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# State Coverage Option

Presentation of concepts for consideration



**Colorado Consumer  
Health Initiative**

# Overview

Presented by the Colorado Consumer Health Initiative

CCHI believes that all Coloradans deserve access to affordable, quality health care and that as a matter of equity we should be seeking to design an option that targets people who are facing the greatest barriers to access.

- State coverage option would achieve savings by rate setting below commercial and based on Medicare rates and by repurposing APTCs through a § 1332 waiver
- Differs from other products by removing eligibility barriers based on immigration status, family glitch and other similar restrictions

# Eligibility & Access

- A state coverage option should be offered statewide
- A state coverage option should be targeted to people who are facing the greatest barriers: people who are uninsured due to affordability or eligibility, and people who are underinsured because of low-value insurance products with high cost-sharing arrangements
  - Family glitch
  - Immigration status

# Affordability

- Must consider all costs consumers incur including premiums and out-of-pocket expenses
- Income for purposes of affordability should be calculated using modified adjusted gross income currently in law
- The affordability standard should be set such that premiums and out-of-pockets expenses should not exceed 5% for families up to 250% of poverty
  - The affordability standard can be adjusted based on income and should not exceed 10%

# Benefit Design

- Standardized benefits
  - Essential Health Benefits
  - First dollar coverage of high value services including primary care and behavioral health care
  - No coinsurance as there is no consumer certainty around costs and serves as a deterrent to accessing
  - Should be considered a *state-regulated* insurance product to ensure consumer protections

# Administration

- HCPF manages the waiver(s) and pass-through of federal funding
- Consider using state network, either Medicaid or state employee plan to extent feasible
  - Consider whether pass through federal funding could be used to incentivize provider participation through a bonus structure or PMPM
- Offer the product on Connect for Health Colorado for ease of eligibility and enrollment processing
  - Caveat: only if this can be done and still offer the product to people irrespective of immigration status

# Risk Bearing and Financing

- A § 1332 waiver should be considered to repurpose APTCs to hold down premium costs and to finance the new coverage option
- Financing would be needed for start up costs including work to secure a § 1332 waiver
- Risk-bearing and administrative ideas we have considered:
  - HCPF bears the risk and hires a TPA to perform administrative functions like claims processing
  - Carrier manages risk and there is a competitive process to select carrier
  - Blended approach of the above