

# 2021 Healthcare Affordability State Policy Scorecard

Polling data repeatedly shows that healthcare affordability is the number one issue that state residents, on both sides of the political aisle, want their policymakers to work on. This scorecard identifies areas where Colorado is doing well and areas where it can improve. It reflects policies implemented as of Dec. 31, 2020.

STATE:

**COLORADO**

RANK:

**5**

out of 47 states + DC

**TOTAL SCORE: 55.2 OUT OF 80 POSSIBLE POINTS**

Colorado has many policies to address affordability, but still has much work to do to ensure wise health spending and affordability for its residents. According to the Healthcare Value Hub's CHESS survey, 58% of CO adults experienced healthcare affordability burdens as of 2019.\* While CO's uninsurance rate (8%) may be a factor, healthcare is increasingly unaffordable largely due to high costs that affect everyone. According to the PCE, healthcare spending per person in CO grew 30% between 2013 and 2019, totaling \$6,920 in 2019.\*

	POLICY SCORE	OUTCOME SCORE	RECOMMENDATIONS
<b>CURB EXCESS PRICES IN THE SYSTEM</b> 	<b>7.0 OUT OF 10 POINTS</b> Beyond establishing an APCD, CO has few policies to curb the rise of healthcare prices.	<b>3.4 OUT OF 10 POINTS</b> High private prices are one factor driving costs. CO's inpatient private payer prices are 204% of Medicare prices, placing them in the middle range of all states. Ranked 32 out of 48 states, plus DC.	<i>Year-over-year increases in healthcare prices overwhelmingly drive state healthcare spending. CO has made some progress in this area, with an active APCD and a healthcare spending oversight entity. CO should consider expanding their upcoming health spending targets to all sectors of the health system beyond prescription drugs.</i>
<b>REDUCE LOW-VALUE CARE</b> 	<b>9.6 OUT OF 10 POINTS</b> CO requires some forms of patient safety reporting. 86% of hospitals have adopted antibiotic stewardship. CO has taken important steps to measure the extent of low-value care being provided.	<b>6.0 OUT OF 10 POINTS</b> CO's use of low-value care is close to the national average. Ranked 16 out of 50 states, plus DC.	<i>CO is the rare state that has taken the key initial steps to identify low-value care. The next step is enacting a multi-stakeholder campaign to reduce the use of the services identified.</i>
<b>EXTEND COVERAGE TO ALL RESIDENTS</b> 	<b>7.5 OUT OF 10 POINTS</b> Medicaid coverage for childless adults extends to 138% of FPL. Only lawfully residing immigrant children/pregnant women can access state coverage options.	<b>6.8 OUT OF 10 POINTS</b> 8% of CO residents are uninsured. Ranked 26 out of 50 states, plus DC.	<i>CO should ensure that their upcoming public option plan and subsidies offer affordable options for undocumented children, pregnant people and adults and explore additional coverage options for these groups. Also, CO should implement their proposal adding affordability criteria to rate review.</i>
<b>MAKE OUT-OF-POCKET COSTS AFFORDABLE</b> 	<b>8.6 OUT OF 10 POINTS</b> CO has banned or heavily regulated short-term, limited-duration health plans; has comprehensive surprise medical bill protections; and caps cost-sharing for some high-value services.	<b>6.3 OUT OF 10 POINTS</b> 12% of CO adults could not get needed medical care due to cost. The share of people with other affordability burdens is far higher.	<i>CO should consider exploring new policies targeting high deductibles and prescription drugs, although there are limits to state influence on employer insurance and Medicare.</i>

APCD = All-Payer Claims Database CHESS = Consumer Healthcare Experience State Survey CMS = Centers for Medicare and Medicaid Services EHR = Electronic Health Records FPL = Federal Poverty Level PCE = Personal Consumption Expenditure (Healthcare PCE measures spending growth among households as well as nonprofit, commercial and government hospitals/nursing homes) SHADAC = State Health Access Data Assistance Center SMB = Surprise Medical Bill STLD = Short-Term, Limited-Duration

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## COLORADO NOTES

### Methodological Notes:

State rank reflects the weighted sum of the policy and outcome scoring components. A lower state rank number (i.e. close to 1) reflects a higher overall score and better performance when compared to other states. For a complete discussion of methodology, please see [healthcarevaluehub.org/affordability-scorecard/methodology](https://healthcarevaluehub.org/affordability-scorecard/methodology).



### Curb Excess Prices in the System:

In order to receive credit for price transparency tools, a state's tool had to be public-facing, searchable by specific procedure and hospital and show the negotiated rate paid by insurance plans/patients (not chargemaster rate). Colorado's tool met this criteria. CO has an APCD. In 2021, CO established a Prescription Drug Affordability Board tasked with setting upper payment limits to reduce prescription drug costs. CO's Office of Saving People Money on Health Care works to reduce patient costs for hospital stays and expenses, improve price transparency, lower the price of prescription drugs and make health insurance more affordable.



### Reduce Low-Value Care:

According to the Johns Hopkins Overuse Index created using Medicare data, CO's overuse of low-value care is -0.1 standard deviations below the national average, which is likely a good thing assuming they are also delivering appropriate care (however the value is still relatively close to the national average). In March 2020, Colorado's Center for Improving Value in Health Care (CIVHC) released a report analyzing spending on 48 low-value services using claims data. Moving forward, CIVHC plans to generate and share provider-specific data to encourage improvement at the local level. Colorado mandates both patient safety reporting and validation for CLABSI/CAUTI. Improper use of antibiotics is another type of low-value care. Antibiotic stewardship is the effort to measure and improve how antibiotics are prescribed by clinicians and used by patients—states were scored on what share of their hospitals follow the CDC's stewardship program.



### Extend Coverage to All Residents:

CO's reinsurance program decreased individual marketplace premiums by an average of 20.2% in 2020. A 2020 law established the Health Insurance Affordability Enterprise to fund a reinsurance program and provide subsidies to certain low-income individuals, among other things, beginning in 2021. Subsidies for certain low-income individuals, regardless of immigration status, will be available beginning in 2023. CO passed public option legislation in 2021 which will create individual and small group health plans starting in 2023 and establish 15% premium reduction targets for carrier plans. CO provides Medicaid coverage for eligible lawfully residing immigrant pregnant women and children without a 5-year wait. CO does not offer coverage options for undocumented children/pregnant people/adults. Looking ahead: in 2021, Colorado passed a public option bill including plans that will be available to undocumented immigrants, as well as Senate Bill 9 allowing undocumented immigrants to receive contraceptives through Medicaid. A 2019 law allows CO's Insurance Commissioner to consider whether a carrier's products are affordable and whether a carrier has implemented effective strategies to enhance the affordability of its products in determining if rates are excessive. Implementation was put on hold due to COVID-19.



### Make Out-of-Pocket Costs Affordable:

High-deductible health plans create barriers to care for many families. According to SHADAC, the average family deductible among employer insurance plans in CO rose 26% between 2013 and 2019, totaling \$3,469 in 2019. States should consider exploring new policies to reduce financial barriers to care for people with high-deductible health plans, although there are limits to how much states can influence employer insurance and Medicare. In response to rising insurance costs, some people turn to STLD health plans, which offer lower monthly premiums compared to ACA-compliant plans. However, these policies offer less coverage, can discriminate against people with pre-existing conditions and pose significant financial risks for consumers. States received credit depending on how much they limit or protect against these plans. CO has comprehensive protections against surprise medical billing. 'Comprehensive' surprise medical billing protections include emergency departments and hospitals, apply to all insurance types, hold consumers harmless/prevent balance billing and adopt adequate payment standard or dispute resolution process. States with only some of these policies have 'partial' protections. The federal No Surprises Act prohibits surprise medical billing in most plans effective January 2022. However, it does not cover ground ambulances which often result in surprise bills. States can still implement protections in this area—70% of ground ambulance rides in CO charged to commercial insurance plans had the potential for surprise medical billing.\* In 2019, CO capped cost-sharing for insulin at \$100/month in fully-insured plans. CO passed legislation in 2021 to establish a standardized plan design to be offered by carriers in the individual and small group markets. The law also establishes the Office of the Insurance Ombudsman to advocate for consumer interests in matters related to access to and affordability of the standardized health benefit plan.

\* Informational data, not used in state score or ranking. Scorecard Updated: Oct. 26, 2021