



STATEMENT FOR THE RECORD BEFORE THE COLORADO SENATE HEALTH AND HUMAN SERVICES COMMITTEE ON SB 24-073: MAXIMUM NUMBER OF EMPLOYEES TO QUALIFY AS SMALL EMPLOYER

February 21, 2024
Lindsey Vigoda, Colorado Director
Small Business Majority

Thank you, Chairwoman Fields and members of the Committee:

My name is Lindsey Vigoda and I'm the Colorado Director for Small Business Majority, a small business organization with a mission to empower America's diverse entrepreneurs to build a thriving and equitable economy.

As representative of Colorado's nearly 685,000 small businesses, Small Business Majority would like to provide comments on Senate Bill 24-073, legislation that would redefine sizing standards for the small group healthcare plans, limiting the market to businesses with 1-50 employees and pushing out businesses with 51-100 employees.

In 2016, Colorado became a leader in the nation by being one of a few states to expand its small group market under the option provided by the Affordable Care Act (ACA). This policy change extended all of the small business protections under the ACA to small businesses with 51-100 workers. In addition, these small businesses then benefited from protections under state law and the Colorado Division of Insurance. As other states saw their small group market rates decline from year to year, Colorado reversed this downward spiral in [2016](#) when the small group market enrollees actually increased for the first time in almost [two decades](#), by including firms with 51-100 workers.

The proposed legislation before you today has the potential to unwind this major progress. Should Colorado now decide to exclude these firms from the small group market, we expect to see a significant decrease in the number of enrollees in the market. However, we currently don't have enough information on what this proposal would do to the health insurance market, even while there are myriad speculations. We have heard feedback from stakeholders and experts that this could lead to instability, increases in premiums, fewer plan options and perhaps even fewer carriers for small firms with less than 50 workers.

Another ramification of removing firms with 51-100 employees from the small group market is that these firms will also no longer be able to participate in the Colorado Option, an affordable healthcare plan that is supported by many small business owners of all sizes. The Colorado Option plans are required to meet cost reduction targets each year, addressing small business owners' concerns about accessing affordable health coverage. While we recognize the slow uptick in enrollees for the Colorado Option's small group market for a variety of reasons, we do not know how this absence of Colorado Option plans for the 51-100 business would affect our small business community.

Advocates of Senate Bill 24-073 seem to be basing their support on their belief that this bill will lower prices for firms with 51-100 workers. Though we are open to exploring creative solutions that will decrease healthcare prices for these firms, we cannot support an unstudied policy that has the potential to simultaneously increase premiums for the smallest firms. We believe that it would be

irresponsible for the legislature to advance a change like this without first commissioning an actuarial study to see what the actual impact of this change would be, for both businesses with more than 51 workers, and importantly, those smallest firms with fewer than 50 workers who will remain in the small group market.

The ACA and the state of Colorado provide important protections and oversights to small businesses and their employees who purchase health insurance in the small group market. Under this proposed bill, firms with 51-100 workers will be required to purchase plans that are loosely regulated and are not subject to the ACA's small business protections and other important state regulations. We ask you to amend Senate Bill 24-073 to an actuarial study to understand all the potential benefits and unintended consequences of shrinking our small group market, and consider factors such as the quality of insurance programs, Colorado Option enrollment, and the costs to our already struggling small community.

Sincerely,

Lindsey Vigoda
Colorado Director
Small Business Majority