



750 9th Street NW
Washington, D.C. 20001-
4524

Kate Harris, Chair
Kevin Beagan, Vice-Chair
NAIC Health Care Affordability and Mitigation (B) Working Group
National Association of Insurance Commissioners
1101 K Street, N.W., Suite 650 Washington, DC 20005

Submitted via Email: Joe Touschner (jtouschner@naic.org)

RE: BCBSA Comments on Drafting Group 3: Develop State-defined Plans with Premium Reduction Targets

Dear: Ms. Harris and Mr. Beagan

The Blue Cross Blue Shield Association (BCBSA) appreciates the opportunity to provide feedback on the Develop State-defined Plans with Premium Reduction Targets Brief developed by the Health Care Affordability and Mitigation (B) Working Group Drafting Group #3.

BCBSA is a national federation of 31 independent, community-based and locally operated Blue Cross and Blue Shield companies (Plans) that collectively cover, serve, and support 1 in 3 Americans in every ZIP code across all 50 states and Puerto Rico. BCBS Plans contract with 95% of hospitals and 91% of doctors across the country and serve individuals covered through Medicare, Medicaid, employer-sponsored coverage, and the individual market.

BCBSA believes that everyone deserves peace of mind when it comes to their health care. As health care costs continue to rise, families, employers, and public programs are facing increasing financial pressure. Consumers are experiencing higher premiums, increased cost sharing, and rising out-of-pocket expenses, underscoring the need for solutions that address the underlying drivers of health care costs. BCBS companies are focused on addressing the root causes of rising costs and advancing a [roadmap](#) that could reduce health care costs by nearly \$1 trillion over 10 years through targeted reforms designed to improve affordability and promote a more sustainable health care system.

Given this commitment to improving health care affordability, BCBSA appreciates the Working Group's efforts to develop issue briefs that serve as educational resources for regulators and policymakers. These resources provide a valuable overview of policy approaches being considered and implemented across states and can help inform ongoing discussions regarding strategies to improve affordability and access to coverage. BCBSA believes the briefs will be a useful resource for regulators seeking to better understand the range of state policy options, as well as the opportunities and tradeoffs associated with different approaches. BCBSA looks forward to working with the Working Group as it continues its examination of policies that can support affordable, high-quality health coverage and care.

As the Working Group continues to refine these resources, BCBSA encourages the adoption and maintenance of a standardized format across the issue briefs. A consistent structure, including the presentation of state examples, discussion of policy considerations, evaluation of available evidence, and identification of legal, operational, and implementation considerations, would strengthen the briefs and make it easier for regulators and other stakeholders to compare approaches across topics. In addition, BCBSA agrees with recommendations offered by our consumer representative colleagues that each brief clearly articulate the affordability challenge it is intended to address and explain how the featured state approaches are designed to respond to that challenge. Providing this context would enhance the educational value of the briefs and help readers better understand the relationship between specific policy interventions and affordability objectives.

BCBSA also encourages the Working Group to maintain the briefs as neutral educational resources consistent with their stated purpose. The briefs are most effective when they provide an objective assessment of state approaches, including implementation experiences, operational considerations, potential benefits and drawbacks, and any available evidence regarding outcomes. Because states face differing market dynamics, regulatory frameworks, and affordability challenges, the briefs can serve as a particularly valuable resource when they present information in a balanced and non-prescriptive manner, enabling regulators and policymakers to evaluate policy options within the context of their own markets.

Finally, we recommend that the briefs consistently identify when a highlighted policy, law, or regulatory approach is subject to ongoing litigation, legal challenge, enforcement stays, or other significant legal uncertainty. Providing this context is particularly important where legal proceedings may affect implementation, enforceability, or the ultimate viability of a policy approach. Including such information would help ensure regulators receive a complete and balanced understanding of the policy landscape and avoid inadvertently presenting unsettled approaches as established best practices.

In addition to the overarching comments outlined above, BCBSA has provided attached redlines and document-specific comments for the Working Group's consideration. These recommendations are intended to improve consistency across the briefs, enhance contextual information, support the briefs'

educational purpose, and ensure that relevant implementation and legal considerations are presented in a balanced manner.

Thank you for the opportunity to provide feedback. We appreciate the Working Group's continued efforts to develop these resources and look forward to continued engagement as the briefs evolve. If you have any questions or would like additional information, please contact Randi Chapman at randi.chapman@bcbsa.com.

Sincerely,

A handwritten signature in dark ink, reading "Clay S. McClure". The signature is written in a cursive, flowing style.

Clay S. McClure, BCBSA
Senior Director, State Affairs

NAIC Health Care Affordability and Mitigation Working Group: Develop State-defined Plans with Premium Reduction Targets

The Health Care Affordability and Mitigation Working Group Briefs are intended to be short, informative briefings for regulators and policymakers on various affordability efforts states have undertaken in recent years to help make health insurance more affordable. They are intended to be high-level and not an exhaustive resource on each issue. They also do not represent policy positions of the NAIC, a given state, author, or workgroup member.

Overview

Contributors

Contributor(s)	Title(s) of Contributor(s)	State(s) of Contributors
Kevin Beagan	Deputy Commissioner, Health Care Access Bureau	Massachusetts
Cara Libman	Senior Regulatory Policy Advisor to the Commissioner	Massachusetts
Alexandria Peck	Chief Deputy Commissioner of Compliance and Actuarial Services	Indiana
Lindi Swartz	Director- Accident and Health Rate and Policy Form Review	Pennsylvania
Carlos Valles	Special Aide	Puerto Rico
Joylynn Fix	Director, Life & Health Division	West Virginia

Executive Summary

States are adopting a variety of strategies to improve health insurance affordability, including public option models with premium reduction targets, mandate-lite plans with fewer required benefits, and limited- or tiered-network products that lower costs

through more efficient provider networks. States such as Colorado, Nevada, and Washington have pursued public option approaches, while Florida, Kansas, Louisiana, and Texas have expanded lower-cost mandate-lite options, and Massachusetts has emphasized market-based plan designs that provide premium discounts through limited networks and lower-cost sites of care. These approaches illustrate the range of policy options states are using to lower premiums while balancing affordability, consumer choice, and access to care. Ongoing evaluation will be important to understand which approaches most reliably deliver durable premium reductions.

Commented [A1]: We recommend this addition to acknowledge that early implementation results have varied across states and approaches.

States with the Policy

State	Implementation Date	Key Variations/Notes
Colorado	February 28, 2022	Public Option - Private/Public Partnership: Requires all insurers offering coverage through its marketplace to include a public option that follows state guidelines. The state set premium reduction targets of 5% a year for three years beginning in 2023. The Colorado Option includes a methodology for premium-reduction targets that requires plans to lower premiums by 10% in 2024 (compared with 2021 plans) and by 15% in 2025. These requirements are accompanied by an enhanced rate review process that requires insurers to notify the Division of Insurance whether their plans meet premium rate reduction targets each year. If not, the insurers must explain why and, if applicable, identify any health care provider that they assert is causing their inability to meet the targets.

State	Implementation Date	Key Variations/Notes
Florida	July 1, 2008	Mandate-lite Products: “Cover Florida Plan” is a consumer choice benefit plan approved under this section which guarantees payment or coverage for specified benefits provided to an enrollee. 408.9091
Kansas	July 1, 2013	Mandate-lite Products: Defines and allows “Mandate-Lite” policies. Insurers can offer these at lower prices, provided buyers sign a notice acknowledging which benefits are missing. KS Stat § 40-2,192 (2024) Insurers must give you a written list of the mandates they are leaving out so you know exactly what you are buying.
Louisiana	August 15, 2023	Mandate-lite Products: “Flexible health benefit plans” plans are state-approved policies that do not include all state-mandated health benefits. These are budget-friendly policies that bypass state-mandated coverage rules, allowing for lower premiums at the cost of reduced benefits. By opting out of certain mandated services, these flexible plans offer more affordable options for small business employees and individuals who might not need comprehensive, major medical care. RS 22:1048

State	Implementation Date	Key Variations/Notes
Massachusetts	Limited-network: April 1, 2013; Site of Service: November 24, 2023	Limited-network or tiered-network plans costing 14% less than full-network plan: Requires commissioner of insurance to annually determine a base premium rate discount of at least 14 per cent for the reduced or selective or tiered network plan compared to the base premium of the carrier's most actuarially similar plan with the carrier's non-selective or non-tiered network of providers. Site of Service Plans: Requires if a Carrier offers a Site of Service Plan, the Carrier must prominently and clearly specify on the cover of the Evidence of Coverage and related promotional materials that care delivered by certain Network Providers or at certain Network locations may only be available when deemed medically necessary for the patient's condition. In addition, prior to offering Site of Service Plans, the Carrier is to provide notice to covered members and to Network Providers prior to the Site of Service Plan being issued or renewed
Minnesota	January 1, 2027 or upon receiving federal approval	Proposed Public Option - Private/Public Partnership: Would create a MinnesotaCare Public Option administered through the existing MinnesotaCare program. ItMinnesota has considered legislation that would allow individuals

State	Implementation Date	Key Variations/Notes
		not otherwise eligible for MinnesotaCare to purchase through MNsure, regardless of traditional MinnesotaCare eligibility. Implementation would require additional legislative authority, for Minnesota to obtain a federal Section 1332 waiver, and resolution of significant financing and market-design questions before implementation.
Nevada	January 1, 2026	Public Option - Private/Public Partnership: The Battle Born State Plans Program operates through private-public partnerships and requires participating carriers to offer premiums that are at least 15% lower than standard benchmark plans, while providing all standard ACA-required benefits. The only difference between the Battle Born plans and others is they must meet premium reduction targets, with the goal of lowering overall health insurance costs. Insurance carriers offering the plans are required to align their networks with Medicaid managed care networks to ensure sufficient access to care. To meet the required targets, officials with the Nevada Health Authority said carriers have two options: One is to reduce administrative costs, such as salaries, overhead, and broker costs, and the other is to reduce medical costs, such as provider reimbursements.

Commented [A2]: The current table groups Minnesota with Colorado, Nevada, and Washington in a way that may suggest comparable implementation status. Clearly distinguishing proposed from enacted programs would improve accuracy and prevent misinterpretation by those using this brief as a reference.

Alternatively, we recommend that removal of this entry be considered, given this is only a proposal at this stage.

State	Implementation Date	Key Variations/Notes
Texas	September 1, 2003	<i>Mandate-lite Products:</i> "Consumer Choice" health plans are state-approved policies that do not include all state-mandated health benefits. Insurers offer these to lower monthly costs. In exchange, you get fewer covered benefits, higher deductibles, or visit limits. By Texas law, any company selling a Consumer Choice plan must also offer you a standard, state-mandated plan. 28 Tex. Admin. Code § 21
Washington	November 1, 2020	<i>Public Option - Private/Public Partnership:</i> Required the state Health Care Authority, in consultation with other agencies, to provide state-designed plan (Cascade Select) offered by private insurance companies for purchase through the marketplace. Washington enacted legislation in 2021 changing provider participation requirements and capping provider payments at 160% of Medicare rates. The state's public option plan rates will increase by 5% in 2024, compared with an 8% for nonpublic option plans.

Premium Impact and Savings Analysis

[Brown University's School of Public Health](#) researched Colorado Option plan and their analysis compared premiums across different states. The researchers found that the addition of Colorado Option plans to the individual market led to premium reductions of over \$100, even for non-Option plans. Additionally, in a [Mathematica](#) study of Colorado Option, marketplace

consumers who selected Colorado Option plans paid lower premiums than consumers in non-Colorado Option plans. For example, the average Bronze premium paid between 2019 and 2022 by consumers who later enrolled in a Colorado Option was \$426, compared to \$452 among consumers who never enrolled into a Colorado Option. Consumers who eventually enrolled in a Colorado Option plan may be more price sensitive or may have different characteristics than those who do not enroll in Colorado Option plans (for example, age or location within the state). Other peer-reviewed research has found more limited results, including studies finding that Colorado and Washington fell short of their premium reduction targets in early implementation years, and that a significant share of premium savings in Colorado's individual market may be attributable to its concurrent reinsurance program. The role of concurrent state initiatives should also be considered when evaluating observed premium outcomes.

Brief write up

States are increasingly pursuing innovative strategies to improve the affordability of health insurance by establishing state-defined health plans with premium reduction targets or by authorizing lower-cost alternative coverage options. These approaches generally fall into three categories: 1. public option models administered through public-private partnerships that establish premium reduction targets and standardized benefit designs, 2. mandate-lite products that allow insurers to offer plans with fewer state-mandated benefits in exchange for lower premiums, and 3. limited- or selective-network products that reduce costs by directing enrollees to more efficient provider networks or sites of care.

Public option models adopted in states such as Colorado, Nevada, and Washington seek to reduce premiums while maintaining Affordable Care Act (ACA) benefit standards through enhanced regulatory oversight, standardized plan designs, and premium reduction targets. Colorado's program, for example, established phased premium reduction goals accompanied by enhanced rate review and reporting requirements, while Nevada requires participating carriers to offer plans at least 15 percent below benchmark premiums through a combination of administrative efficiencies and provider payment strategies. Minnesota has also considered legislation to implement a public option.

Other states have focused on expanding consumer choice through mandate-lite plans, which permit insurers to offer products that exclude certain state-required benefits in exchange for lower premiums. Florida, Kansas, Louisiana, and Texas have adopted variations of this approach, generally requiring clear consumer disclosures regarding omitted benefits so purchasers understand the tradeoff between lower premiums and reduced coverage. States should also consider the potential for adverse selection in markets where mandate-lite products operate alongside comprehensive coverage options, as healthier enrollees may disproportionately select lower-benefit plans, with corresponding effects on risk pool composition and premiums in the broader

Commented [A3]: We recommend this addition as independent peer-reviewed research and state progress reports document more limited results, including non-compliance with premium reduction targets in both Colorado and Washington, and questions about the independent contribution of the public option relative to concurrent reinsurance programs. Where multiple programs are in effect simultaneously, attributing premium reductions solely to the public option structure may overstate its independent contribution.

market.

Massachusetts has pursued affordability through market-based plan design by requiring carriers to offer limited- or tiered-network products with meaningful premium discounts compared to comparable full-network plans and by establishing standards for site-of-service plans that encourage the use of lower-cost care settings while maintaining transparency for consumers.

Collectively, these state initiatives demonstrate a range of policy tools available to address health insurance affordability while balancing consumer protections, market competition, provider participation, and access to care. Although the approaches differ in design and implementation, they share the common objective of reducing premium costs and expanding access to affordable health coverage. Importantly, a premium reduction target establishes an intended insurance-price outcome but does not, by itself, reduce the underlying cost of medical care. State insurance rate review has long recognized that premiums must reflect expected claims and expenses and be adequate to support the insurer's obligations to policyholders, while also guarding against rates that are excessive or unfairly discriminatory. Premium affordability objectives therefore should be considered together with the health care costs that premiums must finance and the mechanisms used to achieve any required reductions.

Commented [A4]: We recommend including this as noting this dynamic would give regulators a more complete picture of the market stability implications of these approaches.

Commented [A5]: We recommend this addition as premium reduction is one measure of affordability but not the only one. Each of the approaches described in the brief involves tradeoffs that affect consumers' total cost of care. Further, we believe noting the importance of ongoing monitoring would be useful to include. Several of the programs described are still in early implementation stages, and a number of key questions must continue to be evaluated.

Sources

Select statutes and regulations in states identified in the brief.

Further Reading

[Roslyn Murray, Christopher M. Whaley, "Can Public Option Plans Improve Affordability? Insights From Colorado," Health Affairs Forefront, 2025.](#)

Evaluates the Colorado Option as a public-option-style plan designed to reduce premiums.

[Roslyn Murray, Christopher M. Whaley, "Estimating the Individual Market Premium Impacts of the Colorado Option," Brown CAHPR, 2025.](#)

Empirical report estimating premium effects of the Colorado Option.

[Roslyn Murray and Christopher M. Whaley, “Assessing Individual Market Hospital Outpatient Prices in the Context of the Colorado Option,” Brown CAHPR, 2025.](#)

Looks at whether Colorado Option regulatory tools affected hospital outpatient prices.

[Andrew Shermeyer, “Affordability Trade-Offs Following a Public Option: Learning From the Colorado Option,” Health Affairs Scholar, 2025.](#)

Peer-reviewed article on the Colorado Option’s affordability effects and tradeoffs.

[Mathematica, “Analysis of the Colorado Option, Pursuant to § 10-16-1310, C.R.S.,” 2026.](#)

State-required evaluation of the Colorado Option, including premium-reduction targets and public-hearing enforcement.

[Georgetown CHIR, “Colorado Announces Premium Rate Reduction Targets for Public Option Plans,” 2022.](#)

Explains the 5%, 10%, and 15% premium-rate-reduction target methodology.

[Commonwealth Fund, “Update on State Public Option-Style Laws: Getting to More Affordable Coverage,” 2022.](#)

Comparative policy brief covering Colorado, Nevada, and Washington public-option-style laws.

[Commonwealth Fund, “State Public Option-Style Laws: What Policymakers Need to Know,” 2021.](#)

Policy brief comparing state public-option-style approaches, including premium targets.

[Commonwealth Fund, “State Public Option Plans Are Making Progress Reducing Consumer Costs,” 2023.](#)

Tracks early Colorado Option premium performance.

[Common Sense Institute, “Inflation and the Colorado Option Plan,” 2022.](#)

Analysis of Colorado’s premium-reduction targets and allowable growth cap.

[CMS, “Nevada: State Innovation Waiver under Section 1332 of the ACA,” 2025.](#)

Federal fact sheet on Nevada’s Battle Born State Plans, including premium-reduction requirements.

[Georgetown CHIR, “Nevada Actuarial Study Projects Significant Savings from Public Option Plans,” 2022.](#)

Summarizes actuarial projections for Nevada’s public-option design.

[Manatt Health, “Senate Concurrent Resolution No. 10 Study,” Nevada, 2021.](#)

Nevada public-option feasibility study that informed later policy design.

[Aditi P. Sen et al., “Participation, Pricing, and Enrollment in a Health Insurance ‘Public Option’: Evidence From Washington State’s Cascade Care Program,” Milbank Quarterly, 2021.](#)

Peer-reviewed study of Washington’s Cascade Care public option.

[United States of Care, “State Public Health Insurance Options: A Comparison,” 2024.](#) Comparative chart covering Colorado, Nevada, Washington, and Minnesota.

[The Century Foundation, “How to Create a Public Health Insurance Plan: Lessons From States,” 2025.](#)

Policy report comparing state public-option designs and lessons.

[California Health Care Foundation, “State Public Options: Comparing Models Across the Country,” 2021.](#)

Comparative overview of state public-option models.

[Jodi L. Liu et al., “Effects of a Public Option on Health Insurance Costs and Coverage,” RAND, 2020.](#)

Modeling study of how a public option could affect premiums, coverage, and federal spending.

[Jodi L. Liu et al., “Public Options for Individual Health Insurance,” RAND, 2020.](#)

Full RAND report behind the public-option modeling.

[Linda J. Blumberg et al., “Estimating the Impact of a Public Option or Capping Provider Payment Rates,” Urban Institute, 2020.](#)

Modeling paper on public option and provider-payment caps.

[Linda J. Blumberg et al., “Is There Potential for Public Plans to Reduce Premiums of Competing Insurers?” Urban Institute, 2019.](#)

Examines whether public plans could create premium spillovers in private markets.

[Lanhee J. Chen, “Early Lessons From State-Based Public Option Plans,” JAMA Health Forum, 2024.](#)

Peer-reviewed analysis of early implementation years in Colorado and Washington.

[Georgetown CHIR, “A Progress Report on Washington’s Public Option Plans,” 2023.](#)

Field Code Changed

Tracks early implementation experience of Washington’s Cascade Care public option.

Daniel Polsky, Bochuan Wu, “Provider Networks and Health Plan Premium Variation,” Health Services Research, 2021.

Peer-reviewed study examining the relationship between network breadth and premium variation on ACA marketplaces.

Justin Giovannelli et al., “The Benefits and Limitations of State-Run Individual Market Reinsurance,” Commonwealth Fund, 2020.

Reviews the track record of state reinsurance programs in reducing premiums and stabilizing individual markets.

Commented [A6]: We recommend including these entries as they provide further balance to the set of resources.

Commented [A7]: The Further Reading list focuses mostly on public option literature. Adding a reinsurance-focused entry would give readers a more complete view of the state affordability strategies available under existing federal authority.