ColoradoCare YES

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The Practice of Medicine Under ColoradoCare

Physicians for ColoradoCare

ColoradoCare is the health care financing system that would be established by Amendment 69. Everyone would pay premiums through a payroll and income premium tax, and every Colorado resident would be covered. This premium tax will replace current health insurance premiums, deductibles, and co-pays for designated preventive and primary care services. It is a financing system not a delivery system. Providers could choose to be public, private, for profit, nonprofit, independent, or salaried.

ColoradoCare aligns the interest of patients, providers, and payers

Currently, insurance industry interests focusing on short-term profits are at odds with the interests of patients, providers, and quality health care. ColoradoCare changes the health care payment dynamics so that the interests of Colorado's providers and patients align with the owners of ColoradoCare — Colorado residents.

All parties desire:

- Quality health care
- Elimination of barriers to necessary health care
- Simplification of health care through the elimination of costly red tape and paperwork
- Choice of provider
- Attraction and retention of a satisfied health care workforce
- Sustainable health care system
- Fee transparency

ColoradoCare, a cooperative business model

ColoradoCare is designed to operate as a cooperative business, not a government agency. A board of trustees elected by and accountable to the residents, patients, and providers of Colorado will govern the program.

A cooperative business has distinct advantages over government. It has the flexibility of a business, and is unconstrained by the cumbersome and rigid legislative process. The election for the trustees is nonpartisan. Their duty is to ensure Coloradans have access to high quality health care financed by premium taxes that can only be spent on health care. A system run by the government could be hamstrung by politics and health care money could be diverted to other services. Because ColoradoCare is protected in the state Constitution, lobbyists could not undermine its mission.

Provider fees

ColoradoCare was based on an economic analysis that maintained provider income at current levels, and it is mandated to transition on the first day of operations with minimal disruption in payments. This level of reimbursement can be translated to approximately 133% of the Medicare reimbursement rates.

Insurance companies can only reduce costs by decreasing provider payments and services. ColoradoCare has the unique ability to reduce overhead by keeping the system simple without multiple-payer administrative rules that greatly increase costs.

ColoradoCare also eliminates the need for cost shifting to cover the expenses of uncollected debt or inadequate reimbursement from payers such as Medicaid. All ColoradoCare patients would be paid on the same fee schedule, except Medicare patients because federal law mandates that they be paid on the Medicare fee schedule. Medicare recipients would have a ColoradoCare supplemental plan without deductibles. Medicaid patients would retain all of their current benefits.

ColoradoCare aims to compensate providers at the level needed to maintain the necessary workforce and to provide care for the growing population. It does not have the power of a national single payer system that could drive provider take home compensation below market levels because it must compete with provider compensation in the other 49 states. ColoradoCare would be committed to working with provider groups and individual providers to ensure that compensation is fair and will allow practices to thrive.

Savings under ColoradoCare

The economic analysis for ColoradoCare also allows for increased use of health care that would result from removing barriers. Savings to pay both for increased use and maintenance of provider fees would result from reduced administration ($6.2 billion in the first year), purchasing power for medical supplies and pharmaceuticals ($1.2 billion), and fraud reduction due to a unified billing system ($0.7 billion).

ColoradoCare would have sufficient funds to attract the necessary workforce with a surplus of $1.5 billion the first year. Even with the rising costs of health care and potential future premium tax increases, ColoradoCare would be less expensive than health care systems in other states.

The Institute of Medicine estimates that 30% of health expenditures are wasteful[1] , and compensating providers is not one of the identified areas of waste. In addition provider compensation is not a major driver of health care costs as it is estimated to only account for 8% of health care expenditures[2].

Payment and record keeping reforms

The current fee-for-service system has been shown to contribute to cost escalation, leading to a national consensus that changes are needed. Through Medicare and other national programs there is a push for payment reform. However such reform by

government or the insurance industry simply complicates the bureaucracy problem and does not reduce the cost of health care.

Under ColoradoCare the board of trustees would oversee payment reform. Colorado's patients and providers would be assured of a more powerful and direct voice in beneficial payment reforms than in the current system.

ColoradoCare has the ability to target reforms to specialties, procedures, and locations where they are beneficial, to rapidly correct unintended consequences, and to use pilot projects for evaluating and improving reforms. Because it is transparent and accountable to the public, payment reforms would need to be supported by the public.

Such payment reforms could include continuous quality improvement programs, upgrading of PCMH programs, direct primary care projects, special programs for high cost or complex patients, encouragement of value over volume, and telemedicine.

In the future, ColoradoCare would develop an EMR system that allows communication across all providers. This unified communications system would improve patient care, reduce costs by decreasing duplication, and simplify record keeping.

Implementation timeline

ColoradoCare's infrastructure would be established between the time of passage and the first day of implementation. The initiative provides sufficient funding of almost $4 billion for infrastructure and reserves on the first day of operation.

The Amendment requires minimizing disruption of current payment and delivery systems. This means the payment structure of fee-for-service would be maintained where it is in place, and HMO's would be maintained as delivery systems. Professional organizations would be able to communicate with ColoradoCare regarding any proposed changes in payment arrangements proposed after the initial start up. Professional opinion would be highly valued in all aspects of ColoradoCare.

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[1] Institute of Medicine (2012). We spend $750 billion on unnecessary health care. Two charts explain why. Wonkblog, 9/7/12. *Washington Post*, Washington, DC. www.washingtonpost.com/blogs/wonkblog/wp/2012/09/07/we-spend-750-billion-on-unnecessary-health-care-two-charts-explain-why/.

[2] [2] Jackson Healthcare, (2011). Physician compensation eight percent of healthcare costs. http://www.jacksonhealthcare.com/media-room/news/md-salaries-as-percent-of-costs/