COLORADO MEDICAL SOCIETY

HB21-1232: THE COLORADO OPTION

WHAT PHYSICIANS NEED TO KNOW

The Colorado Option was signed into law on June 16, 2021, and will take effect Jan. 1, 2023. Significant rulemaking will take place in 2021 and 2022 that will add important details to the framework established in the law. Members can stay up to date on the rulemaking process through CMS.org.

WHAT IS THE COLORADO OPTION?

The state-designed health insurance plan option (Option) will be offered in all counties of the state by commercial health insurance plans on the individual and small group markets via the health insurance exchange beginning in 2023. This represents approximately 15% of the insured population in the state. Private health insurance carriers are required to sell the Option and will be responsible for achieving a cumulative premium reduction goal of 15% over three years. A public stakeholder process will help develop the standardized benefit design covering at a minimum all essential benefits and pediatric care. Starting in 2026, any annual rate hikes must be limited to no more than medical inflation relative to the previous year.

WHAT CAN PHYSICIANS EXPECT FROM THE LAW?

The law emphasizes the need for network adequacy but there is no way to force physicians to participate. CMS secured a key amendment to the bill to eliminate the participation mandate by removing all enforcement, fines and reporting. Physicians will likely see impacts from the Option whether they accept it or not.

- Significant details will be determined through rulemaking by the Commissioner of Insurance.
- It is unclear how broad the uptake of the plan will be by patients and how carriers will operate the Option to achieve the required savings.
- Insurance carriers that sell other plans on either the individual or small group markets, as well as all hospitals in the state, are required to participate the Option.
- If necessary to achieve network adequacy and the required premium reductions, the Commissioner may, after a hearing, set hospital rates according to detailed criteria (no less than 155% of Medicare). Similarly, the Commissioner may set a participating physician's reimbursement rates (no less than 135% of Medicare).
- Balance billing is prohibited.
- An advisory board will consult with the Commissioner on the Option and consider recommendations to streamline prior authorization and utilization management processes, recommend ways to promote local health care services, and consider alternative payment models.
- The Commissioner will report network adequacy data, along with performance and utilization information of the Option, to the legislature each year. These reports will be publicly available.

WHAT WILL BE DETERMINED BY RULEMAKING IN THE NEXT TWO YEARS?

- While the law establishes a broad framework and some standard reimbursement rates for the Option, the Commissioner will promulgate rules determining the design and operation processes for the Option.
- The Commissioner will establish network adequacy requirements for the Option that ensure culturally responsive and diverse networks that are no narrower than the most restrictive network a carrier is offering and that include the majority of essential community providers in the area.
- Rulemaking will establish hospital reimbursement criteria.
- The Commissioner can update the Option annually through further rulemaking.

The Colorado Medical Society champions health care issues that improve patient care, promote physician professional satisfaction and create healthier communities in Colorado. To learn more about CMS, visit www.cms.org.

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HOW WE GOT HERE

The passage of HB21-1232 culminated almost two years of work by CMS fighting hard on behalf of physicians like you. The Colorado Option would have been substantially different and affected you, your practice, and your patients in profound ways if it were not for the power of CMS advocacy.

WE FOUGHT FOR YOU

INPUT FROM 27 SEPARATE MEDICAL AND SPECIALTY SOCIETIES ON THE CMS COUNCIL ON LEGISLATION

4 DEDICATED MEETINGS OF THE CMS BOARD OF DIRECTORS

COLORADO House of Medicine

COMPELLING COLLABORATION ACROSS HOM

STRONG PHYSICIAN VOICE
Almost **2,000 PHYSICIANS** took our online poll – Overwhelming opposition data helped drive advocacy

26 PHYSICIANS TESTIFIED ON BEHALF OF CMS
at 3 separate hearings in House and Senate over almost **20 hours of testimony**

PHYSICIAN RESPONSES TO 3 CODE BLUE ALERTS
flooded legislators with calls and emails highlighting concerns

CMS WILL CONTINUE TO BE ACTIVE PARTNERS IN THE RULEMAKING PROCESS

WE ACHIEVED WINS FOR PHYSICIANS AND YOUR PATIENTS

- Strongly opposed introduced bill and all versions that included mandatory participation and rate setting; successfully negotiated these priority issues out of the bill
- Defeated mandatory participation tied to physician's license
- Removed unfettered authority of Insurance Commissioner to set physician rates
- No longer a state-run plan
- Reduced required 20% cumulative premium rate reduction to 15%
- Now indexed to medical inflation rather than standard CPI
- Physicians must be included in the process to design the standardized plan
- A physician must be included on the advisory board