



## Colorado Consumer Health Initiative

July 2, 2019

Submitted via: [StateInnovationWaivers@cms.hhs.gov](mailto:StateInnovationWaivers@cms.hhs.gov)

The Honorable Alex Azar  
Secretary of Health and Human Services  
U.S. Department of Health and Human Services  
200 Independence Ave., SW  
Washington, D.C. 20201

The Honorable Steven Mnuchin  
Secretary of the Treasury  
U.S. Department of the Treasury  
1500 Pennsylvania Ave., NW  
Washington, D.C. 20220

Re: Comments on Colorado's 1332 Waiver Application for a Reinsurance Program

Dear Secretary Azar and Secretary Mnuchin:

The Colorado Consumer Health Initiative (CCHI) appreciates this opportunity to comment on Colorado's 1332 Waiver Application to develop a state reinsurance program. CCHI is a nonprofit, nonpartisan organization that advances the consumer voice to improve access to health care for all Coloradans by working statewide for progress toward equity, access, affordability, and quality. CCHI supports the creation of a reinsurance program, and supports the State of Colorado's application for a waiver under Section 1332 of the Affordable Care Act to implement such a program.

We support the implementation of a state reinsurance program for two reasons:

- It will allow more Coloradans to obtain insurance by making coverage more affordable and accessible for individuals making above 400% of the federal poverty level (FPL).
- Reinsurance will help stabilize the individual market, which may encourage existing carriers to stay in the market and new carriers to enter the market.

Over the last four years, the average cumulative increase in individual market premiums in Colorado has been approximately 82%.<sup>1</sup> As a result, many Coloradans are struggling to pay for their private health insurance coverage — or going without, particularly in rural Colorado. For example, in 2019, the average premium in the Denver metro area was \$552.40 whereas in Delores County, the average premium was double that amount, at \$1,128.93. A December 2018 – January 2019 online survey of 1,000 adult Coloradans by Altarum found that 56% of respondents in the Denver area and 62% in the rest of Colorado reported a current health care affordability burden, such as delaying or foregoing care due to cost. Notably, *worry* about being

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<sup>1</sup> Commissioner Presentation on Reinsurance Bill HB19-1168 from 2-27-19.  
<https://drive.google.com/file/d/1ZTtNOdryQB0qwJReQhSWlfMSM8Hqsk0h/view>

able to afford *health care* exceeded 80% in both regions. **Moreover, 68% of respondents were worried about not being able to afford *health insurance* in the future.**<sup>2</sup>

The waiver application estimates a 2.9% increase in enrollment in the individual market as a result of the reinsurance program. Equally important, for Coloradans with incomes above 400% of the FPL who are not eligible for subsidized coverage, the reinsurance program will make their coverage more affordable. A recent Avalere study reports that state run reinsurance programs have reduced premiums by 19.9% on average in the first year of operation. The premium reductions in the seven states with such programs ranged from 6% to 43.4%.<sup>3</sup> Colorado's waiver application suggests the state can see similar reductions in premiums. According to Colorado's application, the reinsurance program is estimated to result in an average 16% reduction in 2020 premiums across the state from what they would otherwise be in 2020 without the reinsurance program. In accordance with the statutory requirements for the program, some parts of the state should experience premium reductions of up to 30-35%. Such premium reductions will provide much needed relief to many Coloradans, particularly those living in the highest cost areas of the state.

Colorado has 14 counties in which only one insurance company is offering individual coverage on the state-based marketplace, Connect for Health Colorado. Now, as indicated in the waiver application, a new carrier, Oscar Health, has committed to offering coverage in the state. This is a positive development in ensuring a stable private insurance market in Colorado.

CCHI believes Colorado's 1332 state innovation waiver will help protect patients and consumers and stabilize the individual market. We therefore urge the Departments to approve Colorado's application expeditiously so that the reinsurance program can result in lower rates for the 2020 plan year.

Sincerely,



Debra Judy  
Policy Director  
cc: Michael Conway, Colorado Insurance Commissioner

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<sup>2</sup> <https://www.cohealthinitiative.org/sites/cohealthinitiative.org/files/attachments/Hub-Altarum%20Data%20Brief%20No.%2030%20-%20Colorado%20Affordability%20%28003%29.pdf>

<sup>3</sup> <https://avalere.com/press-releases/state-run-reinsurance-programs-reduce-aca-premiums-by-19-9-on-average>



via electronic submission

June 28, 2019

Seema Verma  
Administrator  
Centers for Medicare and Medicaid Services  
U.S. Department of Health and Human Services  
7500 Security Boulevard  
Baltimore, MD 21244

**Re: Colorado Section 1332 Waiver Comments**

Dear Administrator Verma:

The American Cancer Society Cancer Action Network (ACS CAN) appreciates the opportunity to comment on the Colorado Division of Insurance's Section 1332 waiver proposal. ACS CAN is making cancer a top priority for public officials and candidates at the federal, state and local levels. ACS CAN empowers advocates across the country to make their voices heard and influence evidence-based public policy change as well as legislative and regulatory solutions that will reduce the cancer burden. As the American Cancer Society's nonprofit, nonpartisan advocacy affiliate, ACS CAN is critical to the fight for a world without cancer.

ACS CAN supports a robust marketplace from which consumers can choose a health plan that best meets their needs. Access to health care coverage is paramount for persons with cancer and survivors. Research from the American Cancer Society has shown that uninsured Americans are less likely to get screened for cancer and thus are more likely to have their cancer diagnosed at an advanced stage when survival is less likely and the cost of care more expensive.<sup>1</sup> In the United States, more than 1.7 million Americans will be diagnosed with cancer this year – an estimated 26,800 in Colorado.<sup>2</sup> An additional 15.5 million Americans are living with a history of cancer – 207,460 in Colorado.<sup>3</sup> For these Americans access to affordable health insurance is a matter of life or death.

ACS CAN supports Colorado's proposed reinsurance program. A well-designed reinsurance program can help to lower premiums and mitigate the plan risk associated with high-cost enrollees. We note that the Division of Insurance expects the reinsurance program will reduce

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<sup>1</sup> E Ward et al, "Association of Insurance with Cancer Care Utilization and Outcomes, *CA: A Cancer Journal for Clinicians* 58:1 (Jan./Feb. 2008), <http://www.cancer.org/cancer/news/report-links-health-insurance-status-with-cancer-care>.

<sup>2</sup> American Cancer Society. *Cancer Facts & Figures: 2019*. Atlanta: American Cancer Society, 2019.

<sup>3</sup> American Cancer Society. *Cancer Treatment & Survivorship: Facts & Figures 2016-2017*. Atlanta: American Cancer Society, 2016.

premiums by 16 percent in plan year 2020.<sup>4</sup> These savings could reduce federal government subsidy payments, and lower premiums for consumers who enroll in coverage through the exchange but are not eligible for subsidies.

The Insurance Division notes that premiums have continued to increase in rural areas of Colorado because few insurers are offering plans in those areas. A reinsurance program may encourage insurance carriers to enter the market. In fact, the waiver application states that one insurance carrier has committed to entering the Colorado market “in part due to the expected reinsurance program.”<sup>5</sup> A reinsurance program may also encourage plans already in the market to continue offering plans through the exchange. Further, the expected maintenance or increase in plan competition due to the reinsurance program may help to keep premiums from rising. These premium savings could help cancer patients and survivors afford health insurance coverage and may enable some individuals to enroll who previously could not afford coverage. The Insurance Division estimates that enrollment in the individual market will increase 2.9 percent in 2020 because of the reinsurance program.<sup>6</sup>

We are pleased that the proposal states the waiver will not impact the comprehensiveness of coverage in Colorado. ACS CAN believes that patient protections in current law – like the prohibition on pre-existing condition exclusions, prohibition on lifetime and annual limits, and Essential Health Benefits requirements – are crucial to making the healthcare system work for cancer patients and survivors.

### Conclusion

On behalf of the American Cancer Society Cancer Action Network, we thank you for the opportunity to comment on the proposed section 1332 waiver, which we believe will provide long-term viability of the individual market while not eroding important consumer protections. If you have any questions, please feel free to contact Jennifer Singleterry, Senior Policy Analyst at [Jennifer.Singleterry@cancer.org](mailto:Jennifer.Singleterry@cancer.org) or 202-585-3233.

Sincerely,



Kirsten Sloan  
Vice President, Public Policy  
American Cancer Society Cancer Action Network

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<sup>4</sup> Colorado Division of Insurance. Colorado 1332 State Innovation Waiver Request Application to Develop a State Reinsurance Program. May 20, 2019. [https://www.colorado.gov/pacific/dora/public-comment-reinsurance-program-1332-waiver-request?utm\\_medium=email&utm\\_source=govdelivery](https://www.colorado.gov/pacific/dora/public-comment-reinsurance-program-1332-waiver-request?utm_medium=email&utm_source=govdelivery).

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.



July 3, 2019

Honorable Alex Azar  
Secretary  
Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, DC

Honorable Steven Mnuchin  
Secretary  
Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

Re: Colorado Section 1332 Waiver Application

Dear Secretary Azar and Secretary Mnuchin:

On behalf of people with cystic fibrosis, the Cystic Fibrosis Foundation appreciates the opportunity to support Colorado's 1332 State Innovation Waiver application to operate a reinsurance program.

Cystic fibrosis (CF) is a life-threatening genetic disease that affects 625 people in Colorado and 30,000 children and adults in the United States. CF causes the body to produce thick, sticky mucus that clogs the lungs and digestive system, which can lead to life-threatening infections. As a complex, multi-system condition, CF requires targeted, specialized treatment and medications.

People with CF benefit from insurance marketplaces that offer affordable health plans that cover their complex health needs. The Cystic Fibrosis Foundation supports Colorado's creation of a reinsurance program that will make coverage more affordable and expand plan choice by encouraging insurer participation in the marketplace.

Reinsurance is an important tool to help stabilize health insurance markets. These programs help insurance companies cover claims for high cost enrollees, keeping premiums more affordable for everyone. For instance, a temporary reinsurance fund for the individual market established under the Affordable Care Act reduced premiums by an estimated 10 to 14 percent in its first year.<sup>1</sup> A recent analysis by Avalere of the seven states that have created their own reinsurance programs through Section 1332 waivers also found that these programs reduced individual market premiums by an average of 19.9 percent in their first year.<sup>2</sup>

The Cystic Fibrosis Foundation appreciates the opportunity to provide input on these important policy changes. As the health landscape continues to evolve, we look forward to working with the state of Colorado to ensure high quality, specialized CF care and improve the lives of all with cystic fibrosis. Please consider us a resource moving forward.

Sincerely,

**Mary B. Dwight**  
Senior VP of Policy & Patient Assistance Programs  
Cystic Fibrosis Foundation

**Lisa B. Feng, DrPH**  
Senior Director of Access Policy & Innovation  
Cystic Fibrosis Foundation

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<sup>1</sup> American Academy of Actuaries, Individual and Small Group Markets Committee. *An Evaluation of the Individual Health Insurance Market and Implications of Potential Changes*. January 2017. Retrieved from [https://www.actuary.org/files/publications/Acad\\_eval\\_indiv\\_mkt\\_011817.pdf](https://www.actuary.org/files/publications/Acad_eval_indiv_mkt_011817.pdf).

<sup>2</sup> Avalere. *State-Run Reinsurance Programs Reduce ACA Premiums by 19.9% on Average*. March 2019. Retrieved from <https://avalere.com/press-releases/state-run-reinsurance-programs-reduce-aca-premiums-by-19-9-on-average>.



Submitted electronically to: [StateInnovationWaivers@cms.hhs.gov](mailto:StateInnovationWaivers@cms.hhs.gov)

July 5, 2019

The Honorable Alex M. Azar  
Secretary of Health and Human Services  
200 Independence Ave, SW  
Washington, DC 20201

RE: *State of Colorado 1332 Waiver Application*

Dear Secretary Azar:

Kaiser Permanente appreciates the opportunities that Section 1332 waivers present for states to address their market needs. We offer the following comments in response to Colorado's 1332 Waiver Application submitted on May 20, 2019 by the Colorado Division of Insurance (DOI) and deemed complete by the Centers for Medicare and Medicaid Services (CMS) on June 5, 2019.

Kaiser Permanente is the largest private integrated health care delivery system in the United States, delivering health care to more than 12 million members in eight states and the District of Columbia. Kaiser Permanente Colorado provides and coordinates health care services for over 647,000 members. The reinsurance program proposed by Colorado will significantly impact Kaiser Permanente and our members. As one of seven carriers currently operating in Colorado's individual market, Kaiser Permanente provides care and coverage to approximately 39 percent of Colorado's on-exchange market as of March 2019.

Kaiser Permanente supports Colorado's Section 1332 waiver and the proposed reinsurance program. We ask, however, for the following modifications to the proposed program:

1. Colorado should account for the federal risk adjustment program in structuring its reinsurance program and avoid duplicating payments for the same high-risk membership beginning with the start of the program in 2020.
2. Colorado's reinsurance program should include incentives rewarding quality and utilization management.

We believe these requests have important and constructive policy implications for Colorado as well as other potential state reinsurance proposals. They ensure coordination between the federal risk adjustment and state reinsurance programs and make more efficient use of federal pass-through dollars. We also believe these requests are consistent with broader CMS health policy

goals, including the encouragement of efficient care delivery. We discuss the specific requests below.

### Colorado's 1332 Waiver Should Account for Risk Adjustment in Structuring Its Reinsurance Program.

The federal risk adjustment program compensates carriers for high-risk members by transferring money among carriers based on their enrollment of individuals with high cost diagnoses. CMS has long recognized that the scale of such transfers plays a crucial role in issuer decisions to participate in the individual market.

Colorado's reinsurance program should account for federal risk adjustment payments and pay only for uncompensated high risk beginning with the start of the program in 2020. This will ensure that reinsurance funds have the broadest impact for consumers and encourage current participants to remain in the market. Kaiser Permanente is concerned that the reinsurance program proposed in Colorado's 1332 Waiver Application will lead to duplicate payments for the same members – first from the federal risk adjustment program and a second time for claims reimbursable under the Colorado reinsurance program.

Actuarial experts endorse the reinsurance-level adjustments for risk adjustment as sound policy. Milliman notes that “the current federal risk adjustment methodology does not account for payments from a state-based reinsurance program and can result in double compensation for high-risk members, both from the reinsurance program and from risk adjustment. This finding may be important to many other states considering reinsurance-like proposals under Section 1332 to help stabilize their markets. Specifically, if appropriate changes to risk-adjustment are not made, a reinsurance program could lead to pricing inefficiencies and distortions that negatively impact the market and could work against the goals of the reinsurance program overall.”<sup>1</sup>

Kaiser Permanente appreciates DOI's acknowledgement of the overlap issue, but we remain concerned that the state has not acted to address the problem. The DOI retained Lewis & Ellis to analyze potential reinsurance payment parameters, and as a result, Lewis & Ellis possesses the data necessary to quantify the extent of the overlap between the federal risk adjustment program and the proposed reinsurance program. The DOI should request that Lewis & Ellis determine the extent of the overlap and study methodologies to correct for the overlap. We believe this analysis must be completed expeditiously to inform 2020 individual market rates, as issuers will need to update 2020 rates to reflect expected reinsurance recoveries after the correction of the overlap. Failure to address this issue in the first year of the program not only creates equity issues among carriers, but also will cause disruption to consumers in the form of abrupt premium changes in future years because of a delay in addressing the overlap.

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<sup>1</sup> Milliman. (August 2017). *Paring Risk Adjustment to Support State 1332 Waiver Activities*. Retrieved from <http://www.milliman.com/uploadedFiles/insight/2017/risk-adjustment-state-1332-waiver-activities.pdf>. See also American Academy of Actuaries. (May 2017). *How Changes to Health Insurance Market Rules Would Affect Risk Adjustment*. Retrieved from <http://www.actuary.org/content/how-changes-health-insurance-market-rules-would-affect-risk-adjustment>.

Kaiser Permanente also remains concerned that Colorado's 1332 Waiver Application does not specify the expected impact by geographic rating areas of the various coinsurance levels and believes further actuarial analysis is critical. The requirements in the state legislation set claim cost reduction amounts that vary geographically. However, Colorado's Waiver Application does not specify what the rate impact will be for each rating region, and as a result, it's unclear whether the payment parameters and Waiver Application meet the legislative requirements. This additional actuarial analysis is also important in understanding the full extent of the overlap between federal risk adjustment and the reinsurance program, given that the coinsurance levels vary by geographic area.

#### CO DOI Should Include Quality and Utilization Management Incentives.

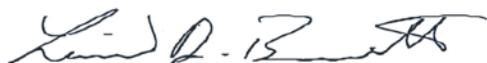
The United States is moving towards value-based payment in health care, and state reinsurance programs should not move individual markets in the opposite direction. Colorado should include incentives in the reinsurance program aligned with broader policy goals related to quality, utilization management, and innovation. Incentives should reward quality in care delivery through strategies such as the use of payment multipliers for high clinical quality ratings on preventive care measures. Colorado's reinsurance program should reward high-performing models and avoid compensating plans for inefficiencies.

We believe Colorado should include payment multipliers in its design of reinsurance payments based on independent, third-party estimates of product and network cost-effectiveness and efficiency for each of Colorado's individual market products. The CMS Checklist for Section 1332 State Innovation Waiver Applications requires states to address "whether the reinsurance program includes incentives for providers, enrollees, and plan issuers to continue managing health care cost and utilization for individuals eligible for the described reinsurance (if any)."<sup>2</sup> Therefore, we believe this approach is consistent with the state and CMS's broader health policy goals.

\* \* \*

We appreciate the opportunity to comment on this waiver application. Please contact me at [Laird.Burnett@kp.org](mailto:Laird.Burnett@kp.org) or 202-216-1900 with any questions.

Sincerely,



Laird Burnett  
Vice President  
Government Relations  
Kaiser Permanente

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<sup>2</sup> See <https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Downloads/Checklist-for-Section-1332-State-Innovation-Waiver-Applications-5517-c.pdf>.



July 3, 2019

Randy Pate  
Director, Center for Consumer Information & Insurance Oversight  
Deputy Administrator, Centers for Medicare & Medicaid Service  
200 Independence Avenue SW  
Washington, DC 20201

**RE: Colorado 1332 State Innovation Waiver Request Application to Develop a State Reinsurance Program**

Dear Mr. Pate,

On behalf of its more than 100 hospital and health system members, Colorado Hospital Association (CHA) is pleased to comment on Colorado's application for a State Innovation Waiver under section 1332 of the Patient Protection and Affordable Care Act, dated May 20, 2019.

CHA and Colorado's hospitals strongly support innovative efforts to improve health care affordability and reduce high insurance costs for consumers on the individual market. The Association was proud to be at the table for the Division of Insurance's (DOI) analysis of a reinsurance program for the past several years. During the 2019 legislative session, CHA worked closely with bill sponsors, DOI staff, carriers and consumer advocates on House Bill (HB) 19-1168, State Innovation Waiver Reinsurance Program, although CHA was unable to support the resulting legislation.

Throughout the legislative session, CHA strongly encouraged bill sponsors to consider funding Colorado's reinsurance program with a broad-based financing model, spreading the financial burden across all stakeholders – including hospitals. While the funding model outlined in HB 19-1168 went through several iterations, Colorado hospitals are ultimately responsible for funding a large portion of the program, approximately \$80 million over two years, and many Colorado hospitals have concerns about the impact of this assessment.

Specifically, the legislation requires that fees assessed against hospitals must comply with and not violate 42 CFR 433.68 and, in any year, must not exceed the lesser of \$40 million or the maximum amount allowed under 42 CFR 433.68. Further, no hospital system is responsible for funding, on a yearly basis, more than 25 percent of the total funding required for the program. CHA amended the bill to ensure that the Commissioner of Insurance cannot fund the program through any type of fee schedule, rate setting or other cost-saving mechanism imposed on hospitals.

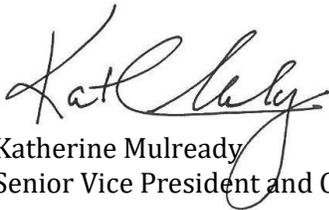
Colorado's waiver application opines that the "hospital funding arrangement for Colorado's reinsurance program is an innovative funding method that will prevent the cost of the program being passed on to consumers, Colorado businesses, and their employees in the way a reinsurance program that relies upon an assessment of health insurance companies would." CHA recognizes Colorado's funding method as unique insofar that no other states' reinsurance programs are funded through a hospital tax or assessment. However, the fees assessed against hospitals are significant

and will have financial impacts on many hospitals' operations and their ability to provide quality care to their communities.

CHA was ultimately neutral on the legislation, and therefore does not encourage nor discourage approval of the waiver under Section 1332. However, the Association requests that CMS take note of the impacts to hospitals and their patients throughout the implementation and monitoring of Colorado's reinsurance program, ensure that the DOI hold payers accountable for the full amount of the rate reductions being subsidized through this legislation and require the state to comprehensively assess the positive and negative impacts of this program throughout its duration.

Thank you for the opportunity to provide feedback on such an important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Katherine Mulready". The signature is fluid and cursive, with the first name being more prominent.

Katherine Mulready  
Senior Vice President and Chief Strategy Officer



Continental  
Division

Sylvia Young  
President and CEO

July 5, 2019

U.S. Department of Health & Human Services  
200 Independence Avenue, SW  
Washington, DC 20201

*StateInnovationWaivers@cms.hhs.gov*

Re: Colorado Section 1332 Waiver Comments

To Whom It May Concern:

I am writing on behalf of HealthOne / HCA Continental Division's Colorado hospitals ("HealthOne") regarding Colorado's Section 1332 State Innovation Waiver application. We appreciate the opportunity to provide comments to the U.S. Department of Health & Human Services (the "Department") regarding Colorado's effort to develop a State-based reinsurance program to increase the affordability of health insurance in Colorado's individual health insurance market. HealthOne also wants to see improvements to insurance affordability and a corresponding increase in newly covered individuals accessing care; we have identified two areas of concern that, if addressed, should strengthen Colorado's efforts to broaden insurance participation, bring down premiums, and reduce the burden on federal tax subsidies.

- 1. The Department should require Colorado's insurance providers to reach enrollment goals to facilitate the objectives of this Waiver application.**

The Waiver application is based on the idea that a reinsurance pool will bring down premium costs and result in increased enrollment. Conceptually, this makes sense because there is likely a portion of the population that does not participate in the individual insurance marketplace because of the costs. However, without some threshold goals for Colorado insurance providers, the reinsurance pool could serve as merely a cushion to their profit margin rather than a tool for facilitating premium reduction and increased enrollment. Colorado's insurance providers should be required to demonstrate how many individuals enrolled because of premium reductions and the Department should hold insurance providers or the state accountable for some level of performance on that metric. Insurance providers could provide actuarial analysis of what premiums would have been in the absence of the reinsurance pool and link those reductions to increased enrollment. The state and the Department should also require some demonstration that these funds were not used to drive up profit margins per enrollee. If insurance providers are unable to facilitate meaningful goals for increased enrollment, there should be consequences to prevent the Waiver from becoming a windfall to the insurance industry.

2. The Department should implement a mechanism to address the difference between actuarial projections of premium costs and the actual results of this effort to increase enrollment.

Colorado has enacted a new special fee on hospitals, contingent on securing Waiver approval, to finance a portion of the reinsurance pool at the heart of the Waiver proposal. This new fee is essentially a rate cut on Colorado's hospital providers. If the Waiver is successful, the financial impact on fee-paying hospitals could be indirectly mitigated by shifting utilization from the uninsured to insured populations. However, if the cost of the reinsurance pool is less than what is projected the Department should consider refunding a proportionate share to the hospitals. Alternatively, if premium costs do not decline, or if individual enrollment does not increase, this will effectively become a transfer of hospital tax funds and federal Waiver dollars to Colorado insurance providers. The Department should incorporate remedies into the Waiver to protect fee-paying hospitals if the state's actuarial estimates incorrectly project premium changes or enrollment numbers.

We appreciate the state's efforts and the Department's consideration of these issues as you work through Colorado's 1332 Waiver application.

Respectfully,



Sylvia Young  
President and CEO  
HCA Continental Division



4600 South Ulster Street | Suite 300  
Denver, CO 80237

June 26, 2019

*SUBMITTED ELECTRONICALLY TO: [StateInnovationWaivers@cms.hhs.gov](mailto:StateInnovationWaivers@cms.hhs.gov)*

The Honorable Alex M. Azar II  
Secretary of Health and Human Services  
U.S. Department of Health and Human Services  
200 Independence Avenue SW  
Washington, DC 20201

**Re: Comments on Colorado's Section 1332 State Innovation Waiver Application**

Dear Secretary Azar:

On behalf of the consumers we serve, the Board of Directors and staff of Connect for Health Colorado, the state-based health insurance marketplace (SBM) for Colorado, strongly supports Colorado's Section 1332 State Innovation Waiver Application to establish a reinsurance program.

If approved, this program would further our mission and help stabilize the individual market by reducing premiums for consumers in the individual market, particularly the rural areas of our state and for households that are not eligible for subsidies. The premium savings as a result of the reinsurance program will help Coloradans in the individual market to afford health insurance coverage and may allow some individuals to enroll who previously could not afford coverage.

A reinsurance program may also encourage issuers to continue offering plans throughout the state, possibly expand into areas of the state that currently have fewer companies offering individual plans, or even attract new issuers to the state. Maintaining or increasing competition throughout the state will also help to keep premiums down for consumers.

As you are aware, the deadlines related to the Open Enrollment Period (OEP) for plan year 2020 are fast approaching. A speedy review and approval of the waiver application is necessary to permit time for us to load plan rates and allow for issuer review of plan data, conduct our own quality assurance, and process renewals prior to OEP.

Sincerely,

Connect for Health Colorado Staff



Honorable Alex Azar  
Secretary  
Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, DC

Honorable Steven Mnuchin  
Secretary  
Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

Re: Colorado Section 1332 Waiver Application

Dear Secretary Azar and Secretary Mnuchin:

Thank you for the opportunity to submit comments on Colorado's Section 1332 State Innovation Waiver Application.

The undersigned organizations represent millions of individuals facing serious, acute and chronic health conditions across the country. Our organizations have a unique perspective on what patients need to prevent disease, cure illness and manage chronic health conditions. The diversity of our groups and the patients and consumers we represent enables us to draw upon a wealth of knowledge and expertise and serve as an invaluable resource regarding any decisions affecting state health insurance marketplaces and the patients that they serve. We urge the Departments to make the best use of the recommendations, knowledge and experience our organizations offer here.

Our organizations are committed to ensuring that any changes to the healthcare system achieve coverage that is adequate, affordable and accessible for patients. A strong, robust marketplace is essential for people with serious, acute and chronic health conditions to access comprehensive coverage that includes all of the treatments and services that they need to stay healthy at an affordable cost. Our organizations support Colorado's efforts to strengthen its marketplace by submitting this application to implement a reinsurance program, and we urge the Departments to approve the application.

Reinsurance is an important tool to help stabilize health insurance markets. Reinsurance programs help insurance companies cover the claims of very high cost enrollees, which in turn keeps premiums affordable for other individuals buying insurance on the individual market. Reinsurance programs have

been used to stabilize premiums in a number of healthcare programs, such as Medicare Part D. A temporary reinsurance fund for the individual market was also established under the Affordable Care Act and reduced premiums by an estimated 10 to 14 percent in its first year.<sup>i</sup> A recent analysis by Avalere of the seven states that have already created their own reinsurance programs through Section 1332 waivers found that these states reduced individual market premiums by an average of 19.9 percent in their first year.<sup>ii</sup>

Colorado's proposal will create a reinsurance program starting for the 2020 plan year and continuing for two years. Based on the initial analysis commissioned by the state, this program is projected to reduce premiums by 16 percent and increase the number of individuals obtaining health insurance through the individual market by 2.9 percent. This would help patients with pre-existing conditions obtain affordable, comprehensive coverage. Additionally, Colorado's program is designed to especially help patients in rural areas of the state that have experienced higher premium increases.

As states consider different ways to stabilize their marketplaces, our organizations are pleased that Colorado has submitted an application that is projected to improve coverage and affordability without compromising access to essential health benefits or jeopardizing other important protections that our patients rely on. We believe that this 1332 Waiver Application will help stabilize the individual market in Colorado and protect patients and consumers. Thank you for the opportunity to provide comments.

Sincerely,

American Heart Association  
American Liver Foundation  
American Lung Association  
Arthritis Foundation  
Epilepsy Foundation  
Hemophilia Federation of America  
The Leukemia and Lymphoma Society  
National Multiple Sclerosis Society  
National Organization for Rare Disorders  
National Psoriasis Foundation  
Susan G. Komen

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<sup>i</sup> American Academy of Actuaries, Individual and Small Group Markets Committee. *An Evaluation of the Individual Health Insurance Market and Implications of Potential Changes*. January 2017. Retrieved from [https://www.actuary.org/files/publications/Acad\\_eval\\_indiv\\_mkt\\_011817.pdf](https://www.actuary.org/files/publications/Acad_eval_indiv_mkt_011817.pdf).

<sup>ii</sup> Avalere. *State-Run Reinsurance Programs Reduce ACA Premiums by 19.9% on Average*. March 2019. Retrieved from <https://avalere.com/press-releases/state-run-reinsurance-programs-reduce-aca-premiums-by-19-9-on-average>.