

Colorado Health Services Single Payer Program

Overview – Lewin Group Evaluation Prepared for Colorado Blue Ribbon Commission for Health Reform August 2007

Colorado Health Services Single Payer plan represents a comprehensive health care program for all residents of the state, administered by a publicly owned not-for-profit governing board. It is the only proposal that would cut costs *and* insure everyone.

Financing: Federal, State and Local government health dollars are transferred to the Colorado Health Trust, insulated from the general state budget. Overhead costs of the CHS are limited to no more than 5%.

- Federal programs - i.e., Medicare, Medicaid, Tricare/CHAMPUS, Veterans' Affairs, Indian Health Services and the Federal Employees Benefits Plan.
- State and Local health programs - i.e., Medicaid, employee health benefits, Workers' Compensation and other safety net funding.
- "Sin taxes" on alcohol and tobacco

Individual / Employer Costs -- No health premiums or deductibles; nominal copays

All employers, including self-employed:	6% employer payroll tax
Individuals and families - additional tax:	7.5% income tax

Health Cost Savings under CHS Single Payer Plan (2007/2008)

Overall health cost savings for Colorado employers:	\$2.34 billion
Overall health cost savings for Colorado families:	\$187 million

CHS is funded in part by administrative savings realized across many segments of health care. A large savings results from eliminating high administrative costs of private insurers - 14% average - compared to 1.8% administrative costs for Medicare. Cost of coverage of uninsured and improved coverage of under-insured would be somewhat offset by reduced chronic health conditions, emergency room visits and hospitalizations; and reduced cost-shifting for uncompensated care.

Administrative Savings:	Providers savings = 26%	\$669 million
	Hospitals savings = 9.8%	\$332.2 million

Additional Savings: Negotiated bulk rate prices - Prescription Drugs + Durable Medical Goods \$682 million.

Statewide health spending 2007/2008: Current - \$30.1 billion CHS - \$28.7 billion **Total Net Savings:** \$1.4 billion

The Lewin Group Technical Assessment of Four Health Care Reform Proposals (Proof Report)
August 20, 2007 Prepared for: The Colorado Blue Ribbon Commission for Health Care Reform

BETTER HEALTH CARE FOR COLORADO - Provides care through a public program expansion and access to private insurance coverage with low-income subsidies through a Health Insurance Exchange. Individuals who purchase private coverage would have access to a limited core set of benefits, with premiums copays.

467,200 - number remaining uninsured \$595 million - increase in health spending

SOLUTIONS FOR A HEALTHY COLORADO - Provides coverage to Colorado residents under a Core Limited Benefit Plan in the private sector and expands coverage under Medicaid and Child Health Plus (CHP+). Low-income people who are not be eligible for the government programs would receive a premium subsidy.

133,400 - number remaining uninsured \$271 million - increase in health spending

A PLAN FOR COVERING COLORADO - Provides coverage to Coloradans through a public program expansion and a mandatory private pool for all residents not eligible for the public program. It provides a minimum benefits package in a private pool and premium assistance based on income for those who cannot afford insurance. All plans would provide a comprehensive minimum benefits package, and differ mainly on cost-sharing amounts.

106,500 - number remaining uninsured \$1.3 billion - increase in health spending

COLORADO HEALTH SERVICES SINGLE PAYER PROGRAM - A single payer plan that would provide coverage to all residents of the state, including state and local workers, and residents currently covered under Medicare, Tricare, Veteran's Health, Indian Health Services and Federal Health Benefits programs. Provides comprehensive health care benefits for all - benefits of the Colorado Medicaid benefits package plus preventive dental. Consumers would have their choice of providers and hospitals within the state.

0 - number remaining uninsured \$1.4 billion - decrease in health spending

Lewin's Technical Assessment of Health Care Reform Proposals (230 page report):

<http://www.colorado.gov/cs/Satellite?c=Page&childpagename=BlueRibbon%2FRIBBLLayout&cid=1178305890619&p=1178305890619&pagename=RIBBWrapper>