

Summary of HCR15- ColoradoCare

April 4, 2015

ColoradoCare is a resident-owned, non-governmental health care financing system designed to ensure comprehensive, quality, accessible, lifetime health care for every Colorado resident. The benefit package would enhance the comprehensive health care services required by Medicaid and the Affordable Care Act. Premiums would be collected from Coloradans based on income, securing health care regardless of financial circumstance. This efficient, universal system would operate in the interests of Coloradans. By eliminating layers of bureaucracy and reducing administrative and other nonmedical costs, ColoradoCare would cover all residents and **cost less than the current system**.

Process: The Colorado legislature would refer ColoradoCare to the voters as an amendment to the Colorado Constitution.

Establishment: Section 1332 of the Affordable Care Act allows Colorado to obtain waivers to create her own health care system. ColoradoCare would not be an agency of the state nor be controlled by any state executive, department, commission, board, bureau or agency.

Interim Board: A 15-member Interim Board appointed by legislative leaders and the governor will oversee all operations until residents elect the Board of Trustees. The Interim Board will work with state and federal agencies; apply for Section 1332 waivers; coordinate with providers; develop a non-partisan, fair election process for Board elections in seven local Colorado districts; and establish rules to ensure that meetings, records and operations are public and transparent.

Board of Trustees: Within three years, residents from each of the seven Colorado districts will elect three Trustees. These 21 Trustees will be responsible for all operations of ColoradoCare; establish a purchasing authority for pharmaceuticals and medical equipment; establish separate ombudsman offices for beneficiaries and providers; establish and fund an office to prevent and investigate fraud; establish rules and procedures to ensure financial sustainability; ensure beneficiary confidentiality while allowing for research of ColoradoCare's database; oversee financial management, transparency of operations, and maintenance of patient privacy; and ensure beneficiaries' access to quality care.

Health Benefits: Comprehensive benefits must include primary and specialty care; hospitalization; prescription drugs and medical equipment; mental health and substance use services, including behavioral health treatment; emergency and urgent care; preventive and wellness services; chronic disease management; rehabilitative and habilitative services and devices; pediatric care including oral, vision and hearing services; laboratory services; maternity and newborn care; and palliative and end-of-life care. Additional benefits can be provided. ColoradoCare replaces the medical portion of Workers' Compensation. There will be no deductibles. Designated primary and preventive care services have no co-payments. Any other co-payments or cost-sharing must have ColoradoCare's prior approval and can be waived to insure access to proper care. ColoradoCare will assure statewide access to emergency and trauma services. Beneficiaries will choose their primary care professionals. Beneficiaries temporarily living or traveling in another state will receive coverage.

Delivery of service: ColoradoCare will assume payment for health services in a manner designed to minimize disruptions to current delivery and payment systems; will phase in payment reforms and a billing system; and use payment models that optimize quality, value, and healthy outcomes.

Funding

In order to assume responsibility for the financing of health care in Colorado, the Board will seek all necessary waivers, exemptions, and agreements to receive all available state and federal health care funds.

The Colorado Department of Revenue will collect transitional operating fund taxes (TOFT) from residents beginning July 1, 2016 at the following rates: 0.6 % of payroll from employers, 0.3 % of payroll from employees, and 0.9 % from non-payroll income.

The month prior to ColoradoCare's assumption of responsibility for health care payments, the Department of Revenue will cease collecting TOFT and will collect and transfer premium taxes (PT) to ColoradoCare as follows: 6 2/3% of employer payroll; 3 1/3 % of employee payroll; and 10 % non-payroll income. Because these are taxes they are deductible when filing income tax forms.

For both TOFT and PT much of Social Security and pension income would be exempt as defined by tax law. Levies will be capped at \$350,000 for individuals and \$450,000 for those filing jointly, with annual adjustments for inflation.

Employers may choose to pay part or all of their employees' share of TOFT or PT.

ColoradoCare will serve as a supplemental plan to Medicare and will apply to become a Medicare Advantage Plan. For any other health insurance plans that are in effect, ColoradoCare will be a secondary payer, up to the payment level of ColoradoCare coverage.

ColoradoCare must undergo annual independent audits. Additionally, the Board will publicly report on the financial state of ColoradoCare and present options for economies, benefits, refunds, reserves and premium adjustments. PT may not be increased more than once per year and only if the majority of voting Colorado members approve the increase.

Exemption: ColoradoCare is exempt from TABOR.

Enabling Legislation: During the 2016 legislative session the General Assembly will pass legislation to ensure a smooth, lawful transition to ColoradoCare. This includes transferring the resources of the Health Benefit Exchange; the responsibility for Medicaid, Children's Basic Health Plan, and the medical portion of Workers' Compensation; and allowing ColoradoCare to receive funding provided by the Affordable Care Act.