



2022 HEALTHCARE AFFORDABILITY STATE POLICY SCORECARD

A CASE STUDY ON COLORADO

Polling data repeatedly shows that healthcare affordability is a top issue—often the number one issue—that state residents on both sides of the political aisle want their policymakers to work on. To inform policy conversations and support policymaker responsiveness, the Altarum Healthcare Value Hub’s Healthcare Affordability State Policy Scorecard ranks states’ performance on a broad set of policies to make healthcare more affordable, within the following four policy domains:

- Curbing Excess Prices in the System;
- Reducing Low-Value Care;
- Extending Coverage to All Residents; and
- Making Out-of-Pocket Costs Affordable.

Colorado was one of the states that saw the most healthcare affordability policy progress in 2021. While we strongly discourage comparing scores and ranks between iterations of the Scorecard, we also want to highlight states that have undergone substantial healthcare affordability policy progress in 2021, such as Colorado. The state’s legislative session convened January 13, 2021, hosting a Democratic majority in both the House and Senate and a Democratic governor, making it the third consecutive year Colorado Democrats controlled both legislative houses and the governor’s office.

State policymakers passed a record-breaking number of bills throughout the legislative session; many of them focusing on healthcare, housing, police reform, equity, education and sustainability.^{1,2} The following pages provide a deep dive into two specific healthcare policies that Colorado passed in 2021, which fall under the *Extend Coverage to All Residents* and the *Make Out-of-Pocket Costs Affordable* domains. The progress made in these domains is due to legislation which introduced public option-style insurance plans and insulin affordability measures in the state.

PUBLIC OPTION PLANS

On June 16, 2021, Colorado enacted HB-1232 (also known as the “Colorado Health Insurance Option”), which established a public option-style standardized benefit plan, created premium rate reduction targets and appropriated funds necessary to create the Colorado Office of the Insurance Ombudsman.³ The original draft legislation would have implemented a true public-option insurance plan funded and administered by the government.^{4,5} However, after amending the bill to compromise with stakeholder industry groups, the final bill advanced a public option-style standardized health insurance plan. The plans will be offered by private insurers on the state-run individual and small-group Marketplaces (“Connect for Health Colorado”) alongside conventional plans, similar to Washington state.^{6,7}

HB-1232 was implemented via an amendment to a previous Section 1332 waiver originally used to create an individual market reinsurance program. Federal approval for the amendment, which also extends the states reinsurance program beyond its original expiration, was granted on June 23, 2022.⁸ Section 1332 State Innovation Waivers are used to modify certain provisions outlined in the Affordable Care Act (ACA) without forfeiting protections included in the ACA, such as those which prohibit insurers from denying or increasing the cost of coverage due to pre-existing conditions.

In addition to establishing the Colorado Option and mandating that all insurance carriers offer the plan, the waiver also requires the state and insurers to:

- Establish premium reduction targets to reduce the cost of coverage sequentially over three years beginning in 2023 and culminating in a total reduction of fifteen percent by 2025;
- Create the Colorado Office of the Insurance Ombudsman;
- Provide free primary care and mental health visits to those enrolled in Colorado Option plans; and
- Use a share of the anticipated savings from premium tax credit expenditures to support the state's reinsurance program to enhance subsidies for residents enrolled in ACA coverage and residents who do not currently qualify for federal subsidies under the ACA.^{9,10}

The initiative is the first time the federal government has approved a Section 1332 waiver designed to introduce more regulated health insurance plans in a state marketplace.¹¹ Similar to traditional public option programs, the Colorado Option provides consumers with more predictable costs and the ability to more effectively “shop” for coverage. The standard plan design introduces common plans across coverage tiers, which is anticipated to simplify comparison between plans for consumers. Standardized benefit plans also help regulators and exchanges negotiate or set rates with insurance carriers, which may translate to lower prices for consumers.

Beginning in 2023, coverage through the Colorado Option will be available to all residents who buy their health insurance through the individual market and to employers with between 2 and 100 employees.¹² As of 2022, 198,412 Coloradans were insured through the individual market, reflecting approximately 3.4 percent of the state's population.¹³ Preliminary data indicates that the legislation will introduce 42 additional individual health insurance plans, which increases competition and may potentially drive down costs.¹⁴ At the time of writing, all Colorado Option plans will be available in every county across the state, barring Jackson County, with premiums at or below the county's average.^{15,16,17}

Although the Colorado Option represents many historic wins for the state, it will take time before research on the impact on cost savings will be available.^{18,19} In October 2022, the Colorado Division of Insurance (DOI) released the final rate filings for the 2023 plan year, which revealed that the prices in the individual market will increase by an average of 10.4 percent statewide and 7.4 percent for small employers.^{20,21} Many insurers across the state will also offer traditional plans with lower monthly premiums than the Colorado Option plans, further obscuring the ability to determine whether the innovative program will result in lower costs for consumers in the state.²²

PRESCRIPTION INSULIN PRICING AND ACCESS ACT

Colorado has the lowest prevalence of diabetes in the nation. Still, more than 311,000 adults across the state live with the disease.^{23,24} Between 2007 and 2018, insulin prices increased 262 percent across Colorado; resulting in rationing, insulin insecurity and unnecessary hospitalization.^{25,26} Since 2019, Colorado policymakers have introduced several pieces of legislation designed to address the steadily increasing costs of insulin, including the *Prescription Insulin Pricing and Access Act* (HB21-1307).

The Prescription Insulin Pricing and Access Act was signed into law on July 6, 2021, and strengthens an earlier piece of legislation, the 2019 *Reduce Insulin Prices Act* (HB19-1216), which mandated that insurance carriers could not charge consumers more than a \$100 copay for a 30-day supply of insulin.²⁷ However, HB19-1216 only applied to those who were covered by a state health plan, omitting those who are uninsured and many of those insured through their employer. The bill was also unclear on whether the cap applied to a single prescription or a patient's entire monthly supply.

HB21-1307 extends protections to a larger pool of individuals through the addition of an "emergency supply" clause and the creation of the Insulin Affordability Program. The legislation also clarifies that the existing \$100 copay cap applies to a patient's entire supply of insulin for the month, even if the patient has multiple prescriptions. In total, the law builds on earlier legislation by:

- Requiring that, if requested, pharmacists must provide one 30-day supply of insulin in a twelve-month period (an "emergency supply") for thirty-five dollars regardless of the amount or type of insulin prescribed;²⁸
- Clarifies that the \$100 copay cap mandated by HB19-1216 applies to a patient's entire monthly supply of insulin, regardless of the number or type of prescriptions;²⁹ and
- Creates the states Insulin Affordability Program for eligible residents and provides a thirty-day prescription of insulin for fifty dollars for twelve months.³⁰

To be eligible to participate in the twelve-month Insulin Affordability Program, a resident must have a valid prescription for insulin, be required to pay more than one-hundred dollars out-of-pocket each month for their insulin supply, not be enrolled in Colorado Medicaid or eligible for Medicare and present identification proving Colorado residency to their pharmacy.^{31,32} These provisions are expected to extend financial relief to diabetics who are uninsured, are insured but pay more than \$100 out-of-pocket for insulin or were ineligible for the benefits outlined in HB19-1216.

Together, these provisions are intended to extend access to insulin and address insulin insecurity throughout the state. Their enactment appears to suggest that policymakers and advocates acknowledge the limitations of previous legislation introducing price caps to address cost burdens among the uninsured. Insulin insecurity is a significant public health concern and addressing affordability through policy is a compelling method to mitigate the burden.

FINAL THOUGHTS

The legislation discussed in this section reflects positive movement towards healthcare affordability in the state. Although Colorado has been, and continues to be, a leader in this space, future initiatives geared towards extending benefits to the uninsured and those who make too little to qualify for subsidized healthcare may further reduce cost burdens for residents. More information on the impact of these initiatives is needed to evaluate their impact, illuminate gaps and identify opportunities to lower healthcare costs.

NOTES

1. Paul, Jesse, and Thy Vo, “Colorado Lawmakers Passed 508 Bills During this Year’s Legislative Session. Here are 65 You Need to Know About,” *The Colorado Sun* (June 14, 2021). <https://coloradosun.com/2021/06/14/65-bills-passed-colorado-legislature-2021/>
2. Boone, Eli, and Julia Char Gilbert, *2021 Legislation in Review: Big Money, Bold Moves*, Colorado Health Institute, Denver, C.O. (2021). https://www.coloradohealthinstitute.org/sites/default/files/file_attachments/2021%20CHI%20Legislation%20in%20Review.pdf
3. Colorado Legislature, House Bill 21-1232, https://leg.colorado.gov/sites/default/files/2021a_1232_signed.pdf (accessed on Dec. 19, 2022).
4. Field, Robert, “The Clearest Road to an ACA Public Option Runs Through the States,” *Health Affairs* (May 3, 2022). <https://www.healthaffairs.org/doi/10.1377/forefront.20220502.813493/>
5. Monahan, Christine, Justin Giovannelli and Kevin Lucia, *Update on State Public Option-Style Laws: Getting to More Affordable Coverage*, The Commonwealth Fund, New York, N.Y. (March 29, 2022). <https://www.commonwealthfund.org/blog/2022/update-state-public-option-style-laws-getting-more-affordable-coverage>
6. Boone, Eli, and Julia Char Gilbert, *2021 Legislation in Review: Big Money, Bold Moves*, Colorado Health Institute, Denver, C.O. (2021). https://www.coloradohealthinstitute.org/sites/default/files/file_attachments/2021%20CHI%20Legislation%20in%20Review.pdf
7. National Conference of State Legislatures, *State Roles Using 1332 Waivers*, Washington, D.C. (July 1, 2021). <https://www.ncsl.org/research/health/state-roles-using-1332-health-waivers.aspx>
8. Monahan, Christine, Justin Giovannelli and Kevin Lucia, *HHS Approves Nation’s First Section 1332 Waiver for a Public Option-Style Health Care Plan in Colorado*, The Commonwealth Fund, New York, N.Y. (July 12, 2022). <https://www.commonwealthfund.org/blog/2022/hhs-approves-nations-first-section-1332-waiver-public-option-plan-colorado>.
9. Centers for Medicaid and Medicare Services, *Colorado: State Innovation Waiver*, Baltimore, M.D. (June 23, 2022). <https://www.cms.gov/newsroom/fact-sheets/colorado-state-innovation-waiver-0>
10. Colorado General Assembly, *HB21-1232: Standardized Health Benefit Plan Colorado Option*, Denver, C.O. (accessed on December 8, 2022.) <https://leg.colorado.gov/bills/hb21-1232>
11. Monahan, Christine, Justin Giovannelli, and Kevin Lucia, *HHS Approves Nation’s First Section 1332 Waiver for a Public Option-Style Health Care Plan in Colorado*, The Commonwealth Fund, New York, N.Y. (July 12, 2022). <https://www.commonwealthfund.org/blog/2022/hhs-approves-nations-first-section-1332-waiver-public-option-plan-colorado>.
12. Colorado Department of Regulatory Agencies, *Division of Insurance Releases Preliminary 2023 Health Insurance Information*, Denver, C.O. (July 11, 2022). <https://doi.colorado.gov/news-releases-consumer-advisories/division-of-insurance-releases-preliminary-2023-health-insurance>
13. Kaiser Family Foundation, *Marketplace Enrollment, 2014-2022*, San Francisco, C.A. (2022). <https://www.kff.org/health-reform/state-indicator/marketplace-enrollment/?currentTimeframe=0&selectedRows=%7B%22states%22:%7B%22colorado%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

14. Colorado Department of Regulatory Agencies, *Division of Insurance Releases Preliminary 2023 Health Insurance Information*, Denver, C.O. (July 11, 2022). <https://doi.colorado.gov/news-releases-consumer-advisories/division-of-insurance-releases-preliminary-2023-health-insurance>
15. Sixty-three out of sixty-four counties in Colorado will offer at least two of each of the bronze, silver and gold Colorado Option plans. Jackson County, Colorado is the exception, which will only offer the silver tier Colorado Option plan.
16. Colorado Department of Regulatory Agencies, *Division of Insurance Works to Save Coloradans \$326 million on Health Insurance in 2023*, Denver, C.O. (2022). <https://doi.colorado.gov/news-releases-consumer-advisories/division-of-insurance-works-to-save-coloradans-326-million-on>
17. Ingold, John, “Colorado Health Insurance Rates are Set to Rise Next Year – but Some People Could Still Pay Less,” *The Colorado Sun* (Oct. 26, 2022). <https://coloradosun.com/2022/10/26/colorado-option-health-insurance-prices-2023/>
18. Hawryluk, Markian, *Colorado Option’s Big Test: Open Enrollment*, Kaiser Health News, San Francisco, C.A. (Dec. 7, 2022). <https://khn.org/news/article/colorado-public-option-test-open-enrollment/>
19. Wingerter, Meg, “Most Colorado Option Health Insurance Plans Don’t Yet Meet 5% Cost-Cut Requirement,” *The Denver Post* (Sep. 19, 2022). <https://www.denverpost.com/2022/09/19/colorado-option-health-insurance-premiums/>
20. Connect for Health Colorado, *Health Insurance Rates Announced for 2023 Plans*, <https://connectforhealthco.com/health-insurance-rates-announced-for-2023-plans/>
21. Daley, John, “Colorado Health Insurance Rates Climbing Higher Next Year,” *CPR News* (Oct. 26, 2022). <https://www.cpr.org/2022/10/26/colorado-health-insurance-rates/#:~:text=Coloradans%20who%20buy%20their%20health,announced%20final%20rates%20for%202023.>
22. Hawryluk, Markian, *Colorado Option’s Big Test: Open Enrollment*, Kaiser Health News, San Francisco, C.A. (Dec. 7, 2022). <https://khn.org/news/article/colorado-public-option-test-open-enrollment/>
23. American Diabetes Association, *The Burden of Diabetes in Colorado*, Arlington, V.A. (2021). https://diabetes.org/sites/default/files/2021-10/ADV_2021_State_Fact_sheets_Colorado.pdf
24. The Centers for Disease Control and Prevention, *National and State Diabetes Trends*, Atlanta, G.A. (2022). <https://www.cdc.gov/diabetes/library/reports/reportcard/national-state-diabetes-trends.html>
25. Hawryluk, Markian, *Not Pandemic Proof: Insulin Copay Caps Fall Short, Fueling Underground Exchanges*, Kaiser Health News, San Francisco, C.A. (2020). <https://khn.org/news/not-pandemic-proof-insulin-copay-caps-fall-short-fueling-underground-exchanges/>
26. Colorado Department of Law, *Prescription Drug Insulin Pricing Report*, Denver, C.O. (Nov. 2020). <https://coag.gov/insulin/>
27. Bill Track, *CO HB1216: Reduce Insulin Prices*, <https://www.billtrack50.com/BillDetail/1090637>
28. Colorado Legislature, *House Bill 21-1307*, Denver, C.O. (2021). https://leg.colorado.gov/sites/default/files/2021a_1307_signed.pdf
29. Colorado General Assembly, *HB21-1307: Prescription Insulin Pricing and Access*, Denver, C.O. (2021). <https://leg.colorado.gov/bills/hb21-1307>
30. Miller, Faith, “New Colorado Law Tackles Insulin Prices,” *Colorado Newslines* (July 10, 2022). <https://coloradonewslines.com/briefs/new-colorado-law-tackles-insulin-prices/>

31. Colorado Legislature, House Bill 21-1307, Denver, C.O. (2021). https://leg.colorado.gov/sites/default/files/2021a_1307_signed.pdf
32. Colorado Department of Regulatory Agencies, *HB21-1307 & Emergency and 12-Month Insulin Supply*, Denver, C.O. (2021). <https://doi.colorado.gov/for-consumers/consumer-resources/insulin-affordability-program#:~:text=Beginning%20January%201%2C%202022%2C%20eligible,more%20than%20a%20%2435%20copay.>



ABOUT ALTARUM'S HEALTHCARE VALUE HUB

With support from Arnold Ventures, the Healthcare Value Hub provides free, timely information about the policies and practices that address high healthcare costs and poor quality, bringing better value to consumers. The Hub is part of Altarum, a nonprofit organization with the mission of creating a better, more sustainable future for all Americans by applying research-based and field-tested solutions that transform our systems of health and healthcare.

Contact the Hub: 3520 Green Court, Suite 300, Ann Arbor, MI 48105
(734) 302-4600 | www.HealthcareValueHub.org | [@HealthValueHub](https://twitter.com/HealthValueHub)