

Hospital Perspectives on Public Option

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Overview

- **About Colorado Hospital Association (CHA)**

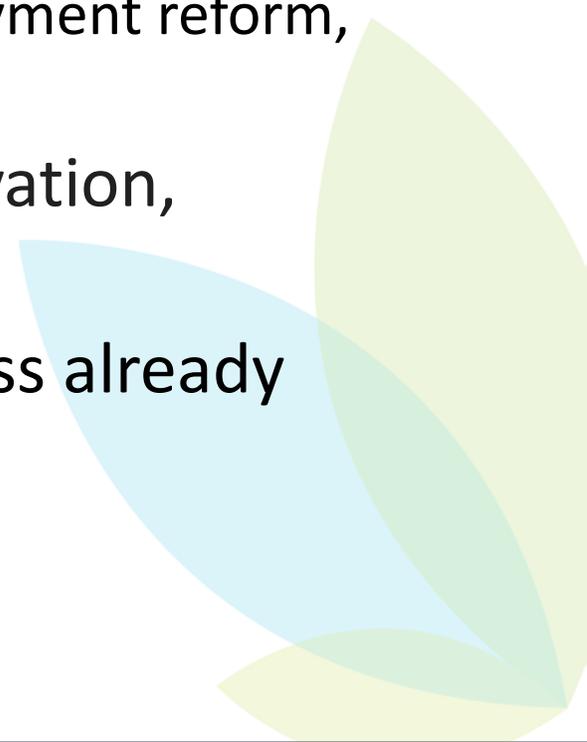
CHA is the leading voice of the Colorado hospital and health system community. Representing 110 hospitals and health systems throughout the state, CHA reflects our members' shared commitment to improve health and health care in Colorado.

- **Proposal Summary**

- Colorado hospitals steadfastly support all Coloradans having access to high-quality, accessible and affordable health care.
- Colorado hospitals cannot and will not support a state-run health insurance option unless it:
 - Prioritizes expanding coverage to Colorado's remaining uninsured
 - Protects consumer choice through competitive insurance markets
 - Ensures access to care through sustainable payments for doctors, hospitals and other providers

Our Perspective

- Long-standing, historic challenges with public coverage programs
 - Medicaid and Medicare payments have not kept pace with hospital input costs and now fund only 69% of cost to provide care
 - Typically lag private market in technology adoption, innovation, payment reform, and efficiency
- Fundamental belief in ability of competition to balance innovation, quality, access and affordability
- Potential to jeopardize significant gains in coverage and access already achieved in Colorado



Role of Competition in Pricing

Figure 1. CHI Competition Matrix

		HOSPITAL COMPETITION										
		LOW			MEDIUM			HIGH				
CARRIER COMPETITION	LOW	Archuleta	Dolores	Grand	Delta	Garfield	Logan	Yuma				
		Gunnison	Hinsdale	Jackson	Montrose	Ourray	Phillips					
		Lake	Moffat	Montezuma	Rio Blanco	Sedgwick	Washington					
	MEDIUM	Pitkin	Routt	San Juan								
		San Miguel										
		Baca	Chaffee	Conejos	Alamosa	Bent	Cheyenne	Clear Creek	Gilpin	Larimer		
	HIGH	Costilla	La Plata	Otero	Crowley	Custer	Eagle	Weld				
		Prowers				Fremont	Huerfano	Kiowa				
		Lincoln				Kit Carson	Los Animas	Mesa				
					Mineral	Morgan	Park					
					Pueblo	Rio Grande	Saguache					
					Teller							
					El Paso	Summit				Adams	Arapahoe	Boulder
								Broomfield	Denver	Douglas		
								Elbert	Jefferson			

Price of second-lowest-cost silver plan for a 40-year-old

\$408



\$705

Commercial vs. Medicaid – Access to Care

FIGURE 1. COMMERCIAL INSURANCE AND MEDICAID ACCESS TO CARE INDEX SCORES, COLORADO, 2017

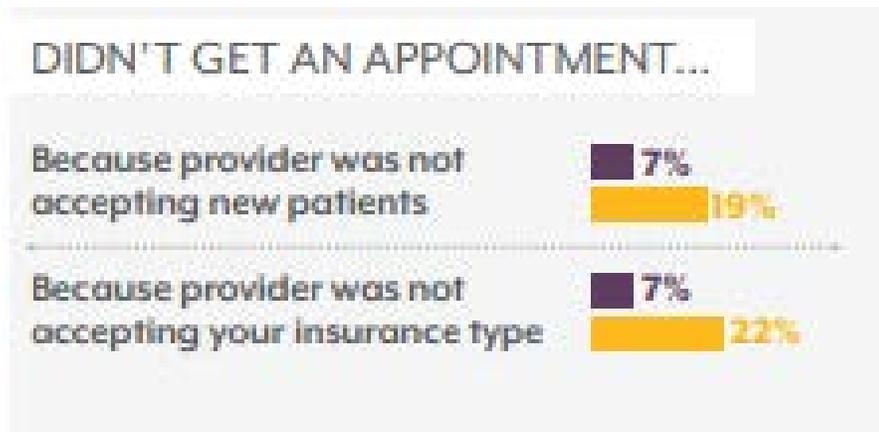
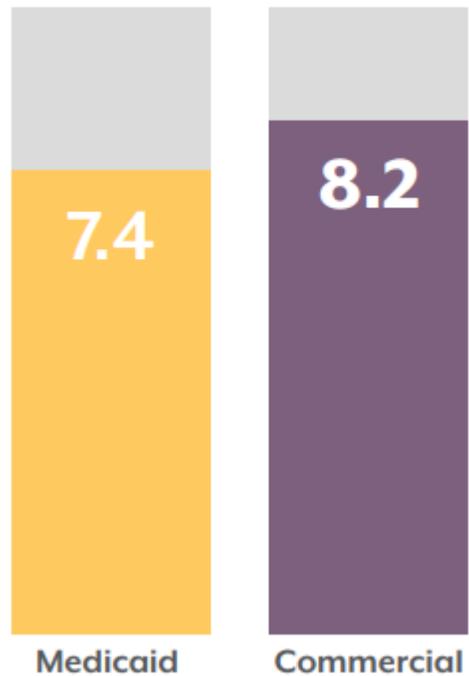
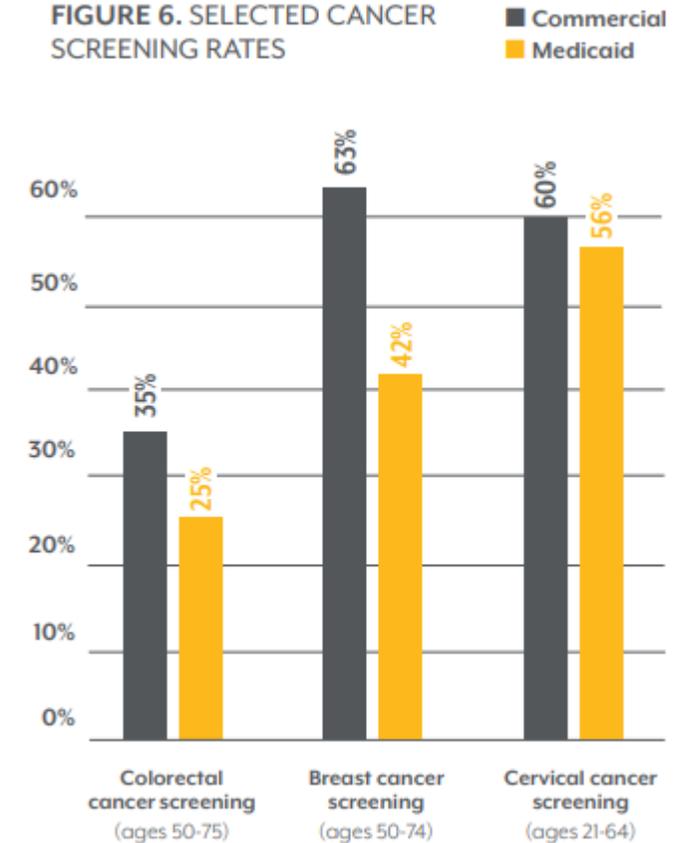


FIGURE 6. SELECTED CANCER SCREENING RATES



Eligibility & Access

- Any state-run health insurance option must start small to limit the impact of unintended consequences.
- First priority: close Colorado's coverage gap and cover the remaining uninsured – 370,000 to 410,000 Coloradans.
 - Another opportunity: address the ACA's "[family glitch](#)," ensuring families can access [affordable coverage](#) through APTC or employer-sponsored insurance and help stabilize insurance markets
- A state-run health insurance option must protect the viability of Colorado's individual and small group insurance markets.
 - Consumers want choice. If the state-run public option undercuts its private market competitors – on price or by avoiding consumer protections – choice will be eliminated.
 - Program must actively combat unintended consequences of "crowd out," "cherry picking" and "cost shift."
- The state-run health insurance option must ensure access to care in communities statewide.

Affordability & Benefit Design

- Consumers want more choices and lower costs.
 - Affordability should be defined by the full consumer out-of-pocket experience, including both premiums and cost sharing (i.e., deductibles, copays, coinsurance).
 - Choice means competition, not more one-size-fits-all government mandates. Provider participation **must** be voluntary, and rates **must** be negotiable.
 - A state-run health insurance option should be required to at least offer Essential Health Benefits.
 - Should evaluate needs of special populations and/or services (e.g., EPSDT, dental)
- Lower cost can be achieved by aligning provider and consumer incentives.
 - The state-run health insurance option should lead the private market by driving choice and innovation in the market and by embracing alternative payment models (e.g., value-based shared savings).
 - Provider payments must be adequate and ensure appropriate access to care.
 - Product design should reflect the nature of the target population and incentivize appropriate utilization.

General Principles: Administration; Risk-Bearing/Financing; Other Requirements

Administration

- Governance structure should be independent, nonpartisan and outside of any current state agency.
 - Appropriate infrastructure must be provided to ensure efficient and effective administration.
- Lower cost can be achieved by reducing waste and administrative cost.
 - Health insurance companies spend 18 cents of every dollar on insurance administration and profits, whereas public coverage systems operate at 3-7% of total costs.

Risk-Bearing/Financing

- Modest funding likely needed to reach 60% of uninsured eligible for existing programs; coverage expansions require more resources.

Other Requirements

- The state-run health insurance option should be required to follow all consumer protection requirements for qualified health plans (QHPs) and other state regulatory standards.
- 1332 waiver needed to address “family glitch” if federal funds are used.

Takeaways

- Colorado hospitals steadfastly support all Coloradans having access to high-quality, accessible and affordable health care.
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