

# Healthcare: The Single Greatest Threat to America

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Published on October 23, 2015



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For the last several years, I have been closely analyzing the consequences of healthcare's under-performance. The waste and sub-par performance have convinced me that there is no greater threat to the American way of life and the American Dream than if we continue the status quo healthcare system. Naturally, there are other threats (e.g., climate change) but none that are not only severely impacting the nation today but have a negative impact that is growing far more rapidly. Further, if we solve healthcare it frees up resources to address other challenges facing (education and climate change being at the top of the list).

# Economic Analysis of Healthcare – Colorado

- Voters will have three choices in November: HillaryCare (continuation of ACA), TrumpCare (repeal of ACA) or ColoradoCare (Amendment69)
- Before any analysis can begin, what is the foundational situation, the key data, as a baseline?
- What are the NHE (National Health Expenditures) and SHE (Colorado - State Health Expenditures) data, historical and projected?
- [Valid Source of Data should be at CDPHE!](#)
- What factors are important determinants of NHE/SHE going forward? Payer Mix?
- What are the key assumptions that will affect the NHE/SHE going forward?
  - Population growth
  - Benefits Package
  - Utilization of Services (fraud/waste/evidence)
  - Pricing of Services (negotiation of rates)
  - Deductibles, Co-pays and Co-Insurance
  - Administrative Overhead (Payers & Providers)
  - Algorithms/Paradigms for Services (Quality)
  - Capacity and Productivity of Providers
  - Health and Demand for Services by Patients

## [Economic Analysis of ColoradoCare Update 2015.03, by Ivan Miller](#)

“[Independent Financial Analysis](#)”  
by Colorado Health Institute (CHI)

Economic Analysis of Colorado Care, Amendment 69 (CoCare)			
	Y2019 P	Y2019 P	Y2019 P
Population, USA	331,884,000	331,884,000	331,884,000
GDP (\$B)	\$ 21,101	\$ 21,101	\$ 21,101
NHE (Nat'l Health Expense) \$B	\$ 4,020	\$ 4,020	\$ 4,020
NHE as % of GDP	19.1%	19.1%	19.1%
NHE per Capita	\$ 12,113	\$ 12,113	\$ 12,113
OOP as % of NHE ??	10.3%	10.3%	10.3%
		<b>CHI Analysis</b>	
CHE - Colorado Health Expenditures	I Miller *	Best Case	Worst Case
Plan Name (\$billions)	2019	2019A	2019B
	(\$ Billions)	(\$ Billions)	(\$ Billions)
GDP, CO (\$B)	\$ 357.51	\$ 357.51	\$ 357.51
CHE (continuation of ACA)	\$ 60.68	\$ 60.68	\$ 60.68
Population, CO	5,747,448	5,747,448	5,747,448
CHE, % of GDP (ACA)	17.0%	17.0%	17.0%
CHE, Cost per Capita (ACA)	\$ 10,558	\$ 10,558	\$ 10,558
Subtraction Adjustments:			
Admin Cost Reduction, Prov Offices	\$ (2.267)	\$ (1.800)	\$ (0.946)
Admin Cost Reduction, Private Ins	\$ (4.621)	\$ (3.300)	\$ (2.900)
ACA-related Pvt Ins Admin & Connect	\$ (0.326)		
Drug, medical and hospital Price Savings	\$ (1.165)	\$ (1.165)	\$ (0.802)
Fraud Reduction Savings	\$ (0.605)	\$ (0.500)	\$ 1.300
<b>TOTAL CHE Expense Reduction</b>	<b>\$ (8.984)</b>	<b>\$ (6.765)</b>	<b>\$ (3.348)</b>
CHE outside of CoCare Responsibility, eg LT	\$ (4.066)	\$ (4.066)	??
Dental Care not covered by CoCare			
<b>TOTAL CHE portion not currently Covered</b>	<b>\$ (4.066)</b>	<b>\$ (4.066)</b>	<b>\$ -</b>
<b>Net Reductions from CHE</b>	<b>\$ (13.050)</b>	<b>\$ (10.831)</b>	<b>\$ (3.348)</b>
Additional Adjustments:			
Coverage extension expenses	\$ 1.483		
Utilization Increases	\$ 0.425	\$ 2.017	\$ 2.700
Increased Services	\$ 1.908	\$ 2.017	\$ 2.700
CoCare Admin Expense	\$ 0.983		\$ 1.500
Medicaid Premium Refunds			
Expense Additions	\$ 0.983	\$ -	\$ 1.500
<b>Net Additions to CHE</b>	<b>\$ 2.891</b>	<b>\$ 2.017</b>	<b>\$ 4.200</b>
Net CoCare, incl Fed Programs w/o OOP	\$ 50.523	\$ 51.868	\$ 61.534
Net CoCare, incl Fed Programs, w/ OOP	\$ 52.543	\$ 53.888	\$ 65.276
CoCare % of Colorado GDP	14.7%	14.5%	17.2%
CoCare Cost per Capita	\$ 9,142	\$ 9,025	\$ 10,706
OOP % of Total CoCare Expense	3.8%	3.7%	5.7%

# Economic Analysis of ColoradoCare

Update 2015.03, by Ivan Miller

“Independent Financial Analysis”

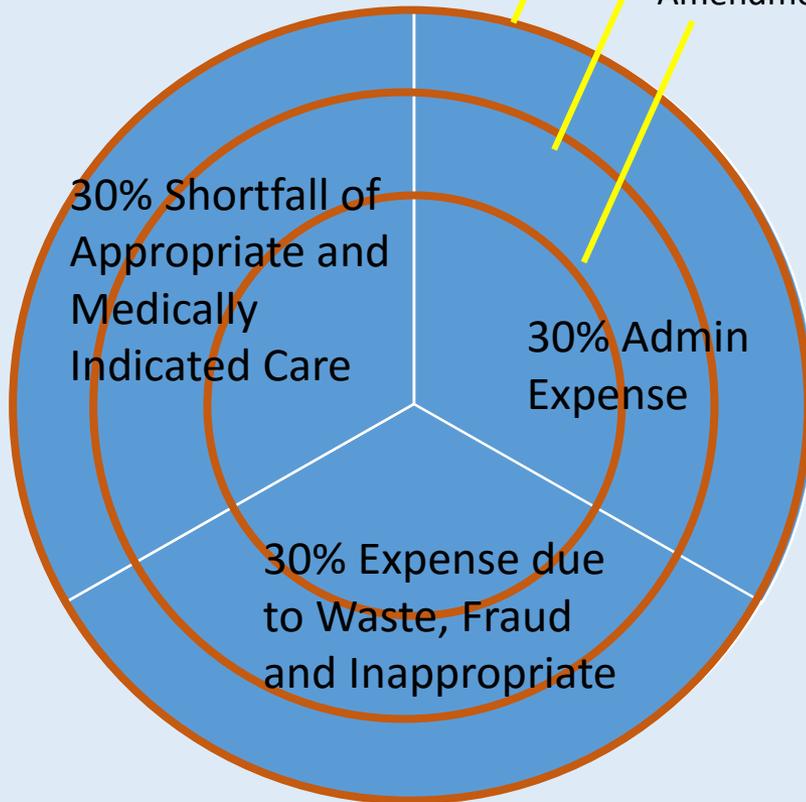
by Colorado Health Institute (CHI)

National Health Expenditures = \$4,020B: 19.1% GDP, \$12,113 per Capita

Colorado State Health Expense = \$60.1B: 17.0% GDP, \$10,558 per Capita

Amendment 69\* = \$50.3B: 14.7% GDP, \$9,142 per Capita

**Effective Year, 2019**



## **30 – 30 – 30 Problem: Current System, ObamaCare**

- 30% Administrative Overhead due to Complex Insurance and Complex Billing.
- 30% Fraud, Waste, Inappropriate, Contra-indicated and Harmful healthcare delivery.
- 30% Shortfall of Appropriate and Necessary Healthcare as indicated by Best Practice Guidelines.

## **30 – 30 – 30 Promise: Amendment 69, ColoradoCare**

- 10% Administrative Overhead – Single Payer Model
- 10% Fraud, Waste and Inappropriate Care achievable from data availability, transparency and accountability
- 10% Shortfall of Appropriate Healthcare, according to Best Practice Guidelines, due to integrated healthcare system, communication and accountability.

[30 – 30 – 30 Analysis](#) by George Swan, MPH

Economic Analysis of Colorado Care, Amendment 69 (CoCare)

Economic Analysis Update 2019 - Ivan Miller 2015.03

1 Miller \*

1 Miller \*

Key Factor	2013A	2014P	2015P	2016P	2017P	2018P	2019P	Y2020 P	Y2021 P	Y2022 P	Y2023 P	Y2024 P	Y2025 P	Y2026 P
Population, CO (CoHID)	5,280,094	5,337,094	5,418,370	5,500,883	5,581,873	5,664,056	5,747,448	5,833,660	5,921,165	6,009,982	6,100,132	6,191,634	6,283,136	6,374,638
% Enrollment, Medicare														
% Enrollment, Medicaid														
% Enrollment Private Insurance														
% Uninsured, Number														
NHE, Personal Exp. as % of GDP	17.5%	17.8%	18.1%	18.2%	18.4%	18.6%	19.1%	19.5%	20.0%	20.5%	21.0%	21.5%	21.4%	21.4%
NHE, Personal Exp. per Capita	\$9,245	\$9,663	\$10,093	\$10,502	\$10,981	\$11,497	\$12,113	\$12,777	\$13,474	\$14,203	\$14,953	\$15,726	\$16,071	\$16,394
OOP as % of NHE, Personal Exp.	11.0%	11.2%	10.8%	10.6%	10.5%	10.4%	10.3%	10.2%	10.2%	10.1%	10.1%	10.0%	10.0%	10.0%
CO GSP Gross State Product (\$B)	\$ 305.4	\$ 314.9	\$ 324.6	\$ 334.7	\$ 345.1	\$ 355.8	\$ 366.8	\$ 377.8	\$ 388.9	\$ 399.9	\$ 410.9	\$ 422.0	\$ 433.0	\$ 444.0
Co State Health Expenditures (ACA)	\$ 36.3	\$ 40.7	\$ 44.9	\$ 49.6	\$ 53.3	\$ 57.0	\$ 60.7	\$ 64.4	\$ 68.1	\$ 71.8	\$ 75.5	\$ 79.2	\$ 82.9	\$ 86.7
Out-of-Pocket (OOP), ACA														
Private Health Insurance														
Medicare														
Medicaid														
Other Payers														
% OOP	11.0%	11.2%	10.8%	10.6%	10.5%	10.4%	10.3%							
% Private Insurance	0.0%	0.0%	0.0%	0.0%			0.0%						0.0%	
% Medicare	0.0%	0.0%	0.0%	0.0%			0.0%						0.0%	
% Medicaid	0.0%	0.0%	0.0%	0.0%			0.0%						0.0%	
% Other Payers	0.0%	0.0%	0.0%	0.0%			0.0%						0.0%	
Co SHE (ACA), % of GSP	11.9%	12.9%	13.8%	14.8%	15.4%	16.0%	16.5%	17.0%	17.5%	18.0%	18.4%	18.8%	19.2%	19.5%
Co SHE, Cost per Capita (ACA)	\$ 6,873	\$ 7,628	\$ 8,285	\$ 9,008	\$ 9,542	\$ 10,059	\$ 10,558	\$ 11,038	\$ 11,501	\$ 11,949	\$ 12,380	\$ 12,797	\$ 13,201	\$ 13,593
Colorado SHE by Payer (\$B)	2013A	Y2014 A	Y2015 P	Y2016 P	Y2017 P	Y2018 P	Y2019 P	Y2020 P	Y2021 P	Y2022 P	Y2023 P	Y2024 P	Y2025 P	Y2026 P
Colorado SHE by Payer (\$B)	2013A	Y2014 A	Y2015 P	Y2016 P	Y2017 P	Y2018 P	Y2019 P	Y2020 P	Y2021 P	Y2022 P	Y2023 P	Y2024 P	Y2025 P	Y2026 P
Subtraction Adjustments:														
Admin Cost Reduction, Prov Offices				\$ (1.851)			\$ (2.267)							
Admin Cost Reduction, Private Ins				\$ (3.849)			\$ (4.621)							
ACA-related Pvt Ins Admin & Connect							\$ (0.326)							
Drug, medical and hospital Price Savings				\$ (0.951)			\$ (1.165)							
Fraud Reduction Savings				\$ (0.494)			\$ (0.605)							
TOTAL CHE Expense Reduction				\$ (7.145)			\$ (8.984)							
CHE outside of CoCare Responsibility, eg LTC, cosmetic etc				\$ (3.320)			\$ (4.066)							
Dental Care not covered by CoCare				\$ (0.900)			\$ (1.165)							
TOTAL CHE portion not currently Covered				\$ (4.220)			\$ (5.249)							
Net Reductions from CHE				\$ (11.365)			\$ (13.050)							
Additional Adjustments:														
Coverage extension expenses				\$ 1.211			\$ 1.483							
Utilization Increases				\$ 0.347			\$ 0.425							
Increased Services				\$ 1.558			\$ 1.908							
CoCare Admin Expense				0.799			0.983							
Medicaid Premium Refunds				0.300										
Expense Additions				\$ 1.099			\$ 0.983							
Net Additions to CHE				\$ 2.657			\$ 2.891							
Net CoCare, incl Fed Programs (excluding Out-of-Pocket)				\$ 40.844			\$ 50.523							
CHE w/ ColoradoCare, incl Out-of-Pocket				\$ 41.696			\$ 52.543							
% of Colorado GDP				12.5%			14.3%							
CHE w/ CoCare, Cost per Capita				\$ 7,580			\$ 9,142							
OOP % of CHE CoCare Expense				2.1%			4.0%							
Continued Funding for Fed Programs														
Medicare				\$ (9.945)			\$ (12.492)							
Tricare				\$ (0.352)			\$ (0.419)							
Veterans Admin				\$ (0.762)			\$ (0.933)							
TOTAL Fed Programs				\$ (11.059)			\$ (13.844)							
Funds Needed for CoCare														
Medicaid Waiver				\$ 8.567			\$ 10.821							
ACA Waiver				\$ 0.600			\$ 0.735							
Out-of-Pocket with CoCare				\$ 0.852			\$ 0.942							
Out-of-Pocket for Dental							\$ 1.078							
Revenue from Premium Taxes				\$ 20.565			\$ 25.000							
Refund to Medicaid Eligibles							\$ (0.332)							
TOTAL CoCare Revenue				\$ 30.584			\$ 38.244							
Surplus/Shortfall				\$ 0.799			\$ 1.565							

# Context for Colorado Care (Amendment 69):

- Valid Source of Data
- Health Expenditures
- [Pivot Table Link - NHE](#)
- [Pivot Table Data Sets](#)
- Context of ACA
- Context of Insured
- Key Ratios:
  - % of GDP
  - Per Capita
  - Income Level
  - OOP
  - Insurance
- Timely Updates
- Authority, Reliability
- Accountability
- Same Assumptions
- Triple Aim Objectives
- Winners and Losers
- Pros and Cons
- Critical Success Factors

## National and State-level Health Expenditures:

- Single, authoritative “Valid Source of Data”
- Pivot Table Links and Hierarchy of Pivot Tables (Categories/Levels)

### NHE - National Health Expenditures

2019P (\$B)	GDP/GSP	NHE/SHE	% of GDP	Avg per Cap	Out-of-Pocket	Private Ins	Medicare	Medicaid	Other Payer	Out-of-Pocket	% Private Ins	% Medicare	% Medicaid	% Other Payer
National	\$ 21,101	\$ 4,020	19.1%	\$ 12,113	\$ 414.56	\$ 1,329	\$ 838	\$ 669	\$ 770	10.3%	33.1%	20.8%	16.6%	19.1%
Colorado, ACA	\$ 367	\$ 60.7	16.5%	\$ 10,558						10.3%				
ColoradoCare	\$ 367	\$ 50.5	13.8%	\$ 9,142						9.0%				0%
TrumpCare CO	\$ 367	??	??	??						??				
NHE - National Health Expenditures	2013A	Y2014 A	Y2015 P	Y2016 P	Y2017 P	Y2018 P	Y2019 P	Y2020 P	Y2021 P	Y2022 P	Y2023 P	Y2024 P	Y2025 P	Y2026 P
Population, USA	315,742,000	318,742,000	321,369,000	323,996,000	326,626,000	329,256,000	331,884,000	334,503,000	337,122,000	339,741,000	342,360,000	344,979,000	356,593,837	368,208,675
GDP (\$B)	\$ 16,648	\$ 17,348	\$ 17,957	\$ 18,688	\$ 19,505	\$ 20,325	\$ 21,101	\$ 21,922	22,743	23,564	24,385	25,206	26,718	28,231
GDP, Annual Growth Rate		4.2%	3.5%	4.1%	4.4%	4.2%	3.8%	3.9%	3.7%	3.6%	3.5%	3.4%	6.0%	5.7%
NHE, Total	\$2,919	\$3,080	\$3,244	\$3,403	\$3,587	\$3,785	\$4,020	\$4,274	\$4,543	\$4,825	\$5,119	\$5,425	\$5,731	\$6,037
NHE, Personal Expense	\$2,755	\$2,915	\$3,076	\$3,229	\$3,405	\$3,594	\$3,817	\$4,059	\$4,314	\$4,584	\$4,863	\$5,154	\$5,445	\$5,736
NHE, Personal Exp. as % of GDP	17.5%	17.8%	18.1%	18.2%	18.4%	18.6%	19.1%	19.5%	20.0%	20.5%	21.0%	21.5%	21.4%	21.4%
NHE, Personal Exp. per Capita	\$9,245	\$9,663	\$10,093	\$10,502	\$10,981	\$11,497	\$12,113	\$12,777	\$13,474	\$14,203	\$14,953	\$15,726	\$16,071	\$16,394
OOP as % of NHE, Personal Exp.	11.0%	11.2%	10.8%	10.6%	10.5%	10.4%	10.3%	10.2%	10.2%	10.1%	10.1%	10.0%	10.0%	10.0%
% Grwth Rate, GDP	4.2%	4.2%	3.5%	4.1%	4.4%	4.2%	3.8%	3.9%	3.7%	3.6%	3.5%	3.4%	3.4%	3.4%
% Grwth Rate, NHE, Total	3.8%	5.5%	5.3%	4.9%	5.7%	5.7%	5.7%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
% Grwth Rate, NHE, Personal Exp		5.8%	5.5%	5.0%										
NHE by Payer (\$B)	2013A	Y2014 A	Y2015 P	Y2016 P	Y2017 P	Y2018 P	Y2019 P	Y2020 P	Y2021 P	Y2022 P	Y2023 P	Y2024 P	Y2025 P	Y2026 P
NHE, Total Personal Exp	2,919.1	3,080.1	3,243.5	3,402.6	3,586.6	3,785.5	4,020.0	4,273.8	4,542.5	4,825.4	5,119.4	5,425.1	5,730.8	6,036.5
Out-of-Pocket (OOP)	\$ 339	\$ 344	\$ 351	\$ 361	\$ 376	\$ 393	\$ 415	\$ 438	\$ 463	\$ 489	\$ 515	\$ 543	\$ 571	\$ 599
Private Health Insurance	\$ 962	\$ 1,020	\$ 1,085	\$ 1,140	\$ 1,198	\$ 1,258	\$ 1,329	\$ 1,406	\$ 1,488	\$ 1,572	\$ 1,658	\$ 1,746	\$ 1,835	\$ 1,923
Medicare	\$ 586	\$ 617	\$ 646	\$ 685	\$ 728	\$ 775	\$ 838	\$ 906	\$ 977	\$ 1,054	\$ 1,135	\$ 1,221	\$ 1,307	\$ 1,393
Medicaid	\$ 449	\$ 503	\$ 544	\$ 569	\$ 599	\$ 632	\$ 669	\$ 709	\$ 750	\$ 794	\$ 841	\$ 890	\$ 939	\$ 988
Other Payers	\$ 583	\$ 596	\$ 617	\$ 648	\$ 686	\$ 726	\$ 770	\$ 816	\$ 865	\$ 916	\$ 969	\$ 1,024	\$ 1,079	\$ 1,134
% OOP	11.6%	11.2%	10.8%	10.6%	10.5%	10.4%	10.3%	10.2%	10.2%	10.1%	10.1%	10.0%	10.0%	9.9%
% Private Insurance	32.9%	33.1%	33.5%	33.5%	33.4%	33.2%	33.1%	32.9%	32.8%	32.6%	32.4%	32.2%	32.0%	31.9%
% Medicare	20.1%	20.0%	19.9%	20.1%	20.3%	20.5%	20.8%	21.2%	21.5%	21.8%	22.2%	22.5%	22.8%	23.1%
% Medicaid	15.4%	16.3%	16.8%	16.7%	16.7%	16.7%	16.6%	16.6%	16.5%	16.5%	16.4%	16.4%	16.4%	16.4%
% Other Payers	20.0%	19.4%	19.0%	19.1%	19.1%	19.2%	19.1%	19.1%	19.0%	19.0%	18.9%	18.9%	18.8%	18.8%

### Economic Analysis of Colorado Care, Amendment 69 (CoCare)

Economic Analysis Update 2019 - Ivan Miller 2015\_03

Key Factor	I Miller *					I Miller *								
	2013A	2014P	2015P	2016P	2017P	2018P	2019P	Y2020 P	Y2021 P	Y2022 P	Y2023 P	Y2024 P	Y2025 P	Y2026 P
Population, CO (CoHID)	5,280,094	5,337,094	5,418,370	5,500,883	5,581,873	5,664,056	5,747,448	5,833,660	5,921,165	6,009,982	6,100,132	6,191,634	6,283,136	6,374,638
NHE, Personal Exp. as % of GDP	17.5%	17.8%	18.1%	18.2%	18.4%	18.6%	19.1%	19.5%	20.0%	20.5%	21.0%	21.5%	21.4%	21.4%
NHE, Personal Exp. per Capita	\$9,245	\$9,663	\$10,093	\$10,502	\$10,981	\$11,497	\$12,113	\$12,777	\$13,474	\$14,203	\$14,953	\$15,726	\$16,071	\$16,394
OOP as % of NHE, Personal Exp.	11.0%	11.2%	10.8%	10.6%	10.5%	10.4%	10.3%	10.2%	10.2%	10.1%	10.1%	10.0%	10.0%	10.0%
CO GSP Gross State Product (\$B)	\$ 305.4	\$ 314.9	\$ 324.6	\$ 334.7	\$ 345.1	\$ 355.8	\$ 366.8	\$ 377.8	\$ 388.9	\$ 399.9	\$ 410.9	\$ 422.0	\$ 433.0	\$ 444.0
Co State Health Expenditures (ACA)	\$ 36.3	\$ 40.7	\$ 44.9	\$ 49.6	\$ 53.3	\$ 57.0	\$ 60.7	\$ 64.4	\$ 68.1	\$ 71.8	\$ 75.5	\$ 79.2	\$ 82.9	\$ 86.7
Co SHE (ACA), % of GSP	11.9%	12.9%	13.8%	14.8%	15.4%	16.0%	16.5%	17.0%	17.5%	18.0%	18.4%	18.8%	19.2%	19.5%
Co SHE, Cost per Capita (ACA)	\$ 6,873	\$ 7,628	\$ 8,285	\$ 9,008	\$ 9,542	\$ 10,059	\$ 10,558	\$ 11,038	\$ 11,501	\$ 11,949	\$ 12,380	\$ 12,797	\$ 13,201	\$ 13,593

**Statement by Michele Lueck, President and CEO of the Colorado Health Institute:**

“We are confident in our financial analysis of Amendment 69 and the conclusions we have drawn from it. Our findings are sound. We have identified a structural gap in the financing of ColoradoCare. Simply put, revenue will not cover expenses.”

Simply put, however, Amendment 69 is null and void if the required actuarial analysis is not viable, for example if full federal funding or state funding is not agreed. In that case, CHI analysis is redundant.

More importantly, CHI should also provide a “best-case scenario” of ColoradoCare, assuming that the trustees selected and local community leaders can better work with healthcare providers to overcome the “30-30-30 problem” of the current system, as highlighted for the 208 Commission:

- 30% cost overhead, from insurance administration complexities and requirements;
- 30% cost of unnecessary, contra-indicated or inappropriate healthcare services, or fraud; and
- 30% cost of failing to provide medically appropriate care to patients, according to best-practice guidelines.

It should be made clear, if CHI is truly independent in their analysis, that the major benefits of ColoradoCare, compared to the current healthcare system (Obamacare), will include the following:

- Healthcare costs significantly less than the 18-19% of GDP cost of the current system, as predicted by Lewin Group time and time again, which the required actuarial analysis will show.
- Employers freed from managing health care insurance for their employees, and employees are released from their “golden handcuffs”. Employers will be able to focus on their business success and employees can work without any concern for their healthcare insurance benefits, even between jobs or working at home.
- Everyone covered, no one left out. The industry associated with insurance, under-insured or non-insured virtually disappears. All the means testing and disparity analysis for the uninsured will vanish. The conversation will shift to “value-based healthcare” and metrics associated with Triple Aim (eg total population health and well-being, quality healthcare services and affordable health services for everyone).
- Pricing of healthcare services will be transparent and providers will be incentivized by various payment agreements to work together, with community stakeholders, to facilitate value-for-money.
- Quality measures will be transparent and timely, for clinically-appropriate services and outcomes, according to best-practice guidelines.
- Community leaders and stakeholders will monitor, and be accountable for, community health and well-being through the full life course, from pre-natal to death, from “womb to tomb”.

## Colorado Health Institute “Three Minute Expert”

### Additional Questions:

- If providers do not accept a negotiated payment for services, can they see patients anyway?
- What actions/policies are needed to ensure capacity and quality of healthcare providers?
- How will payments be determined, knowing that cost of resources and services have nuances?
- What is the meaning of “value-based payments” or “bundled payments”? Relate to billing.
- How will ColoradoCare integrate Kaiser (HMO model) or Medicare Advantage beneficiaries?



### How Would ColoradoCare Be Run?

**An interim board** of 15 people would be appointed by the governor and legislative leaders. The board would set up an election system and parcel the state into seven districts. ColoradoCare members in each district would vote for three members to serve on the permanent 21-member board. (Qualified voters would be any beneficiary who is at least 18 and has lived in Colorado for a year or more. They wouldn't have to be registered Colorado voters or U.S. citizens.) The board would oversee most aspects of the system and hire a senior management team. The board would have the power to decide how much providers are paid, and it would negotiate for prices on drugs and medical equipment.

“Safeguards to ensure effective Board members?”



### What Happens If Amendment 69 Passes?

**Colorado voters** will not have the last word on ColoradoCare. If the amendment passes, it would set in motion a series of decisions in Colorado and Washington. The governor and legislative leaders would appoint an interim board. The legislature would have to transfer Medicaid, roughly a third of the state budget, to ColoradoCare. The U.S. Department of Health and Human Services would have to approve waivers to transfer Medicaid and Affordable Care Act money to ColoradoCare, and the department's decision could depend on who is elected president this November. In short, ColoradoCare faces numerous steps — and potential pitfalls — before it could be launched.

“Safeguards to ensure effective implementation?”

## Additional Questions:

- How do Colorado residents access out of state providers? Emergencies and Specialties?
- Can hospitals/physicians/healthcare providers care for non-state visitors/patients? Charges?
- How do healthcare providers bill for non-ColoradoCare patients?
- How are healthcare provider charges negotiated?
- What if there are insufficient providers to obtain timely appointments? Or lacking rural services?
- Does Dept of Regulatory Affairs (DORA) still oversee/monitor/require adherence to standards?

## ColoradoCare offers more than most insurance and covers everyone.

### Your current insurance industry plan

### ColoradoCare

How comprehensive is your plan?  
Does it cover all health care needs?

**ColoradoCare** is more comprehensive than the Platinum plan on the Exchange.

Can you keep your providers if your employer changes health care plans to a different company?

**ColoradoCare** coverage is continuous, no more provider changes caused by switching insurers.

Will you keep your coverage if you get laid off, lose your job, or your company is sold?

You are always covered by **ColoradoCare** as long as you are a Colorado resident.

Is your choice of provider restricted?

**ColoradoCare** allows you to choose any primary care provider. Some primary care providers may have a limited network of specialist providers.

## ColoradoCare covers *more people than insurance industry plans.*

It is a payment system that also ensures comprehensive health care for your children, grandchildren, and parents living in Colorado, for your friends and neighbors, and for you at times of financial misfortune.



**Do the Math!**

*Most people find the Premium Tax is smaller than they thought.*

**ColoradoCare non-payroll premium calculations<sup>1</sup>** (For both individual and joint filers)

**A. Taxable non-payroll income is the federally taxable income taken from IRS form 1040<sup>2</sup>** (The federally taxable personal income from business, investments, other sources that appears on lines 8–10, 12-18, 20b, and 21)

\$ \_\_\_\_\_ A

**IF ALL TAXPAYERS ARE UNDER 55 Y/O: Premium Tax is taxable non-payroll income (A) x .10**

Premium Tax is expected to be deductible from federal income tax, but IRS has not yet ruled on this issue.

\$ \_\_\_\_\_  
Under 55 annual non-payroll Premium Tax

**FOR TAXPAYERS 55 AND OVER: Additional exemptions for taxable portion of Social Security, annuity, pension, 401(k) and IRA income.**

The Colorado income tax Pension/Annuity Subtraction<sup>3</sup> applies to the Premium Tax. You can subtract the federally taxable portion of Social Security income (line 20b Form 1040) and retirement income (which is broadly defined and includes annuity, pension, 401(k), and IRA income). You may subtract up to \$20,000/person between 55 to 64 and \$24,000/person over 65, as entered on lines 7 & 8 of the Colorado Individual Income Tax Form 104<sup>3</sup>.

**Joint filers calculate this section as two individuals.**

**Individuals 55 – 64** may subtract up to \$20,000 of their own federally taxable Social Security, annuity, pension, 401(k), or IRA income (line 7 & 8 Colorado Form 104).

– \$ \_\_\_\_\_

**Individuals 65 and older** may subtract up to \$24,000 of their own federally taxable Social Security, annuity, pension, 401(k), or IRA income (line 7 & 8 Colorado Form 104).

– \$ \_\_\_\_\_

Make the applicable subtractions from taxable income as entered at the top of the page to yield:

**B. Adjusted taxable non-payroll income if any taxpayer is over 55 y/o<sup>1</sup>**

\$ \_\_\_\_\_ B

**Premium Tax on non-payroll income is the adjusted taxable non-payroll income (B) x .10 =**

Premium Tax is expected to be deductible from federal income tax, but IRS has not yet ruled on this issue.

\$ \_\_\_\_\_  
At least one taxpayer over 55 annual non-payroll Premium Tax

**Combine W-2 Premium Tax from front of this page for total Premium Tax**

## Calculate Current vs ColoradoCare

- When Premium Tax is a [credit/exemption for individuals](#) as well as businesses?
- Health status of employees and/or family members no longer an issue to hiring?
- Freedom of employees to seek best opportunities, insurance benefits no longer an issue.
- How does ColoradoCare reconcile high-hazard occupations and business risks?

### Business Form

Employer's annual medical benefits expense

\$0.00

Annual workers' compensation insurance

\$0.00

Estimate annual expense for administering employee health care plans and the medical part of the workers' compensation system

\$0.00

Total annual payroll for employees subject to Colorado income tax withholding

\$0.00

Calculate

Clear

Current health coverage expense

\$0

ColoradoCare health coverage expense

\$0

**Annual Employer Savings by ColoradoCare vs. Current**

**\$0**

Some employers may also pay part or all of the employee's 3.33% share due to a union contract or other agreement between employer and employee.

# Appendices , 2010

**Table 1: Average and Percentile Estimates of Medicare Beneficiaries' Total Out-of-Pocket Spending on Services and Premiums, by Demographics, 2010**

	Beneficiaries		Out-of-pocket spending				
	Number	% of Total	Average	25th percentile	Median	75th percentile	90th percentile
<b>TOTAL</b>	37,582,769	100%	\$4,734	\$1,711	\$3,312	\$5,244	\$8,235
<b>Sex</b>							
Men	16,874,786	45	4,363	1,581	3,012	4,933	7,660
Women	20,707,984	55	5,036	1,819	3,550	5,459	8,636
<b>Race/ethnicity</b>							
White	29,646,586	79	5,179	2,026	3,642	5,528	8,683
Black	3,555,108	9	3,151	575	1,862	3,801	6,530
Hispanic	2,513,783	7	2,826	518	1,733	3,635	5,480
<b>Age</b>							
Under 65	6,410,667	17	3,007	437	1,826	3,898	6,463
65-74	16,125,438	43	4,020	1,753	3,179	4,955	7,427
75-84	9,991,714	27	5,245	2,274	3,868	5,687	8,536
85+	5,054,949	13	8,191	2,439	4,388	7,255	16,830
<b>Health status</b>							
Excellent	5,712,735	15	4,058	1,857	3,188	4,889	6,897
Very good	10,386,666	28	4,114	1,903	3,402	4,974	7,400
Good	11,072,707	29	4,717	1,840	3,468	5,332	7,952
Fair	6,879,881	18	5,680	1,173	3,047	5,785	10,652
Poor	3,282,052	9	5,799	929	2,963	5,902	11,822
<b>Income</b>							
Under \$10,000	4,576,593	12	2,817	186	870	3,416	6,771
\$10,000-20,000	9,318,874	25	4,467	1,050	2,581	4,705	7,441
\$20,000-30,000	6,240,589	17	5,406	2,246	3,723	5,524	8,513
\$30,000-40,000	4,957,866	13	5,273	2,275	3,799	5,368	8,922
\$40,000-50,000	3,269,558	9	4,762	2,310	3,722	5,496	7,805
More than \$50,000	9,219,289	25	5,199	2,384	3,934	5,807	8,768
<b>Type of residence</b>							
Community	35,439,416	94	3,918	1,680	3,220	4,987	7,264
Facility	2,125,088	6	18,351	3,790	10,247	25,975	46,594
<b>Number of functional impairments</b>							
No ADLs/IADLs	19,236,952	51	3,755	1,803	3,232	4,847	6,891
Only IADLs	5,238,023	14	4,338	1,495	3,205	5,100	7,446
1-2 ADLs	7,760,135	21	4,432	1,618	3,342	5,393	8,171
3+ ADLs	5,195,370	14	9,199	1,398	4,192	9,021	20,611
<b>Number of chronic conditions</b>							
None	1,762,237	5	3,229	1,255	2,127	3,610	6,004
1-2	11,491,433	31	4,251	1,526	2,959	4,706	7,414
3-4	14,635,202	39	4,852	1,899	3,530	5,288	8,259
5+	9,693,897	26	5,401	1,839	3,751	6,040	9,397

NOTE: Analysis excludes beneficiaries enrolled in Medicare Advantage plans. Functional impairments include limitations in activities of daily living (ADLs) and instrumental activities of daily living (IADLs). The count of chronic conditions includes heart condition, high blood pressure, diabetes, arthritis, osteoporosis/broken hip, pulmonary disease, stroke, Alzheimer's, Parkinson's, skin cancer, other cancer, mental disorder, and incontinence.

SOURCE: Kaiser Family Foundation analysis of the Medicare Current Beneficiary Survey 2010 Cost & Use file.

## Medicare (65yo and over):

- 10% of net income, after exemptions.
- Replaces Supplement (Avg \$4,046 value)
- Eliminates deductibles and majority of OOP
- Insurance against \$300,000 Medicare risk

## Commonwealth Fund: [The Healthcare Affordability Index](#)

*“...40% of adults with high deductibles reported not getting needed care because of their deductible...”*

### CONCLUSION AND POLICY IMPLICATIONS

The Commonwealth Fund Health Care Affordability Index indicates that one-quarter of Americans with private health insurance had premiums, deductibles, and/or out-of-pocket costs that were unaffordable in 2014 and 2015. But a larger portion of adults viewed key components of the Index—premiums and deductibles—as more difficult to afford than the Index would suggest.

Ultimately, consumers’ perceptions of cost and their understanding of their health plans are what matter most. If people believe that their deductibles or copayments are unaffordable, it will affect the way they make health care decisions. Two of five adults who had high deductibles according to our Index reported not getting needed care because of their deductible, including not going to the doctor when they were sick or delaying or not getting a follow-up test recommended by a physician. But one of five adults with deductibles that were considered “affordable” according to the Index also said they delayed needed care because of their deductible. In addition, some people seemed to be unclear about which services were free to them and which were subject to meeting a deductible limit.

Our measure of premium affordability is based roughly on the definitions of premium affordability for marketplace and employer plans under the ACA. But it is a conservative measure. For example, the Index would not identify someone with a low income as having an unaffordable premium if he or she was spending less than 7 percent of income on an employer premium, but more than they would spend if they were enrolled in a subsidized marketplace plan or Medicaid.

Perceptions of premium affordability also affect consumer behavior. A recent Commonwealth Fund survey found that 47 percent of adults in marketplace plans viewed their premiums as difficult to afford.<sup>11</sup> In addition, 57 percent of people who visited the marketplaces in the last open enrollment period but failed to sign up said they could not find an affordable health plan.<sup>12</sup> Among those who didn’t get coverage elsewhere, more than half had incomes that made them eligible for premium subsidies. Some people may not realize that they are eligible for subsidies or understand the actual costs of marketplace plans once subsidies are factored in. Others may simply view their premiums as unaffordable to them, despite what the law considers “affordable” in theory.

# ColoradoCare is Alexander's Sword over the Gordian Knot!



## David Chase, Forbes: [65X Larger Healthcare Cost](#)

David Chase, Forbes: [The Healthcare Mess](#)

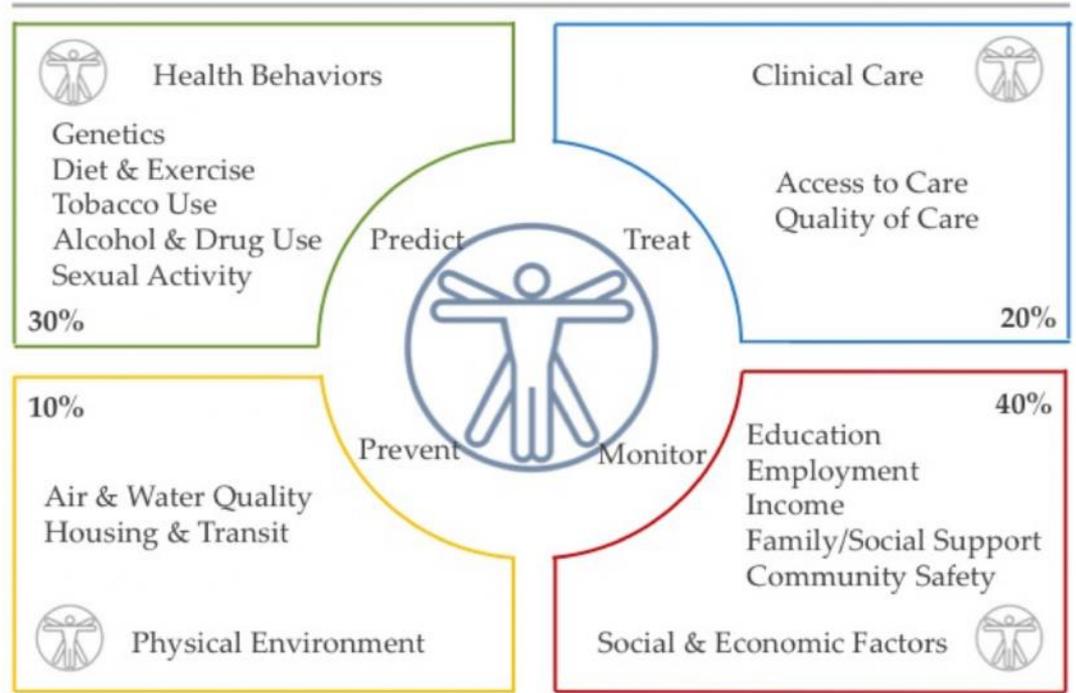
While we spend well over 80% of health-related spending on the sick care system, it only drives 20% of health outcomes. The impact of that disconnect is being felt already.

Healthcare payments visible to Becky	
Her share of insurance premiums	\$353,174
Deductibles/out-of-pocket expenses	\$97,465
Medicare taxes	\$55,831
Medicare premiums	\$63,690
	\$570,160
Healthcare payments hidden from Becky	
Employer premiums	\$957,446
Employer Medicare taxes	\$55,831
Federal taxes	\$300,588
State taxes	\$40,478
	\$1,354,586
<b>Grand total</b>	<b>\$1,924,746</b>

Bear in mind that this is actually a *conservative* projection from the status quo, as Goldhill states:

“ Now also remember that \$1.9 million was based on an assumption that health costs were somehow tamed below Becky’s income growth. In recent years, per capita health costs have actually increased 2% to 3% faster than income. If health costs grow merely equal to Becky’s income, Becky is looking at an additional \$1.3 million in expenses over her lifetime—almost \$3.2 million in total. In that scenario, Becky will contribute one out of every two cents she earns to our health care system. Does that possibility sound crazy? The growth rate is less than new government projections for the upcoming decade; the Center for Medicare and Medicaid Services (CMS) estimates health costs growing at 2% more than our gross domestic product, which means 5%. In the absurd possibility that the 5% growth rate continued, Becky would be spending roughly two-thirds of her true lifetime income (including all benefits) on health care.

The future health ecosystem will focus on the true drivers of outcomes

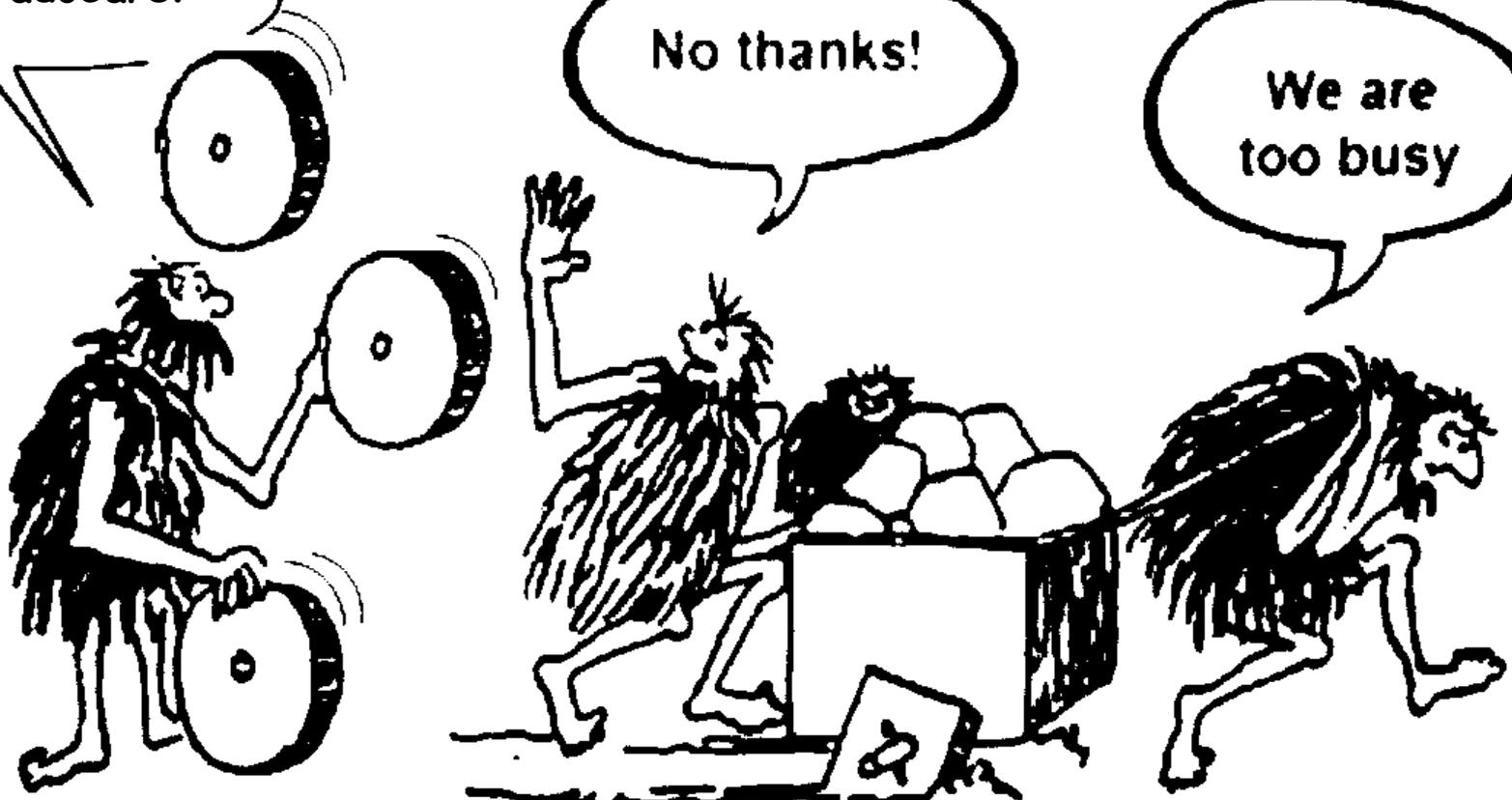


Source: *The Future of Healthcare Today*, Cascadia Capital

ColoradoCare?

No thanks!

We are  
too busy



[emPowered Decisions](#)

WISDOM - STRENGTH - BEAUTY