



August 1, 2022

Commissioner Michael Conway  
Colorado Division of Insurance  
1560 Broadway  
Denver, Colorado 80202

cc:

Debra Judy, Deputy Commissioner of Policy Affairs  
Kate Harris, Chief Deputy Commissioner  
Kyle Brown, Deputy Insurance Commissioner

RE: Comments concerning the Colorado Option's insurance carrier small group market filings for 2023 plan year

Dear Commissioner Conway:

As a leading representative of more than 4,000 small businesses in Colorado, Small Business Majority writes today to participate and comment on the rate review process concerning the Colorado Option's small group market filings for the 2023 plan year.

Small Business Majority is a small business organization that empowers Colorado's diverse entrepreneurs to build a thriving and equitable economy. As part of our commitment to support public policy solutions that benefit the small business ecosystem, we want to highlight the importance of a rate review process that facilitates and addresses rising healthcare costs, which is a significant barrier to maintaining and growing small businesses.

While we appreciate the efforts of the Colorado Division of Insurance (DOI) to hold insurance carriers accountable for rate increases, we are concerned about the justification for the proposed rate increases across all insurers and their failure to meet the goals of the Colorado Option plans, particularly in rural areas.

Even before the COVID-19 pandemic, small business owners in Colorado were struggling to access and offer healthcare coverage for themselves and their employees, which puts them at a disadvantage to hire and retain a talented workforce. The pandemic has underscored the importance of access to affordable healthcare, and rising healthcare costs are putting pressure on business owners in our state. In fact, a [survey of small business owners](#) conducted by Small Business Majority revealed that more than 1 in 3 have struggled to obtain health insurance coverage for themselves and their employees during the pandemic.

This is why we are submitting the following comments to improve the rate review process of the small group marketing filings.

- Small Business Majority is concerned that some insurance carriers are using rate increases to cushion their Medical Loss Ratios (MLRs). The requested rate increase—which is 10.8%—is the highest rate in seven years, even when combined and weighted across Exclusive Provider Organizations (EPOs), Point of Service Plans (POSS) and Health Maintenance Organizations

(HMOs) in the small group market. Meeting the rate reduction requirements is a critical part of the success of the Colorado Option, which is why we are encouraging DOI to examine the carriers' prior MLR projections to compare them against the actual MLRs to justify the rate increases. Such rate increases can hinder the participation of entrepreneurs and their employees in the marketplace as it impacts affordability and accessibility.

- Furthermore, DOI should require more definitive evidence from insurance carriers of their substantial efforts to reduce rates before accepting their benchmarks that fail to reduce rates. It is imperative to ensure that insurance carriers are doing everything in their power to reduce rates and costs to maximize participation in the marketplace, and not simply aim to establish a baseline where they continuously fail to meet their rate targets.

What's more, very few health insurance plans meet the appropriate rate targets outside of the Denver metro area, which creates a significant gap in access to affordable healthcare for rural entrepreneurs. We urge DOI to actively work with insurance carriers to ensure all counties across Colorado have access to standardized plans through the Colorado Option. In addition, we would welcome information about accessible health insurance plans, should carriers continue to fail to meet targets. Entrepreneurs and Coloradans alike want to understand and participate in the rate review process, which is why we encourage DOI to work collaboratively with such key stakeholders to ensure all carriers provide the necessary information concerning the rates in a timely manner for years to come.

Now is the time to set a standard of rate accountability and transparency before the expectation of failure becomes the norm. Small businesses in Colorado, especially those in rural areas, desperately need relief from skyrocketing healthcare costs. Access to high-quality care should be a right, not a luxury. DOI must work to properly implement the Colorado Option rates in order to support our economic drivers. We look forward to continuing our work with you to implement and optimize the Colorado Option standardized health benefit plans.

Sincerely,

Lindsey Vigoda  
Colorado Director, Small Business Majority