

Health: Care and Costs in Colorado

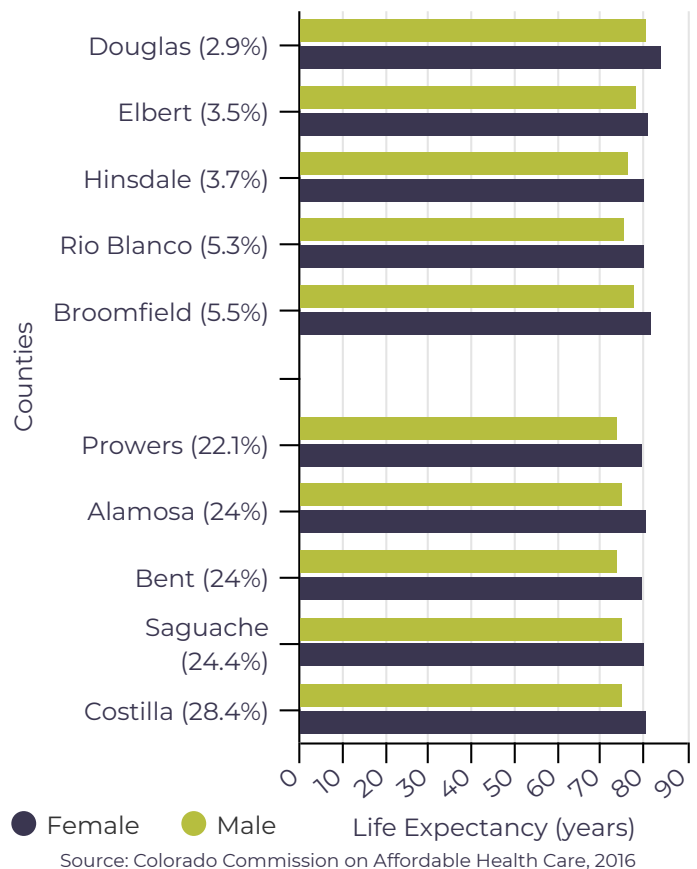
Over the past several years, Colorado has engaged in ambitious health policymaking. From the creation of legislative commissions to [spur health coverage reforms](#) to Governor Hickenlooper’s [vision and plan](#) to make Colorado “the healthiest state,” our state has enjoyed bipartisan leadership on a variety of initiatives aimed at improving care, costs, and coverage.

We could make even greater strides by recognizing the clear influence opportunity has on health. Research from Boston University reveals areas of low economic opportunity are associated with higher mortality rates and greater incidences of obesity, hypertension, and diabetes, and moving from these areas to counties of high opportunity could improve mortality rates by 16.7 percent. The [Brookings Institution](#) suggests a lack of well-paying jobs and a dearth in the economic and social supports people need to thrive are [partly to blame](#) for a rising premature death rate among Americans with lower levels of education.

Colorado mortality rates [compare favorably](#) with other states, and Summit, Pitkin, and Eagle counties boast the greatest longevity in the nation. However, good outcomes are [not uniform](#) — rural areas, particularly in southeastern Colorado, fare worse than others, especially for male residents.

The Colorado Health Institute (CHI) [illustrates](#) the impact of income and education on health by pairing both with health survey results. Its analysis shows in Pueblo County and the San Luis Valley, which have some of these highest poverty rates in the state, more than 1 of 5 residents report fair or poor health. Conversely, 93 percent of Douglas County residents say they are healthy — Douglas County has the state’s lowest poverty rate and nearly 80 percent of its residents have pursued postsecondary education.

Life Expectancy in Counties with Low vs. High Poverty



This research has important implications for the future of health and opportunity in Colorado. Our policy efforts should protect and improve upon the gains Colorado has made with respect to care and coverage, seek new ways to lower costs for our system and for individuals, and leverage the knowledge that better health outcomes occur by enriching how we live, work, learn, and play.

Protecting Colorado’s Gains

Colorado capitalized on reforms made possible by the Affordable Care Act (ACA) — reforms [championed](#) by bipartisan state-led health reform efforts in 2008. Colorado created its own health insurance exchange, expanded

Medicaid coverage at no cost to the General Fund, tested innovative ways to pay for care, and piloted approaches allowing people to get physical and behavioral health care in a more streamlined, integrated way. Medicaid's expansion also expanded Colorado's economy, bumping up household earnings, prompting job growth, and increasing state General Fund revenue. These economic gains are projected to grow into 2035.

A historic number of Coloradans now have health insurance. The 2017 Colorado Health Access Survey (CHAS) shows almost 600,000 more residents have insurance today than in 2013. At 6.5 percent, Colorado's uninsured rate is down from nearly 18 percent 10 years ago.

Medicaid has become a vital insurer for many Coloradans. Nearly 1 in 4 Coloradans – the majority of whom are working – are now insured through Medicaid. In 10 counties, more than 40 percent of the population is enrolled in the program.

There are still improvements to be made, as Colorado's health gains haven't been felt equally by all. Historically vulnerable populations, such as immigrants, non-citizens, and people of color, particularly Hispanic Coloradans, are more likely to be uninsured than others, as are those who make just over the income threshold to be eligible for subsidies.

The Bell's Opportunity Handbook shows having health insurance is the first step in achieving better health and increasing opportunity. Not quite half of all Coloradans are insured through their employers, but this trend has been on the decline for some time. In fact, employer-sponsored insurance has declined by 14 percent since 2009, according to historical CHAS data. As fewer workers are offered health care through their jobs and the number of those in alternative work arrangements increases, Colorado must preserve and enhance a broader, universally accessible system so people get meaningful, affordable care.

Lowering Costs and Spending

Despite its positive changes, the ACA failed to lower health costs. State policymakers must focus on Colorado's pain points related to cost and work to alleviate them.

Colorado residents in various communities, especially in the western part of the state, rank affordable health insurance high on the list of key factors impacting economic opportunity, per the Bell's 2017 opportunity survey.

In conducting research for this guide, Bell staff attended conferences, interviewed experts, and met with local leaders in different parts of Colorado. At these meetings, we asked people to complete a short questionnaire ranking the top factors preventing people in their communities from achieving economic mobility. We also asked for them to indicate the importance of addressing these issues. Overall, respondents to the questionnaire ranked affordability issues at the top of their list, specifically:

- Affordable housing
- Affordable health insurance
- Affordable high-quality child care

We cite these findings throughout the report as we discuss the different forces affecting economic mobility and the policies to promote opportunity throughout Colorado.

In northwest Colorado, for example, residents are proud of their healthy lifestyles, but are stressed about the "astronomical" cost of rural health care and the distance they must travel to get it.

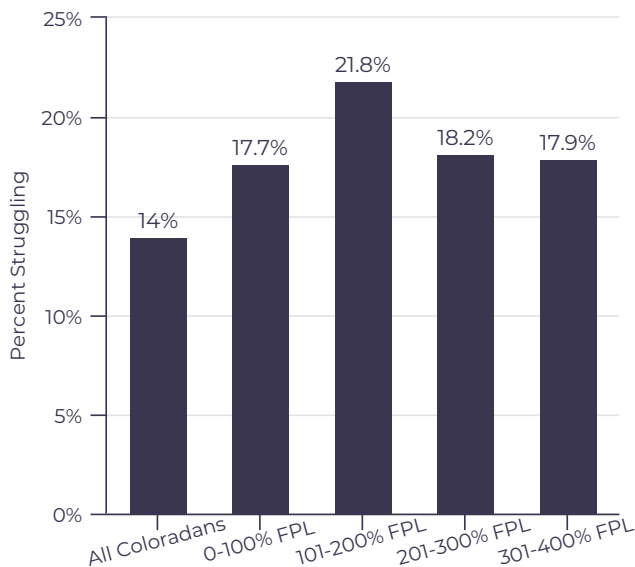
CHI's recent tour of the state uncovers similar concerns about cost, as well as confusion about medical bills and insurance. Some struggle more with affordability than others, particularly black or Hispanic Coloradans and those who are economically disadvantaged. Nearly 80 percent of uninsured Coloradans blame the high cost on their lack of insurance, but even those with insurance find health care unaffordable largely due to insurance premiums and out-of-pocket costs.

Health insurance premiums have been slowly but steadily rising for many Coloradans, both for those insured by employers and those who receive premium tax credits, and are thus shielded from volatile price increases on the

individual market. Unfortunately, people buying private insurance who don't qualify for subsidies (those making over 400 percent of the federal poverty level, or just under \$100,000 for a family of four) have been financially squeezed. These Coloradans have experienced double-digit rate increases over the past few years and will contend with a 34 percent average increase in 2018, per [the Division of Insurance](#). The problem is acute in rural, frontier, and mountain resort communities, which have some of the highest health costs in the country and where the cost of living is also high.

Out-of-pocket health spending is rising dramatically as health insurance plans grow less generous and [more workers have high-deductible health plans](#). These costs will "accelerate" in the next decade, per the Centers for Medicare and Medicaid Services (CMS). The Kaiser Family Foundation (KFF) [illustrates](#) how personal health spending has grown for all workers over the past 10 years, especially for women, older adults, and those undergoing expensive treatments. JPMorgan Chase [finds](#) Coloradans between the ages of 18 and 64 have the highest out-of-pocket spending out of a 23-state sample.

Lower-Income Coloradans Struggle to Pay Medical Bills

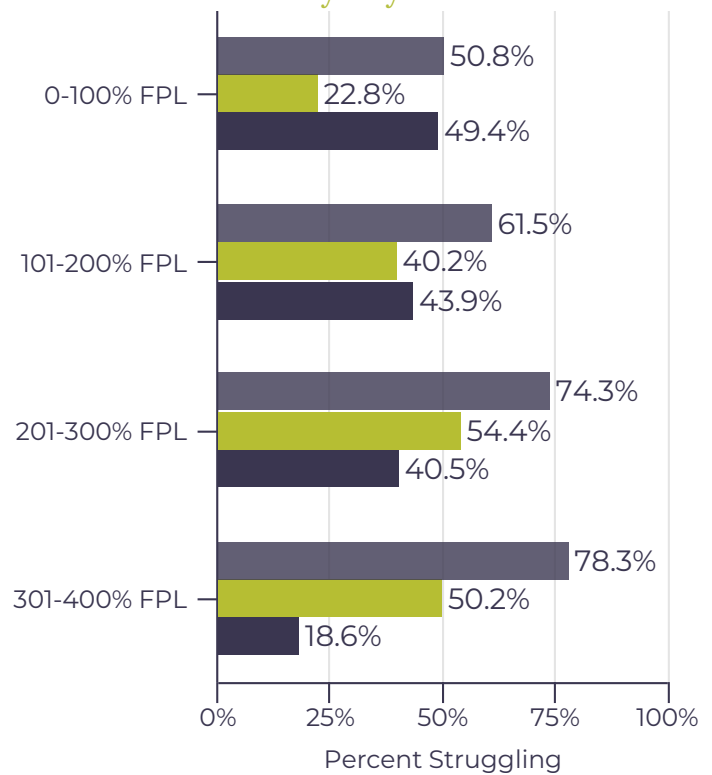


Source: Colorado Health Institute 2017 CHAS data

A large majority of Coloradans self-report spending 5 percent or less of income on health expenses, but consumers say they take other actions to combat costs, such as skipping doctor visits or prescriptions. Adding in premium costs increases the burden. A 2015 [Commonwealth Fund study](#) reveals Colorado workers are paying 9.5 percent of their median household income toward total health costs (premiums and out-of-pocket spending), up from 6.2 percent a decade earlier.

Finally, medical debt and the burden it places on Colorado families warrants focus. Medical bankruptcies have greatly lessened, and only 14 percent of Coloradans overall say they struggle to pay medical bills, a number that has decreased since implementation of the ACA. However, those who do struggle must risk financial security just to cover costs. This is especially true for low- and middle-income Coloradans.

Of Those Struggling, This Is How They Try to Cover Costs



- Cannot Pay for Basic Needs (Food, Rent, Utilities)
- Took On Credit Card Debt
- Cut Back on Savings or Borrowed From Savings

Source: Colorado Health Institute 2017 CHAS data

Colorado's General Fund is pinched by rising costs as well. The state's annual growth rate on health spending is growing faster than the economy's rate, just as it is nationally, and will likely do so in the future, according to the [Colorado Commission on Affordable Health Care](#). Thus, a greater share of governmental spending is going to health care.

Many programs would benefit from decreased health costs, but Medicaid, which accounts for about one-quarter of General Fund spending, would be the most obvious winner. In addition to rising health costs overall, [increasing aging and disabled populations](#) play a role. Medicaid is hit hard by an aging population because it's the primary payer of long-term services and supports (LTSS), which can be quite costly. LTSS aren't covered by Medicare or most other forms of health insurance, so many people pay for this care themselves — at first. Many middle-class Coloradans will reach a point when they can no longer afford to pay for long-term care on their own. They will be forced to spend down their assets to the point where they qualify for Medicaid to help with those costs.

Because of federal rules around the program, state Medicaid programs must provide nursing home care to those who are eligible for it — and nursing home care is very expensive. [Genworth](#), which tracks long-term care costs, calculates the annual cost for a private room in a Colorado nursing home is \$102,564. Colorado also provides Home and Community Based Services (HCBS), which are [optional, more cost-effective Medicaid programs](#). Medicaid has been, and will continue to be, a vital support for older Coloradans.

The [Colorado Futures Center](#) finds the state's changing demographics and a faster rate of inflation on the cost of care for older enrollees (not the Medicaid expansion) will place pronounced pressure on Medicaid over the next 12 years. One out of every five Medicaid dollars will be spent on the adults over age 65, according to these estimates. The General Fund would greatly benefit from health care cost-reduction strategies aimed at best serving older adults.

The [Bipartisan Policy Center](#) (BPC) recommends a variety of strategies to better

publicly fund LTSS. Expanding home- and community-based services (HCBS) and requiring Medicare to pay for respite (a break from caregiving) should be of interest to Colorado. Colorado is recognized as a [leader](#) in providing LTSS, and lawmakers have consistently supported efforts to improve these services, which serve 44,000 people in the state. Recent examples include eliminating waiting lists and implementing recommendations to improve respite care statewide. However, the [LTSS Scorecard](#) suggests there is room for improvement.

The BPC also encourages private sector solutions, such as participation in private long-term care insurance (LTCI) policies through employers, allowing these policies to be sold on health insurance exchanges, and making them available through workplace retirement plans. These ideas deserve consideration, but there are real barriers for consumers. Few carriers offer LTCI (and many plans have gone insolvent), existing policies are not robust or affordable, and only half of Coloradans have access to workplace retirement savings in the first place.

Leveraging Social Programs

Over 60 percent of “health” is the [result](#) of social, environmental, and behavioral factors. Addressing these factors can lead to a major return on investment. Analysis by Harvard Business School and Yale School of Public Health finds, “substantial evidence of improved health outcomes and/or reduced health care spending” when housing, income support, nutrition, and other social factors are addressed. When Coloradans have these basic necessities it improves health equity, [a term](#) that refers to the philosophy all people should have the opportunity to lead healthy lives, regardless of race, ethnicity, income, school district, or zip code.

The United States is the only country without a publicly financed health system and it [far outspends](#) other industrialized nations when it comes to health costs, only to achieve poorer health outcomes. Conversely, it spends far less on social services, including retirement and disability benefits, employment programs, and

housing. The Commonwealth Fund’s [research](#) finds one influences the other, stating the U.S. health spending may “crowd out” other types of spending supporting health.

Existing state initiatives are leveraging social programs to benefit health. An [environmental scan](#) published by the Colorado Department of Public Health and Environment points out an abundance of statewide and local level programs that aim to improve health outcomes using a social determinants lens. For instance, Colorado is poised to create “health neighborhoods” for all Health First Colorado members, which will link their medical care to community resources.

Many of the suggestions in this guide — increasing access to preschool and kindergarten, providing workers paid family and medical leave, raising wages, increasing investment in affordable higher education and housing — would also have dramatic positive impacts on Coloradans’ health. If we support these programs, we improve health.

Recommendations

Protect and improve upon Colorado’s insurance gains. Specifically, Medicaid should be protected and Colorado should reject federal block grants or similar financing schemes. An evisceration of this funding would mean Colorado must find billions of General Fund dollars to supplement the program or restrict care for children, the elderly, the poor, and the disabled. Colorado also should oppose proposals which seek to limit enrollment in other ways, such as work requirements for “able-bodied” adults. The [research](#) doesn’t support a need for work requirements and suggests they would have negative health impacts for vulnerable people.

Explore ways to leverage Medicaid and Colorado’s insurance exchange. Policymakers have encouraged experimentation with Medicaid payment reforms and new ways of delivering care, but should consider ways to expand insurance options, increase competition, and reduce costs. One idea is creating a public “buy-in” option, an idea under consideration in other states and at the national level. These programs can be structured in a variety of ways and could be offered on the exchange.

Alleviate high costs for consumers by acting on Cost Commission recommendations. The Cost Commission spent three years studying, discussing, and reaching bipartisan consensus on ways to bend Colorado’s cost curve. Colorado now has actionable strategies on how to target price transparency, protect consumers from unexpected and inaccurate medical bills, support the health care workforce, and reform how health services are paid for.

Focus on financing long-term care. Coloradans and their families are not prepared for these costs and the state General Fund is similarly unprepared to cover them as our population grows older. Colorado’s Strategic Action Planning Group on Aging is charged with creating recommendations around LTSS and can play an important role, along with the newly created state Advisor on Aging in the Governor’s Office.

Bend and blend spending toward social programs. Examples from the Cost Commission include folding in funding for housing and employment within our Medicaid system, creating a statewide screening and referral system for children who experience stressful or traumatic events, and investing in quality preschool for children insured through Medicaid.