Improving Health Equity:
Colorado’s 1332 Waiver and Benchmark Plan

NAIC SCORI Health Workstream
September 19, 2023

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Deputy Commissioner, Affordability Programs
Colorado Division of Insurance
Agenda

- Overview of Colorado’s 1332 Waiver
  - Reinsurance Program
  - Colorado Option Program
  - Colorado Health Insurance Affordability Enterprise
- Colorado’s Essential Health Benefit (EHB) Benchmark Plan
Colorado’s Innovative 1332 Waiver

- ACA Section 1332 State Innovation Waivers allow states to leverage federal premium tax credit (PTC) savings generated by state-based premium reduction programs.

- Colorado’s 1332 waiver premium reduction programs:
  1. Reinsurance (2020+)
  2. Colorado Option (2023+)

- Federal PTC savings (“pass-through funds”) from Reinsurance and Colorado Option are used to increase affordability and promote health equity.
1332 Pass-Through Funding

2020: $169,447,687
2021: $182,680,879
2022: $196,705,975
*2023: $245,012,430

*2023 is the first year where federal savings and thus pass-through funds are generated by both Reinsurance and Colorado Option.
Colorado 1332 Waiver History

(1) Original waiver (2019): Reinsurance only (2020-2021)

(2) Extended waiver (2021): Reinsurance only (2022-2026)

(3) Amended waiver (2022): Reinsurance & Colorado Option (2023-2027)
State Legislation

- **House Bill 19-1168: Reinsurance**
  - Established Colorado’s state-based reinsurance program, starting in 2020

- **Senate Bill 20-215: Health Insurance Affordability Enterprise**
  - Created new insurance subsidies for the individual market, to build on the ACA and extend subsidized coverage to new enrollee populations

- **House Bill 21-1232: Colorado Option**
  - Created a standardized health benefit plan to improve access, affordability, and racial health equity
Reinsurance Overview

Reinsurance Program Goals

- Reduce health insurance premiums (pre-subsidy) in Colorado’s individual market
- Reduce geographic variability in health insurance prices
- Increase health insurance market stability

How Reinsurance Works

- Pays for a percentage of the highest cost claims on the individual market, requiring carriers to reduce rates in return
- Reduces premiums and stabilize markets by reducing insurers’ costs and risk
- Invisible to the consumer, except for the lower premium price
- Premium rates are reduced more in higher cost areas of the state
$1.18 Billion Savings from Reinsurance (2020-2023)

Total Savings from Reinsurance (2020-2023): $1.18 Billion

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<th>Program Year</th>
<th>Savings</th>
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<tr>
<td>2020</td>
<td>$307,880,631</td>
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<td>2021</td>
<td>$256,274,528</td>
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<td>2022</td>
<td>$321,858,016</td>
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<td>2023</td>
<td>$294,002,640</td>
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<tr>
<td>TOTAL</td>
<td>$1,180,015,815</td>
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Reinsurance saves consumers over $100 per month (statewide average), and more in rural areas

<table>
<thead>
<tr>
<th>Premium Savings</th>
<th>Tier 1</th>
<th>Tier 2</th>
<th>Tier 3</th>
<th>State Ave.</th>
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<tbody>
<tr>
<td>2020 Savings</td>
<td>18.0%</td>
<td>23.5%</td>
<td>29.5%</td>
<td>20.9%</td>
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<td>2021 Savings</td>
<td>17.0%</td>
<td>22.9%</td>
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<td>2022 Savings</td>
<td>20.5%</td>
<td>27.4%</td>
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<td>24.1%</td>
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<td>2023 Savings</td>
<td>16.9%</td>
<td>20.2%</td>
<td>30.2%</td>
<td>19.7%</td>
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Savings for a Family of 4 (2020-2023)
Colorado Option Overview

Established through HB21-1232, the Colorado Option is designed to improve access, affordability, and racial health equity for consumers purchasing health insurance in Colorado’s individual and small group markets.
Colorado Option Overview

Creates a **standardized plan** for Colorado

- Provides first dollar coverage for certain high value benefits (i.e. primary care and behavioral health)
- Designed to reduce racial health disparities, improve perinatal care, and improve the cultural responsiveness of the provider network

Requires standardized plans to **reduce premiums**

- By 15% over three years (5% per year) beginning in 2023
- After 2025, premiums can only increase by inflation

Allows Colorado to capture federal premium tax credit savings to make **coverage more available and affordable**
Carriers are required to offer standardized plans at bronze, silver, and gold levels in counties where they offer other health benefit plans.

Consumers purchasing insurance in the individual and small group markets can purchase these new plans.

Consumers were first able to purchase during the 2023 Open Enrollment Period both on Exchange (Connect for Health CO) and Off Exchange.
In 2023...

- The CO Option brought **36 new individual plans** and **48 new small group plans** to the market and captured almost 35,000 enrollments (13% of marketplace)

- **ALL counties** in CO have Colorado Option Silver plan at or below the average silver premium in that county.

- **63 out of 64 counties** have Colorado Option Gold/Bronze plan at or below the average gold premium in that county.

- **63 of 64 counties** have 2+ carriers offering individual plans
Colorado Option: Promoting Racial Health Equity

Standardized Plan Design

Reduced Out-of-Pocket Costs for high-value services
- $0 primary care visits, non-preventive
- $0 mental/behavioral health office visits
- $0 prenatal and postnatal visits (including home visits)
- $0 substance use disorder office visits
- $0 copay for diabetic supplies, including continuous glucose monitors
- $5 copay for Diabetes Self-Management Education
- Evidence based diabetes prevention coverage
- Evidence based tobacco cessation programs
Colorado Option: Promoting Racial Health Equity

Provider Networks

The Standard Plan must have a provider network that is representative of and responsive to the community. The Standard Plan’s provider network will:

- Collect demographic data on enrollees and providers
- Include more essential community providers and Certified Nurse Midwives
- Support its non-English speaking enrollees through enhanced language access and provider directory requirements
Colorado Option: Enforcement Authority

The Division has the authority to enforce premium rate reduction targets on the Colorado Option Standardized Plan through:

- **Rate review:** the Division scrutinizes filed rates and utilizes its rate review authority to hold carriers accountable to meeting premium targets

- **Public hearings:** For plan year 2024 and beyond, the Division will hold public hearings for any carrier who has not met their premium target. The Commissioner may set rates (based on legislative floors) on providers and hospitals if it is determined that contracted reimbursement rates are a cause for the carrier missing its target
Established through SB20-215, the Health Insurance Affordability Enterprise was created to make coverage more affordable for Coloradans purchasing insurance on the individual market, including those without documentation.

The Enterprise uses 1332 waiver funds to provide state-based insurance subsidies and extend subsidized coverage to new enrollee populations.
OmniSalud Subsidy Program

OmniSalud: Health insurance plans available for purchase on Colorado Connect that Coloradans can purchase regardless of documentation status

- Colorado Connect is a new enrollment platform created for OmniSalud by the state-based exchange
- All OmniSalud plans are Colorado Option plans.
- <150% FPL qualify for $0 premium, 94% AV plans
- ~10,000 subsidized enrollees in 2023

OmniSalud will save Colorado consumers over $73 million in 2023!
OmniSalud Enrollee Feedback

“There’s not a lot of opportunities for us to get health insurance. For us, it’s a good option that OmniSalud has presented us because we really didn’t have anywhere else to go. There was no way.”

“It is very hard to manage my husband’s chronic conditions without insurance. OmniSalud has helped us find care for him, stick to one doctor, and buy his medications. We are very grateful and happy to be a part of the program.”

“It is nice to think that I will finally receive the care I need by professionals and trained people.”

“I’ve had health issues my entire life. My back, my muscles, my neck, my arms. Everything hurts. I used the Denver Health discount program...but lost it. Now I have OmniSalud and have been to the doctor and my prescriptions are covered. I want to help my community understand this program is safe.”

“I’ve been here 30 years, and it’s the first time I’ve had the opportunity.”
Funding for the Enterprise & OmniSalud

(1) **Health Insurance Affordability Fee:** Annual 1.10% fee on non-profit carriers; 2.15% fee on for-profit carriers ($110 million in 2023)

(2) **Insurance Premium Taxes:** not to exceed 10% of all Enterprise revenue collected annually

(3) **Hospital Special Assessment Fee:** $20 million collected in 2022; $20 million collected in 2023 only

(4) **1332 Waiver Funding:** portion of Colorado’s federal 1332 waiver annual pass-through funds, starting in 2023
Programs Funded by the Enterprise

(1) Reinsurance Program

(2) OmniSalud Subsidy Program

(3) APTC-Eligible Enrollee Subsidies (enhanced ACA subsidies)

(4) Enterprise and Program Administration
1332 Waiver Recap

(1) Colorado’s 1332 waiver allows the Division to save the federal government money in APTC. Colorado saves the federal government money by lowering premiums through its Reinsurance Program and Colorado Option Program.

(2) Federal savings get passed to Colorado in the form of “pass-through” funding.

(3) The Division uses this money to fund: Reinsurance, OmniSalud Subsidy Program, APTC-Eligible Enrollee Enhanced Subsidies.
Colorado Essential Health Benefit Benchmark Plan (Effective January 1, 2023):

Colorado’s updated Benchmark Plan, the insurance coverage plan used to set minimum standards for essential health benefits (EHBs) within Colorado, went into effect on January 1, 2023 for individual and small group plans. The plan includes the enhanced behavioral health coverage requirements, which were approved by the Center for Medicare and Medicaid Services in October 2021.
Essential Health Benefit Benchmark Plan

Comprehensive Gender-Affirming Care
Surgery and Hormone Therapy
Coverage Transparency Resource - Launched Jan. 2023

Annual Mental Wellness Exam
One 45-60-minute visit per plan year w/a qualified mental health care provider.

Alternatives to Opioids (ALTOs)
15 drugs as ALTOs and up to 6 acupuncture visits per year
Contact Information

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Reinsurance Website
Health Insurance Affordability Enterprise

Colorado Option Website