

- Welcome – thank you for attending. My name is Jeff Bontrager, I’m the Director of Research on Coverage and Access at CHI.
- I’m really pleased to be presenting with former Colorado House Majority Leader Representative Stephens. (Representative Stephens introduces herself).
- I’ve now been at CHI for 12 years and I’ve focused a lot on health insurance policy.
- One of the more interesting developments over my tenure has been on the advent of the health insurance marketplace, which I will be referring to as the exchange in my remarks.
- Colorado’s exchange is called Connect for Health CO, of course, which was authorized by the Affordable Care Act (ACA), created by state legislation and is the state’s online marketplace where consumers can shop for insurance.
- I’m going to show you a picture and I want you to say what year it happened in.

## What's Happening in This Picture?



- What's happening in this picture? (Answer: The Governor signing of SB11-200, which created the Colorado Health Benefits Exchange.)
- When did it happen? (Answer: The bill was signed on June 1, 2011.)

A lot has happened since then.

Most recently, there has been good news for the exchange.

## The Good News...

Reported Exchanges

### Business is brisk on Colorado's health exchange so far

By Mark Brohan - November 16, 2016 90

### State Health Insurance Marketplace Sees Spike In Signups

BY JOHN DALEY ON 11/16/2016 - 4:33PM



OPERATIONAL SCENARIOS  
PROS AND CONS


colorado health  
INSURANCE

2016 HOT ISSUES IN HEALTH CARE

#HHC16

- Connect for Health CO has seen an increase in enrollment of about 23% over this time last year.
- All in all, about 175,000 Coloradans purchased 2016 coverage through CFHC and paid their premiums.
- And the exchange has put a plan for financial sustainability into place.
- There's also been some bad news...

## ...the **Bad News**

 Coloradans can expect higher premiums, fewer choices as open health care enrollment season begins

By: [Jakob Rodgers](#) · October 31, 2016 · Updated: October 31, 2016 at 10:02 pm

### **Reaching and Enrolling Hard-to-Reach Coloradans**

Young Invincibles and Seasonal Workers  
Adrienne Christy, Certified Health Coverage Guide

### **Health insurance costs going up as open enrollment begins soon**

POSTED 5:16 PM, OCTOBER 25, 2016, BY [SHAUL TURNER](#), UPDATED AT 05:49PM, OCTOBER 25, 2016

Or maybe I should say challenging news.

- On net, fewer carriers are offering plans on the exchange in 2017.
- It continues to be challenging to enroll young and healthy Coloradans.
- And we've all heard about the increase in health insurance premiums.

## Uncertain News for the Exchange: The 2016 Election



And that was prior to the election.  
There's now a lot of uncertainty about the future of the exchange in a Trump administration.

## Guiding Question for Today's Session

### What is the Prognosis for Colorado's Health Insurance Exchange?

#### Jeff's Prognosis:

- In the short-term, stable.
- In the longer term, poor, or at least uncertain.



- So I've put forward a provocative question for our session today.
- "What is the prognosis for CO's health insurance exchange?"
- This is how I've set up the session: I'm going to give you my response to that question and set forth arguments for why I came to my conclusion.
- You don't have to agree with me.
- I've invited Representative Stephens to respond to my arguments for a few minutes and present her own perspective.
- I'd be remiss to not acknowledge that we are joined today by staff of Connect for Health CO. I'll also invite them to respond to Representative Stephens and my comments for a few minutes as well.
- We'll have one or two times where we'd like to hear your perspective, but I've also saved about 15 minutes at the end of the session. I hope we can have a healthy discussion.
- I'd ask that you keep your questions until the end of the session. Jot them down as we go.
- And I apologize in advance if I table a question or discussion in the interest of time.
- So back to my prognosis. Based on my analysis of the available information, my prognosis is that the exchange will be stable over the next year or two.
- But it has a poor prognosis – or at least an uncertain prognosis – after that.

- And here are three reasons why I came to that conclusion that I'd like for you to go away with today.



## Three Takeaways

- 1 Decisions affecting the exchange's future will shift to the federal level.
- 2 The exchange has a mixed track record on meeting expectations.
- 3 Many market factors are beyond its control.

- My first argument is that decisions that are affecting the exchange's future are shifting from state and local decisions to federal decisions, at least in the short term.
- Second, although 175,000 Coloradans have used the exchange to purchase health insurance, it still has a mixed track record on meeting original expectations.
- Which leads to my final point which is that there are many market forces beyond its control and some of these expectations may have been unrealistic.
- Remember, you don't have to agree with me.
- So I'm going to go through each of these.



# **1. Decisions Affecting the Exchange's Future Will Shift to the Federal Level**

My first argument is that decisions affecting the exchange's future are shifting to the federal level.

## Who Makes the Decisions?



Federal Government



State Government



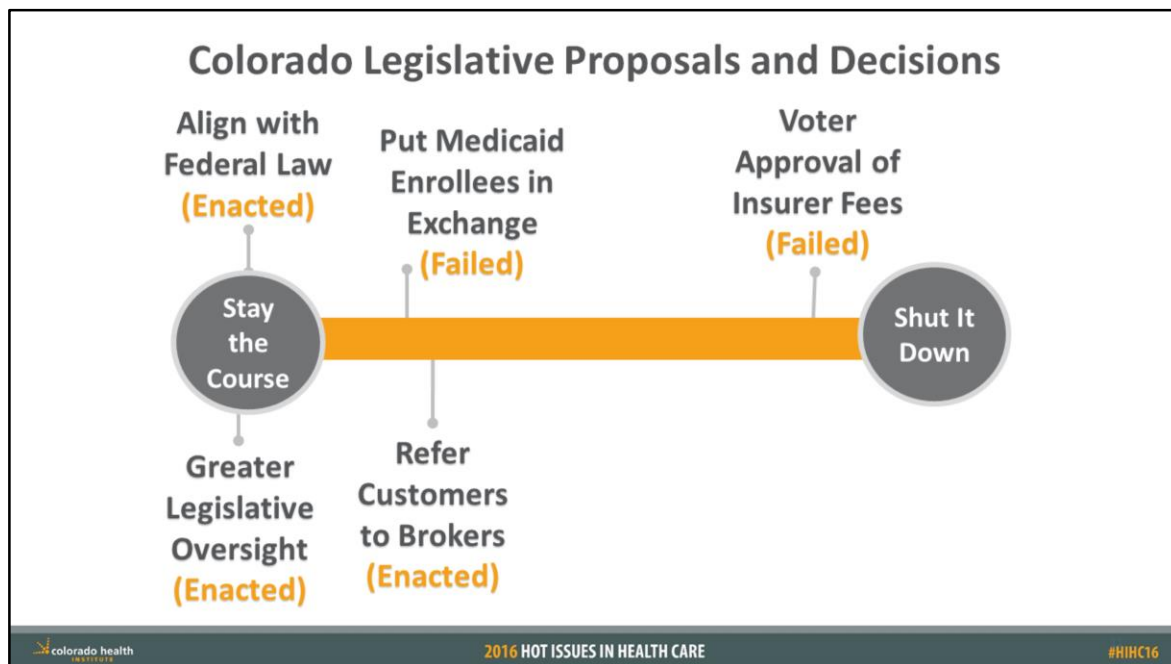
The Exchange

- The first thing to know about this is that after Colorado established its own exchange, decisions about the direction of the exchange have largely fallen to the exchange Board and staff, and state government.
- This includes everything from hiring the CEO to applying for federal grants to decisions about the fees that are assessed.
- A unique characteristic of CO's exchange is the accountability to an oversight committee in our state legislature.
- There have been a slew of legislative proposals over the past few years that affect the exchange's future.
- I'd put these decisions on a continuum.

## The Policy Discussion Prior to the Election



I've outlined the continuum, with "stay the course" on the left and "shut the exchange down" on the right.



- Here are some examples of proposals and decisions made by the Colorado legislature.
- Everything from greater alignment with federal law and legislative oversight – which both passed – to enrolling Medicaid Members in exchange plans – which failed.
- We also saw legislation pass earlier this year that promoted greater use of independent health insurance brokers.
- Finally, legislation was introduced (and didn't pass) that would have put the question of raising fees on insurers to a vote of the people. This measure was widely perceived as a threat to CFHC's sustainability plan, which is why I put it on the right side.
- Two takeaways: first, I believe that it's important to understand what decisions have already been made to inform the future.
- Second, I wanted to demonstrate the array of proposals from state legislators that affect the exchange.

## Who Makes the Decisions?



Federal Government



State Government



The Exchange



- Now with the change in administration, the locus of control is shifting to the federal government.

## Policy Discussions in the Future



- The preeminent decision is the repeal of the ACA, given that Republicans in both houses of Congress and the new administration have made this a top priority.
- A repeal of certain provisions of the ACA is more likely, rather than the full law. (Which is why I put the arrow slightly to the left of full repeal.)
- The president-elect has spoken recently about retaining some of the more popular provisions of the ACA.
- And Republicans don't have enough seats in the Senate to prevent a likely Democratic filibuster.



Washington Post

## Budget Reconciliation Could Eliminate:

- ✓ Subsidies to purchase insurance
- ✓ Tax penalties for the uninsured
- ✓ Taxes created to fund the ACA

- Here's a picture of Ted Cruz filibustering in 2013.
- Does anybody remember what he was filibustering? (Answer: Obamacare)
- How long did he filibuster? (Answer: 21 hours and 19 minutes).
- Anyway, because of the Democrats' ability to filibuster, Republicans are likely to repeal certain aspects of the ACA through a process called budget reconciliation.
- Here are some of the provisions that were eliminated in last year's budget reconciliation bill that President Obama vetoed, including:
  - Subsidies to purchase insurance.
  - Tax penalties for the uninsured.
  - Taxes created to fund the ACA.
- Funding for the Medicaid expansion was also on the list, by the way.
- The take-away is that this does not bode well for Connect for Health Colorado, since it relies on these mechanisms – particularly the first two – to encourage people to purchase insurance.

## Another Option: Quit Defending the ACA in Court

House v.  
Burwell



- The second and lesser known decision that the Trump administration will have is whether to quit defending the ACA in court.
- In particular, this is important in the House v. Burwell case in federal court which has considered the legality of financial assistance available to exchange enrollees to help with their deductibles.
- The latest development in this is that, last week, D.C. Circuit Court of Appeals granted a delay sought by the House of Representatives until after President-elect Trump takes office.
- This case is important to watch because it has the potential of unraveling the ACA a lot quicker than a gradual transition, though the latest signals are that the Republicans want to figure out a transition plan over the course of a year or more.



## Policy Discussions in the Future



- Regardless, the primary takeaway is that CFHC in many ways is at the mercy of what happens federally.
- At least in the short term.
- Once those decisions are made, state-level decisions will shift to figuring out how to proceed with our state-established marketplace in a transition period and/or with disruptions to insurance markets.
- All in all, it doesn't bode well for the exchange.



Denver Post

## Hearing from Representative Stephens

**To what degree in a Trump Administration  
will decision making shift to the states?**



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Representative Stephens: Republicans are often champions for the states being laboratories of innovation. I've just argued that a lot of decisions will be made federally in the short term. To what degree in a Trump Administration will decision making shift to the states?

(Representative Stephens shares her remarks.)

Connect for Health CO: I'd like to give the CFHC team an opportunity to take 1-2 minutes to weigh in on any of the points that Representative Stephens and I made. (CFHC shares their remarks.)

Pair Share: Please introduce yourself, take 4 minutes to share what you think about whether the fate of the exchange will be more determined at the state or federal level?

Let's take three pairs who would like to share their thoughts on this. (Audience shares their thoughts.)

## **2. The Exchange Has a Mixed Track Record on Meeting Expectations**

- My second argument is that the exchange has a mixed track record on meeting expectations.
- It begs the question as to whether these expectations were realistic, which we'll discuss in a bit.
- But let's start with what we had hoped we'd accomplish with an exchange.

# Connect for Health Colorado: The “Colorado Solution”



colorado health  
inspired by

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- One of the arguments for creating our own exchange was so that Colorado could retain control over its development.
- Otherwise, we would have reverted to the federal exchange, HealthCare.Gov

## SB11-200: What Were Our Expectations?

19 ASSIST SMALL EMPLOYERS IN THIS STATE IN FACILITATING THE  
20 ENROLLMENT OF THEIR EMPLOYEES IN HEALTH PLANS OFFERED IN THE  
21 SMALL EMPLOYER MARKET. THE INTENT OF THE COLORADO HEALTH  
22 BENEFIT EXCHANGE IS TO INCREASE ACCESS, AFFORDABILITY, AND CHOICE  
23 FOR INDIVIDUALS AND SMALL EMPLOYERS PURCHASING HEALTH  
24 INSURANCE IN COLORADO.

25 **10-22-103. Definitions.** AS USED IN THIS ARTICLE, UNLESS THE  
26 CONTEXT OTHERWISE REQUIRES:

- But more specifically, SB11-200 states that the intent of the exchange is to increase access, affordability and choice for individuals and small employers purchasing health insurance.
- Let's explore each of those concepts a bit.

## 1. Overall, the Exchange Improved Access to Health Insurance



Denver Post

- First, access to insurance.
- I think that, overall, the exchange did a pretty good job of increasing access to health insurance.

## Access to Insurance: What Did We Get?

- ✓ 175,722 enrolled in Plan Year 2016.
- ✓ Some technical glitches, but a working exchange overall.



Denver Post

- ✓ A robust outreach and enrollment network.

- Here are my reasons why.
- There are around 175,000 Coloradans who have enrolled and paid at least their first month's premiums. It's a relatively small percentage of the state's 5.5 million people, but we've seen some growth in enrollment.
- There were a number of technical glitches and some well-publicized nightmares about the difficulties people encountered, but overall, they report that most people are able to enroll successfully and receive a real-time determination of eligibility if they applied for financial assistance. (79% in 2015)
- Colorado already had a pretty strong outreach and enrollment infrastructure, and the exchange made this even more robust, thanks to a lot of outside financial support, particularly from the philanthropic community.
- So, by and large, access was increased.

## 2. **Affordability** is Still a Struggle for Many Middle-Income Coloradans



- Let's move to affordability.
- It's no surprise that affordability of insurance is still a struggle, especially for middle-income Coloradans who may be just over the threshold for financial assistance.



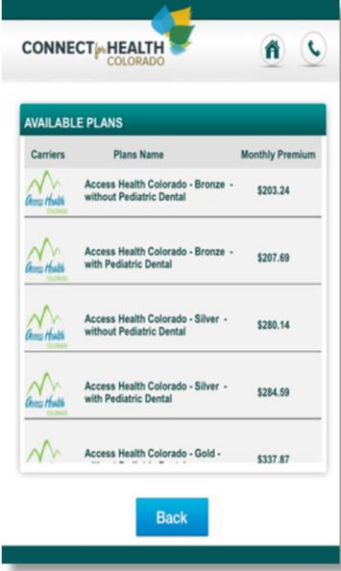
# What a 27-Year-Old Coloradan Can Expect to Pay



Source: Connect for Health Colorado

- It's worse in some regions than in others, particularly on the Western Slope, where a young adult could pay upwards of \$500 a month for insurance.
- In our travels around the state, one story that we hear is of those middle-income families who may make too much to qualify for the tax subsidies but they don't make enough to be able to afford health insurance on their own.
- The Denver Post recently reported a story of a middle-aged woman in Glenwood Springs named Terri Newland. She's a small business owner whose premium costs shot up more than \$300 between 2016 and 2017, bringing the cost of the insurance for her and her husband to \$1,800 per month, or nearly \$22,000 a year.
- It's like the equivalent of Terri purchasing a new Honda Civic each year.
- And that's not counting a \$4,000 deductible.
- Now, someone can certainly spend more than \$22k on medical bills if they don't have insurance, and the article ends with Terri indicating that she was awaiting word of whether she qualified for financial assistance on CFHC.
- The long and short of it is that many people are finding insurance still unaffordable, especially those who don't qualify for financial assistance.

### 3. The **Choice** of Carriers Kept Colorado Competitive, But that **Choice** Has Diminished



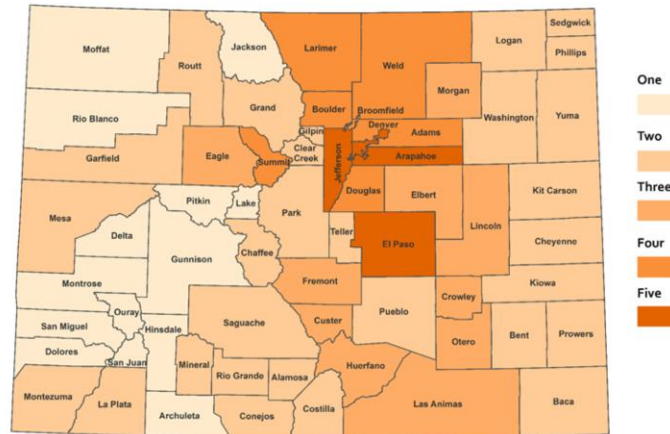
The screenshot shows the 'CONNECT for HEALTH COLORADO' website. At the top, there is a header with the logo and navigation icons. Below the header, a section titled 'AVAILABLE PLANS' contains a table with three columns: 'Carriers', 'Plans Name', and 'Monthly Premium'. The table lists five plans from Access Health Colorado, including Bronze and Silver plans with and without Pediatric Dental, and a Gold plan. A 'Back' button is located at the bottom of the table.

Carriers	Plans Name	Monthly Premium
Access Health Colorado	Access Health Colorado - Bronze - without Pediatric Dental	\$203.34
Access Health Colorado	Access Health Colorado - Bronze - with Pediatric Dental	\$207.69
Access Health Colorado	Access Health Colorado - Silver - without Pediatric Dental	\$280.14
Access Health Colorado	Access Health Colorado - Silver - with Pediatric Dental	\$284.99
Access Health Colorado	Access Health Colorado - Gold -	\$337.87

- And finally, choice.
- Compared to other states, CO had a relatively competitive marketplace.

# It's All About Geography

Number of Insurance Carriers by County, Through Connect for Health Colorado, Individual Market, 2017



- But again, it's all about geography. We see upwards of four or five insurance carriers offering products in the urban areas, but many rural counties have only one or two carriers to choose from.
- A number of insurers have elected to no longer offer plans on the exchange, though it should be noted that we did have one new insurer begin offering products this year.
- On net, however, we've seen a decline in the number of insurers offering.
- One of the reasons carriers say that they are pulling out of some of these more sparsely populated areas is that they don't have enough leverage to negotiate with providers.
- Which sets us up for the last part of our discussion about the market.
- But first, I wanted to get Representative Stephens's take.



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## Hearing from Representative Stephens

*What is the most important lesson from the rollout of the exchange that will help inform our thinking in the future?*



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- Representative Stephens, I'm a big believer in learning from history. You were one of the driving forces behind the legislation that established the exchange.
- In three minutes, and with the benefit of retrospect, what do you think is the biggest lesson from the roll-out of the exchange that will help inform our thinking in the future?
- Connect for Health CO: Would you like to take the next three minutes to respond, or to weigh in yourself on what's the most important lesson from the roll-out of the exchange?

(Representative Stephens and CFHC share their remarks.)

### **3. Many Market Factors are Beyond the Exchange's Control**

- That bring us to my last argument.
- To review: One of my arguments is that the exchange has had a mixed track record on meeting expectations, but it's worth discussing that many market factors are beyond the exchange's control.

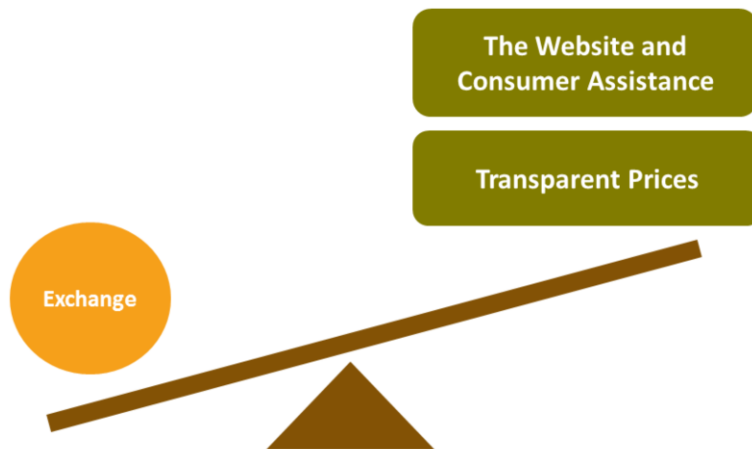
*“It’s buying insurance on the private market, but because now you’re part of a big group plan... you’ve got new choices. **Now you’ve got new competition, because insurers want your business. And that means you will have cheaper prices.**”*



President Barack Obama,  
Sept. 26, 2013

- Clearly, the expectation was that competition through the exchange would keep prices low.
- Here’s what the President said in 2013, just prior to the launch of the exchanges. I highlighted these last sentences: “Now you’ve got new competition, because insurers want your business. And that means you will have cheaper prices.”
- Let’s talk about where a state-based exchange has influence to encourage this competition.

## Where a State Exchange Has a **Lot of Influence**



- First, where the exchange has a lot of influence.
- Two areas: consumers need to be able to comparison shop, like for airline tickets or a new car, and the exchange is great vehicle for bringing greater transparency to prices.
- I'd also say that exchange has influence over the ease in which consumers shop, through the website and customer assistance.

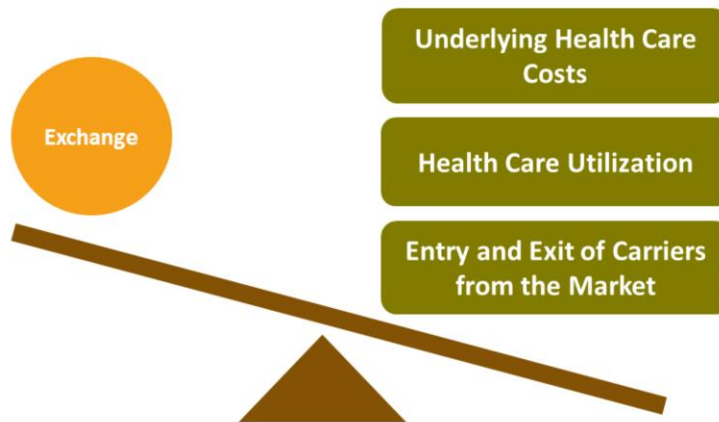
## Where a State Exchange Has **Some Influence**



- Where does a state exchange have some influence?
- Two areas I'd point out. First: Some influence over price. What we experienced was that Colorado HealthOp (the co-op's) low prices clearly had downward pressure on the remaining carriers to offer low prices and gain market share.
- With the co-op no longer on the scene, we've seen the market evening out now, and I want to put a plug in for my colleague Amy Downs' plenary presentation tomorrow where she's going to do a really interesting examination of different health insurance markets.
- The other element I'd point out is enrollment. The exchange can't FORCE someone to enroll in insurance, but it can encourage it through the enrollment process – such as customer assistance and the ability to enroll in financial assistance.



## Where a State Exchange **Does Not** Have Influence



- Finally, a state exchange does not have influence over some key components of the market, namely three things:
- It can't really influence the entry and exit of carriers from the market.
- It has no control over how much people use health care. I've seen analyses that indicate that people who enrolled on the exchange tended to be more expensive than insurers predicted, and that increasing premiums are an indication of the market righting itself.
- And to the extent that health insurance premiums are a reflection of underlying health care costs, an exchange does not have influence over those cost drivers, such as the volume of services, new technology, lack of competition among providers, the obesity epidemic, etc.



Denver Post

## Hearing from Representative Stephens

*What ideas or market indicators  
should be on our radar?*



2016 HOT ISSUES IN HEALTH CARE

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- So that's a lot to absorb. But now we have a few minutes to hear from Representative Stephens and Connect for Health Colorado .
  - Representative Stephens – what's your take? What is the solution? Or put differently, what ideas or market indicators in other states or in the new administration should be on our radar?
- (Representative Stephens shares her remarks.)
- Connect for Health Colorado team: What are your reactions? Or what ideas should we be watching?
- (CFHC shares their remarks.)

## Your Turn

**What prognosis would  
you give Colorado's  
exchange?**

- So again, my prognosis is that, in the short-term, the exchange will be stable but in the longer term, it's a lot more uncertain.
- You've now heard my prognosis, now we'll take the last 10-15 minutes to hear from you.
- I'd like for you to pair share again. It can be with the same person or a different person close by you.
- Let's share for four minutes, then I'd like to hear from four of you.
- Please answer the question, "What prognosis would you give Colorado's exchange? Why?"

## Guiding Question for Today's Session

### What is the Prognosis for Colorado's Health Insurance Exchange?

#### Jeff's Prognosis:

- In the short-term, stable.
- In the longer term, poor, or at least uncertain.



- Again, where I land is that the exchange has built a sustainable plan in the short term, assuming that there is a gradual transition away from the ACA.
- In the longer term, however, the tea leaves don't seem to bode well for it. And these are my three arguments:



## Three Takeaways

- 1 Decisions affecting the exchange's future will shift to the federal level.
- 2 The exchange has a mixed track record on meeting expectations.
- 3 Many market factors are beyond its control.

- We're losing our locus of control to the federal government.
- The exchange has a mixed track record on meeting expectations.
- And much of this is due to the fact that there are market forces that are beyond the exchange's control.



- Here's our contact information.
- I put a photo of the Great Sand Dunes here not only because it's a beautiful picture but because the health care landscape is constantly shifting, Rep. Stephens and our team at CHI are here for you as a resource.
- I'd like to thank Representative Stephens for sharing her insights.

# CHI in 2017

## A Sneak Preview

- New logo
- Updated website
- Same commitment to a healthy Colorado

Jeff Bontrager

[bontragerj@coloradohealthinstitute.org](mailto:bontragerj@coloradohealthinstitute.org)



- A few final notes:
- Up next, you'll go to lunch.
- Then following lunch we'll have a gifts, grants and donations panel.
- And here's a sneak peek at some of the exciting changes in store for the Colorado Health Institute in 2017.
- Watch for our new website to launch at the end of January. We've collaborated with Open Media Foundation to refresh the design and make it even easier to find our great research, analysis and data.
- And be on the lookout for our new logo created by Creative Services Director Brian Clark. We will unveil it at the same time as the website.

## UP NEXT: The Results Are In: Where Do We Go From Here?

Audience Participation Sessions with Colorado Health Institute Staff 1:45 p.m. – 2:45 p.m.

### CHOOSE ONE OF FOUR

#### 1. Koffee with Kliff

Panelist: Sarah Kliff, Senior Editor, Vox.com

Moderator, Deborah Goeken, Vice President of Communications

Location: Executive Presentation Room (Amphitheater)

#### 2. End-of-Life Options in Colorado: The Delicate Task of Implementing Proposition 106

Panelist: Daniel Handel, M.D., Chief of Division, Denver Health Palliative Care

Panelist: Megan Schrader, Editorial Writer, The Denver Post Editorial Board

Panelist: Kat West, J.D., National Director of Policy & Programs, Compassion & Choices

Moderator, Alex Caldwell, Policy Analyst

Location: Arkansas/Platte

#### 3. The Long Game: Universal Health Care and Other Questions in a Changing World

Panelist: T.R. Reid,

Reporter, Author, ColoradoCare Campaign Leader

Moderator, Michele Lueck, President and CEO

Location: Rio Grande/Gunnison

#### 4. Colorado's New Map: Trump Rewrites the Playbook

Panelist: Steve House, State Chair, Colorado Republican Party

Panelist: Ian Silverii, Executive Director, ProgressNow Colorado

Moderator, Joe Hanel, Senior Communications Expert

Location: White River