

Slow Down on State Government Option Proposal

Dear Members of the Colorado General Assembly:

On behalf of the undersigned business and agriculture organizations and chambers of commerce from across Colorado, we applaud the renewed focus you and fellow policymakers have placed on ensuring every Coloradan has access to affordable, quality health coverage and care. However, the 'State Option' proposed by the Division of Insurance and Department of Health Care Policy & Financing is a step in the wrong direction that could have grave consequences.

Health care and health insurance are critically important to all Coloradans, and our state has made good progress to expand access and quality of services. A record 93.5% of residents are insured, and four-out-of-five adults visited a doctor at least once last year. The State Option will have a reverse effect, producing less competition, fewer services and destabilization in our health care system. There is no industry or community throughout the state that will not be affected by the negative consequences of the proposed State Option.

The State Option is expected to cut at least \$235 million of reimbursements to health care providers in the first year and by as much as \$1.5 billion within five years. That will exacerbate a growing shortage of health care workers and force many providers to reduce services. As a result, patients will have to travel further, wait longer and have fewer providers to choose from when they need care the most.

The impact would be particularly damaging for rural residents. A Navigant Research [study](#) in August of this year notes that a "public option could negatively impact access to and quality of care through rural hospitals' potential elimination of services and reduction of clinical and administrative staff, as well as damage the economic foundation of the communities these hospitals serve." The report indicates nearly one-in-three rural Colorado hospitals could be forced to close.

Rate setting reimbursements may also force carriers to shift costs onto other insurance groups, which will increase costs for those who currently have private insurance. The Colorado Hospital Associations notes that the State Option may increase health insurance costs for more than half of residents.

The State Option would have significant economic consequences. A [study](#) by the REMI Partnership that considered a similar program found cost-shifting onto the employer-sponsored market would increase health care costs more than five percent for businesses. That would cost Colorado's economy as many as 8,320 jobs and up to \$919 million in lost GDP. Additionally, the final report of the State Option failed to evaluate eligibility criteria for small businesses to participate or the impact on the small-group market as mandated by HB19-1004. As a result, the true impact on Colorado's small business community is largely unknown.

The risks of a State Option are too great to move forward with so many unknowns. The proposal does not provide a thorough economic impact analysis, nor does it consider the impacts on access to and quality of care. Additionally, as stated in the initial report, the State Option will rely on unsecured funding sources, including federal waivers, state funds and "other levers"—which, if not realized, could create potentially immense tax burdens on all Coloradans.

The state should slow down and retract the State Option proposal, conduct a full cost-benefit analysis, and invite greater input and review. The consequences are too great for Colorado to go it alone with so much uncertainty left unanswered.

