

September 17, 2024

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

Dear Commissioner Conway:

Small businesses comprise 99.5% of businesses across Colorado and employ 47.3% of workers statewide. As employers and advocates for small businesses, we want to provide our employees and their families with top-quality benefits that enable them to thrive. Unfortunately, healthcare coverage has become increasingly unaffordable for many small businesses. According to a recent [Small Business Majority poll](#), 78% of small businesses that offer health coverage to their employees report that the cost of insurance premiums has risen. Furthermore, 24% of small businesses that offer health coverage to their employees have been forced to drop it altogether due to rising costs.

The Colorado Option for Health Insurance became law in 2021 after being supported and backed by the small business community as a solution to these problems. Dozens of business owners from across the state testified in favor of this proposal as a lifeline for their businesses during increasingly hard times. Despite a clear need for more affordable health coverage, only 329 participants are currently covered by the Option's small group plans, according to enrollment data from the Colorado Option Advisory Board for PY24. While this is an increase from the previous year's 142 participants, enrollment remains low.

We have identified three major barriers curtailing Option enrollment, and the Colorado Division of Insurance (DOI) can address them.

One reason for low enrollment is the failure of insurance carriers to meet the premium reduction targets in the small group market. The preliminary average rate increase filed for small group Colorado Option plans in PY2025 is 8.3% compared to 8.2% for non-Colorado Option plans. This miniscule difference undermines the purpose of the Colorado Option to provide more affordable healthcare options to small businesses. DOI must hold carriers accountable in reaching the premium reduction target.

Another reason for low enrollment is the lack of communication and outreach about the Colorado Option to small businesses. Based on anecdotes from Small Business Majority's network, some small businesses were not even aware that the Colorado Option could be a healthcare option for their business, or their brokers didn't inform them about it. Brokers are required to educate and inform their clients, including small business owners, about the full range of available plans. DOI must hold them accountable in doing so and should also continue outreach to the small business community.

A third reason for low enrollment is a lack of transparency in hospital pricing. Colorado hospitals continue to enjoy a streak of high profits, and—according to the Colorado Department of Healthcare Policy & Financing—it's among the highest in the nation. The consolidation of hospitals and healthcare systems is significantly driving up healthcare costs making it challenging for small business owners and their employees to afford it.

We ask DOI to bring carriers, hospitals and brokers to the table to help the Colorado Option realize its full potential. With greater awareness and higher enrollment among the small business community along with more affordable plans with lower costs, it will be a true success in the small group market. We fought hard for the small group market to be included in the Colorado Option, and through its implementation, it can be successful and transformative for us and our community.

Sincerely,

Hunter Nelson
Colorado Director, Small Business Majority

Dr. Chris Edmundson, Doctor of Physical Therapy
Integral Physical Therapy, Firestone, CO

Sarita Parikh, Co-Founder
glow + gather, Castle Rock, CO

Sandra Payne, President
Denver Concrete Vibrator, Denver, CO

Samantha Albritton
Colorado

Jeff Rogoff, Owner
Sazza Restaurant, Greenwood Village, CO

Hilda Gehrke, Owner
Life Transformations by Hilda, LLC, Lakewood, CO

Larae Martinez, Outreach Manager
Rocky Mountain MicroFinance Institute, Denver, CO

Sarah Ladley, Owner
Ba-Nom-a-Nom, Denver, CO

Mark Powell, President
Powell Veterinary Service Inc., Kersey, CO

Andrea Sanchez, Administrator
Belmont Senior Care Assisted Living, Pueblo, CO

Ivan Drinks Sr., CEO
Reality Technology Inc., Denver, CO

Glenda Mostek, Executive Director
Colorado Nursery and Greenhouse Association, Lakewood, CO

Jamie Lujan, Founder
Saluzo Business Solutions, Denver, CO

Krista Shiner, Owner
Shiner Studios LLC, Denver, CO

Teresa Downs, Owner

Downs & Associates, Inc., Denver, CO

Raymond Land, Owner
Colorado RV Parks LLC, Genoa, CO

Talonie Granger, Owner
The Granger Agency

Kristi Ross, Owner
Happy Tails Dog Ranch, Berthoud, CO

Michelle Delgado, Owner
Galaxy Towing, Brighton, CO

Kristen Ujazdowski, Executive Director
daVinci Community Development

Cassandra Allen-Brown, Owner
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