



# Colorado Consumer Health Initiative

A large, semi-circular graphic in the center of the page shows the silhouettes of a man and two children playing in a field. The man is in the center, reaching up to catch a ball. Two children are on either side of him, looking up at the ball. The background is a soft, blue-tinted sky over a field of grass.

**STATE OF THE STANDARDIZED  
COLORADO OPTION PLAN – 2024**

# INTRODUCTION

This report was prepared for the Colorado Consumer Health Initiative (CCHI) to reflect on the standardized Colorado Option plan (the Colorado Option), and to inform Coloradans about the benefits and outcomes of this policy.

The policy that ultimately created the Colorado Option began with feedback from new ACA enrollees over 10 years ago. To tell their story honestly and comprehensively, consumers, policymakers, and those who work in health care in Colorado have contributed artifacts, data, and their personal stories to this report. Those contributions answer which of the policy objectives have been achieved, how the Colorado Option serves consumers, which concerns remain to be solved, and what are their lessons learned along the way. These new data show how this uniquely inclusive policy improves market participation.

This report seeks to inform the next steps that will build on this policy and its innovative impact on Colorado's market. As we look to 2024 and beyond, CCHI will continue to review the data and engage stakeholders as the Colorado Option continues to go into effect.



**Colorado Consumer  
Health Initiative**

**“Our whole is greater  
than the sum of our  
individual parts.”**

# EXECUTIVE SUMMARY

This year's more than doubling of enrollment in the Colorado Option (93k in 2024 compared to 39k in 2023) is the result of Colorado's inclusive policy process and underscores the early successes of the state's innovative approach.

The 2013 implementation of the Affordable Care Act (ACA) marked the beginning of Colorado's journey towards a standardized Colorado Option plan. The creation of a new individual health insurance market meant new market dynamics to accompany it.

Consumer demand quickly included calls for standardization across the insurance plans offered, however over several more years of experience, a comprehensive set of goals emerged: understanding the best plans for their families' needs, more affordable health care, realistic preventive care coverage, and culturally responsive care from providers.

House Bill 21-1232, passed in 2021, was a significant step forward in this journey. The bill tasked Colorado's Division of Insurance to create the standardized Colorado Option plan, with year-over-year premium reductions, using a radically inclusive policy design process.

By January 2022, the design, premium reduction methods, and regulations were written, and in fall of 2022, insurance companies offered these new plans in Colorado's individual and small group markets across the state.

The Colorado Option plans have made the market significantly more efficient with plans that responded to consumers. Plan Year 2024 saw more than a doubling of last year's demand with 93,140 Coloradans enrolled in Colorado Option plans (34% of all enrollments on the market). Supply of Colorado Option also expanded with new providers accepting plans, a new issuer in Colorado, and new competition in 12 counties from existing issuers.

This report uses data, and audio of consumer voices, to demonstrate how the \$0 copays for preventive services, that are not subject to deductibles, copay-only prescriptions, and easy-to-understand plan design lead to better care.

Upcoming public hearings in 2024, and the Division's evaluation of affordability and racial health equity in 2026 offer opportunities for Colorado to maximize savings and ensure consumers' health priorities are heard. Increased innovation and a more efficient market will come from Colorado Option's inclusive governance that combines quantified data and Colorado's consumer voices in policy development.

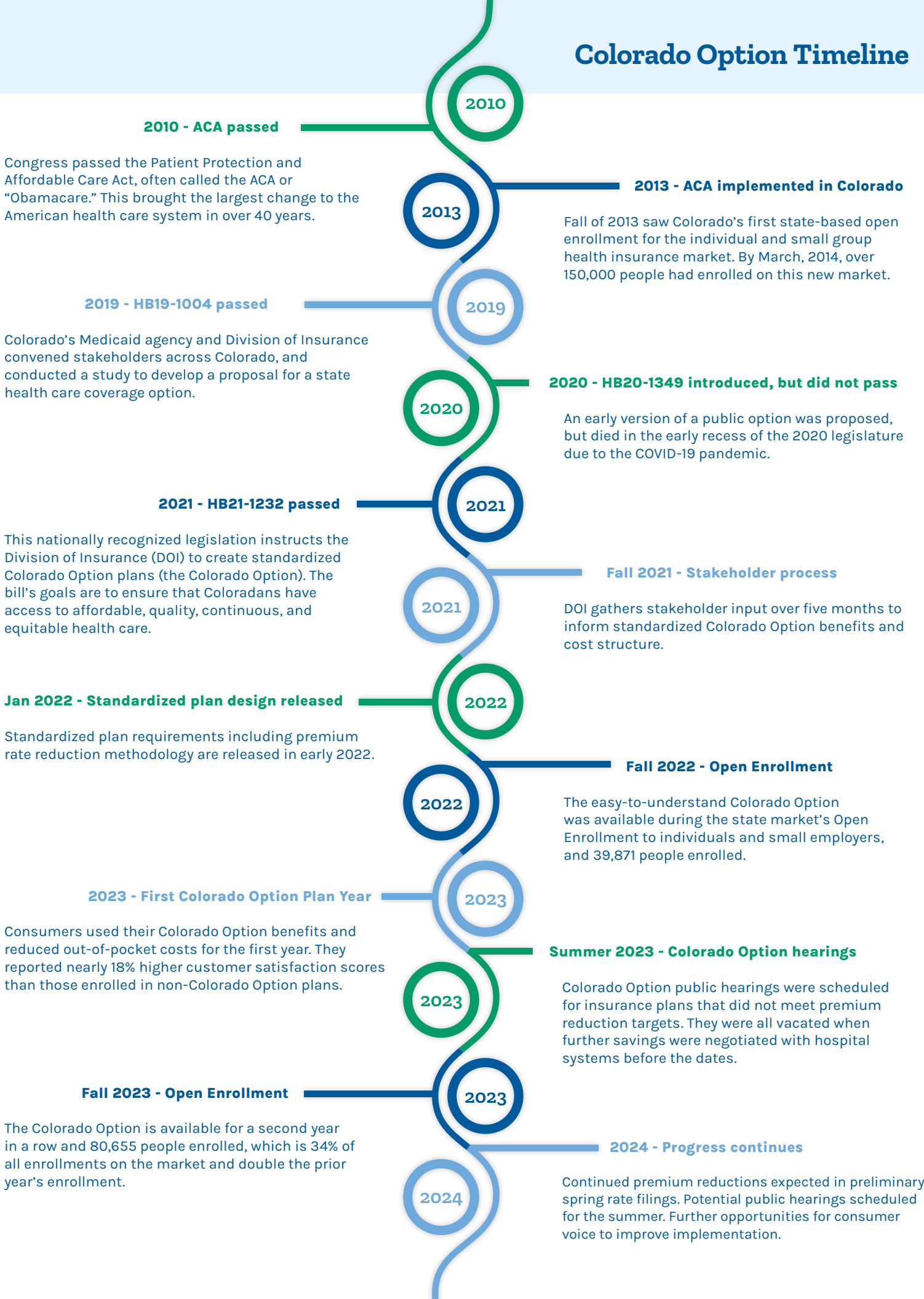
While disagreements among health care industry stakeholders will likely continue, the values-grounded approach that created the Colorado Option can continue to remind everyone involved in this policy about why it exists to begin with, to make health coverage and accessing care more affordable and equitable for Colorado families. Overall, because the Colorado Option creation and implementation includes consumer voices, Colorado's health insurance market has become more dynamic.



**Audio clips are embedded throughout this report.**

To listen to consumers' voices while you are reading about them, please download the pdf and click when you see this icon:

# Colorado Option Timeline



**2010 - ACA passed**

Congress passed the Patient Protection and Affordable Care Act, often called the ACA or “Obamacare.” This brought the largest change to the American health care system in over 40 years.

2010

**2019 - HB19-1004 passed**

Colorado’s Medicaid agency and Division of Insurance convened stakeholders across Colorado, and conducted a study to develop a proposal for a state health care coverage option.

2019

**2021 - HB21-1232 passed**

This nationally recognized legislation instructs the Division of Insurance (DOI) to create standardized Colorado Option plans (the Colorado Option). The bill’s goals are to ensure that Coloradans have access to affordable, quality, continuous, and equitable health care.

2021

**Jan 2022 - Standardized plan design released**

Standardized plan requirements including premium rate reduction methodology are released in early 2022.

2022

**2023 - First Colorado Option Plan Year**

Consumers used their Colorado Option benefits and reduced out-of-pocket costs for the first year. They reported nearly 18% higher customer satisfaction scores than those enrolled in non-Colorado Option plans.

2023

**Fall 2023 - Open Enrollment**

The Colorado Option is available for a second year in a row and 80,655 people enrolled, which is 34% of all enrollments on the market and double the prior year’s enrollment.

2023

**2024 - Progress continues**

Continued premium reductions expected in preliminary spring rate filings. Potential public hearings scheduled for the summer. Further opportunities for consumer voice to improve implementation.

2024

**2013 - ACA implemented in Colorado**

Fall of 2013 saw Colorado’s first state-based open enrollment for the individual and small group health insurance market. By March, 2014, over 150,000 people had enrolled on this new market.

**2020 - HB20-1349 introduced, but did not pass**

An early version of a public option was proposed, but died in the early recess of the 2020 legislature due to the COVID-19 pandemic.

**Fall 2021 - Stakeholder process**

DOI gathers stakeholder input over five months to inform standardized Colorado Option benefits and cost structure.

**Fall 2022 - Open Enrollment**

The easy-to-understand Colorado Option was available during the state market’s Open Enrollment to individuals and small employers, and 39,871 people enrolled.

**Summer 2023 - Colorado Option hearings**

Colorado Option public hearings were scheduled for insurance plans that did not meet premium reduction targets. They were all vacated when further savings were negotiated with hospital systems before the dates.




## OPTION ORIGINS

The journey towards a standardized Colorado Option plan began almost as soon as the Affordable Care Act (ACA) was implemented in 2013.

The creation of the market was a seismic shift in how individual health insurance is bought and sold. Colorado's ACA implementation meant that insurance companies, hospitals, and consumers alike all had to create and learn the individual market dynamics.

After the State Based Marketplace was launched and consumers enrolled in coverage, advocates began to hear from peers and constituents about barriers to enrolling in affordable health insurance plans. Many consumers did not understand deductibles, out-of-pocket maximums, and coinsurance, and how the plans differ from one another.

The mechanics of buying health insurance through employer benefits and human resources were familiar to issuers, hospitals, and most consumers. However, on the new individual and small group market there was a significantly higher volume of products to choose between, and navigating those options presented hurdles.

 It became clear that this market's demands and needs were quite different.

Rather than a small number of highly personalized plans seen in the group markets, starting in 2013, advocates called for standardization across the insurance plans offered on the State Based Marketplace.

Thus began the long journey towards removing barriers for consumers when shopping for affordable health insurance in Colorado. Many of the people interviewed for this report worked on these issues for the last three to eight years. Even when they did not agree on the policies, and had to bend from their original approach, they acknowledged the expertise and efforts of other policy experts along the way.

“It really was impossible”

said one early advocate.



# Early on, four clear goals emerged from consumers' discussions.

## **1st** was understanding.

Consumers were struggling to understand the best plans to purchase for their families' needs and called for standardized plans. [Research shows](#) that when cost-sharing in plans is the same across insurance companies, choosing a plan based on network and quality is easier.

## **2nd** was affordability.

Consumers had issues with access, but affordability was, and is, the biggest concern in conversations, surveys, and focus groups year after year.

## **3rd** was preventive and primary care.

One primary care provider spoke about how frustrated she and her peers were in the early days of the ACA because preventive services were not covered as expected. This includes mental health care. Despite mental health parity laws, access to behavioral health was not the reality for many consumers due to a lack of insurance coverage.

## **4th** was equitable care.

It became increasingly important to consumer advocates that provider networks have [culturally responsive](#) care for patients and that insurance plan design contributes to [equity](#). Belief in a solution that directly addressed health inequities and improves the health of historically disadvantaged communities became a consistent agreement.

Throughout the development of the standardized Colorado Option, the goals of the policy continuously centered on listening to consumers' experiences and removing the barriers they described.

After years of making small steps towards progress, including a bill to study the public option in 2019, a bill to create a public option in Colorado died in the early recess of the 2020 legislature due to the pandemic. The bill reemerged in the Colorado House of Representatives in 2021 and was a major move forward. House Bill 21-1232 ultimately did pass.

As with all significant legislation, everyone involved in House Bill 21-1232 had to compromise.

The original version of this bill included the creation of a new state-run nonprofit entity that would conduct business separate from the state government and design a health plan that could be easily compared to other plans while improving perinatal health and racial health equity. The original goal for savings included an overall 20% reduction in premiums.

The final bill looked quite different from what was introduced. In the bill that was signed, Colorado's Division of Insurance was tasked with gathering public feedback and designing the standardized Colorado Option plan. That plan must be offered by insurance companies across Colorado in the individual and small group markets, and the premium reductions are a gradual decrease of 5% every year, adjusted for inflation, for three years.

This bill, combined with another piece of legislation to create and improve state subsidies for customers historically excluded from the market as well as improve affordability for accessing care for marketplace-eligible enrollees. Overall, the final bill favored significant, though more moderate change than the initial version.

The unprecedented commitment to inclusiveness, and keeping the Colorado consumers' needs in the forefront, resulted in a policy that makes significant progress across the four goals. Advocates credit setting early principles and goals as key to weathering abrasive negotiations. It also set a precedent for efficient participation as the Colorado Option moved into implementation.



## IMPLEMENTING THE COLORADO OPTION

After HB1232 passed, Colorado's Division of Insurance conducted an unprecedented and "extensive stakeholder process to develop the standardized Colorado Option plan, with the bill's goals of improving racial health equity and perinatal coverage and to have a provider network that is culturally responsive." This included an opportunity for hospitals, health insurance companies, brokers, the disability community, physicians, rural communities, and consumers to inform what should be included as part of the market's novel Colorado Option plan benefits, provider networks, and cost-sharing.



Throughout the stakeholder process, participants regularly acknowledged the tradeoffs inherent in creating a health insurance plan, especially between including low-cost medical services and controlling deductibles, while achieving a premium reduction. Consumer advocates built on the increased health literacy of consumers since the ACA was passed, and knew that a successful plan is one where patients see a clear value proposition when they purchase a plan.

## CONSUMER IMPACT

By January 2022, the patient-first design, premium reduction methods, and regulations were written. Insurance companies that offer plans in Colorado's individual and small group markets are required to also supply a standardized plan in bronze, silver, and gold metal tiers. All copays and deductibles count towards the out-of-pocket maximum. The plan design within each metal tier is the same, regardless of the insurance company.

These benefits are also identified as high-value services that make it easier to be healthy, diminish the use of higher-cost services, and encourage continuity of care. Consumers have been relieved and grateful that many preventive benefits now have \$0 copays and are covered pre-deductible. One consumer pointed out

**"My psychiatrist is completely covered. Those are the most expensive appointments I have, but now it's fully covered."**

- Colorado Option Consumer

In fact, consumers enrolled in Colorado Option plans stayed covered one month longer than those enrolled in non-Option plans (9.8 and 8.9 months respectively), indicating these plans result in better continuity of care for consumers.

**Several benefits were prioritized to improve equity so patients won't pay extra for:**

- REGULAR PRIMARY CARE VISITS
- MENTAL HEALTH VISITS
- CARE DURING AND AFTER PREGNANCY
- DIABETES SUPPLIES
- SMOKING CESSATION PROGRAMS
- PRESCRIPTIONS, NEWLY COPAY ONLY
- LANGUAGE TRANSLATION



**"I cannot stress how helpful this kind of option would have been from the onset of the Affordable Care Act"**

- Certified Enrollment Assister





## Health insurance should be easy to understand and use.

The ability to easily compare plan differences beyond the standard design has been a significant improvement for consumers. [New customers](#) enrolled in Colorado Option 2024 plans at a higher rate (29%) than returning customers (13%). And **those that enrolled in Colorado Option 2024 plans reported nearly 18% higher relative customer satisfaction than those enrolled in non-Colorado Option plans.**

During Open Enrollment for 2023 plans, 39,871 people [enrolled in Colorado Option plans](#). As bill sponsor Representative Iman Jodeh said, “We were incredibly pleased with the number of people who enrolled in the Colorado Option; it surpassed our targets.” In the most recent open enrollment, that number [increased to 93,140](#) people enrolling in Colorado Option plans.



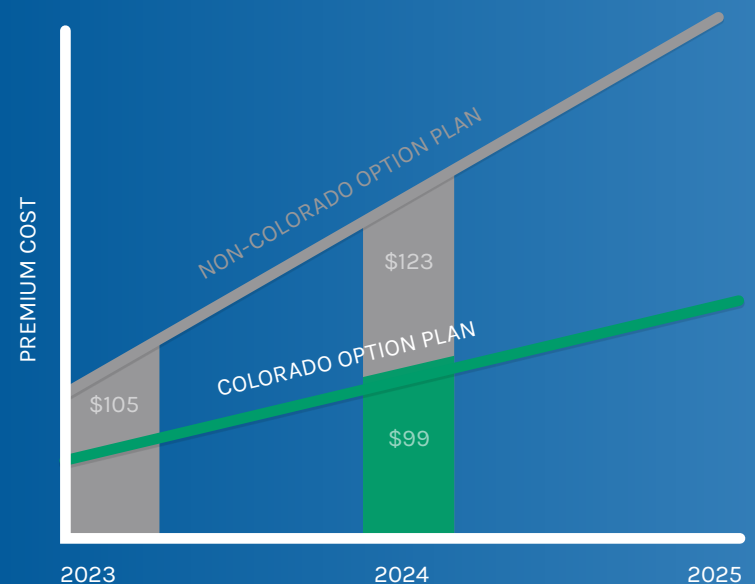
## This represents 34% of all enrollments on Colorado’s individual health insurance market and over double the enrollments from the prior year.

The market demand demonstrates the value and appeal of Colorado Option plans.

The improved market dynamics have not only increased consumer experience but have increased participation for insurance companies and health systems. Insurance companies offered [8 more](#) Colorado Option plans this year, an 18% increase from 2023. Select Health, a new entrant to the market, offered Colorado Option plans in [eight of the nine health insurance rating areas](#). Rocky Mountain HMO and Denver Health expanded to a [combined 12 new counties](#). A Cortez health system [joined the Peak Health Alliance](#) network and will accept its Colorado Option plans.

When compared to non-Colorado Option plans, 2024 Colorado Option premiums increased at a 28% [slower rate](#), and some insurance companies achieved the premium reduction targets. The combined legislative effect of these savings, increased state subsidies for consumers excluded from the market by [\\$39.5M](#). In 2024, [all counties](#) have a Colorado Option silver plan at, or below the average silver premium. This creates an opportunity for subsidized non-Colorado Option consumers to [save money by choosing](#) Colorado Option plans this year. **However, affordability gains have yet to be maximized due to the perverse incentives of the status quo and processes of setting prices and premiums for healthcare.**

**The status quo isn’t working for consumers, as premiums and out-of-pocket costs for accessing health care continue to rise.**



[Savings example](#) for a 40 year old with a subsidized silver plan in 2023 choosing between renewing a non-Option plan, or newly enrolling in the Colorado Option.



The Colorado Option also set a requirement for insurance plans that did not hit premium reduction targets to participate in a public hearing [process with Colorado's insurance commissioner](#). In 2023, four hearings were initially set and ultimately vacated as the insurance plans and health systems were able to negotiate additional savings just before the hearing dates. The increase in [financial transparency](#) through that process meant that consumers had access to financial data demonstrating where market plans paid higher prices to health systems than employer plans. Once again, radical inclusiveness yielded new data and new savings.

The data transparency and public hearing elements of the Colorado Option continue to create opportunities for insurance companies and providers to involve consumers. The values-grounded approach that created the Colorado Option can continue to remind everyone involved in this policy about why it exists to begin with, to make health coverage and accessing care more affordable for Coloradans.

**Overall, because the Colorado Option creation and implementation included consumer voices, Colorado's health insurance market has become more efficient and dynamic.**

## LOOKING AHEAD

Colorado is nationally recognized as on the cutting edge of health system innovation. The secret to that distinction lies in the inclusion of consumer voices, especially when learning the new market's dynamics. Those voices will inform the continued implementation of the Colorado Option and ensure it creates value for all market participants.

The Colorado Option includes unique evaluation requirements that create accountability for everyone. “Under HB21-1232, the Division is required to contract with an independent third party to conduct an evaluation of the Colorado Option on health plan enrollment, health insurance affordability (including total out-of-pocket health care spending), and health equity...The Division is in the initial stages of this work to identify a contractor and then develop evaluation metrics.”

Additionally, insurers are required to meet higher standards in Colorado Option provider networks, including provider training to promote cultural responsiveness and language assistance, and to submit data on both provider and patient demographics for Colorado Option plans. The goal of collecting this demographic information is to ensure health equity standards are being met and to demonstrate how well these systems serve all patients.

The ability in the future to evaluate and compare claims data between non-Colorado Option and Colorado Option plans enables consumers to explore ways to maximize savings and ensure consumers’ health and priorities are served by the market.

**Indeed, through the course of interviewing consumers for this report, they have requested improvements:**

- **when comparing and shopping for plans,**
- **understanding prescription coverage,**
- **with clarity on how premiums are set, and**
- **with provider networks.**

The Colorado Option’s inclusive governance allows for those consumer voices to inform the policy development. Increased innovation and a more efficient market will come from continuing to combine quantified data and Colorado’s consumer voices.



# Acknowledgements

This report would not be possible without the care and participation from many stakeholders, including, but not limited to:

The Polis-Primavera administration, and the Office of Saving People Money in Health Care

Colorado's Department of Regulatory Agencies, Division of Insurance

Connect for Health Colorado, Colorado's state-based marketplace for individuals

The members of the Colorado Option Advisory Boards, and the Health Insurance Affordability Enterprise advisory board and their organizations

The brokers and assisters who help Coloradans enroll in, and use their health plans

The dedicated consumer advocates and coalition members that have helped to pass and implement this policy, and continue to do so. Thank you for continuing to lift up the voices of our communities and consumers in Colorado

**Most especially** to the consumers who took time to share their experiences for this report, and to the 93,000

consumers who use their family budgets to invest in this health coverage for themselves and their families. The consumer advocates in Colorado are dedicated to continuing to ensure that you have affordable and equitable health coverage in our state. You are at the beginning, middle, and the end of every health policy, and this system should be centered around you and your health.

