



HB13-1245 Summary

Board of Directors - May 13, 2013

HB 13-1245

House Bill 13-1245 was introduced in the General Assembly on March 1, 2013, and was sponsored by Rep. Beth McCann, D-Denver, and Sen. Pat Steadman, D-Denver. The bill was passed by the General Assembly on May 6, 2013, and outlines funding mechanisms that will help to support Connect for Health Colorado in the short and long term.

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Implementation activities and the first 15 months of operation as a marketplace are funded by federal grants. HB13-1245 focuses on the on-going operations of the marketplace in 2015 and beyond, not the implementation and first year operations that are funded by the Level 2 Establishment Grant.

Sustainability

Connect for Health Colorado worked to establish a sustainability plan that is reliable, diversified and fair. Over time, the funding will rely on administrative fees charged for the products sold through the marketplace. HB13-1245 allows the organization to keep those fees low in the early years – and to build adequate reserves for operations and to update and maintain technology systems.

Revenue Approach

HB 13-1245 will implement **three** components of Connect for Health Colorado's revenue approach, modeled after current funding for CoverCO – which will be closing in 2014.

Revenue Approach

1. A broad-based assessment on insurance carriers for individual and small group insured lives in Colorado. The assessment will be in place for a maximum of three years and will not exceed \$1.80 per policy per month - less than 2/10ths of one percent for an average family policy. This is a significant reduction in the assessment charged by CoverCO and in place for a limited period of time.

Revenue Approach

2. Contributions returned from CoverCO's reserves. CoverCO will close its doors in 2014 and anticipates having excess reserves. HB13-1245 will move a portion of those reserves to Connect for Health Colorado this July, and then 25% of the reserves remaining at the end of 2014 will also transfer to the Connect for Health marketplace. Any reserve funds transferred to Connect for Health Colorado will automatically reduce the broad-based assessment described in #1. We anticipate the reserve transfer will limit the broad-based assessment to 2 years.

Revenue Approach

3. Currently, insurance carriers make deductible donations to CoverCO - up to \$5 million per year combined for all Colorado insurance carriers. The legislation transfers the beneficiaries of those donations to Connect for Health Colorado.

Other Impacts

1. Allows Connect for Health Colorado to establish a separate program to offer other ancillary non-QHP products approved by the board.
2. Provides the opportunity for the Connect for Health Colorado board to request the Department of Personnel to assign administrative law judges employed by the Office of Administrative Courts to help with formal appeals.