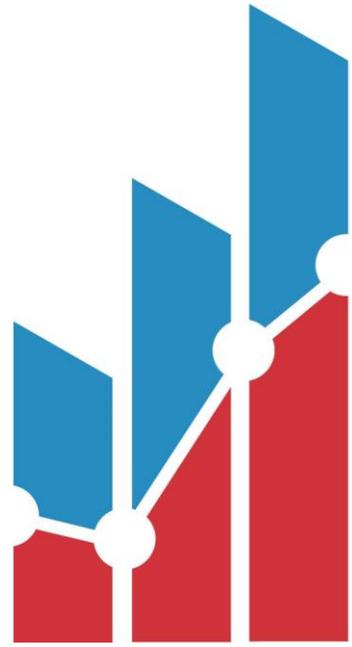


# **HB21-1232**

## **Colorado Option Plan**





# COMMON SENSE INSTITUTE

**We believe sound fiscal and economic research is essential to uphold Colorado's economy, vitality, future, and individual opportunity.**

# HB-1232 – 2021 'Public Option'

## Where Bill Started

- Establishes new standardized plan
  - Sold in individual and small group market
- Allowed for creation of State Authority to compete against private carriers
- 20% premium reduction by 2024 relative to 2021
  - No accounting for medical inflation
- Medical providers must accept Colorado option plan
  - Or face fines
  - Or possibly lose license

# HB-1232 – Colorado Option Plan Latest

## Where Bill is As of 9:00pm May 25, 2021

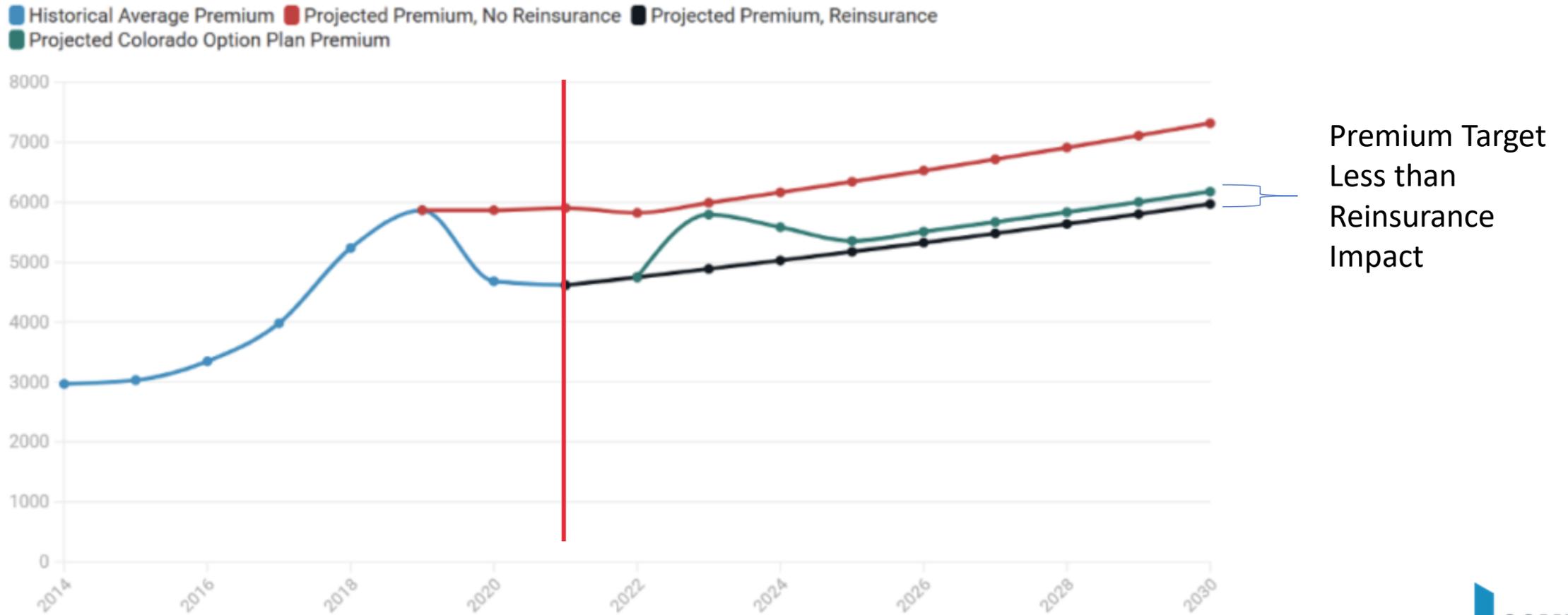
- Establishes new standardized plan
  - Sold in individual and small group market
- ~~Allowed for creation of State Authority to compete against private carriers~~
- ~~20%~~ **15%** premium reduction by 2024 relative to 2021
  - ~~No accounting for **Accounts for** medical inflation~~
    - **Additional allowances for adjusting for changes in costs**
- Medical providers must accept Colorado option plan
  - Or face fines – **Only hospitals**
  - Or possibly lose license – **Only hospitals**

# Average Benchmark Premium 6<sup>th</sup> Lowest in Country

| Reinsurance Impact by Rating Area 2021 Market <sup>iii</sup> |  |
|--|--|
| Rating Area  | Average Premium Reduction Due to Reinsurance |
| 1 - Boulder MSA  | -16.9%                                       |
| 2 - Colorado Springs   | -15.5%                                       |
| 3 - Denver   | -17.3%                                       |
| 4 - Fort Collins   | -21.0%                                       |
| 5 - Grand Junction   | -32.7%                                       |
| 6 - Greeley  | -24.3%                                       |
| 7 - Pueblo   | -26.5%                                       |
| 8 - East Non-MSA   | -23.5%                                       |
| 9 - West   | -37.6%                                       |
| Statewide  | -20.8%                                       |

# If Cost Pressures Align with Medical Inflation

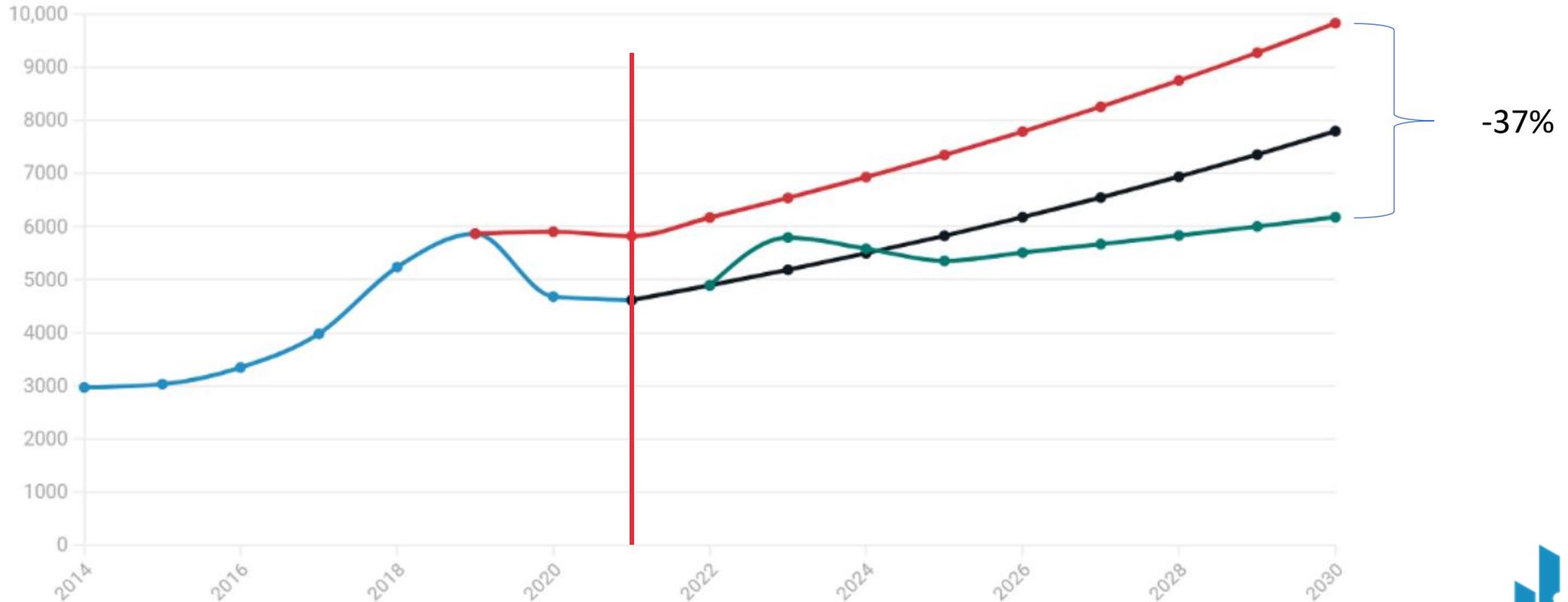
## Scenario 1: Premiums in the Individual Insurance Market



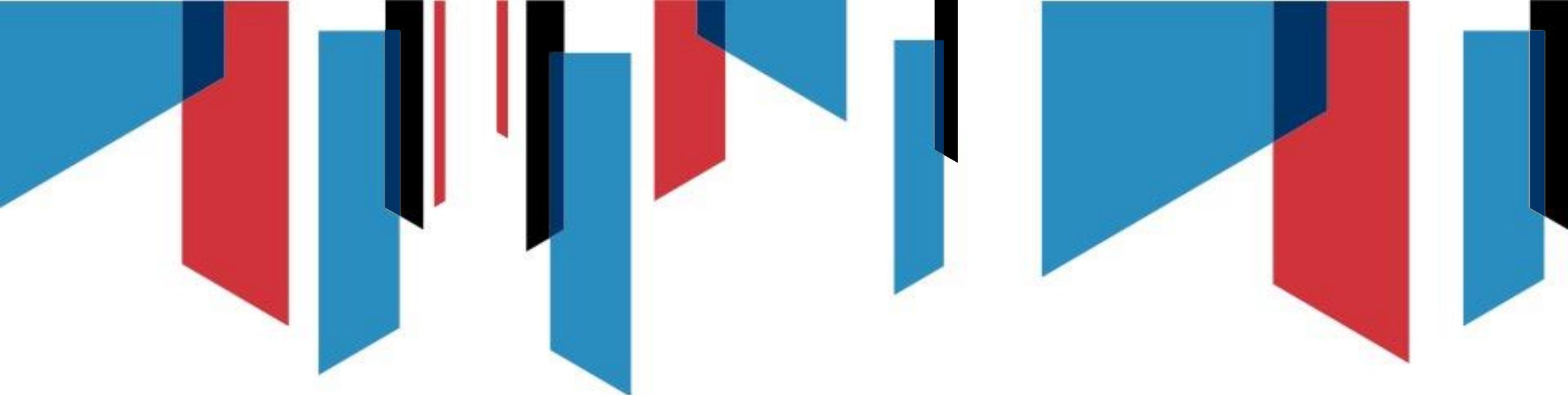
# If Cost Pressures Outpace Medical Inflation

## Scenario 2: Premiums in the Individual Insurance Market

■ Historical Average Premium ■ Projected Premium, No Reinsurance ■ Projected Premium, Reinsurance ■ Projected Colorado Option Plan Premium



Source: <https://commonsenseinstitute.org/the-revamped-public-option-bill/>



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