

Colorado's Section 1332 State Innovation Waiver Amendment

Colorado Division of Insurance

Michael Conway, Commissioner

August 10, 2022

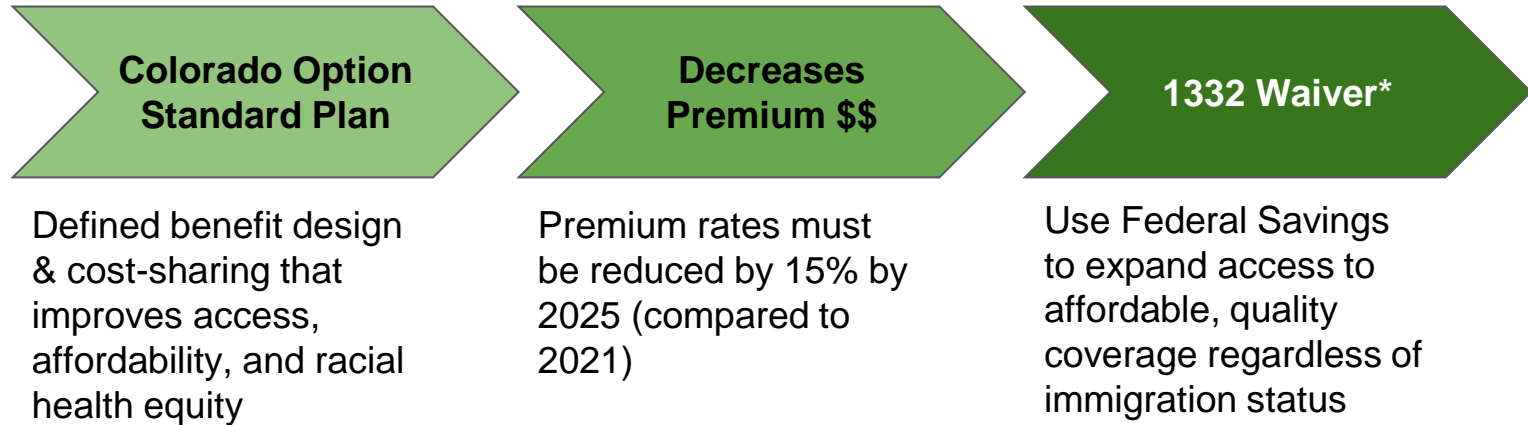


COLORADO
Department of
Regulatory Agencies
Division of Insurance

CO's commitment to affordability

2019	2020	2021	2022
<p>1332 Reinsurance Waiver Approved</p> <p><u>HB19-1168</u>, was passed which established a two-year reinsurance program for 2020 and 2021.</p> <p>Federal government approves CO's reinsurance 1332 Waiver.</p>	<p>State-Subsidy Program established to lower premiums & OOP costs</p> <p>Reinsurance Program reduced health insurance premiums on the individual market by a statewide average of 20%.</p> <p>SB20-215 established an enterprise to administer a health insurance affordability fee to fund measures to reduce consumer costs.</p>	<p>Reinsurance Waiver <u>Extended</u> & Request for Waiver <u>Amendment</u> Submitted</p> <p>Reinsurance 1332 Waiver Extension approved.</p> <p>HB21-1232 was passed implementing the CO Option.</p> <p>1332 <u>Amendment</u> submitted to incorporate the CO Option</p>	<p>Waiver Amendment Approved</p> <p>1332 Amendment approved to incorporate the premium reductions of the CO Option</p> <p>1332 Reinsurance and CO Option waiver in effect through 2027</p>

The CO Option builds on our commitment to reduce consumer costs



*HB21-1232 grants the Division of Insurance with the authority to submit a ACA Section 1332 State Innovation Waiver

Our 1332 Waiver amendment goals



Control health care costs and support coverage by reducing health insurance premiums



Utilize pass-through funding derived from the waiver to **support state-based subsidies** for health insurance affordability and access

Our waivable provisions

- We amended our existing 1332 Reinsurance Waiver to account for the CO Option Program
 - Continued waiver of Section 1312(c)(1) – Single Risk Pool – for the purpose of supporting and continuing reinsurance program;
 - New waiver of Section 1312 (c)(1) and Section 1312(c)(2) – Single Risk Pool/Plan Level Adjustments to the index rate – for the purpose of supporting the premium reduction requirements of the CO Option in the individual and small group markets.

Our key features

- Approval allows for the full implementation of the CO Option by authorizing the premium rate reductions in law (HB21-1232)
- These reductions, in addition to our reinsurance program, create significant savings in premium tax credit expenditures for the federal government
- The pass-through funding attributable to the reinsurance program will continue to be used to support the reinsurance program (paying claims)
- The pass-through funding attributable to the Colorado Option will be used to support expanded health insurance affordability programs

Calculating impact

To calculate the impact of our waiver amendment our actuarial analysis, at a high level, covers the following steps:

1. Determine **baseline** (Colorado's insurance market without Reinsurance and without Colorado Option)
2. Determine **impact of Reinsurance** program
3. Determine **impact of Colorado Option** program
4. Determine **impact of Reinsurance + Colorado Option** programs

Waiver impact summary

Guardrail	Effect of Waiver
Coverage	<i>Increase in enrollment.</i> By 2027, estimated to increase enrollment by 15% relative to baseline (11.5% relative to current Reinsurance waiver)
Affordability	<i>Increase in affordability.</i> By 2027, estimated to decrease premiums by 32% relative to baseline (or a decrease of 13.7% relative to current Reinsurance waiver).
Comprehensiveness	<i>No change</i> to Essential Health Benefits
Deficit Neutrality (5-year)	<i>Federal savings between \$213.8 million and \$367.6 million</i> in each year of the 5-year window, <u>for total savings of \$1.5 billion.</u>
Health Equity	Coloradans of color are more likely to be uninsured than white Coloradans. Reductions in the number of uninsured will <i>disproportionately assist those communities experiencing inequities.</i>

How we will use pass-through dollars

- **Reinsurance** to reduce Coloradans premiums
- State-based subsidies for consumers
 - In 2023, **Cost-sharing Wrap** increases cost-sharing reductions (CSRs) for On-Exchange consumers between 151%-200%FPL (87% AV < 94%AV)
 - **Premium Reduction** allows low income Coloradans ineligible for federal tax credits to enroll in a \$0 Premium, 94% AV Colorado Option Plan.

How we enforce the premium targets

The Division of Insurance has the authority to enforce the premium rate reduction targets on the Colorado Option plan through:

- **Rate review:** the Division will scrutinize filed rates and utilize 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



Questions?



COLORADO
Department of
Regulatory Agencies
Division of Insurance

Impact on Coverage, Affordability & Deficit Neutrality

	2023	2024	2025	2026	2027
Effect of waiver relative to baseline (Reinsurance Program + Colorado Option)					
Premiums	-22.3%	-27.4%	-32.1%	-32.1%	-32.1%
Individual Enrollment	4.1%	9.6%	14.9%	15.1%	15.1%
Federal Savings (\$ millions)	\$213.8	\$277.3	\$341.5	\$347.8	\$367.6
Effect of amendment relative to current waiver (Colorado Option only)					
Premiums	-1.3%	-7.8%	-13.8%	-13.6%	-13.7%
Individual Enrollment	0.8%	6.3%	11.6%	11.2%	11.5%
Federal Savings (\$ millions)	\$13.3	\$76.3	\$137.8	\$139.5	\$147.9