

# What is driving health care costs and premiums in your community

CoverCO Tour – Keystone



**Colorado Consumer  
Health Initiative**

# What our health care \$s are used for

## Colorado's Health Care Dollar

Spending by Service Type, 2016

39¢



Hospital Care

26¢



Physician and Clinical Services

11¢



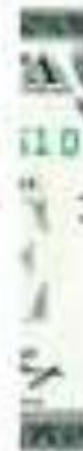
Prescription Drugs and Other Non-durable Medical Products

6¢



Dental Services

5¢



Other Health, Residential, and Personal Care

5¢



Nursing Home Care

4¢



Other Professional Services

2¢



Durable Medical Products

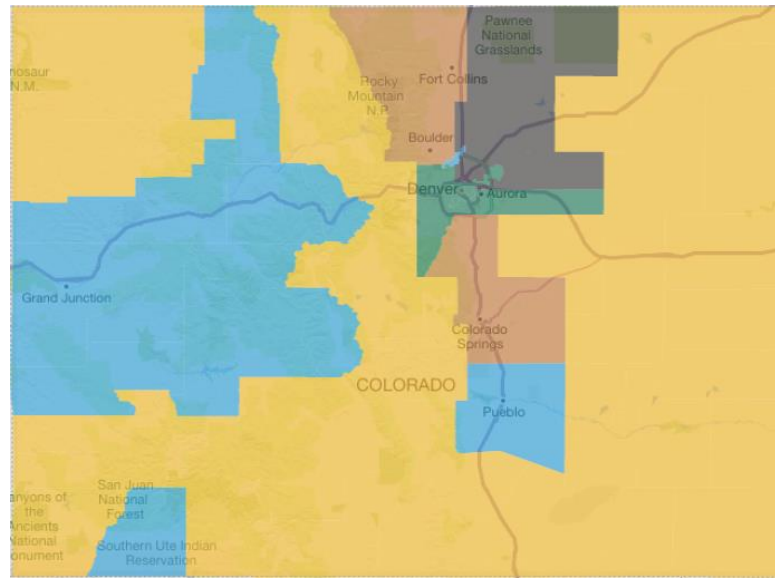
2¢



Home Health Care

# Who holds the cards?

- Trend of hospital/provider and insurer consolidation less of a factor, but with few providers... “only game in town” syndrome.
- Summit and Vail Hospitals
- 2 insurers for individual on-exchange (w/o Kaiser): Bright Health, Anthem
- 2019 Medical Enrollments through C4HCO:

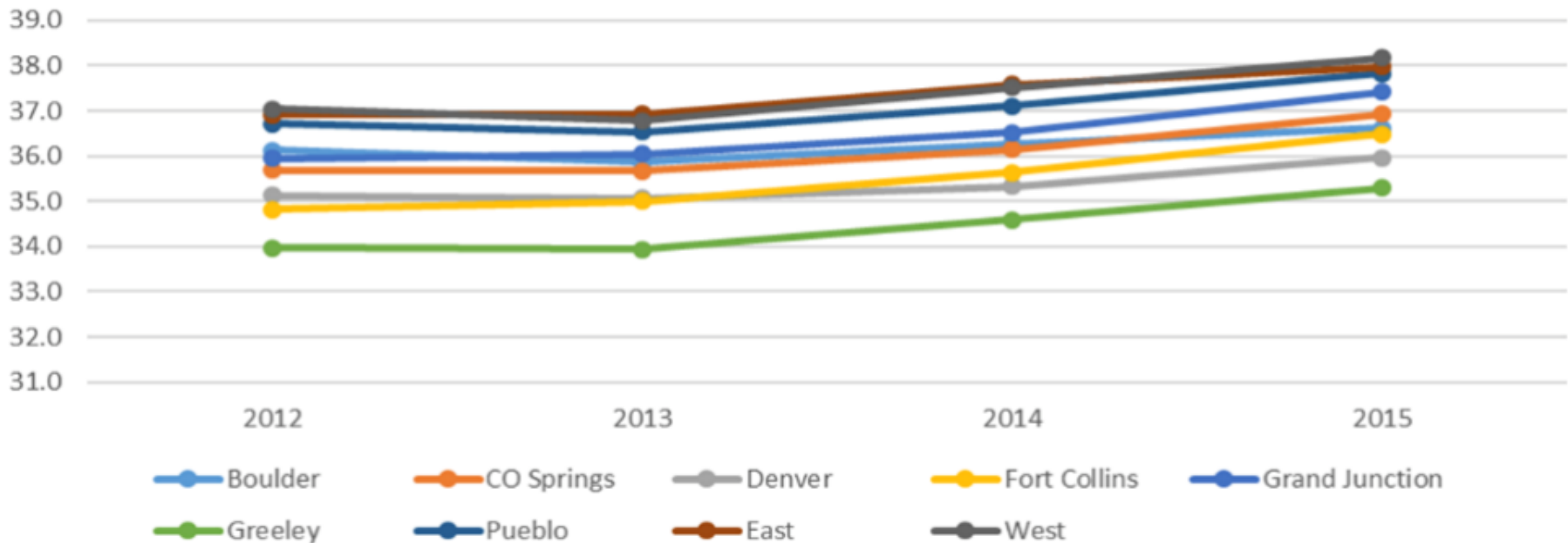


# Factors driving premiums

Age

## Average Age by ACA Rating Region

Average Age by ACA Rating Region and Year

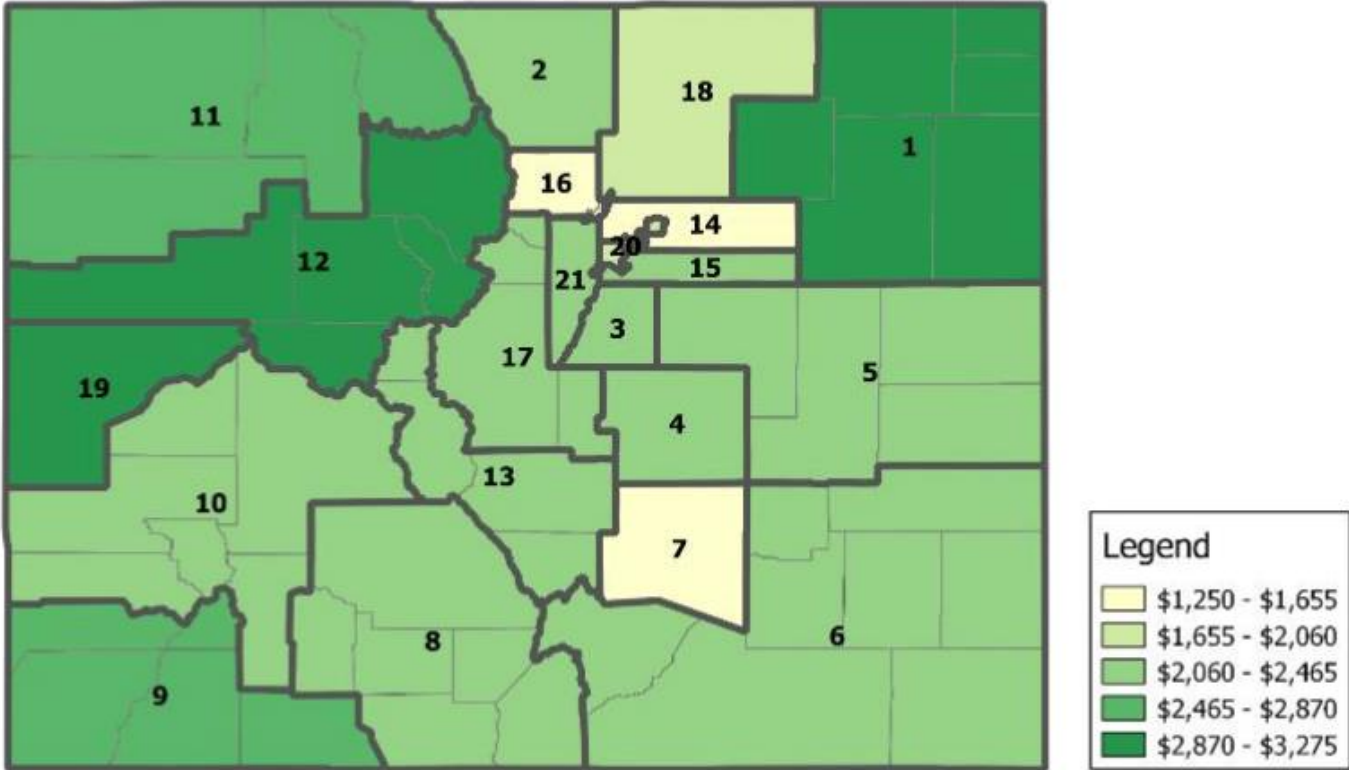


# Factors driving premiums

Cost per Unit/Service

## Cost per Unit by Health Statistical Region

*Advanced Imaging*

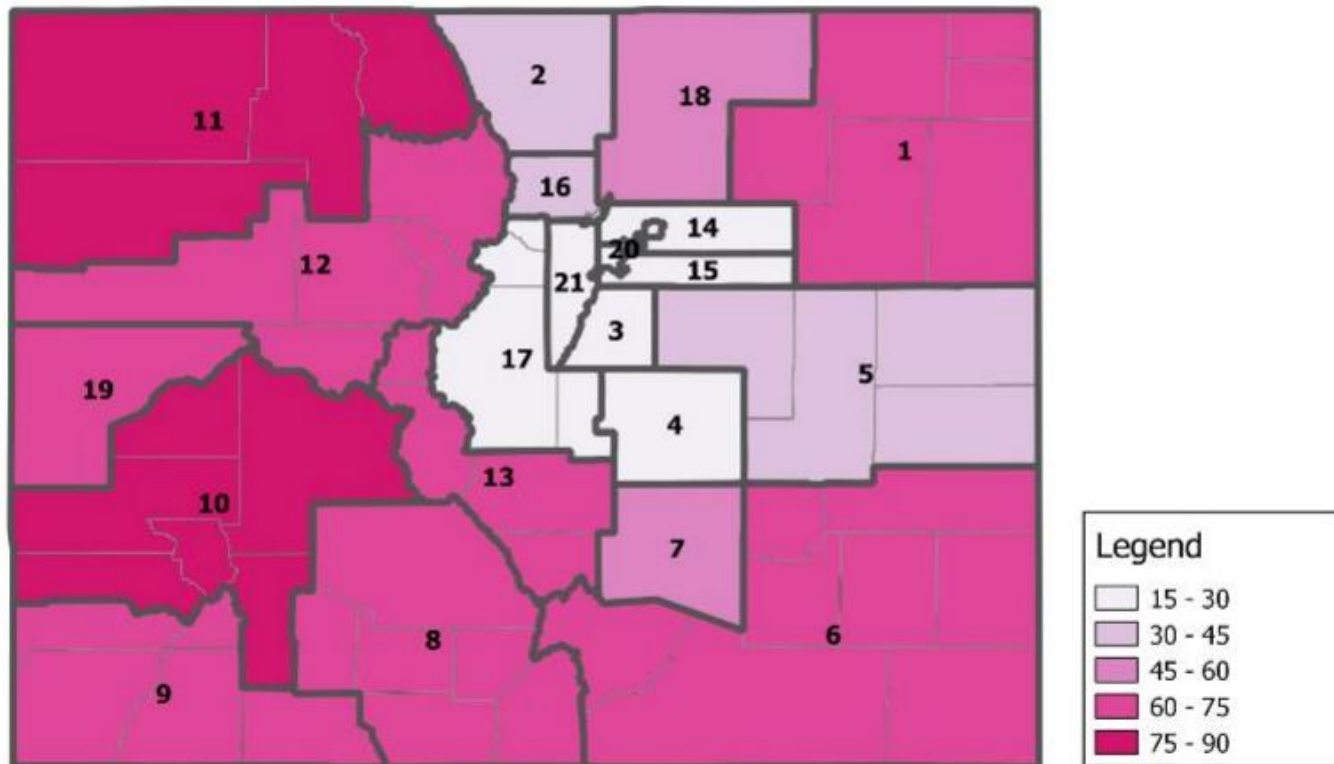


# Factors driving premiums

Utilization/How many "units" are people using in an area

## Units per 1,000 Members by Health Statistical Region

*Advanced Imaging*

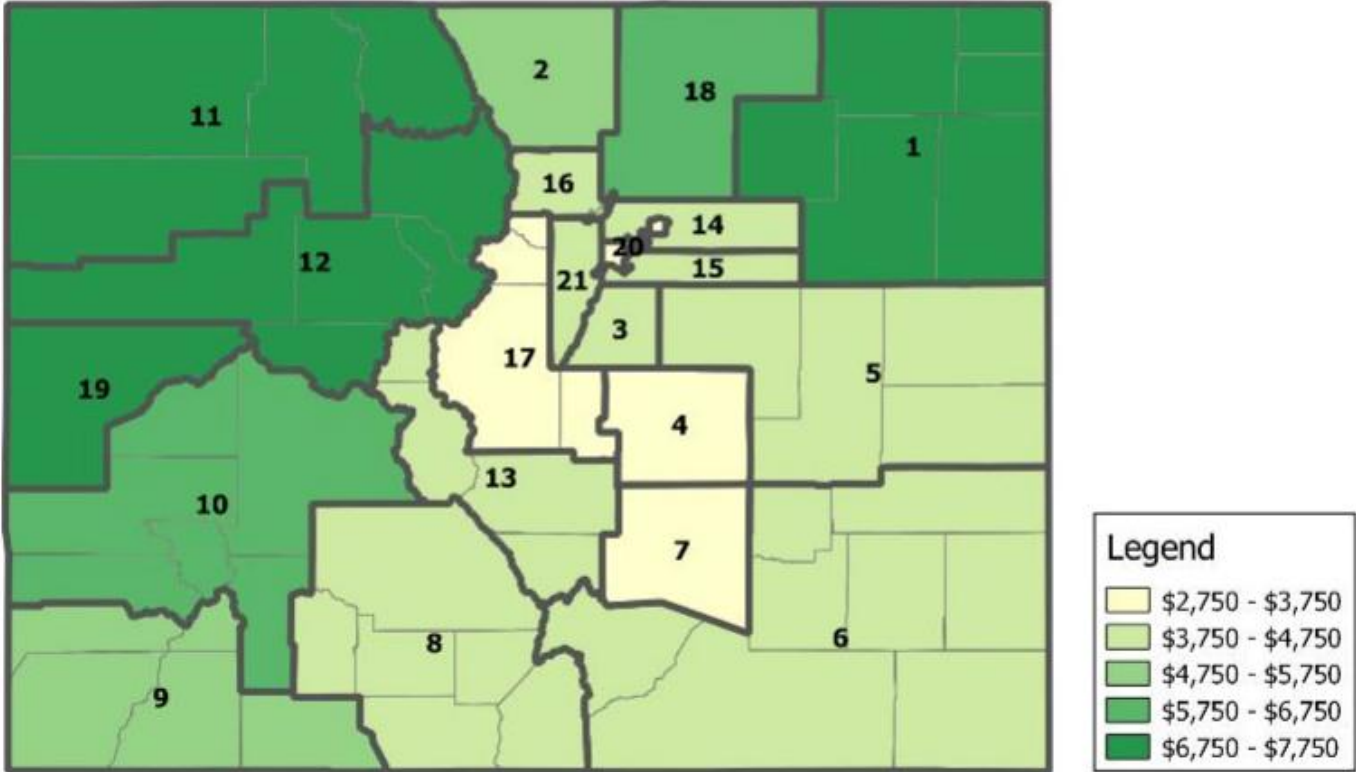


# Factors driving premiums

Cost per Unit/Service

## Cost per Unit by Health Statistical Region

*Outpatient Surgery*

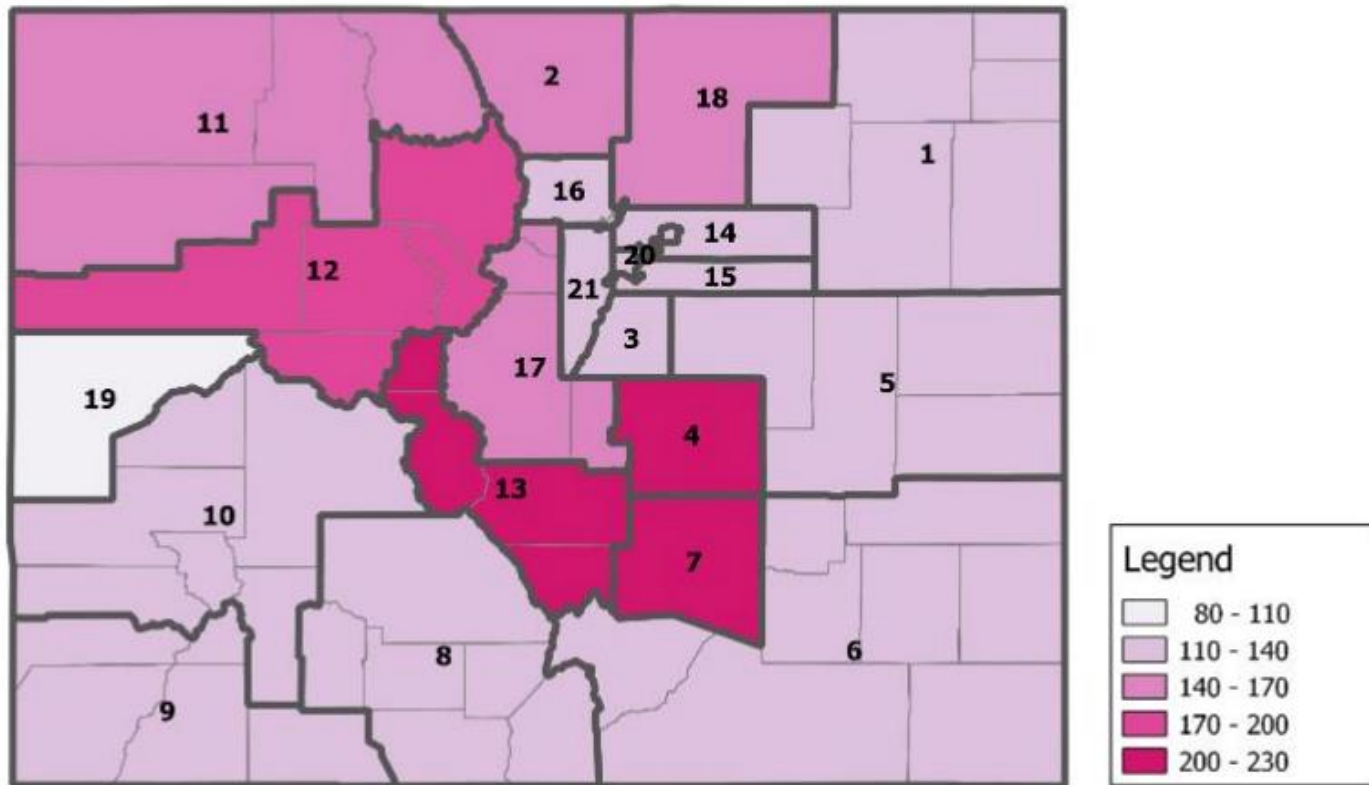


# Factors driving premiums

Utilization/How many "units" are people using in an area

## Units per 1,000 Members by Health Statistical Region

*Outpatient Surgery*





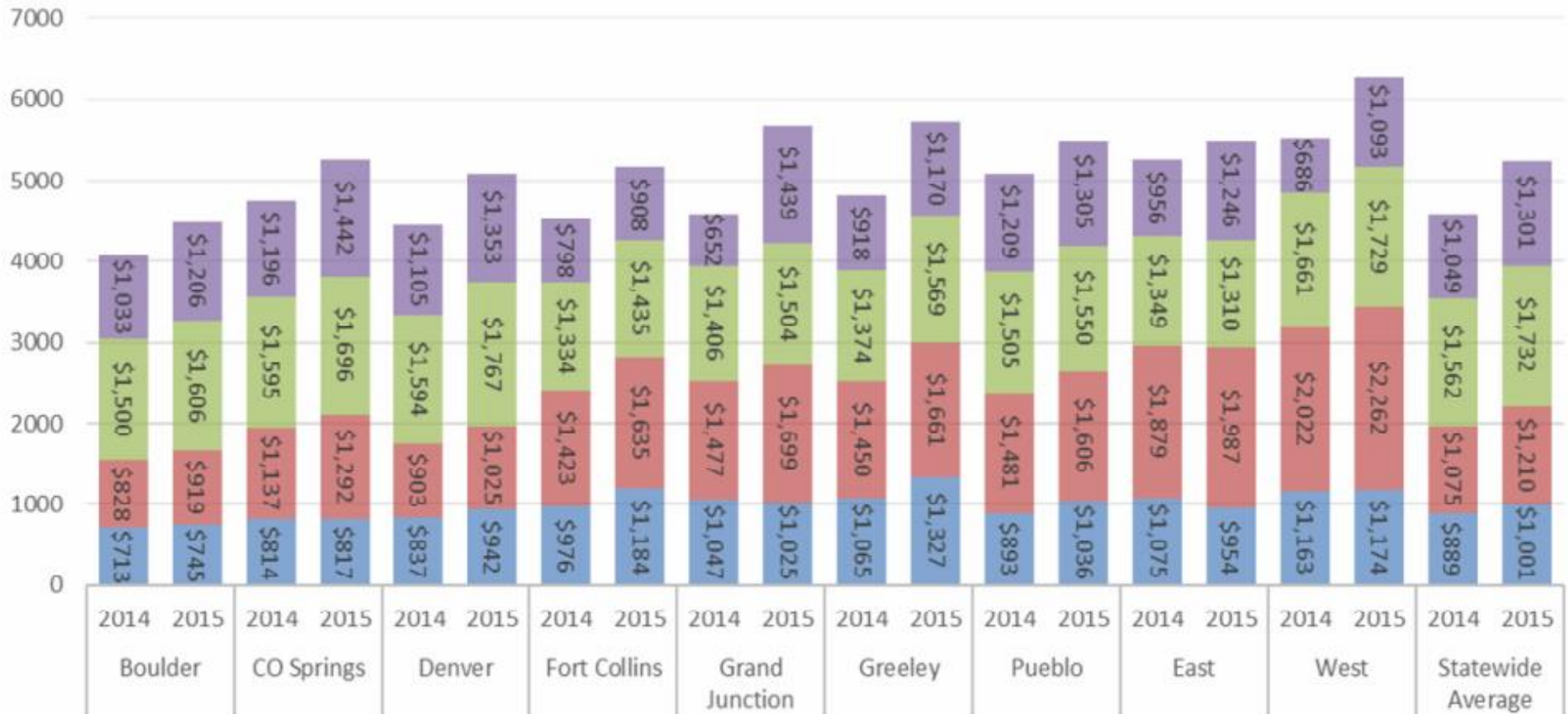
# Factors driving premiums

| Inpatient Admits      |          | Outpatient Visits |         | Professional Visits |       | Pharmacy Scripts |      |
|-----------------------|----------|-------------------|---------|---------------------|-------|------------------|------|
| Region                | Cost     | Region            | Cost    | Region              | Cost  | Region           | Cost |
| CO. Springs           | \$17,247 | Grand Junction    | \$1,131 | Greeley             | \$416 | Greeley          | \$78 |
| Denver                | \$18,029 | Boulder           | \$1,235 | Denver              | \$439 | Denver           | \$80 |
| Boulder               | \$18,328 | East              | \$1,487 | Boulder             | \$450 | Grand Junction   | \$83 |
| Pueblo                | \$20,765 | CO. Springs       | \$1,542 | Fort Collins        | \$459 | Fort Collins     | \$83 |
| East                  | \$20,989 | Denver            | \$1,667 | CO. Springs         | \$466 | West             | \$86 |
| Greeley               | \$22,246 | Fort Collins      | \$1,668 | Pueblo              | \$536 | East             | \$87 |
| Grand Junction        | \$22,980 | Pueblo            | \$1,750 | Grand Junction      | \$567 | Pueblo           | \$88 |
| Fort Collins          | \$23,165 | Greeley           | \$1,760 | East                | \$588 | Boulder          | \$90 |
| West                  | \$23,653 | West              | \$1,766 | West                | \$630 | CO. Springs      | \$96 |
| Low/High Difference   | \$6,406  |                   | \$636   |                     | \$214 |                  | \$18 |
| Low/High % Difference | 37%      |                   | 56%     |                     | 51%   |                  | 23%  |

Important Note: Many components can lead to variation in cost between regions such as: severity of services; morbidity of members; age and gender of members; contractual arrangements with providers; type of providers available; degree of medical management; and credibility of segments analyzed.

# Factors driving premiums

## TOTAL ANNUAL COST BY AREA AND PROVIDER TYPE



Blue = Inpatient

Red = Outpatient

Green = Professional Services

Purple = Rx

**RESEARCH ARTICLE****COSTS & SPENDING**

HEALTH AFFAIRS > VOL. 38, NO. 1: SUBSTANCE USE, PAYMENT & MORE

## It's Still The Prices, Stupid: Why The US Spends So Much On Health Care, And A Tribute To Uwe Reinhardt

Gerard F. Anderson, Peter Hussey, and Varduhi Petrosyan

**AFFILIATIONS** 

# But there is good news!

Reinsurance! – insurance for insurance companies to cover high cost claims



| Rating Area         | Premiums w/o reinsurance | Premiums w/ reinsurance |
|---------------------|--------------------------|-------------------------|
| 1. Boulder          | 2.1%                     | -14.5%                  |
| 2. Colorado Springs | 0.8%                     | -15.0%                  |
| 3. Denver           | 0.8%                     | -15.7%                  |
| 4. Ft. Collins      | 0.7%                     | -18.3%                  |
| 5. Grand Junction   | 0.7%                     | -28.2%                  |
| 6. Greeley          | 1.2%                     | -17.7%                  |
| 7. Pueblo           | 0.6%                     | -26.3%                  |
| 8. East             | -3.0%                    | -27.2%                  |
| 9. West             | -1.2%                    | -30.0%                  |

# Fixing Surprise Bills

More robust consumer protections and limits on charges!



- HB19-1174
- Prohibits hospitals/providers from sending surprise out-of-network bills (aka - balance bills) when consumer should be protected
- Sets benchmark reimbursement rate for out-of-network charges (i.e. limits impact of out-of-network charges on premiums)
- Caveats - helps some consumers and insurers more than others (still need federal level legislation!)

# Public Option 2021?

Creating a more affordable health coverage option



- HB19-1004
- Stakeholder meetings June-August
- Recommended plan/structure release late Sept. and public comment period - first couple weeks of October
- Recommendations to legislature finalized by Nov. 15
- Leg. Session 2020

...without real cost containment, health care costs will continue to rise.

# Questions?

