



**Summary of the Public Option Proposal**

- The public option plan is initially designed for the individual market, with a later expansion to the small and medium sized business (under 100 employees).
- Coloradans in the individual market are projected to save an average of 10%+ on premiums. In high cost areas of the state, like the Western Slope the savings will be more than 15%.
- This is a public-private partnership model-health plan will offer the plan and bear financial risk, while the state sets the parameters.
- The hospital reimbursement formula will take into account the unique financial models and challenges of many of our hospitals so that we:
  - protect rural and critical access hospitals
  - allow for profitable care delivery on the Front Range
- 80 to 90 percent of any federal pass through funding will be applied to reduce costs for people who are eligible for subsidies.
- An Advisory Board will maximize stakeholder engagement and collaboration.

**Colorado’s Public Option for Affordable Coverage: Key Components**

<p><b>What kind of outreach was done to develop the Public Option?</b></p>	<ul style="list-style-type: none"> <li>● 20 public stakeholder meetings were held across Colorado Alamosa, Aurora, Boulder, Burlington, Denver, Durango, Edwards, Glenwood Springs, Grand Junction, Greeley, Hugo, Keystone, and Pueblo</li> <li>● 260 comment letters received</li> <li>● Website with all materials posted and email address for inquiries and feedback</li> </ul>
<p><b>Who will oversee the Public Option?</b></p>	<ul style="list-style-type: none"> <li>● We are recommending that The Colorado Department of Health Care Policy and Financing and the Colorado Division of Insurance will oversee and set the requirements for the Public Option.</li> </ul>
<p><b>Who will administer the Public Option?</b></p>	<ul style="list-style-type: none"> <li>● Licensed insurance carriers will administer the Public Option plans, hold the financial risk and financial reserves, and contract with care providers.</li> <li>● Every carrier in the individual market -- but not all carriers -- will be required to offer this option, to spread both the opportunity and the risk. The Commissioner will work with carriers to ensure at least two carrier options in each county, to increase competition and choice for consumers. If that is unable to be achieved through collaboration, we recommend that the Commissioner have the authority to mandate carrier participation in single carrier counties.</li> </ul>



<p><b>How much will the Public Option save Coloradans?</b></p>	<ul style="list-style-type: none"> <li>● Statewide, people will save an average of 10% on their health insurance premiums. In high-cost areas of the state, like the Western slope the savings will be more than 15%. This is on top of reductions resulting from reinsurance.</li> <li>● Additional savings on out-of-pocket costs will be achieved through a federal waiver that may bring an additional \$89 million of savings to consumers. We recommend that the additional savings be primarily targeted to help lower costs for the subsidized population.</li> </ul>
<p><b>Why will the Public Option be more affordable?</b></p>	<ul style="list-style-type: none"> <li>● Insurance carriers will be required to utilize 85% of the money they collect in premiums to pay for patient care.</li> <li>● All prescription drug rebates and other compensation paid by drug manufacturers to insurance carriers must be used to reduce the price of individual policies.</li> <li>● Providers will be reimbursed at a rate set by a hospital-specific formula that takes a number of factors into consideration such as each hospital’s unique payer mix. This rate will continue to allow for profitable delivery of services, while reigning in exorbitant rates.</li> <li>● There will be a special focus through this process to ensure rural, critical access and urban independent hospital sustainability.</li> </ul>
<p><b>Who can buy these plans?</b></p>	<ul style="list-style-type: none"> <li>● Initially, all Colorado residents statewide who buy their own health insurance in the individual market. After a successful implementation in the individual market, we recommend that the product also be made available in the small group market.</li> </ul>
<p><b>Where can Coloradans buy these plans?</b></p>	<ul style="list-style-type: none"> <li>● Public Option Plans will be sold through Connect for Health Colorado and in the traditional off-exchange, individual market.</li> <li>● Eligible consumers will be able to use federal subsidies currently available to them through Connect for Health Colorado to purchase this option.</li> <li>● Licensed brokers will be able to guide and support consumers in their purchasing decisions.</li> </ul>
<p><b>How will the plans be financed?</b></p>	<ul style="list-style-type: none"> <li>● Colorado taxpayers will not fund these plans.</li> <li>● Plans will be fully insured, offered by private health insurance carriers.</li> <li>● If the federal government approves Colorado’s application for a 1332 innovation waiver, we will use the funding to make the plans even more affordable for consumers.</li> </ul>
<p><b>What benefits will Public Option plans cover?</b></p>	<ul style="list-style-type: none"> <li>● All Essential Health Benefits will be covered. Plans will have standardized benefit designs.</li> <li>● Many services will be pre-deductible, including preventive care, primary care, and behavioral health care.</li> </ul>



<p><b>How will the plans improve the quality of health care?</b></p>	<ul style="list-style-type: none"> <li>Public Option carriers will collaborate with the state and hospitals to refine and implement Centers of Excellence. They will build high-performing networks and utilize value-based payments to reward providers who achieve quality and pricing targets.</li> </ul>
<p><b>When will the plan be available?</b></p>	<ul style="list-style-type: none"> <li>Open Enrollment Fall 2021, for coverage beginning January 1, 2022.</li> </ul>
<p><b>How will stakeholders continue to share their views?</b></p>	<ul style="list-style-type: none"> <li>HCPF and DOI will create a Public Option Advisory Board, to ensure that all stakeholder voices can continue to inform the ongoing development and implementation of this plan.</li> </ul>