

Executive Summary of Economic Analysis of the ColoradoCare Proposal Addendum with 2019 projections

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The Colorado Foundation for Universal Health Care published an Economic Analysis of the ColoradoCare Proposal in April 2015 with projections for the year 2016. This addendum provides additional projections for 2019 and compares Coloradans' expenses under the current system with their expenses under ColoradoCare.

In the previous economic analyses of this proposal, Colorado Health Expenditures (CHE), a measure that is based on the Centers for Medicare and Medicaid Services (CMS) National Health Expenditures (NHE) data, was used to compare the forecast expenses for the current system and ColoradoCare. However, this measure is not an expression of what Coloradans experience as health care expenses—the health care premiums and out-of-pocket expenses they collectively pay each year. This addendum analysis converts CHE to Coloradans' health care premiums and out-of-pocket expenses combined (Premiums + OOP), and compares the current system with ColoradoCare.

Table 2

2019 Cost Projections for Coloradans: Current System Compared to ColoradoCare

	Current system in 2019	ColoradoCare in 2019
Premiums Coloradans would pay	\$24.9 billion	\$25.0 billion -\$0.3 billion refund to Medicaid eligible net \$24.7 billion premium taxes
Out-of-pocket expenses Coloradans would pay	\$1.1 billion for dental \$5.2 billion for medical \$6.3 billion total out-of-pocket	\$1.1 billion for dental* \$0.9 billion for medical \$2.0 billion total out-of-pocket
The amount that Coloradans would pay for Premiums + OOP expenses	\$31.2 billion	\$26.7 billion includes \$1.5 billion surplus that is available for future health care costs and/or a refund to Coloradans

* This analysis finds that there would be \$1.2 billion available in ColoradoCare's budget to expand dental beyond the minimum dental coverage required by both the initiative language and ACA and Medicaid waivers. In the analysis, it is assumed that the ColoradoCare Board of Trustees will approve this allocation of money earmarked for dental coverage; however, the amount of dental benefit would need to be determined by the Trustees.

Under ColoradoCare, in 2019 Colorado residents and employers would pay \$26.7 billion in premiums and out-of-pocket expenses for the services typically covered by comprehensive health and dental insurance — \$4.5 billion less than the \$31.2 billion cost with the current system.

Positive impacts of ColoradoCare

Coverage:

- All Coloradans would be covered compared to a projected 8% uninsured rate under the current system.
- The benefit package would be more comprehensive than the best Affordable Care Act plans.
- The economic analysis includes sufficient funding to pay for as much dental care as insurance currently pays, including coverage for children.
- Coverage would continue regardless of employment, marriage, age, or health condition.
- No one would be forced to change health care providers because an employer changed insurance plans.

Funding for increased health care:

- ColoradoCare adds \$1.5 billion to provide for health care to the previously uninsured.
- ColoradoCare adds \$0.4 billion for the increased health care services used because health care would be affordable.

Sources of Savings:

- ColoradoCare reduces administrative expenses by \$6.2 billion. These savings come from removing redundant insurance-industry administration and from decreasing bureaucracy and paperwork in providers' offices.
- Prices for durable medical equipment and pharmaceuticals can be reduced by \$1.2 billion using bulk purchasing market power.
- A unified billing system would reduce fraud by \$0.6 billion.
- Over time — with a unified system supporting innovation, practical efficiencies, and integrated health delivery — savings are projected to increase.

For Colorado Residents:

- ColoradoCare would have no deductibles, no copays for most preventive and primary care, and would waive other copayments when they cause financial hardship.
- All Coloradans would have affordable health care. The current system is projected to leave more than 23% Coloradans underinsured in 2019.
- There would no longer be burdensome medical debt or bankruptcy caused by medical bills.
- Overall, Colorado residents and employers would pay \$4.5 billion less for health care.
- The calendar year 2019 is projected to have a \$1.5 billion surplus to offset future health care costs and/or be refunded to Premium Tax payers.
- Overall, Colorado residents would gain over \$1.1 billion from income tax deductions.

For Colorado Employers:

- The aggregate reduction of expenditures for employee health is projected to be \$3.8 billion.
- There would no longer be expenses related to administering employee health care.
- The medical portion of workers' compensation (59%) would be covered by ColoradoCare.
- State, counties, cities, school districts and universities would benefit from significant savings for employee coverage.

For providers and health care professionals:

- Providers would receive prompt, adequate payment for every patient.
- The billing system would be simplified.
- ColoradoCare would be able to support practical innovation, responsiveness to community needs, and improved access for patients, especially in rural areas.

For Medicaid beneficiaries:

- All benefits would be maintained with a probable increase in dental benefits.
- There would continue to be no premiums for those under 138% of Federal Poverty Level.
- Beneficiaries would be able to see all providers and would no longer be restricted to "providers who take Medicaid."

Impact on Medicare beneficiaries:

- Medicare Parts A, B, and D, and Medicare Advantage would remain the same.
- ColoradoCare provides a comprehensive Medicare supplemental plan without deductibles.
- Anticipated adult dental, vision, and hearing services would be available to Medicare beneficiaries.
- Tax write-offs result in 85% of Medicare beneficiaries paying less in Premium Taxes than they would for the cost of the supplemental plan under the current system.

Impact on the Colorado economy:

- By redirecting \$4.5 billion in out-of-state spending to in-state spending, Colorado would see a net gain of 32,000 jobs in 2019.
- Although most health care insurance administration jobs lost would be out-of-state, some jobs would be lost in Colorado, and job churn would increase for one year. The savings from ColoradoCare would stimulate the economy and create a greater number of new jobs. The typical rate of Colorado job change or churn is 480,000 per year. The churn would be mitigated by the unemployment insurance system and the continuous health care coverage that ColoradoCare would provide.