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Blueprint for Opportunity

No. 22

Implementation Memo

TO: Governor Ritter
Members of the 66th Colorado General Assembly

FROM: The Bell Policy Center – Robin Baker, Senior Policy Analyst
and Blair Woodbury, Public Policy Fellow

DATE: February 5, 2007

**RE: Implementing Bell's Blueprint recommendation No. 22
to get serious about comprehensive health care reform.**

In the 2006 Blueprint for Opportunity, the Bell Policy Center recommends:

Get serious about comprehensive health care reform.

Colorado's 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.

(See Blueprint p. 23)

This memorandum briefly discusses the issues surrounding this proposal, describes steps for implementing it, outlines some of the factors to consider and lists sources for additional information and resources.

If you are interested in pursuing this issue further, we are prepared to work with you. Please contact the author of this memo directly at (303) 297-0456 or baker@thebell.org, or Rich Jones, director of policy and research, at (303) 297-0456 or jones@thebell.org.

Overview of the issue

For a growing number of Colorado working families, health care coverage is becoming unattainable. As health care costs escalate, families find themselves paying more and getting less. Small businesses are finding it harder to provide benefits, leading them to pass more costs on to employees or stop providing health care coverage altogether.

Since 2000, health care premiums have grown at twice the rate of wages and overall inflation.¹ In 2006, the average Colorado family paid \$12,386 for health insurance, compared to \$6,797 in 2000.² Workers with employer-sponsored insurance are paying more health care costs through higher co-pays, higher deductibles, or limits on the total amount of health insurance paid out.

Rising health care costs have also led to a dramatic decrease in the number of small firms (those with 10 or fewer employees) offering coverage to workers. In Colorado, the percentage of these small businesses offering health coverage fell from 48 percent in 2001 to 32 percent in 2004.³

More working families and individuals are finding that they can no longer afford health insurance and are joining the ranks of the uninsured. According to the Colorado Health Institute, there were nearly 770,000 uninsured Coloradans in 2004-05. More than three-quarters, 78 percent, were working-age adults.⁴

Regardless of one's health insurance status, studies show that the quality of health care is declining. In general, people without insurance receive less preventive care, are diagnosed at



more advanced disease stages, and once diagnosed, tend to receive less therapeutic care and have higher mortality rates. They also miss more work and face greater financial risk due to poor health.⁵ At the same time, more people with insurance are receiving substandard care. According to the National Committee for Quality Assurance, more than 1,000 Americans die each week because the health care system regularly fails to deliver appropriate care.⁶

While there are obstacles to affordable, quality health care, there is also reason to be optimistic. Colorado, like several other states, has taken the first important step toward comprehensive health care reform. The Blue Ribbon Commission for Health Care Reform, created by [SB06-208](#), is charged with examining public and private sector options to expand affordable health care coverage for all Colorado residents.

The commission consists of 24 members selected in 2006 by former Gov. Owens, Senate President FitzGerald, House Speaker Romanoff, Senate Minority Leader McElhany and House Minority Leader May. The members represent consumers, health insurance purchasers, health care experts and business leaders.

The commission is to release a solicitation for health care reform proposals Feb. 22, 2007, and expects several groups to submit proposals before an April 6 deadline. Submitted proposals will be posted on the [commission's web site](#) so the public may review the proposals and give input. On May 18, the commission is to select three to five proposals for analysis by an independent consultant. It is to submit final recommendations to the legislature in November 2007.

In a Dec. 18, 2006, meeting, then-Gov.-elect Ritter informed the commission of his plans to add three more members to the group, which will require legislative action. Sen. Shaffer and Rep. Pommer introduced SB 07-104 on Jan. 25 to add three gubernatorial appointments to the commission, bringing its membership to 27.

Implementation step

- **The governor and legislature should work closely to ensure the commission's work leads to significant reform.** The legislature should closely monitor the work of the commission and give Gov. Ritter an opportunity to contribute to the debate by appointing new members. While the current body is a diverse group representing different regions, business sectors and political perspectives, more expertise on the commission would contribute positively to the group's work.

The governor and legislature should closely monitor the commission's progress and use its work as a foundation for enacting comprehensive health care reform.

Factors to consider

Laws in Colorado restricting state spending could interfere with the implementation of any significant health care reform. Referendum C, which gave the state a five-year time out from TABOR, will expire in 2010. General Fund expenditures, which fund most health care services in Colorado, are also limited to 6 percent annual growth. If medical expenditures continue to grow at more than twice the rate of inflation, funding for health care would cover fewer services or beneficiaries each year.

There is strong support for health care reform in Colorado. While two-thirds of Coloradans are satisfied with their own medical care, a similar proportion of voters are dissatisfied with the cost of that care.⁷

Illinois enacted similar legislation to Colorado's Senate Bill 208 in 2004. The [Illinois Adequate Health Care Task Force](#) consolidated proposals submitted by several organizations into a hybrid proposal. The task force has already completed a [draft of its final recommendations](#). While the Illinois task force worked on its recommendations, Gov. Blagojevich implemented a program to cover all kids in the state.

Information and resources

“Update on Colorado health care reform efforts,” The Bell Policy Center, Blueprint Brief, Aug. 22, 2006.

📄 www.thebell.org/Blueprint2006/Brf15-HealthCareUpdate.pdf

📄 Blue Ribbon Commission for Healthcare Reform – [upcoming meetings schedule](#).

Institute of Medicine (2003). *Hidden Costs, Values Lost: Uninsurance in America*. Committee on the Consequences of Uninsurance, Board on Health Care Services, Institute of Medicine of the National Academies. The National Academies Press.

📄 <http://books.nap.edu/catalog/10719.html>

📄 The Colorado Blue Ribbon Commission for Health Care Reform
www.colorado.gov/208commission/

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End notes

- ¹ Kaiser Family Foundation and the Health Research and Educational Trust (2006). “Employer Health Benefits 2006 Annual Survey.” <http://www.kff.org/insurance/7527/upload/7527.pdf>
Kaiser Commission on Medicaid and the Uninsured (2006). “Changes in Employee’s Health Insurance Coverage, 2001-2005.” <http://www.kff.org/uninsured/upload/7570.pdf>
Bureau of Labor Statistics (2006). “The Employment Situation: December 2006.” <http://www.bls.gov/news.release/pdf/empsit.pdf>
Maxfield, J. H. (2006). *Monthly Labor Review*, “Jobs in 2005: How do they compare with their March 2001 counterparts?” United States Department of Labor.
<http://www.bls.gov/opub/mlr/2006/07/art2full.pdf>
- ² “Premiums versus Paychecks: A Growing Burden for Colorado’s Workers,” Families USA, December 2006.
Shanley, Will., “Health costs rise faster than pay,” *The Denver Post*, Dec. 5, 2006.
http://www.denverpost.com/healthcare/ci_4779642/Health
- ³ Medical Expenditure Panel Survey data (2004).
- ⁴ “Profile of the Uninsured in Colorado: An Update for 2005,” Colorado Health Institute, November 2006.
<http://www.coloradohealthinstitute.org/documents/PolicyBriefs/Uninsured.pdf>
- ⁵ Kaiser Commission (2003). “The cost of not covering the uninsured: Project highlights,” an ongoing initiative of the Kaiser Commission on Medicaid and the Uninsured. Menlo Park: Calif.
<http://www.kff.org/uninsured/upload/Cost-of-Not-Covering-the-Uninsured-Project-Highlights.pdf>
- ⁶ National Committee for Quality Assurance (2004). “The State of Health Care Quality: 2004.” <http://www.ncqa.org/communications/SOMC/SOHC2004.pdf>
- ⁷ “Colorado Health Care Survey Results,” Colorado Chapter of the American Academy of Pediatrics and Colorado Medical Society, September 2006. Polling conducted by Mason-Dixon Polling and Research.
<http://www.cms.org/Survey/AAP-CMSHealthPollSummary.pdf>