

**STATEMENT FOR THE RECORD BEFORE THE COLORADO
DIVISION OF INSURANCE**

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Lindsey Vigoda
Small Business Majority

Thank you Commissioner Conway, 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 offices nationwide, including here in Colorado. Our mission is to empower America's diverse entrepreneurs to build a thriving and equitable economy. I am here to provide comments on the Colorado Option's small group market premium reductions to ensure that health insurance carriers and hospitals are making all efforts to lower healthcare costs. This will greatly benefit Coloradans and small businesses and make healthcare more affordable for all.

The Colorado Option was created in 2021 as a lever to support our small businesses. The program, supported and backed by the small business community, is a solution to the increasing cost of healthcare costs that is impacting every single one of your constituents. In fact, a recent [Small Business Majority survey](#) found that nearly 7 in 10 small business owners cited healthcare costs as a top concern for their business. This is why it's not surprising to learn that 71% of them believe policymakers should prioritize bringing down the cost of healthcare.

Through the Colorado Option, we're getting closer to achieving this goal, but we need your oversight and diligence to make this a reality. Despite a clear need for a program like the Option, only 142 participants were covered by the Option's small group plans. We believe that there are three major barriers curtailing the enrollment process of this program, and the Colorado Division of Insurance (DOI) has an opportunity to address them.

Based on a number of anecdotes, we believe that brokers who are offering small group healthcare plans provided little to no information about these new lower-cost options to entrepreneurs. I have had several conversations with business owners recently where they have expressed that they are incredibly frustrated at the lack of information they have received on the Colorado Option – a stated life vest for their business. A small business owner in both Small Business Majority's and Good Business Colorado's network shared the following feedback: "I was not aware that the Colorado Option was available to me. Anything to help reduce my healthcare costs would be a significant help to me and my business."

While it is not clear why this has happened, it is clear that small business owners are not receiving information about the Option. Brokers are required to educate and inform their clients, including small business owners, about the full range of available plans and we urge the DOI to hold them accountable to do so.

Another reason why the Option has low enrollment is that insurance carriers failed to reach the required premium reduction targets in all areas. We know it is possible to meet the reduction targets, as Denver Health, and at least in part Cigna, were able to meet the premium reductions in the individual market. Many of the arguments carriers make for why they missed the targets are inadequately justified and set a precedent that greatly threatens the success of the Option. Additionally, with the quiet exit of Aetna from the Colorado Option's small group market, I am concerned about the viability of this program in this market.

DOI must hold carriers responsible to demonstrate that they have put in sufficient effort to provide plans at the required price points. A small business owner in our network shared, “I continue to struggle with rising healthcare costs, which take up a larger and larger portion of my budget. As a small business owner, this also impacts my ability to invest money into and budget for my business.”

A third reason for low enrollment in the program is that Colorado hospitals continue to enjoy a streak of high profits—some of the highest in the nation in fact, according to the Colorado Department of Healthcare Policy & Financing. DOI recently commissioned a financial analysis of hospitals and their ability to accept the Colorado Option reimbursement rate floors to remain profitable. The analysis clearly finds that Colorado hospitals can accept lower reimbursement rates offered by the Colorado Option for the individual market. And while this market has more than 200 times the volume of Coloradans than the small group enrollees, due to the aforementioned reasons, we believe this proves that hospitals can work within their margins while still running successful operations. While we recognize the importance of profit, it’s unacceptable that hospitals are taking advantage of Coloradans, including small businesses and their employees. DOI must hold hospitals accountable for increasing healthcare affordability and accessibility.

Small business owners often want to offer critical benefits such as healthcare but operate on very thin margins and have very little time at their disposal, which is why we welcomed the Option’s efforts to negotiate healthcare plans with key stakeholders on behalf of Coloradans. Though we know that the Option’s plans are held to higher standards and premium reductions, we also believe that insurance carriers can and should do more to meet the premium reduction targets. Offering affordable products that are easier to find is how we will pave the way for Coloradans to enjoy the benefits of the Option.

We, along with other business organizations and small business owners in the state, have worked hard for this policy and its thorough implementation, and we want to make sure it is successful for the community members who need it most. We urge the Colorado Division of Insurance to hold brokers, carriers and hospitals accountable in order for this market to thrive.

Sincerely,

Lindsey Vigoda
Colorado Director
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