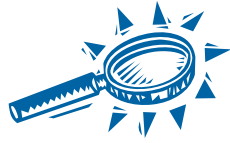




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# Blueprint Brief



A closer look at the research in  
**Blueprint for Opportunity:**  
**Issues that matter • Ideas that work**

Blueprint Brief No. 15

Aug. 22, 2006

*Including residents, providers and the medical community is one of the Blue Ribbon*

*Commission's strong points – an approach the state has not taken before.*

*This increases the likelihood the commission can generate recommendations for a workable statewide health care reform policy.*

*According to the U.S. Census Bureau, 772,000 Coloradans were uninsured for the entire year in 2003, and another 537,000 were uninsured for part of the last two years.*

## Update on Colorado health care reform efforts

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In 2006, the Colorado Legislature created the Blue Ribbon Commission for Health Care Reform (SB06-208) to develop specific recommendations for comprehensive state health care reform. The commission's report is due Nov. 30, 2007. The 24 commission members, appointed by the governor and legislative leaders, are to equally represent consumers, health care experts, business leaders, and health insurance purchasers, such as employer health coalitions and chambers of commerce. By bringing together a variety of stakeholders, the costs and benefits of health care reform can be studied from different perspectives.

Coloradans clearly want to change the current health care system. The Colorado Coalition for the Medically Underserved reports that Coloradans “want everyone to have access to care through a cost-effective, efficient system that allows for choice of providers and plans, portability, preventive services, and personal responsibility.”<sup>1</sup>

Rising health care costs are having a profound and lasting impact on Colorado families, businesses and the state budget.

### Health care costs: Impact on individuals and families

- Employer-sponsored health insurance is declining due to high health insurance costs. According to the U.S. Census Bureau, 772,000 Coloradans were uninsured for the entire year in 2003, and another 537,000 were uninsured for part of the last two years. Further, 75 percent of those who are uninsured in Colorado are employed.<sup>2</sup>
- Health insurance premiums in Colorado have risen at double-digit rates since 2000. As of January 2005, the average annual premium in the Denver metro area was \$4,740 for an employee and \$14,208 for an employee and family of three.<sup>3</sup>
- Increasing numbers of families are having trouble paying their medical bills. According to a 2004 study by the Center for Studying Health System Change of Washington, D.C., more than two-thirds of families with problems

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paying medical bills have health insurance coverage. Most of those with substantial medical debt also have difficulty paying for housing, transportation, food and heat.<sup>4</sup>

### Health care costs: Impact on small business

- Between 1996 and 2002, small group insurance premiums for Colorado small businesses jumped an average of 84 percent.<sup>5</sup>
- Health insurance costs are the fastest-growing business expense for companies. Rapid health care spending hurts economic growth by cutting into operating margins and making it difficult for companies to provide health coverage for employees and retirees.<sup>6</sup>
- High health insurance costs also slow the rate of job growth by making it more expensive for firms to add new employees.<sup>7</sup>

### Health care costs: Impact on Colorado's budget

- Appropriations earmarked for Medicaid equal about 29 percent of Colorado's FY 2006-07 general fund budget. Medicaid is a primary source of funding for long-term care, the disabled and for low-income families and individuals.<sup>8</sup>
- In an effort to control Medicaid spending and address budget shortfalls, Colorado's Medicaid reimbursements to hospitals, clinics and health providers has been declining. Due to a pending Medicaid rate decrease of up to 15 percent, in August 2006, Colorado Access, the state's last private Medicaid HMO, decided not to renew its contract with the state, dropping 65,000 members.
- Congressional reductions in federal Medicaid spending will shift more health care costs onto the states. As a result, Colorado must try to maintain current health insurance coverage with fewer federal funds.
- According to Milbank Memorial Fund's State Health Care Expenditure Reports for 2001<sup>10</sup> and 2005,<sup>11</sup> total health care spending by state government, not adjusted for inflation, increased 37 percent between 1999 and 2003, from \$2.4 million in 1999 to \$3.3 million in 2003.

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### End Notes

- <sup>1</sup> Colorado Coalition for the Medically Underserved (2004). [Moving Towards Substantial Reform: Health Care Coverage for All Coloradans.](#)
- <sup>2</sup> Colorado Health Institute (2006). *Profile of the Uninsured in Colorado, 2004* and *Profile of the Working Uninsured in Colorado, 2004 Supplement.*
- <sup>3</sup> Colorado Health Institute (2005). [Health and Health Care in Colorado.](#)
- <sup>4</sup> Ha T. Tu, (2004). [Rising Health Costs, Medical Debt and Chronic Conditions.](#) Issue Brief No. 88, Center for Studying Health System Change.
- <sup>5</sup> Colorado Health Institute (2005). [The Small Group Health Insurance Market in Colorado.](#)
- <sup>6</sup> National Coalition on Health Care (2006). [The Impact of Rising Health](#)
- [Care Costs on the Economy: Effects on Small Businesses.](#)
- <sup>7</sup> Ibid.
- <sup>8</sup> Colorado Joint Budget Committee (2006). [FY 2006-07 Appropriations Report.](#)
- <sup>9</sup> Karen Augé, [Legislators seek fix for 'flawed' plan.](#) *The Denver Post*, Aug. 3, 2006.
- <sup>10</sup> Milbank Memorial Fund (2001). [1998-1999 State Health Care Expenditure Report.](#) co-published by Milbank Memorial Fund, National Association of State Budget Officers and the Reforming States Group.
- <sup>11</sup> Milbank Memorial Fund (2005). [2002-2003 State Health Expenditure Report.](#)



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*Health insurance costs are the fastest-growing business expense for companies. Rapid health care spending hurts economic growth by cutting into operating margins and making it difficult for companies to provide health coverage for employees and retirees.*

**✓ Get serious about comprehensive health care reform.**

*Colorado's next governor and legislature should commit to taking the necessary actions to reform our health care system so all Coloradans have access to a core set of affordable, quality health care services.*

*We should identify the most promising ideas for improving our health care system and put them into action.*