



House Bill 13-1245 Fact Sheet

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House Bill 13-1245 was introduced in the General Assembly on March 1, 2013, and is 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 terms.

Background:

Connect for Health Colorado will be a one-stop marketplace, opening in October 2013, where Coloradans can shop and compare health insurance plans. The goal of the marketplace is to increase access, affordability, and choice for individuals and small employers looking to purchase health insurance in Colorado. The marketplace will include a support network of Customer Service Center representatives, certified Health Coverage Guides, and licensed brokers to help Coloradans find the health plan that best meets their needs. Consumers will have the ability to shop and compare plans online, sit down with a trained representative, or speak to a customer service representative over the phone. Connect for Health Colorado will be the only place where Coloradans can access new federal financial assistance, based on income, to reduce the cost of health insurance and to use those benefits right away.

Connect for Health Colorado was established by a state legislative bill passed in 2011, SB 11-200, which focuses on encouraging competition and choice in the marketplace for Coloradans. The organization is a public, nonprofit organization, not a state agency and not a new government health care system.

Funding:

Implementation activities and the first 15 months of operation as a marketplace are funded by federal grants. Connect for Health Colorado must be self-sustaining beginning in 2015. Connect for Health Colorado's ongoing annual operating budget starting in 2015 is estimated to be about \$25 million. This budget will cover costs associated with technology systems and software maintenance, operation and oversight of customer support functions including a Colorado-based Customer Service Center and local Assistance Sites.

Connect for Health Colorado worked with legislators, the Board and key stakeholders in the community to evaluate many different funding options and identified an approach that is reliable, diversified and fair – and will allow us to increase access affordability and choice, as is

the mission of SB 11-200, and to be self-sustaining by 2015. The goal is to fund the operation of the marketplace in its first years while enrollment is growing, create adequate reserves to operate a business and to ensure the ability to update and maintain technology systems. As part of that approach, on March 11, the Board approved a 1.4 percent administrative fee to insurance carriers that provide health plans through the Connect for Health Colorado marketplace.

HB 13-1245:

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

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.

2. Contributions returned from CoverColorado's reserves. CoverColorado will close in 2014 and anticipates having excess reserves. HB 13-1245 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 new marketplace. Any reserve funds transferred to Connect for Health Colorado will automatically reduce the broad-based assessment. We anticipate the reserve transfer will limit the broad-based assessment to 2 years.

3. Currently, insurance carriers make deductible donations to CoverColorado - 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: HB 13-1245 also allows Connect for Health Colorado to establish a separate program to offer other ancillary non-QHP products approved by the Board. It also provides the opportunity for the Connect for Health Colorado Board to request the Department of Personnel and Administration to assign administrative law judges to help with formal appeals.