

## Following the Facts in Colorado's Healthcare Debate: Recent Trends Have Resulted in Lower Costs and More Choice

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The cost of individual health insurance has been at the forefront of state policy discussions for the past three years. However, during this time, the dynamics of the individual health insurance market created by the federal Affordable Care Act which caused rapid increases in costs have dramatically shifted in Colorado. In fact, Colorado went from having the 27<sup>th</sup> lowest average benchmark premiums to the 6<sup>th</sup> lowest between 2019 and 2021 after monthly benchmark premiums fell by \$137 or 28%.<sup>i</sup> And with the recent passage of the American Rescue Plan Act, which increases subsidies for those in the individual market, affordability will continue to greatly improve.



This brief summarizes changing trends in Colorado's American Care Act (ACA) health insurance market to ensure discussions and debate about healthcare policy start from the same baseline.

**Since 2019, average premiums in the Colorado ACA marketplace have fallen by more than 20%<sup>1</sup>, according to a CSI analysis of data published by the Colorado Division of Insurance and shown in Figure 2.** Most of this reduction has been attributed to a new reinsurance program, created by the legislature and the Polis Administration in 2019. Under reinsurance, fees on health insurance carriers and hospitals are used to partially cover the highest cost medical claims in the ACA marketplace and put downward pressure on premiums.

Colorado

**In 2021, reinsurance benefited rural and mountain communities even more than the statewide average suggests, reducing premiums by an average of 37.6% in the West rating area and 23.5% in the East non-MSA rating area.**

Much of the health care policy debate in Colorado has focused on the higher costs borne by communities outside the Front Range. However, many of these communities have benefited much more from recent ACA marketplace trends than urban and suburban areas of the state shown in **Figure 1**.

**Choice and competition are returning to rural Colorado with more insurance plans available on the state's ACA exchange.** After the creation of the ACA marketplace, unstable regulatory conditions limited the availability of individual health plans in some areas of the state, especially rural and mountain communities. However, insurance carriers are turning this trend around. This year, only 10 of the state's 64 counties – representing 2.5% of the state's population – have only one insurance carrier offering ACA individual plans, according to a CSI analysis of data published by the Colorado Division of Insurance. That is a major improvement from 22 counties with only one carrier of ACA plans just a year ago.<sup>ii</sup> And in the small-group employer market, every Colorado county has at least six different insurance carriers offering health plans. To review the number of insurers offering ACA individual plans, as well as small-group employer plans, in Colorado's 9 insurance rating regions and 64 counties, please see **Figure 3**.

**The federal government is dramatically boosting tax subsidies for individual health insurance, which will ensure ACA coverage costs no more than 8.5% of household income.** The \$1.9 trillion American Rescue Plan Act includes a major expansion of the Advance Premium Tax Credit, which provides financial assistance to lower the net monthly premiums of households covered under ACA plans. In addition to increasing APTC amounts for households making less than 400% of the federal poverty line, the American Rescue Plan Act

<sup>1</sup> Change in average benchmark premiums differs from change in overall average premiums.

also allows households making more than 400% of the federal poverty line to receive assistance under the APTC.

In practical terms, this means a single person making more than \$51,520 per year and a family of four making more than \$106,000 per year will now qualify for APTC assistance with their monthly premiums.

In addition to this expansion of federal assistance, the American Rescue Plan Act also provides that higher-income individuals and families will be able to purchase a silver-tier ACA plan for 8.5% or less of their household income.

The Kaiser Family Foundation website offers a calculator to evaluate pre and post American Rescue plan costs and subsidies for individuals purchasing insurance through the ACA marketplace. A summary of findings on the impact of the American Rescue Plan on costs are below and more detailed findings can be found in Figure 4.



**A Colorado family of four, two adults and two children with a household income of \$75,000 would have a monthly premium of \$341 or \$4,088 per year.**

- That is less than 35% of actual premium in most markets.
- That is 42% less than the cost prior to the American Rescue Plan, a monthly savings of \$248.
- Total cost of health insurance equals 5.45% of income.

**A Colorado family of four, two adults and two children with a household income of \$120,000 would have a monthly premium of \$850 or \$10,200 per year.**

- Given this family makes 458% of the federal poverty level (FPL) they are only newly eligible for federal subsidies. Therefore, the total savings varies across the state.
  - In Pueblo, the savings are \$359 monthly or 29.7%
  - In La Junta, the savings are \$397 monthly or 31.8%
  - In Steamboat Springs, the savings are \$173 monthly 16.9%
  - In Denver, the savings are \$218 monthly 20.4%

The changes made by the American Rescue Plan Act are initially authorized for two years. It should be noted that while increased tax subsidies will lower the net amount spent by a household on health insurance, the tax subsidies do not change the total premium itself.

**Figure 1 - Impacts of Reinsurance**

Reinsurance Impact by Rating Area 2021 Market <sup>iii</sup>	
Rating Area	Average Premium Reduction Due to Reinsurance
1 - Boulder MSA	-16.9%
2 - Colorado Springs	-15.5%
3 - Denver	-17.3%
4 - Fort Collins	-21.0%
5 - Grand Junction	-32.7%
6 - Greeley	-24.3%
7 - Pueblo	-26.5%
8 - East Non-MSA	-23.5%
9 - West	-37.6%
Statewide	-20.8%

**Figure 2 – Change in Premiums 2019 to 2021**

<b>Change in Individual Market Insurance Premiums Since 2019 by County and Rating Area<sup>iv</sup></b>			
<b>Rating Area and County</b>	<b>2020 Average Premium Change</b>	<b>2021 Average Premium Change</b>	<b>2021 Average Premiums Relative to 2019</b>
<b>1 - Boulder Rating Area</b>	-17.0%	0.8%	-16.3%
Boulder County	-17.0%	0.8%	-16.3%
<b>2 - Colorado Springs Rating Area</b>	-17.6%	-3.6%	-20.6%
El Paso County	-17.6%	-3.9%	-20.8%
Teller County	-17.7%	0.3%	-17.5%
<b>3 - Denver Rating Area</b>	-17.9%	-3.5%	-20.8%
Adams County	-15.5%	-3.8%	-18.7%
Arapahoe County	-16.5%	-5.2%	-20.8%
Broomfield County	-16.1%	-4.9%	-20.2%
Clear Creek County	-16.0%	-7.0%	-21.9%
Denver County	-20.0%	-1.2%	-21.0%
Douglas County	-16.7%	-5.6%	-21.4%
Elbert County	-16.1%	-4.5%	-19.9%
Gilpin County	-15.9%	-7.6%	-22.3%
Jefferson County	-16.3%	-5.1%	-20.6%
Park County	-16.2%	-12.3%	-26.5%
<b>4 - Fort Collins Rating Area</b>	-21.7%	6.7%	-16.5%
Larimer County	-21.7%	6.7%	-16.5%
<b>5 - Grand Junction Rating Area</b>	-28.2%	-8.1%	-34.0%
Mesa County	-28.2%	-8.1%	-34.0%
<b>6 - Greeley Rating Area</b>	-20.8%	6.4%	-15.7%
Weld County	-20.8%	6.4%	-15.7%
<b>7 - Pueblo Rating Area</b>	-22.8%	8.2%	-16.5%
Pueblo County	-22.8%	8.2%	-16.5%
<b>8 - East Rating Area</b>	-27.7%	6.2%	-23.2%
Alamosa County	-29.4%	4.2%	-26.4%
Baca County	-30.4%	0.9%	-29.8%
Bent County	-29.8%	3.2%	-27.6%
Chaffee County	-29.3%	4.9%	-25.8%
Cheyenne County	-27.2%	8.5%	-21.0%
Conejos County	-29.6%	4.5%	-26.4%
Costilla County	-31.6%	1.7%	-30.4%
Crowley County	-29.6%	3.9%	-26.9%
Custer County	-30.0%	5.2%	-26.4%
Fremont County	-22.4%	2.2%	-20.7%
Huerfano County	-29.7%	4.3%	-26.7%
Kiowa County	-30.0%	1.9%	-28.7%
Kit Carson County	-27.3%	7.5%	-21.8%
Las Animas County	-29.6%	4.6%	-26.4%
Lincoln County	-29.0%	5.9%	-24.8%

Logan County	-25.3%	12.3%	-16.1%
Mineral County	-29.5%	3.8%	-26.8%
Morgan County	-25.0%	10.8%	-16.9%
Otero County	-30.9%	3.7%	-28.3%
Phillips County	-25.8%	12.1%	-16.8%
Prowers County	-30.3%	1.7%	-29.1%
Rio Grande County	-29.3%	6.4%	-24.8%
Saguache County	-29.7%	3.5%	-27.2%
Sedgwick County	-26.2%	11.1%	-18.0%
Washington County	-25.7%	12.0%	-16.8%
Yuma County	-26.0%	11.1%	-17.8%
<b>9 - West Rating Area</b>	<b>-30.0%</b>	<b>-2.2%</b>	<b>-31.5%</b>
Archuleta County	-31.9%	-5.2%	-35.4%
Delta County	-29.1%	-2.7%	-31.0%
Dolores County	-29.6%	0.5%	-29.2%
Eagle County	-30.2%	-5.2%	-33.8%
Garfield County	-28.6%	1.1%	-27.8%
Grand County	-29.0%	1.0%	-28.3%
Gunnison County	-28.6%	2.2%	-27.0%
Hinsdale County	-29.1%	0.9%	-28.5%
Jackson County	-29.2%	1.2%	-28.4%
La Plata County	-32.6%	-5.2%	-36.1%
Lake County	-29.0%	0.9%	-28.4%
Moffat County	-29.9%	-3.8%	-32.6%
Montezuma County	-31.3%	-6.8%	-36.0%
Montrose County	-28.9%	0.9%	-28.3%
Ouray County	-28.6%	1.1%	-27.8%
Pitkin County	-28.5%	1.1%	-27.7%
Rio Blanco County	-29.4%	-1.1%	-30.2%
Routt County	-28.7%	1.2%	-27.8%
San Juan County	-29.0%	0.4%	-28.7%
San Miguel County	-28.5%	0.9%	-27.9%
Summit County	-34.0%	-7.5%	-39.0%
<b>Statewide</b>	<b>-20.2%</b>	<b>-1.4%</b>	<b>-21.3%</b>

**Figure 3 – Access to Carriers in 2021**

<b>Number of Health Insurance Carriers By County<sup>v</sup></b>			
<b>Type - Specified</b>	<b>Small Group Off Exchange</b>	<b>Individual Market On Exchange</b>	<b>Individual Market Off Exchange</b>
1 - Boulder Rating Area	13	8	7
Boulder County	13	8	7
2 - Colorado Springs Rating Area	12	6	6
El Paso County	12	6	6
Teller County	10	4	3
Adams County	12	8	7
Arapahoe County	13	8	7
Broomfield County	13	7	6
Clear Creek County	9	2	2
Denver County	13	8	7
3 - Denver Rating Area	13	8	7
Douglas County	13	7	6
Elbert County	11	4	4
Gilpin County	8	2	2
Jefferson County	13	8	7
Park County	9	2	2
Larimer County	11	4	5
4 - Fort Collins Rating Area	11	4	5
5 - Grand Junction Rating Area	9	3	3
Mesa County	9	3	3
6 - Greeley Rating Area	11	4	5
Weld County	11	4	5
7 - Pueblo Rating Area	9	3	4
Pueblo County	9	3	4
8 - East Rating Area	10	4	5
Alamosa County	7	2	3
Baca County	7	2	3
Bent County	7	2	3
Chaffee County	7	2	3
Cheyenne County	7	2	3
Conejos County	7	2	3
Costilla County	7	2	3
Crowley County	9	3	4
Custer County	8	3	4
Fremont County	8	3	4
Huerfano County	8	3	4
Kiowa County	7	2	3
Kit Carson County	7	2	3
Las Animas County	8	3	4
Lincoln County	10	4	5
Logan County	6	1	2
Mineral County	6	2	3
Morgan County	7	2	3
Otero County	9	3	4
Phillips County	6	1	2
Prowers County	7	2	3
Rio Grande County	7	2	3

Saguache County	6	2	3
Sedgwick County	6	1	2
Washington County	6	1	2
Yuma County	6	1	2
9 - West Rating Area	9	4	4
Archuleta County	8	2	3
Delta County	7	2	2
Dolores County	7	3	3
*Eagle County	8	2	2
Garfield County	7	2	2
Grand County	7	2	2
Gunnison County	6	2	2
Hinsdale County	6	2	2
Jackson County	7	1	1
La Plata County	9	4	4
Lake County	7	2	2
Moffat County	8	1	1
Montezuma County	8	2	3
Montrose County	7	2	2
Ouray County	6	2	2
Pitkin County	7	2	2
Rio Blanco County	7	1	1
Routt County	8	1	1
San Juan County	6	3	3
San Miguel County	6	2	2
Summit County	9	3	3

\*While state data publication indicates there are two carriers in Eagle County, press clips and review of ACA marketplace plans indicate there is just one carrier in 2021.

**Figure 4 - Changes to Health Insurance Affordability from American Rescue Plan**

<b>Changes to Individual-market Health Insurance Premiums* Due to Provisions in the American Rescue Plan</b>								
<b>Annual Income: \$75,000 (286% FPL)</b>								
Location	Total Monthly Premium	Original Monthly Payment	Monthly Payment under ARP	Monthly Savings	Yearly Savings	% Saved	Yearly Payment under ARP, Share of Total Premium	Yearly Payment under ARP, Share of Income
Grand Junction	\$1,167	\$589	\$341	\$248	\$2,977	42.1%	29.2%	5.5%
Steamboat	\$1,023	\$589	\$341	\$248	\$2,977	42.1%	33.3%	5.5%
Colorado Springs	\$1,029	\$589	\$341	\$248	\$2,977	42.1%	33.1%	5.5%
Pueblo	\$1,209	\$589	\$341	\$248	\$2,977	42.1%	28.2%	5.5%
Denver	\$1,068	\$589	\$341	\$248	\$2,977	42.1%	31.9%	5.5%
Ft. Collins	\$1,205	\$589	\$341	\$248	\$2,977	42.1%	28.3%	5.5%
La Junta	\$1,247	\$589	\$341	\$248	\$2,977	42.1%	27.3%	5.5%
<b>Annual Income: \$120,000 (458% FPL)</b>								
Location	Total Monthly Premium	Original Monthly Payment	Monthly Payment under ARP	Monthly Savings	Yearly Savings	% Saved	Yearly Payment under ARP, Share of Total Premium	Yearly Payment under ARP, Share of Income
Grand Junction	\$1,167	\$1,167	\$850	\$317	\$3,804	27.2%	72.8%	8.5%
Steamboat	\$1,023	\$1,023	\$850	\$173	\$2,076	16.9%	83.1%	8.5%
Colorado Springs	\$1,029	\$1,029	\$850	\$179	\$2,148	17.4%	82.6%	8.5%
Pueblo	\$1,209	\$1,209	\$850	\$359	\$4,308	29.7%	70.3%	8.5%
Denver	\$1,068	\$1,068	\$850	\$218	\$2,616	20.4%	79.6%	8.5%
Ft. Collins	\$1,205	\$1,205	\$850	\$355	\$4,260	29.5%	70.5%	8.5%
La Junta	\$1,247	\$1,247	\$850	\$397	\$4,764	31.8%	68.2%	8.5%

\*for households of two 40-y-o non-smoking parents and two children aged 6 and 8, respectively, enrolled in a benchmark plan

<sup>i</sup> KFF analysis of data from Healthcare.gov, state rate review websites, and state plan finder tools. [www.kff.org/health-reform](http://www.kff.org/health-reform)

<sup>ii</sup> <https://www.colorado.gov/same-eight-companies-returning-offer-individual-health-insurance-plans-2021-while-number-plans>

<sup>iii</sup> CO Division of Insurance, Details on Health Plan Filings and Approved Plans, <https://doi.colorado.gov/for-consumers/consumer-resources/insurance-plan-filings-approved-plans>

<sup>iv</sup> CO Division of Insurance, Details on Health Plan Filings and Approved Plans, <https://doi.colorado.gov/for-consumers/consumer-resources/insurance-plan-filings-approved-plans>

<sup>v</sup> CO Division of Insurance, Details on Health Plan Filings and Approved Plans, <https://doi.colorado.gov/for-consumers/consumer-resources/insurance-plan-filings-approved-plans>