

Secretary Sylvia Burwell
US Department of Health and Human Services
HHS Office of the Secretary
200 Independence Avenue, S.W.
Washington, D.C. 20201

December 14, 2015

Re: Risk Corridors Payments for the 2014 Benefit Year and Beyond

Dear Secretary Burwell:

The Board of Directors of Colorado's state-based marketplace, Connect for Health Colorado, would like to provide you and your staff with an assessment of the impact of the recent underfunding of risk corridor payments. It is our hope that you will take this information into consideration as you make future decisions regarding funding under the Affordable Care Act, as those decisions directly affect the sustainability of state-based marketplaces like Connect for Health Colorado, and the viability of the health insurance marketplace at large.

As you know, on October 1, 2015, the Centers for Medicare and Medicaid Services (CMS) announced the total of collections and payouts under the risk corridor premium stabilization program for 2014. The result of the decision, that payments in 2015 for 2014 will be paid out at 12.6 percent of claims, had a significant impact on the state's 120,000 health insurance cooperative enrollees, Connect for Health Colorado, and the state's enrollment workforce.

Connect for Health Colorado's mission is to increase access, affordability, and choice to individuals and small businesses purchasing insurance in Colorado. The CMS risk corridor decision has impacted our ability to meet our mission by reducing choice in the marketplace, especially in the small group market, creating an unanticipated burden for our service center and enrollment workforce, and for many customers, has resulted in increased gross premiums.

Subsequent to the risk corridor decision, the Colorado Division of Insurance decertified the state's health insurance cooperative, Colorado HealthOp (HealthOp) due to insufficient reserves. The HealthOp provided the lowest-cost insurance plans on the Connect for Health Colorado marketplace, and insured the greatest number of enrollees out of all the health insurance carriers in the marketplace. With the loss of the HealthOp, 45,000 Connect for Health Colorado customers lost the opportunity to renew their coverage and have been required to shop for and select a new plan to maintain coverage for 2016.

This decision making process is not only overwhelming and burdensome for the customer but it has also put a strain on our enrollment work force. Brokers, navigators, certified application counselors, and customer service center representatives have increased workloads and limited time and resources. Given the timing of the decision, Connect for Health Colorado was not able to account for this market change in our approved budget for the 2016 plan year. We are currently adjusting our budget forecasts

and working with private foundations to support our outreach and enrollment efforts to ensure affected Coloradans are fully supported during this transition.

Our customers have fewer health insurance options for the 2016 plan year. In 2014, Connect for Health Colorado had 10 health insurance companies participating in its individual market, four being new to the individual market. As a direct result of this decision, we now have 8 health insurance companies participating in 2016. The reduction in choice is particularly profound in our rural and frontier communities, where now there are only two health insurance companies to shop from in 2016. We are particularly worried that as competition declines across our state, health insurance prices will go up. We have already heard from our rural and frontier communities that the two health insurance options they are offered are expensive and even with the opportunity to apply a tax credit to reduce the monthly premium, some residents still find the cost of insurance unaffordable. If we cannot provide affordable, viable product, Colorado stands to lose out on gains made in reducing the state's uninsured rate, and Connect for Health Colorado's potential for sustainability declines.

We appreciate the additional guidance provided on November 19, 2015 outlining how shortfalls will be covered in the future and CMS' commitment to "work with Congress" to secure funding, if possible, if the three-year program ends up in the red in 2017. However, it is imperative that the Premium Stabilization Funds, including Risk Corridors, be fully funded this year in order to ensure the viability of consumer choice in our marketplace. As we've seen from the Colorado HealthOP situation, it's not sufficient to say that the risk corridor funds will be forthcoming a few years down the road; vulnerable carriers cannot wait that long.

We urge you to consider the real world effects these decisions have on individuals and families. We share the same goal and commitment to increase choice and competition in the market and provide more affordable coverage to Coloradans. We hope future federal guidance and decision making will align and support our shared mission and continued success.

Regards,
Sharon O'Hara, Chair
Connect for Health Colorado Board of Directors
CC:

Senator Michael Bennet
Senator Cory Gardner
Representative Diana DeGette
Representative Jared Polis
Representative Scott Tipton
Representative Ken Buck
Representative Doug Lamborn
Representative Mike Coffman
Representative Ed Perlmutter

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