

12 August, 2016

Open Letter to Michelle Lueck, CEO of Colorado Health Institute (lueckm@coloradohealthinstitute.org)

Subject: "[Independent Analysis of ColoradoCare Financing](#)"

Thank you, CHI, for a noble effort to present some factual data about Amendment 69. It would have been helpful if you had published a rebuttal by the proponents of ColoradoCare. I hope that is planned.

It would also be helpful if you placed the data into a table, so that citizens and stakeholders can see the actual data as it is projected from year to year, not only for ColoradoCare, but also for HillaryCare (continuation of ACA) and TrumpCare (repeal of ACA).

The projection in CHI's analysis shows ColoradoCare, even by CHI's worst case scenario, to be the least costly, as percent of Colorado GDP. If we half the difference, the middle-case scenario, according to CHI projects 15.5% of Colorado GDP vs 17% of Colorado GDP with ACA. The economic analysis of Colorado Care, with their reasonable assumptions, is projected to reduce the cost of care to almost 14%, which is the norm for most other advanced countries in the world.

Your worst case scenario for ColoradoCare should be matched by the worst case scenario for ACA. Under the worst case scenario for ACA, National Health Expenditures as % of GDP will rise from 18% to 22% or higher. All of us will go broke under the weight of a healthcare system entangled in bureaucracy and administrative complications, the one area where ColoradoCare promises to shine.

Specifically, ColoradoCare will pull price transparency and accountability from a murky darkness. Indexing providers to a Colorado-wide chargemaster, along with quality measures, is possible with Maryland-style pricing aligned to con-current cost reporting.

Frankly, under ColoradoCare, the world of insurance gaming will vanish and focus can shift to much more actionable transparency of data and more effective collaboration for value-based decision making.

It should be noted that no one can predict perfectly the benefit package of ACA or ColoradoCare in the future. They will have to adjust the actuarial value, to use your term, according to reality. But ColoradoCare is mandated, under their waiver from CMS, to provide at least the equivalent of ACA requirements. Given the floor of benefits and the fixed premium tax of 10%, there are only two other levers, which will be the portion patients pay (deductibles and co-pays) or the prices paid to providers.

How does it work when a price ceiling is imposed on providers? Providers might close shop in Colorado and move elsewhere. Where else? When forced to choose, they are likely to cut the fat, not cut and run. Given the startling variation in payments, it is obvious there are many over-priced providers who need a shake-up. ColoradoCare will do this with a single-payer system.

Another important perspective to be acknowledged is the vague degree of under-insured risk. Under ColoradoCare, solid health insurance would no longer be a function of income or privilege.

Before doing this analysis, however, it is important to establish the baseline foundation for all the alternatives, using the best projection of Colorado GDP, Colorado Health Expenditures (CHE) and census projections, to understand the impact on CHE as a % of CoGDP, and the average CHE per Capita. When we know what it is, we can debate what it might be under different health plans.

Lastly, an analysis should be projected on who will benefit most, and least. Yes, higher income residents will pay more (10% of annual income up to \$450,000), which they can recover a portion of their greater expense through tax credits. It appears, however, that 80% of all Colorado residents and businesses will pay less under ColoradoCare than under ACA, and the quagmire of uninsurance disappears. This analysis should be undertaken by the Department of Revenue, very easy to do from state tax returns. Overall, everyone will most likely pay much less than we will with continuation of ACA, and everyone is insured. As for increased utilization expected, should result in better health, well-being and in-direct economic benefits as icing on the cake.

Hopefully, there will be a clear choice, based on reasonable assumptions and full disclosure, and not on passionate or distorted, one-sided arguments. We need a “deliberate conversation” for fair judgment at the end.

Regards,

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