

## LEGISLATIVE PRINCIPLES

### **Access**

We should strive to make access to medical care and the financial protections private health insurance provides available to all Coloradoans. We also must ensure that Coloradoans have access to the help they need to purchase and use coverage that best meets their specific needs.

In order to successfully navigate the healthcare framework, the vast majority of employers and individual health insurance consumers voluntarily choose to utilize a licensed and regulated independent agent or broker. The purchase of medical care coverage is one of the most important personal and financial decisions individual American families make. Furthermore, the purchase, design and implementation of a benefit plan are enormously consequential to employers of all sizes. CSAHU believes that, to be successful, state reform and innovations moving forward must acknowledge and preserve the role of professional health insurance agents, brokers and consultants to assist both individual and business consumers of healthcare. This means that the use of a health insurance agent or broker should be available for all Colorado health insurance consumers, whether the consumer has private coverage, coverage through a public program or a health insurance option that combines both elements. It also means that agents and brokers must be both fairly compensated for their work, and licensed and regulated to ensure consumer protection.

Access to a wide range of coverage sources also needs to be a top priority. For the majority of Coloradoans under the age of 65, employer-sponsored health insurance is a reliable method for obtaining high-quality health insurance coverage, and it is the core of our private-market healthcare-delivery system. Employer-based coverage is the bedrock for health insurance coverage and needs to continue to be an option for Colorado employers and employees. Public-policy options that could erode this system, such as changes to the tax treatment, mandates, and regulation of coverage for both employers and employees, must be avoided at all costs.

Most Coloradoans obtain their coverage through their employer or the employer of a family member, and should be able to continue to do so if they wish. However, it is also critical to build and preserve consumer access to a stable and affordable individual marketplace for those who do not have the choice of an employer paid benefit plan. To that end, Colorado needs to lessen the essential benefits of coverage and allow different insurance choices from that of an employer model.

Standalone vision and dental policies allow consumers access to targeted networks and often more robust services, and other excepted benefit plans also are an important way that many Coloradoans choose to supplement their care needs and protect their financial security. It is also crucial to allow consumers the option of securing these types of policies through either workplace purchasing or on an individual level. With all of these coverage options, consumers should also have the opportunity to seek the services of a licensed professional health insurance agent or broker for coverage support throughout the plan year.

On a scale of one to five, five being the Heck YES and one Heck NO, please answer the questions below

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| Is this statement believable?  |  |
| Does this statement support CSAHU Members?                                   |  |
| Is this statement relevant to Colorado's Insurance Industry?                 |  |
| Can this this statement legislatures in draft state regulation under reform? |  |
| Does this statement support the agent- broker?                               |  |
| What do you like most about this statement?                                  |  |
| What do you dislike about this statement?                                    |  |

### **Choice**

Within the Colorado insurance market, it is critical that individual and business consumers of healthcare have many choices so that they may pick the type of policy that best suits their needs and budgets. For all insurance markets, this means public policy that may limit health plan competition and innovation should be kept in check. On the individual side specifically, ACA creates several mechanisms for helping lower-income Americans better afford health insurance coverage, including allowing states to choose to expand their Medicaid programs and premium tax credits for eligible low-income individuals who purchase coverage through health insurance exchanges. ACA's attempt to help more Americans afford health insurance premiums through tax credits is laudable. However, by restricting recipients of this premium support to only low-income individuals purchasing their coverage through health insurance exchanges, ACA unnecessarily limits the choices available to these consumers. Colorado's legislature need to support assistance programs that make insurance options and choice affordable for all consumers by focusing on programs that reduce the cost of medical care and increase access to care in rural areas.

With regard to the group health insurance market, state policymakers should avoid choices that could limit employer options in providing a wide range of coverage choices to their employees, including restricting plan-design and coverage-financing options. If an employer takes on the responsibility and cost of sponsoring a true employer group plan arrangement, then the employer should have a wide array of coverage options and plan-design tools to choose from and the ability to innovate.

Over the last few years, a variety of ACA provisions, now embed in state code, regulations and administrative actions have made employer plan-design options more rigid, restricted employer cost-reduction mechanisms and have resulted in fewer plan choices being available, as well as more limited provider networks. Immediate action needs to be taken to provide relief and more choice at both the plan-sponsor and individual employee levels.

Another factor that limits choice is over-regulation of the insurance marketplace and the assumption that all state health insurance markets can be regulated identically. Our State needs to look for state solutions specific to our economy, demographics, in order to ensure that they are appropriate for their residents and businesses. Areas where our state should look, include establishing age rating bands for

coverage, allowing for the ability for insurers and employers to use composite rates and reviewing and redefining the essential benefit and other coverage requirements to ensure that they allow individuals and employers the opportunity to buy affordable coverage.

Finally, while we should give consumers the ultimate choice of whether to enroll in health insurance coverage. CSAHU suggests creating strong financial and insurance-related incentives for consumers to maintain continuous coverage –even when they are healthy. State-level insurance market innovation history shows that if you don't give consumers reasons to maintain coverage and don't allow health plans to evaluate for risk, the cost of coverage ultimately increases.

Similarly, insurance market risk-mitigation provisions in the law cannot be compromised without the risk of grave insurance market instability, including higher costs and fewer choices for individual health coverage consumers, small-business owners and the self-employed.

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## **Affordability**

Affordability is the key to insure all Coloradoans have health insurance. Expanded access and choice will be a wasted effort if people are unable to pay for coverage. However, the simple truth is that we can't lower private insurance and public health coverage program costs until we first bring down the cost of medical care, seeing as it is what is making health coverage more expensive for individual consumers, employers and public programs. Making coverage affordable for everyone doesn't mean simply providing people with generous tax credits to help pay for coverage. It means looking at what is causing the cost of coverage to skyrocket, and that means taking a hard look at the cost of medical care. To truly bend the medical cost curve in a downward direction, all Colorado stakeholders in the healthcare industry will have to step up and propose cost-containment ideas that fall under their areas of expertise.

Colorado must stand back and take a hard look at our public healthcare spending—how we are spending money, who is paying for what services and why. No amount of “insurance” regulation or mandates address the cost of medical care itself and to rectify the situation.

Our State leaders and the Administration must turn their attention to the issue of rising healthcare costs. To start, there should be incentives to encourage private-market investments in payment reform, such as bundled payments and value-based purchasing for employers and insurers that specialize in the under-65 market. This will begin to reduce the healthcare cost-shift we see from government to private payers today, and will reduce the cost of health plans for employers and their employees. Prioritizing changes to the way providers are reimbursed under Medicare to incent quality of care over volume will also provide timely savings to our Medicare program and could also influence the private under-65 health insurance market's provider payment patterns.

Americans also need to examine and understand how personal choices are negatively impacting not only their own health, but also the physical and economic health of this country. Behavior is the most significant determinant of health status, and reducing overall healthcare costs through promoting and achieving a healthier lifestyle for all Coloradoans should be a top priority. Along those lines, access to wellness programs should be incented at every turn, not discouraged.

There is a wide degree of evidence that shows healthcare price transparency will encourage providers to deliver both greater healthcare innovation and increased value and quality for consumers. It is CSAHU's view that the state government does not need to legislate or regulate transparency requirements for the private market. Instead, we believe the Colorado government can lead by example through the commitment to greater transparency within its own systems and public-private partnerships to share data build transparency tools.

Given that the employer-based system is the coverage source for the majority of Americans under age 65, group coverage affordability needs to be a top priority too. For small employers, many of ACA's arbitrary provisions, such as narrow rating bands, limits on composite rating and new levels of minimum coverage, have resulted in higher rather than lower costs that directly impact both the business owner

and all of the employees. Larger employers are overwhelmed by plan-design changes and restrictions as well as the cost and compliance burden of counting employees and documenting and reporting coverage options caused by the health reform law's employer shared responsibility provisions. They are also now subject to new fines, in some cases even when they do offer coverage, and employees are the ones who ultimately bear the burden of all of this increased expense. Accordingly, Congress and the Administration should make every effort to make group health insurance coverage both less expensive and easier to administer.

Finally, the issue of affordability is critical for every stakeholder, including our state government. CSAHU recognizes that the success of State Health Care reform efforts depends on the federal government providing some level of financial assistance to those who truly cannot afford to purchase private health insurance coverage. Any health coverage program established must be well structured, adequately funded and have long-term financial viability for the state and not overly dependent upon the federal government. Otherwise, we run the risk of creating unsustainable programs, failing to deliver on promises made to Colorado's neediest citizens while creating a deficit and potentially bankrupting our state.

#### Conclusion

Simply stated, this is a time for reevaluation and likely difficult decisions. We all have a stake in healthcare reform. Colorado is faced with turning around policy that depleted our health insurance options and made our state one of the most expensive insurance markets. CSAHU sincerely hopes that policymakers can work in a bipartisan manner to build on what has worked and create a framework where Colorado starts lowering health care cost, provide flexible choices and improves the health of our citizen's. Colorado's health insurance agents and brokers stand at the ready to help policymakers with this process and look forward to continuing to provide needed, timely and accurate consumer assistance to employer and individual health coverage clients of all backgrounds.

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