



COLORADO HEALTH INSURANCE EXCHANGE

By Amanda King

In March 2010, the federal Patient Protection and Affordable Care Act (PPACA), was adopted by the U.S. Congress and signed by the President. PPACA expanded health care coverage by increasing access to private health insurance and expanding eligibility for Medicaid. The law also increased regulations on health insurance providers, made changes to how the health insurance market operates, required individuals to have health care coverage, required employers to offer health insurance to employees, and established health insurance exchanges. This *issue brief* provides information about Colorado's health insurance exchange, which is called Connect for Health Colorado (exchange).

History, Governance, and Funding

Health insurance exchanges are regulated marketplaces in which individuals and small businesses can purchase qualified health insurance plans that meet federally and state mandated minimum coverage requirements. Under PPACA, state health insurance exchanges were required to be operational by January 1, 2014. If a state does not establish an exchange, the residents of the state are eligible to buy health insurance through the federal health insurance exchange.

Senate Bill 11-200 established the exchange's governance structure. The bill established the exchange as a nonprofit public entity with a board of directors responsible for its operation and oversight by the Colorado Health Insurance Exchange Oversight Committee. The exchange is prohibited from

duplicating or replacing the duties of the Commissioner of Insurance.

Board of directors. The Connect for Health Colorado board of directors governs the operation of the exchange. The board is comprised of 12 members — 9 voting members and 3 nonvoting members. The Governor appoints five members and the members of legislative leadership appoint four members. Members of the board must demonstrate expertise in certain areas. The remaining three nonvoting members are the Executive Director of the Colorado Department of Health Care Policy and Financing, the Commissioner of Insurance, and the Director of the Office of Economic Development and International Trade. Board members serve without compensation, but may receive a per diem for travel and other necessary expenses. Additionally, board members cannot profit from being on the board and cannot be held liable for an act or omission when, in good faith, administering, managing, or conducting business on behalf of the board.

Legislative Oversight Committee. The Colorado Health Insurance Exchange Oversight Committee is responsible for:

- reviewing grants for the implementation of the exchange;
- reviewing the financial and operational plans of the exchange and major actions taken by the board; and
- approving the appointment of the executive director of the exchange.

The committee is comprised of ten members of the General Assembly, and includes members who serve on the Health, Business, or Legislative Audit committees. The President of the Senate and the Speaker of the House of Representatives each appoint three members, and the House and Senate Minority Leaders each appoint two members. The committee, which has been meeting since August 1, 2011, is required to meet two times a year, but can meet up to seven times during the legislative interim and an unlimited number of times during the legislative session. It can annually recommend up to eight bills or other measures to the Legislative Council. More information about the committee can be found at:

www.colorado.gov/LCS/ExchangeReviewComm

Funding. No General Fund dollars can be used for the implementation of the exchange pursuant to state law. The funding sources for Connect for Health Colorado are special fees assessed against insurers and gifts, grants, and donations, including the premium tax credit allocation allowed for by state law.

Eligibility and Enrollment for Individuals

To be eligible to purchase insurance through Connect for Health Colorado, an individual must:

- be lawfully present in the United States;
- be a resident of Colorado;
- not be eligible for Medicare; and
- not be incarcerated.

Persons eligible to purchase insurance through Connect for Health Colorado must purchase insurance during the open enrollment period which occurs each year from November 1 to January 31, but if they experience a qualified life change, they qualify for a special enrollment period. Qualified life change events include, but are not limited to, changes in marital status, the birth or adoption of a child, and a change of address, in certain circumstances.

A person can purchase health insurance through Connect for Health Colorado online, in person, by fax, by telephone, or by mail.

Federal subsidies. Persons purchasing health insurance through Connect for Health Colorado may qualify for federal premium subsidies if they have incomes between 133 percent and 400 percent of the federal poverty level. Connect for Health Colorado is responsible for informing people about their eligibility for federal premium subsidies. The federal subsidies are often referred to as advance premium tax credits, and can be received either at the time the insurance is purchased, with the credit going directly to the insurance company to lower the person's monthly premium, or directly to the person as a lump sum when filing his or her taxes. People who are eligible for coverage through an employer that meets certain requirements or who are eligible for Medicaid are not eligible for financial assistance through the exchange.

Small Business Health Options Program

Connect for Health Colorado provides small businesses with the ability to offer employees health insurance through its Small Business Health Options Program (SHOP). A business with up to 100 employees is considered a small business. Under the SHOP, employers are not restricted to the same open enrollment period as individuals purchasing health insurance through the exchange and may qualify for a federal tax credit to help cover the costs of health insurance for employees and their families.

Small business tax credit. The federal tax credit may be as much as 50 percent of premium costs for small businesses. To qualify for the tax credit, a small business must:

- provide health insurance to employees and cover at least 50 percent of the costs of single coverage;
- employ fewer than 25 full-time employees; however, employers with fewer than 50 part-time employees may be eligible; and
- pay average annual wages below \$50,000, excluding the wages of the business owners and their families.

Additional information about Connect for Health Colorado, including the SHOP, can be found on the following website:

<http://connectforhealthco.com>