

# BRIEFED BY THE BELL: HEALTH CARE

## The Issue

Colorado has made major strides in increasing access to health care over the last 10 years, but consistently increasing costs put health care out of reach for families. Policymakers should focus on Colorado's pain points related to cost and work to alleviate them through a combination of short- and long-term changes.

Reforms made over the past decade by Colorado policymakers, including those possible because of the federal Affordable Care Act (ACA), allowed our state to improve health, particularly access to insurance coverage, for hundreds of thousands of people. Access to health care is the first step toward better health and economic mobility. Affordable health care is another key component, one that demands immediate attention.

As shown in our recent report on Colorado's middle class families, incomes for two-adult, two-child households have risen only 21 percent between 2000 and 2016, but health care costs have risen 70 percent over the same time period. Other dynamics at play include fewer Coloradans having access to coverage through an employer, many Coloradans bearing greater out-of-pocket costs than before — higher than in most of the country — and increasing health insurance costs. This problem is especially acute in Western and resort communities in the state, where few insurance options, a high cost of living, and higher medical costs are driving up prices and forcing people out of the region. The costs of forgoing care, including cutting basic needs, going into debt, or skipping care altogether, are too high to ignore.

In addition, Colorado, like the rest of the country, has been subject to confusing and potentially destabilizing federal action, and in some cases, inaction, on health care reform. In particular, the Trump administration's efforts on a number of fronts has created ongoing instability in the health insurance marketplace that state policymakers must contend with or face increasing frustration from consumers who continue to see unaffordable costs.

## The Facts

- Between 2000 and 2016, income for a two-adult, two-child family rose 21 percent, while health care costs rose 70 percent during the same time.
- In 2017, 600,000 more Coloradans had health insurance than in 2013, and the state had an historically low uninsured rate of 6.5 percent.
- Nearly 1 in 4 Coloradans are insured through Medicaid or Children's Health Insurance Program (CHIP).
- Eighty percent of uninsured Coloradans blame high costs as the reason for not having health insurance.

## The Solutions

There are commonsense and innovative reforms that would make health care more affordable and available for Coloradans. There are also policies Colorado should reject.

## Study & Implement New State Coverage Option

Policy experts and state leaders in Colorado and across the country are turning to Medicaid to explore how to provide a new affordable, efficient, and competitive health care option. Health First Colorado, the state's Medicaid program, is an insurance program run in partnership with the federal government. It provides coverage and access to care for nearly 1.4 million low-income Coloradans, 400,000 of whom were able to get coverage because of the 2014 expansion brought on by ACA.

A health plan that uses the efficiencies inherent in Medicaid coverage could give all Coloradans the option to purchase more affordable coverage. This could also provide competition in areas that currently lack choice in health insurance. The Colorado House of Representatives passed a bipartisan bill in 2018 to study how to best improve health insurance affordability and competition, especially in rural areas. Allowing people to buy into Medicaid was one option to be studied, but the bill failed in the state Senate. It's crucial incoming policymakers and experts put attention on how to create more competition to lower prices for Coloradans.

## Oppose Attacks on Medicaid

Efforts to implement work requirements for Medicaid are gaining traction in some states like Arkansas and Kentucky, in part because the Trump administration is encouraging them. Purportedly, the reason for work requirements is they encourage people to work. However, a look into both the facts about people insured through Medicaid and evidence from states that are early adopters of work requirements reveals they are actually a punitive strategy. First, most Coloradans who are insured by Medicaid work. Those who don't have a good reason for not doing so, such as having a disability, being retired, or serving as a family caregiver. Research finds good health helps people work, not the other way around. Second, early evidence from these states like Arkansas and Kentucky, show they lead to people losing coverage — not because they aren't working, but because they aren't reporting on the fact they work. The administration and outreach required for implementation is also costly and time intensive. Thus far, work requirements don't lead to savings; instead they lead to both human and monetary costs. They have no place in Colorado.

## Establish a Reinsurance Fund to Reduce Health Care Premiums

High insurance premiums are of major concern to many Coloradans — those in rural Colorado and the Western Slope in particular, as they have faced the biggest year over year price increases. Consumers who buy their own insurance on the marketplace need a lifeline. One solution that could bring short-term relief is a reinsurance program. Reinsurance was a time-limited program available to states as they worked with insurance carriers to implement ACA. Lately, it has resurfaced in states like Alaska, Maine, Minnesota, Oregon, and Wisconsin as a method of lowering insurance premiums for individuals who purchase their own insurance on the marketplace. It's mainly beneficial for insurance providers that insure those with the highest costs, as helping these consumers would allow carriers to reduce costs for everyone else. Also, federal dollars would likely be available to help offset some of the cost. This idea has had bipartisan support from the Colorado legislature in the past, though it could not overcome opposition in the state Senate.

## The Takeaways

- Many more Coloradans have health insurance now than before the Affordable Care Act, but we must continue our progress.
- High cost and lack of options are barriers to ensuring that all Coloradans have affordable, meaningful health care coverage.
- Introducing more competition through a state-supported coverage option has the potential to lower costs for many.
- Erecting barriers to acquiring health insurance for low-income Coloradans, through Medicaid work requirements or other punitive approaches, would likely result in people losing health insurance and without the hoped-for cost savings.

## The Bottom Line

Health care is a personal and pressing topic for Coloradans. While our state has worked over the last decade to improve our health care system, change hasn't come fast enough for many. Too many people find their insurance options too expensive or too unavailable, or both. There are real commonsense ideas that have support across party lines in Colorado, but have stalled due to political pressures. Implementing these policies — and resisting the siren songs of bad ones — should be a priority for all state legislators. We have waited too long for real change, and many families cannot wait any longer.