



April 9, 2012

Response to request for comment on the HHS Actuarial Value and Cost Sharing Bulletin

The Colorado Health Benefit Exchange Board of Directors (Board) appreciates the opportunity to respond to the request for comment on the Bulletin on Actuarial Value and Cost Sharing Bulletin released on February 24, 2012.

Because the Board works closely with the Colorado Division of Insurance (DOI) within our legislative parameters in order to have Colorado speak with one voice, we note with approval the memorandum submitted by the DOI on March 22. Please consider that the policy positions articulated therein have been considered and approved by the Board, with one exception.

We note the need to balance consistent Actuarial Valuation levels with the impact of utilization over time on any set valuation. DOI recommended that plans offered outside the Exchange be given more flexibility than those offered within the Exchange in order to address market demands. Although we appreciate the complexity of the issue, the Board feels strongly that as a core principle markets inside and outside of the Exchange should operate on a level playing field. Rules and regulations that apply inside and outside the Exchange can result in a number of benefits, including:

- carriers will be encouraged to participate in the Exchange because their compliance costs will be reduced;
- more transparency will be available to consumers and healthy competition will be encouraged in both the internal and external Exchange marketplaces, and
- the chances of adverse selection against the Exchange will be minimized and unnecessary dependencies on the risk mitigation programs will be reduced.

With this in mind, the Board is concerned that market disruptions will occur if the de minimis standards are different inside and outside the Exchange. The Board appreciates the current application of the de minimis standards to plans outside the Exchange. If plans outside the Exchange are not subject to the de minimis standards, then the Exchange should be allowed to offer plans outside those standards too.

We appreciate the opportunity to offer this perspective in order to build a sustainable Exchange for the state of Colorado.

We look forward to working with you. If you have any questions or need additional information, please contact:

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