

## **Public Option FAQ**

### **What is Colorado's Health Insurance Option?**

The Colorado Health Insurance Option (the Colorado Option) is a two-phased plan to bring more affordable health insurance options to Coloradans. This means cheaper insurance for people and families buying insurance for themselves or getting insurance through their small business employer. The Colorado Health Insurance Option will:

- Allows the health care industry, including hospitals, insurance carriers, and drug corporations, to work together to reduce the cost of health care. This provides an opportunity for the industry to take steps to make health care cheaper for all Coloradans with minimal government direction.
- If the health care industry is not able to find a way to bring costs down, the State of Colorado will offer the Colorado Option that is more affordable than the plans currently offered by private health insurance companies - adding competition to the market and lowering not only premiums, but out-of-pocket costs.

### **Why are there two phases?**

The health care industry has said repeatedly they can reduce health care costs if given the chance to do so. Phase one gives them two years to accomplish this and meet cost reduction targets. If they are not successful, phase two, the Colorado Option, will be established to offer more affordable health insurance options because Coloradans across the state, including people of all races and incomes, cannot wait for chapter insurance.

### **How will this plan help people afford health care?**

Both phases of this plan are specifically designed to decrease the cost of care and help more people access the health services they need. A "standardized insurance plan" model will be utilized to set the foundation for plan coverage. This means there will be a uniform set of services and out-of-pocket costs that the health care industry must comply with. This will make it easier for Coloradans to afford health insurance coverage and access the care they need when they need it.

### **Who can purchase the Colorado Option?**

Any resident of Colorado, regardless of citizenship status, who is enrolling in an individual insurance plan. Small employers will also be able to purchase a standardized plan offered by insurance carriers in phase one or the Colorado Option in phase two.

### **What is a standardized plan and why is it a good thing?**

A standardized plan will mean that insurance carriers have to structure their plans with set out-of-pocket costs, like deductibles and copays, that are consistent and affordable. This will make it easier for consumers to access care with their coverage without fear of unpredictable costs or high deductibles. It will also make it easier for consumers to compare plans from different carriers because they will all have to meet the same standards for out-of-pocket costs and plan benefits.

### **How long before the Colorado Option will be available?**

If the health care industry fails to meet the goals established during phase one, the Colorado Option would be available for purchase beginning in 2025.

### **How do small businesses benefit from the Colorado Option?**

Small businesses have consistently seen premium hikes, making it increasingly difficult for business owners to afford and provide coverage to their employees. Small businesses will have access to the more affordable plans in phase 1 and phase 2. This will ensure that small businesses have more affordable options and can more easily offer health benefits and retain employees.

### **How does this proposal continue to control costs?**

The two-phased approach provides an opportunity for the entire health care industry to work collaboratively and reduce the cost of health care. If the industry succeeds, they will be accountable to keeping costs low. If phase two is enacted, then the Colorado Option will be designed to sustain long-term, affordable health care.

### **What will the Colorado Option mean for rural hospitals/providers?**

The Colorado Option will mean more stability for rural hospitals and providers. The Colorado Option will offer lower deductibles and more services to consumers without out-of-pocket costs. This assures that rural hospitals and providers, like community doctors, will treat more people who have coverage and that they are reimbursed in a fair and sustainable way while taking on less debt.

### **How will this bill help advance health equity?**

While the high cost of health insurance is not the only barrier to health care access for BIPOC Coloradans, we do know that it's one of the big barriers. BIPOC Coloradans are uninsured at a higher rate and 89% of uninsured Coloradans say the cost of coverage is the primary reason for lacking health insurance. These high costs are also a key barrier for rural Coloradans.

In a recent poll, 78% of Black and 76% of Latinx Colorado voters said they support a Colorado Health Insurance Option. This bill will help lower premium costs for Coloradans while making it

more affordable to access care with lower out-of-pocket costs and more services with no copays.

This proposal also creates a Board to oversee and design the Colorado Option if phase two is triggered. The board make-up has diversity requirements to ensure the board represents the diverse make-up of the state.

Finally, if phase two is triggered, the quasi governmental organization that runs the Colorado Option will be a nonprofit, which means its first duty will be to consumers, not to shareholders.

### **Why not create a Medicaid for All option, modeled after Medicare for All?**

Colorado's budget challenges, including the existence of the Taxpayers' Bill of Rights (also known as TABOR), make this very difficult to achieve, and those challenges have been exacerbated by the pandemic. Implementing this kind of model would require billions of state dollars we simply do not have and we know we cannot wait to bring cheaper care to Colorado.