’s fifth proposal but are distinct from it. They are informed by analysis of current health care costs and coverage in Colorado, the evaluation of all five proposals, input received at community meetings and feedback from the Commission’s Business, Provider, Rural and Vulnerable Populations Advisory Task Forces.

KEY FEATURES OF THE COMMISSION’S RECOMMENDATIONS

- Require all legal residents of Colorado to have a minimum level of insurance coverage (“individual mandate”). Make the mandate feasible by:
 - Expanding eligibility for public programs
 - Providing sliding-scale subsidies for low-income workers to purchase private coverage
 - Reforming the individual insurance market by requiring health plans to cover everyone regardless of health status (“guaranteed issue”), within certain limits
 - Enforcing through the income tax system.
- Require employers to offer pre-tax premium-only plans to facilitate employee purchase of health coverage.
- Create a “Connector” to assist individuals and small employers to understand and choose among insurance options.
- Restructure, combine and expand eligibility for Medicaid and the Child Health Plan Plus (CHP+).
- Reduce administrative costs by streamlining processes and combining functions.
- Promote consumer choice and direction and encourage cost-consciousness by improving access to cost and quality information.
- Implement measures to enhance quality and improve coordination of care.
- Encourage individual responsibility for health, wellness and preventive behavior.
- Improve delivery of services to vulnerable and underserved populations through program expansions, reimbursement for telemedicine and other mechanisms.
- Fund safety net providers and public health delivery systems appropriately.

THE COMMISSION'S RECOMMENDATIONS FOR COMPREHENSIVE HEALTH REFORM IN COLORADO

SUMMARY

These recommendations form an integrated package and should be implemented in stages. Before requiring all Coloradans to have insurance, we must first make coverage accessible and affordable. Before we expand public programs we must first improve efficiencies and increase provider participation.

REDUCE HEALTH CARE COSTS, WHILE ENHANCING QUALITY OF CARE

- 1. Slow the rate of growth of health insurance premiums:** cover at least 85% of the uninsured; increase Medicaid provider reimbursement to help minimize cost-shifting.
- 2. Reduce employee health premiums:** require employers to establish plans allowing employees to purchase health insurance pre-tax; provide sliding-scale subsidies to help low-income workers buy insurance.
- 3. Reduce administrative costs:** streamline insurance processes; combining administrative functions of public programs; review regulatory requirements with an eye toward minimizing administrative burden.
- 4. Increase use of prevention and chronic care management:** allow health insurance premiums to be reduced for those who engage in healthy behaviors; eliminate copayments for preventive care, reduce them for chronic care management services; encourage employers to provide workplace wellness programs; encourage individual responsibility for personal health and wellness; increase funding to public health agencies.
- 5. Review current Colorado long-term care studies** to identify opportunities for improvement.
- 6. Improve end-of-life care:** foster clinically, ethically, and culturally appropriate end-of-life care, including palliative and hospice care; ask patients to complete advance directives.
- 7. Explore ways to minimize barriers to midlevel providers practicing to the fullest extent of their licensure and training.**
- 8. Provide a medical home for all Coloradans:** reimburse providers for care coordination and case management.

Additional details and action steps for each recommendation may be found in the Commission's complete report at www.colorado.gov/208commission

9. **Support the adoption of health information technology:** support the creation of a statewide health information network and an electronic health record that works across systems for every Coloradan.
10. **Support the provision of evidence-based medicine:** adopt population-specific care guidelines and performance measures; develop a statewide data system.
11. **Pay providers based on quality.**
12. **Make information on insurer and provider price and quality available to all Coloradans.**
13. **Promote consumer choice and direction:** give consumers in the individual market a choice of minimum benefit plans; create a “Connector” to facilitate individual and employer insurance purchases; increase price and quality transparency; provide consumers evidence-based information at the point of care.
14. **Build on community efforts that have been proven to enhance quality and lower cost.**
15. **Create a multi-stakeholder “Improving Value in Health Care Authority” to implement reform recommendations and assess and report on their effectiveness.**

Cost containment is crucial. The Commission has identified ways to reduce administrative costs, and believes that minimizing the cost shift from uncompensated care will help stabilize costs. But many other factors drive costs. The multi-stakeholder “Improving Value in Health Care Authority” proposed here is a vehicle to address these issues on a coordinated, ongoing basis.

IMPROVE ACCESS TO CARE, WITH MECHANISMS TO PROVIDE CHOICES

16. **Require every legal resident of Colorado to have at least minimum health coverage;** enforce through income tax penalties; provide affordability exemptions.
17. **Encourage employees to participate in employer-sponsored coverage:** require employers to establish plans that allow employees to purchase health insurance pre-tax; provide subsidies for low-income workers to purchase their employer’s plan; enforce waiting periods for eligibility for the premium subsidy and public programs.

- 18. Create a “Connector” to assist individuals and small businesses and their employees in offering and enrolling in health coverage.**
- 19. Provide sliding-scale subsidies to low-income workers** to maximize access to/enrollment in private coverage for working lower-income Coloradans.
- 20. Require all health carriers offering health insurance in Colorado to offer a Minimum Benefit Plan in the individual market.**
- 21. Guarantee access to affordable coverage for Coloradans with health conditions by making changes to the individual insurance market:** provide guaranteed issue and modified community rating for those not eligible for an expanded CoverColorado program; restructure/expand CoverColorado.
- 22. Restructure and combine Medicaid and the Child Health Plan Plus (CHP+) into one program for children, parents and childless adults;** increase provider reimbursement; require enrollment in managed care where available for non-disabled adults and children.
- 23. Improve benefits and case management for the disabled and elderly in Medicaid:** provide care coordination; promote consumer-directed care; increase the number of people served by home- and community-based services; explore the potential for further reforms.
- 24. Improve delivery of services to vulnerable populations:** create a Medicaid buy-in program to enable disabled individuals to receive Medicaid benefits while employed, a Medically Correctable fund to assist with one-time expenses and a Medically Needy program to assist low-income insured people to pay for catastrophic events; increase the number of people receiving home and community-based care; provide mental health parity in the Minimum Benefit Plan.
- 25. Expand eligibility in the combined Medicaid/CHP+ program:** cover adult legal residents under 205% FPL (approx. \$42,000 annual income for a family of four) and children in families earning up to 250% FPL (approx. \$51,000 annual income for a family of four); provide premium and copayment assistance to elderly up to 205% FPL (approx. \$21,000 annual income for an individual).
- 26. Ease barriers to enrollment in public programs:** use automatic enrollment strategies and one-year continuous eligibility.

- 27. Enhance access to needed medical care, especially in rural Colorado:**
continue to pay all qualified safety net providers enhanced reimbursement for Medicaid patients; explore ways to minimize barriers to midlevel providers practicing to the full extent of their licensure; promote and build upon the statewide nurse advice line; expand telemedicine benefits for Medicaid and CHP+; continue to explore ways to develop, recruit and retain more providers.
- 28. Create an independent, consumer-directed Consumer Advocacy and Ombudsman Program.**
- 29. Explore the feasibility of giving Coloradans the option to enroll in coverage that will stay with them regardless of life changes,** such as the Optional Continuous Coverage Portable Plan that the Commission modeled.
- 30. Explore the feasibility of allowing employers to offer 24-hour coverage.**

IMPLEMENTATION

- 31. Adopt these recommendations as a comprehensive, integrated package but do so in stages, increasing efficiency and assuring access before expanding coverage.**
- 32. Dissolve the Commission once its final report is made to the General Assembly January 31, 2008.**

COMMISSIONERS

Twenty-four commissioners were appointed by majority and minority leadership in the Colorado House of Representatives and Colorado Senate, and by Governor Bill Owens. Upon taking office in January 2007, Governor Bill Ritter appointed three additional commissioners. Commissioners represent consumers, health insurance purchasers, providers, business leaders and health care experts.

CHAIR: William N. Lindsay III, CLU, CEBS, RPA, President, Benefits Group, Lockton Companies, LLC

VICE CHAIR: Mark Wallace, MD, MPH, Founder, North Colorado Health Alliance;
Executive Director, Weld County Department of Public Health & Environment

Erik Ammidown, Director Health & Disability Benefits, Qwest Communications

Elisabeth Arenales, Healthcare Program Director, Colorado Center on Law & Policy

Clarke D. Becker, Executive Director, Colorado Rural Development Council

Carrie A. Besnette, PhD, Vice President, Metropolitan State College of Denver

Christy Blakely, Director, Family Voices

Peg Burnette, Chief Financial Officer, Denver Health and Hospital Authority

David A. Downs, Jr. MD

Steve ErkenBrack, Vice President - Legal Affairs, Rocky Mountain Health Plans

Lisa M. Esgar, Deputy Director, Governor's Office of State Planning and Budgeting

Linda Gorman, Director, Health Policy Center, Independence Institute

Julia Greene, Director - Health Systems Colorado, Service Employees International Union

R. Allan Jensen, Independent Life and Health Insurance Broker

Grant Jones, Executive Director, Center for African American Health

Don Kortz, Chair, Fuller & Company

Donna Marshall, Executive Director, Colorado Business Group on Health

Pam Nicholson, Sr. VP, Advocacy and Community Partnerships, Centura Health

Ralph Pollock, Chair, Business Committee on Health Care,
Colorado Association of Commerce and Industry

David F. Rivera, Former Commissioner of Insurance, State of Colorado

Arnold Salazar, Colorado Behavioral Health Care Council

Mark Simon, Disability Advocate

Daniel Stenersen, President & CEO, Shalom Park

Steven J. Summer, President & CEO, Colorado Hospital Association

Joan M. Weber, Benefits Risk Manager, City of Englewood

Lynn Westberg, Director, San Juan Basin Health Department

Barbara Yondorf, Senior Program Officer, Rose Community Foundation



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