

## **SINGLE PAYER TASK FORCE**

**Friday December 28, 2012**

### **Review of the Colorado Health Care Cooperative (CHCC)**

- 1) The document referenced “Colorado Health Care Cooperative”, - Unedited, Unrevised DRAFT 12.17.12. This document is referenced. The document is not reviewed in detail during this meeting. Reference is made to specific areas of the document during the meeting.
  
- 2) Discussion of the document produced by Eldon Van Der Wege – Answer to the Colorado Health Care Cooperative – 12.18.12 Highlights of the bill Draft. The points discussed include:
  - a) **Process** – If approved, the bill will create a voter referendum for an Amendment to the Colorado Constitution to establish a statewide CHCC.  
**Discussion:** Passage is not possible. The CUHP would not need an Amendment to the Colorado Constitution.
  - b) **Authority** - Section 1332 of the Patient Protection and Affordable Care Act allows Colorado to obtain waivers from the federal program to create a uniquely Colorado health care system.  
**Discussion:** This resulted in extensive discussion. We do not know if the CHCC would need a waiver. The CUHP likely would not need a waiver (a model is that of Worker’s Compensation Insurance). The State has the authority to create a single public insurance in place of private insurance.
  - c) **Administrative Structure** - The Cooperative will be “a body corporate and political subdivision of the state”...not subject to administrative direction or control by any department or agency of the state. It is a body of the people, by the people, and for the people of Colorado.  
**Discussion:** This is the exact wording utilized by Pinnacol Assurance. A Cooperative like Pinnacol Assurance is a mutual insurance company. A major concern is that a \$30+B/year financial institution should not have a board member without professional or specialized knowledge in a particular subject needed by the company.
  - d) **Membership** - Each resident of Colorado will be a member of the Cooperative.  
**Discussion:** This is not a cooperative. A cooperative membership is defined by voluntary participation by the members. The SPTF is confused regarding how the CHCC will work with the utilization of public funds for a private mutual insurance company - or is the CHCC a public TABOR exempt enterprise? The CUHP believes that each resident of Colorado should have public health insurance coverage. Expanding public health insurance to cover all income levels not only those income levels eligible for expanded Medicaid, the Buy-In Program, CHIP and the Basic Health Plan.
  - e) **Interim Board** - A 15 member Interim Board will be appointed to carry out all responsibilities until members elect a permanent Board. The Interim Board will create election rules to ensure non-partisan, fair, and open campaign and election processes, free from undue monetary influence.  
**Discussion:** As a general rule all new organizations might benefit from an Interim Board. The same questions are raised as noted in c) and d). It is more important to answer the question posed in f) below.
  - f) **Cooperative Board** - Two Board Directors will be elected by members residing in each of seven Regional Care Collaborative Regions and three will be elected at large. They will be responsible for all aspects of operating the Cooperative, including governance, funding, financial management, and transparency of operations and health outcomes while maintaining

privacy of patient records.

**Discussion:** A strength of the CHCC is one of decentralized management of the delivery system, and a strength would include a centralized management of finances. As noted above, a major concern is that a \$30+B/year financial institution should not have a board member without professional or specialized knowledge in a particular subject needed by the company. The CUHP agrees with the idea of decentralized service management as does the Medicaid system (RCCO). There is no need to duplicate the infrastructure already in place by Medicaid and HCPF.

- g) **Health Benefits** - Comprehensive benefits include expanded essential health benefits plus...  
**Discussion:** In general the CHCC plan and the CUHP plan are similar. Ideally all health care services regardless of insurance plan should be processed through a single-payer. The CUHP would consider separate insurance plans for the events noted below. Note that the several single payer systems (Canada, England, Germany, and more) have systems with separate automobile accident insurance and work related injury systems. Health, workers comp, and automobile insurance have long histories that would make it very difficult to combine. Perhaps an enhanced coordination of benefits system will provide an improvement on the current system.
- h) **Delivery Models** - Payment to providers will minimize disruptions while gradually phasing in...  
**Discussion:** New schemes for payment to providers have not been demonstrated to be of great value. We note that a single payment system is promoted. The CUHP agrees that a single payment system should include the All Payer System reform, i.e. the same payment is made for a particular procedure code. This is not to be confused by a Single-Payer System. The CUHP believes that the financing of health care must be by a single-payer mechanism. It appears that the CHCC does not believe that the financing should be by single-payer. The Colorado Department of Health Care Policy and Finance is already experimenting with payment models. No need to duplicate. It also has experience in negotiating favorable prices for prescription drugs and medical devices.
- i) **Transition** - In collaboration with Colorado agencies, the Board will seek all necessary waivers, exemptions and agreements to receive all federal health care funds.  
**Discussion:** The Colorado Department of HCPF already has this experience, i.e. a relationship with Medicare. The CUHP believes that there is no need to duplicate this effort.
- j) **Funding** - The Colorado Department of Revenue will collect a small payroll and income fee for start-up expenses. A payroll and income premium will be collected and transferred to the Cooperative after it assumes responsibility for payment of health care. Annual assessments will be publicly reported to members and any premium increases will be limited to the Consumer Price Index.  
**Discussion:** The SPTF finds the funding to be confusing. It would be interesting to understand how the CHCC determined this funding strategy. Working Capital would be the largest expense, in the billions of dollars. Think about how the city funded the start-up for the new airport or how schools build new buildings. Revenue and fees pay-off the bonds.
- k) **Displaced Workers** - The Board will determine a mechanism for retraining of and compensation to residents whose employment is negatively impacted by the implementation of the Cooperative.  
**Discussion:** Agreed. The SPTF is in complete agreement.
- l) **Exemptions** - The Cooperative is exempt from TABOR laws and from the rules of the State Department of Personnel and Administration.  
**Discussion:** The SPTF remains confused in regard to this statement. If the Cooperative is a

TABOR exempt enterprise, then an amendment to the Colorado Constitution is not needed. So, why is an amendment to the Constitution being pursued? One would need only a simple majority in the House and Senate to create a TABOR enterprise, similar to the University of Colorado.

- m) **Private Health Insurance** - Nothing in this article prohibits private health insurers from doing business in Colorado.  
**Discussion:** Agreed
  - n) **The Employer Shared Responsibility Provisions – The Employer Mandate** - See attachment. This is written into the law of the ACA. Refer to the attachment for further detail. This does provide for a simple method of premium collection through the employer/employee deduction for premium tax credits or cost sharing subsidy.
  - o) **Penalties for Employers Not Offering Affordable Coverage Under the ACA Beginning in 2014** – See attachment for graphic.
- 3) Discussion of the document produced by Tom Gottlieb – Answer to the Colorado Health Care Cooperative Bill. Document titled - Colorado Health Care Cooperative Bill - Comments – December 20, 2012 - Tom Gottlieb
- a) This is a document that demonstrates that the questions raised by each of the sections/sentences in the document (the Bill). Several specific questions were asked by this document that did not provide clarity.
  - b) **Is the Colorado Health Care Cooperative (CHCC) a public entity or a private entity?**  
**Discussion:** A long discussion did not bring instant clarity. We agreed that if the CHCC is a TABOR exempt enterprise, then it is a public entity. This contrasts with the comments made by Irene Aguilar in the past in which she stated that the CHCC is a private not-for-profit entity. We agreed to ask the question directly to the CHCC leadership so that we have the answer from their leadership to determine if the CHCC is public or private. *The CUHP is a public entity without reservation.*
  - c) **Is the CHCC a single-payer system?**  
**Discussion:** A long discussion did not bring instant clarity. It is the intent that all Coloradans are members. A member is defined as “. . . a person who has lived in Colorado continuously for one year or since birth.” Therefore, this defines several risk pools and is not a single-payer system. We again concluded that we would ask the CHCC leadership to define single-payer system and to comment on how the CHCC fulfills the goal of a single-payer system. Define the exceptions. Etc. *The CUHP has the vision of a single payer in which no other health care insurance plans are providing the basic health plan. the CUHP will do everything needed to reach this goal.*
  - d) **Does the CHCC Plan provide universal coverage?**  
**Discussion:** A long discussion did not bring instant clarity. It appears that CHCC does provide universal coverage, i.e. all Coloradans are members of the CHCC. BUT, a limitation is suggested as noted above. Therefore, the CHCC plan is NOT universal. It is also noted that Irene Aguilar stated that, “I really don’t want to talk to all the crazy people who want health care for everybody. I want to talk to people who really want to deal with the fiscal issues behind this and say what are we going to do about the fiscal stability of the state and how are we going to be responsible stewards for our taxpayers?” This suggests that the CHCC plan will demonstrate fiscal responsibility as a priority to patient/family service. We again concluded that we would ask the CHCC leadership to define universal health coverage and how the CHCC plan reaches this goal. *The CUHP has a vision for universal coverage and will do everything needed to reach this goal.*

- 4) Discussion in regard to the notes provided by Nathan Wilkes (a summary of the press conference held in relation to the CHCC). NW was not present and detailed comments were not available.

**Conclusion(s):**

- 1) Because of lack of specificity of the Colorado Health Care Cooperative (CHCC) bill, we are not able to give a definitive opinion in regard to the plan.
- 2) The SPTF does not have access to the financial analysis of the plan. The most critical piece of reform in the health care system is the financial reform evaluation. We will request this document.
- 3) The SPTF has specific questions relating to **universal** health care financed by a **public single-payer** system. We will request definitions of universal, public, and single-payer from the CHCC leadership, and we will request an explanation and grading of how well the CHCC fulfills these characteristics.

Submitted by: Tom Gottlieb