

# Universal Health Care: Policy and Politics

## The Colorado Experience

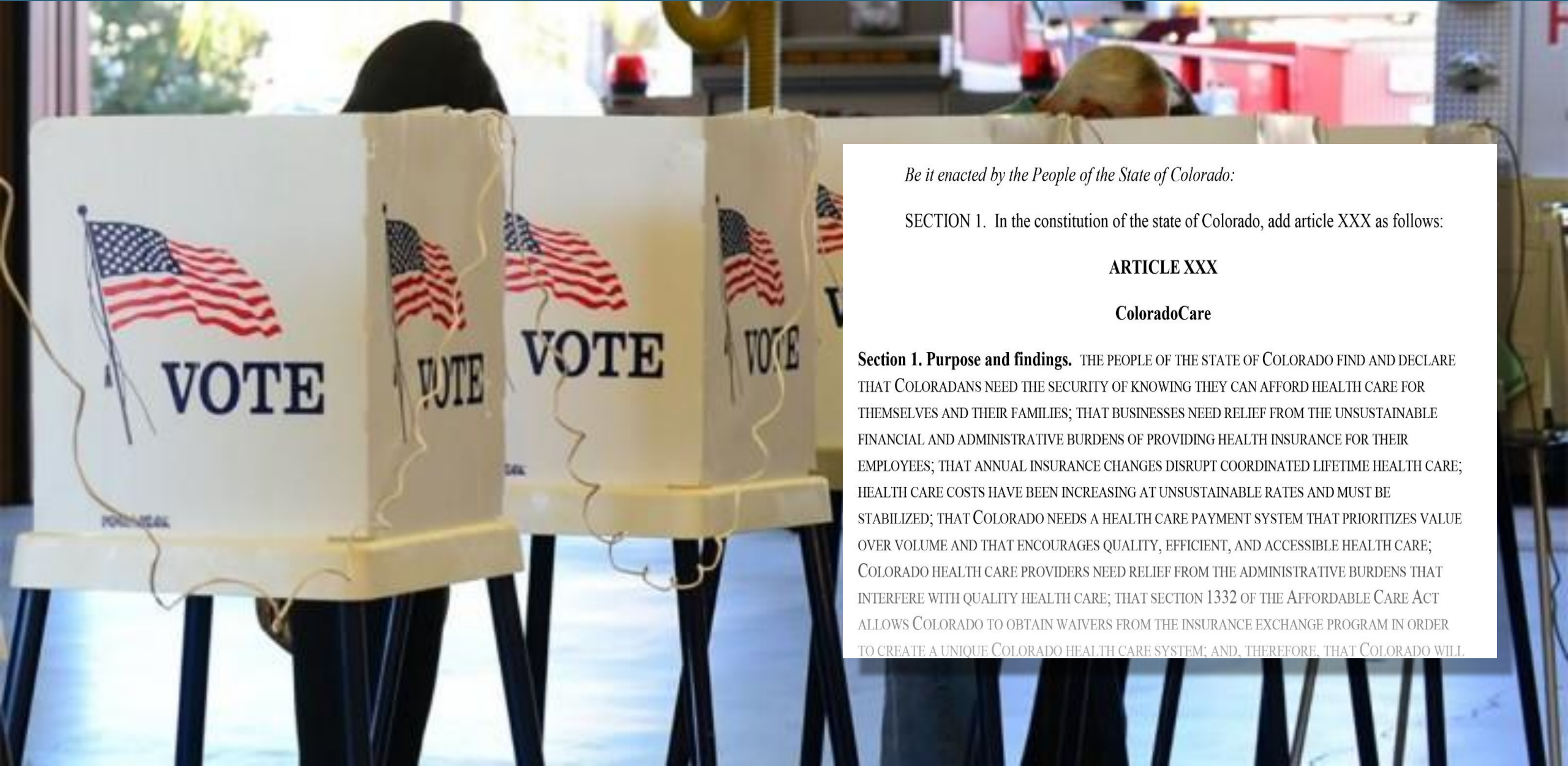
The 25<sup>th</sup> Anniversary Princeton Conference

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Colorado Health Institute



# What's Different About Colorado's Approach?



*Be it enacted by the People of the State of Colorado:*

SECTION 1. In the constitution of the state of Colorado, add article XXX as follows:

## ARTICLE XXX

### ColoradoCare

**Section 1. Purpose and findings.** THE PEOPLE OF THE STATE OF COLORADO FIND AND DECLARE THAT COLORADANS NEED THE SECURITY OF KNOWING THEY CAN AFFORD HEALTH CARE FOR THEMSELVES AND THEIR FAMILIES; THAT BUSINESSES NEED RELIEF FROM THE UNSUSTAINABLE FINANCIAL AND ADMINISTRATIVE BURDENS OF PROVIDING HEALTH INSURANCE FOR THEIR EMPLOYEES; THAT ANNUAL INSURANCE CHANGES DISRUPT COORDINATED LIFETIME HEALTH CARE; HEALTH CARE COSTS HAVE BEEN INCREASING AT UNSUSTAINABLE RATES AND MUST BE STABILIZED; THAT COLORADO NEEDS A HEALTH CARE PAYMENT SYSTEM THAT PRIORITIZES VALUE OVER VOLUME AND THAT ENCOURAGES QUALITY, EFFICIENT, AND ACCESSIBLE HEALTH CARE; COLORADO HEALTH CARE PROVIDERS NEED RELIEF FROM THE ADMINISTRATIVE BURDENS THAT INTERFERE WITH QUALITY HEALTH CARE; THAT SECTION 1332 OF THE AFFORDABLE CARE ACT ALLOWS COLORADO TO OBTAIN WAIVERS FROM THE INSURANCE EXCHANGE PROGRAM IN ORDER TO CREATE A UNIQUE COLORADO HEALTH CARE SYSTEM; AND, THEREFORE, THAT COLORADO WILL

# What is ColoradoCare?

## *A taxpayer-funded universal health coverage system*



All Colorado residents get health coverage

- Medicare and military would remain outside of ColoradoCare



Funded by:

- New 10% payroll tax and continuing federal funds
- Future tax changes subject to popular vote of co-op members



Chartered by the state government, but not subject to oversight or control by the legislature or governor



Run by a member-elected board of trustees

# An Attractive Deal



## Save Money

- Greater administrative efficiency
- Negotiate lower hospital prices
- Eliminate insurance company profits
- **Savings: \$5.3 billion**



## Cover All

- All residents get coverage
- **Incremental cost: \$4.6 billion**

# Concerns

- Will tax revenue be sufficient?
- Will medical providers leave?
- Does the board have too much power?
- Will the delivery system adjust?
- Will employers leave Colorado?
- Will people with high health needs come to Colorado?

# How Much Money?

## TAXES

**\$25.0 Billion**



10% Payroll Tax

Applies to income up to \$450,000

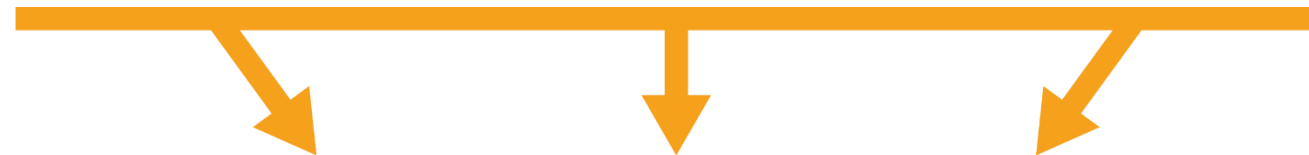
## FEDERAL FINANCING

**\$7.1 Billion**



## OUT-OF-POCKET EXPENSES

**\$3.9 Billion**

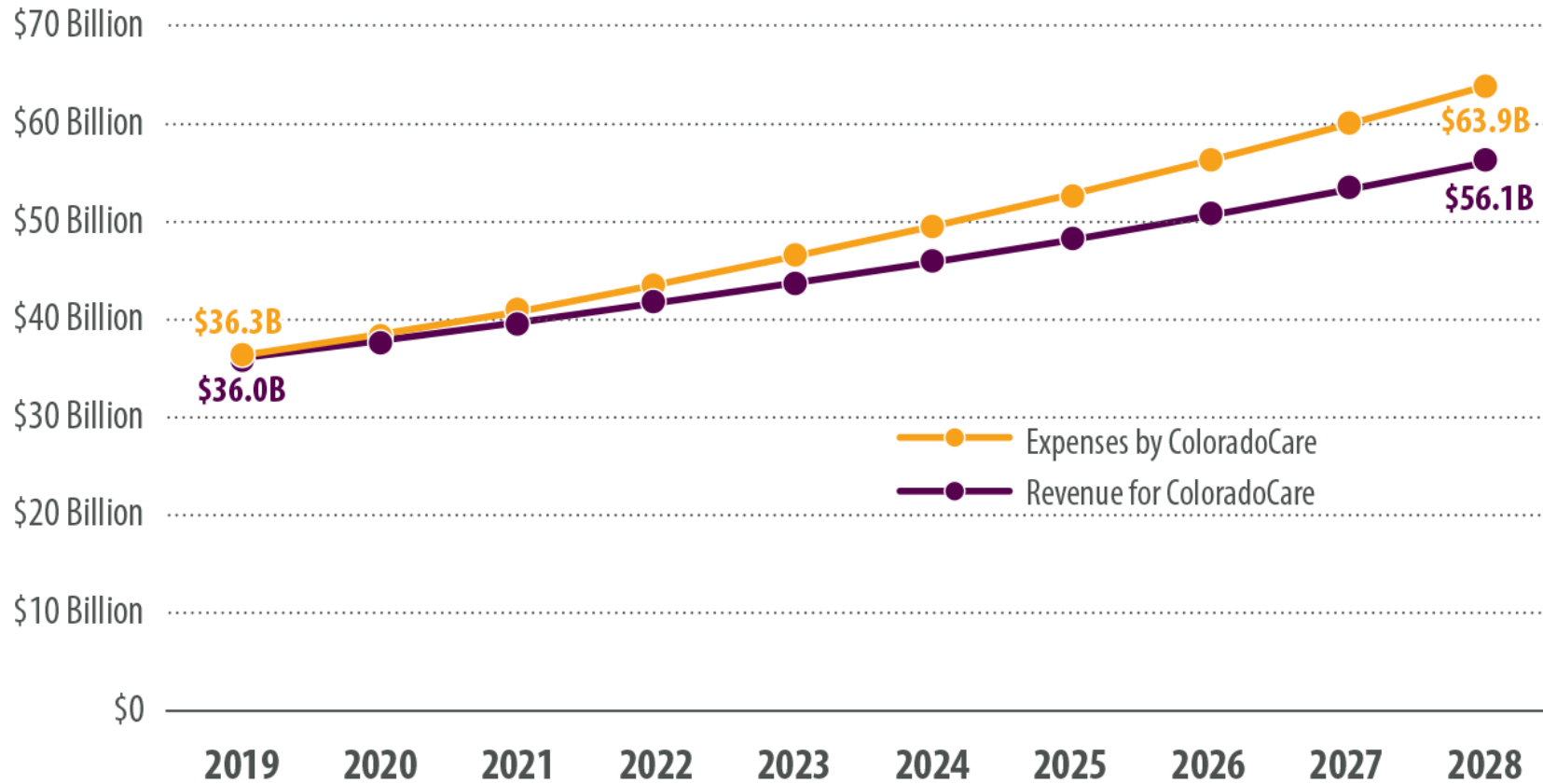


**\$36.0 Billion**

# Ten-Year Projections: A Widening Gap

## Current System Spending Compared with ColoradoCare Expenses and Revenue

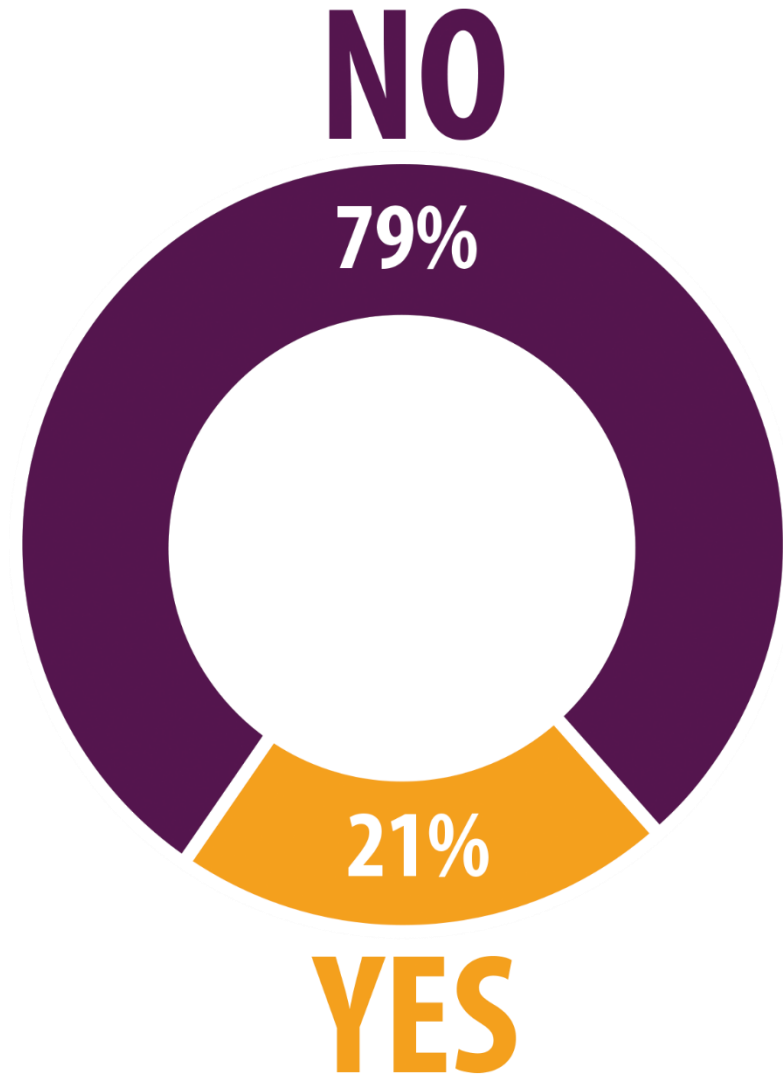
Totals do not include items outside ColoradoCare, including uncovered services and federal programs such as Medicare.



Source: Colorado Health Institute. "ColoradoCare: An Independent Analysis – Finances," August 2016.

# What Happened?

- Overwhelming opposition
- Taxes, taxes, taxes
- Too much uncertainty
- Fractured coalitions
- Too much, too fast?







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