

# The Public Option

## *An Overview of Colorado's Proposed Program*



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Arvada Chamber of Commerce Forum:  
*Understanding the Public Option*

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## ABOUT US

**We believe that sound evidence and solid analysis lead to better health policy, and that better health policy leads to healthier Coloradans.**

That is our work as Colorado's leading nonprofit and nonpartisan health policy research group.

And we are passionate about it.

# What is the Public Option?

- An additional insurance option available to consumers
- Offered through a government-run program (e.g., Medicaid or Medicare)
- Expands upon current forms of coverage
- Designed to increase choice, lower costs in individual market



**Introduced Bills**

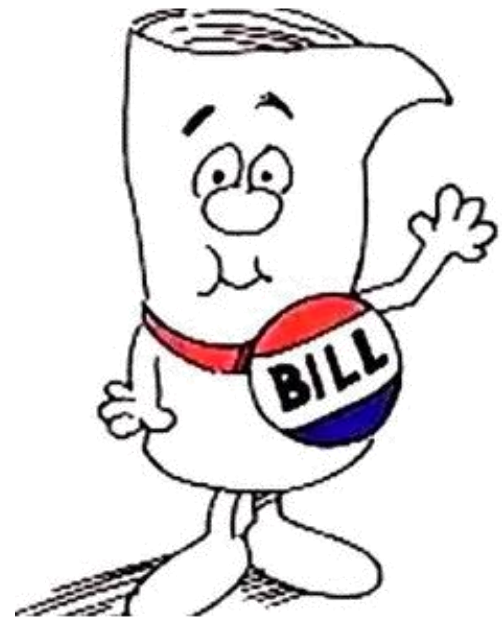
**473\***

**Expected Bills**

**~650**

**Most bills have been introduced  
...but not public option.**

\*As of Thursday, February 20, 2020



# How We Got Here



# The History

- Counties' struggles with high prices and few options
- Discussed as part of Affordable Care Act
- Favored by some in Congress/presidential race





# 2019 Legislation

- Democrats' unified control of government in 2019 made public option a feasible policy idea

HB19-1004

## Proposal For Affordable Health Coverage Option

Concerning a proposal for implementing a competitive state option for more affordable health care coverage in Colorado, and, in connection therewith, requesting authorization to use existing federal money for the proposed state option and taking other actions toward the implementation of the state option, and making an appropriation.

SESSION: 2019 Regular Session

SUBJECT: Health Care & Health Insurance

BILL SUMMARY

### PRIME SPONSORS



Representative  
**Dylan Roberts**



Representative  
**Marc Catlin**



Senator  
**Kerry Donovan**



# Developing the Plan

- HB 19-1004 authorized study and waiver
- Stakeholder meetings throughout summer and fall 2019, led by state agencies (HCPF and DOI)
- Final report released Nov. 2019 following public comment period
- Not really a “public option”





# Current Proposal



# Overview

- Creates state-designed health insurance plan
- Administered through private insurance companies
- Requires insurers to spend 85% of premium revenue on patient care (up slightly from current regs)
- Limits what health care providers can charge insurers (benchmarks to around 200% of Medicare)
- May require insurers and hospitals to participate
- State predicts 9 to 18% savings on premium costs



# The Spectrum of Ideas



- Builds on existing private insurance market
- State-designed but not state-administered

# Differing Opinions



*From advertisement embedded in Colorado Sun story, December 31, 2019*



# The Players

- **Leading proponents:**  
Governor and Western Slope legislators
- **Leading opponents:**  
Hospitals, insurers, industry groups (e.g., PATH)
- Hospitals bringing own legislation: Total Cost of Care





# Who Pays? How Much? For What?



**REINSURANCE**



**PUBLIC OPTION**



**COMMUNITY PURCHASING**



**PAYMENT REFORM**



# Next Steps

- 2020 bill to be introduced and debated
- Waiver requires federal approval
- Public option coverage would first take effect in 2022

**How likely is this to pass?**







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# Panel Discussion:

*Understanding How the Public Option  
Will Impact Health Care Providers*

