The Colorado Option Plan:  
Modeling the Impacts of Government Price Controls in Health Care  
MAY 2020

HOUSE BILL 20-1349:  
Legislation introduced during the 2020 Colorado legislative session proposed a significant expansion for the role of government within health care. HB20-1349 proposed creating the Colorado option plan, a first in the nation reform based around government-set prices and required participation by hospitals and insurance carriers. This is the third study CSPR has released on a public option proposal in Colorado.

KEY FINDINGS:
Roughly 335,000 Coloradans – or 5% of the state’s population – would likely enroll in the Colorado option by 2024. Despite being justified as a necessary proposal for Colorado’s uninsured population, only 18,000 enrollees or 5.3% would join from the ranks of the uninsured. 317,000 enrollees – or 89% of participants - would migrate from existing private insurance plans to the Colorado option plan. Because the Colorado option mandates lower hospital reimbursement rates than the rates private health plans currently provide, the financial ramifications of the state government-controlled plan are significant.

Hospitals would be faced with a critical choice: CUT services and access to care or PASS the costs of the Colorado option plan to all others.

CUT Costs
Hospitals would face revenue cuts growing from $536 million to $1.1 billion per year over the first three years.

• 4,800 health care workers in the hospital industry could lose their job – that’s roughly 7% of all hospital sector jobs in Colorado.

PASS on Costs
Hospitals may be forced to pass along the costs of the Colorado option plan to other consumers. This cost shift could amount to a more than 5% increase in hospital costs for commercial payers who are not in the Colorado option plan.

• This additional cost on employers and workers would create a drag on the state economy, causing a net loss of 6,400 jobs and $619 million in personal income in single year.

Rural Hospitals Hit Harder
• Rural hospital’s revenue losses could be up to 6.26%.
• More than double the loss of hospitals in urban areas.

Read the full report and all previous research on the proposed public option health care plan at:
www.COMMONSENSEPOLICYROUNDTABLE.ORG