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President & Chief Executive Officer
Rocky Mountain Health Plans

National Conference of State Legislatures - Spring Forum 2013
May 4, 2013

Medscape / WebMD
Insurer Ratings Report 2011

Best Regional Insurers

Northwest*  
1. Providence Health Plan  
2. Omena Health Cooperative (Idaho)

Great Lakes  
1. HealthAlliances Plans  
2. Medical Mutual of Ohio

Northeast  
1. Oxford Health Plans  
2. Harvard Pilgrim Health Care

Mid-Atlantic  
1. Coventry Health Plan  
2. Cigna Health Plan

Southwest  
1. Rocky Mountain Health Plans  
2. SelectHealth (Utah)

North Central  
1. Wellmark Health Plan  
2. Coventry Health Care

South Central  
1. Health Advantage – Arkansas  
2. Scott and White Health Plan

Southeast  
1. Kaiser Permanente Health Plan  
2. Aetna Health Plan

Top 2 Nationally  
1. Blue Cross  
2. Aetna

SOURCE:
Medscape is part of WebMD’s Health Professional Network: WebMD is the leading provider of health information services, serving consumers, physicians, healthcare professionals, employers and health plans.
America's Health Care Prices

2012 Drug

Source: International Federation of Health Plans 2012 data - a global insurance trade association that includes more than 180 insurers in 25 countries – releases survey data showing the prices that insurers are actually paying for different drugs, devices, and medical services in different countries. And every year the data is shocking. Washington Post March 2, 2013
America’s Health Care Prices

2012 Physician Fees: Routine Office Visit

Source: International Federation of Health Plans 2012 data - a global insurance trade association that includes more than 100 insurers in 25 countries — releases survey data showing the prices that insurers are actually paying for different drugs, devices, and medical services in different countries. And every year, the data is shocking. Washington Post March 2, 2013

![Graph showing 2012 Physician Fees: Routine Office Visit](image)

America’s Health Care Prices

2012 Cost Per Hospital Day

Source: International Federation of Health Plans 2012 data - a global insurance trade association that includes more than 100 insurers in 25 countries — releases survey data showing the prices that insurers are actually paying for different drugs, devices, and medical services in different countries. And every year, the data is shocking. Washington Post March 2, 2013

![Graph showing 2012 Cost Per Hospital Day](image)
America’s Health Care Prices

2012 Scanning and Imaging: Angiogram

Source: International Federation of Health Plans 2012 data - a global insurance trade association that includes more than 100 insurers in 25 countries — releases survey data showing the prices that insurers are actually paying for different drugs, devices, and medical services in different countries. And every year, the data is shocking. Washington Post March 2, 2013

2012 Total Hospital and Physician Cost: Bypass Surgery

Source: International Federation of Health Plans 2012 data - a global insurance trade association that includes more than 100 insurers in 25 countries — releases survey data showing the prices that insurers are actually paying for different drugs, devices, and medical services in different countries. And every year, the data is shocking. Washington Post March 2, 2013
America’s Health Care Prices

2012 Total Hospital and Physician Cost: Hip Replacement

Source: International Federation of Health Plans 2012 data - a global insurance trade association that includes more than 100 insurers in 25 countries — releases survey data showing the prices that insurers are actually paying for different drugs, devices, and medical services in different countries. And every year, the data is shocking. Washington Post March 2, 2013

![Graph showing 2012 Total Hospital and Physician Cost: Hip Replacement across different countries.](image)

America’s Health Care Prices

2012 Total Hospital and Physician Cost: C-Section

Source: International Federation of Health Plans 2012 data - a global insurance trade association that includes more than 100 insurers in 25 countries — releases survey data showing the prices that insurers are actually paying for different drugs, devices, and medical services in different countries. And every year, the data is shocking. Washington Post March 2, 2013

![Graph showing 2012 Total Hospital and Physician Cost: C-Section across different countries.](image)
America’s Health Care Prices

2012 Total Hospital and Physician Cost: Normal Delivery

Source: International Federation of Health Plans 2012 data - a global insurance trade association that includes more than 100 insurers in 25 countries — releases survey data showing the prices that insurers are actually paying for different drugs, devices, and medical services in different countries. And every year, the data is shocking. Washington Post March 2, 2013

15 Drivers — Health Care Costs

- Statutes that shift costs or raise costs, not lower costs
- Pharmacy
- IT: segmentation, not integration
- Regulatory dysfunction
- Inefficiency of coverage by Silo
- Technological advances
- Overuse of Hospitals / Emergency Departments
- Fee for service
- Cost shift
- Aging
- Malpractice
- Provider monopolies
- Integration of Care (e.g. Autism)
- Nursing underuse / misuse
- Greed
Summary Comparison of Hospital Payment Levels in Colorado

Source: The Lewin Group analysis of Colorado Hospital Association data.

Medicare Projection

10,000 baby boomers will turn 65 everyday for the next 18 years.

Medicare is unsustainable now
(percent of GDP, projected)


Payment Reform is Imperative

Medicaid Expenditure Growth SFY2009 – 2012
(In Billions)
Exchange Focus: Access

Colorado Uninsured: 800,000

Avenues to Access:
--Premium Subsidies: 300,000
--Medicaid Expansion: 200,000
--Existing Safety Net: 300,000

PPACA Timeline (abbreviated)

<table>
<thead>
<tr>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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<tbody>
<tr>
<td>Small business tax credit</td>
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<td>Standard Plan Labels</td>
<td>Standard Plan Labels</td>
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<td>Immediate Health Insurance Reforms:</td>
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<td>Guaranteed Issue</td>
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<td>Dependent coverage to 26</td>
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<td>Penalties – employer and individual</td>
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<td>No lifetime limits</td>
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<td>Premium tax credits</td>
<td>Premium tax credits</td>
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<td>Restricted annual max Preventive services</td>
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<td>Medicaid eligibility expansion</td>
<td>Medicaid eligibility expansion</td>
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<tr>
<td>Emergency services</td>
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<td>Access to pediatrics</td>
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<td>Access to OB/GYNs</td>
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<td>Appeals</td>
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<td>No pre-ex for kids</td>
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</table>
What is the Colorado Health Benefit Exchange?

An open, competitive marketplace soon to be called Connect for Health Colorado for individuals and small employers to:

- Compare information regarding cost and quality
- Shop health plan features containing the same base benefits
- Determine eligibility for and access new federal financial assistance, based on income
- Support the health coverage decision-making process
- Call, text or sit down with trained representative for help
- Enroll in a health plan

Features of the COHBE Marketplace

An open, competitive marketplace soon to be called Connect for Health Colorado

- Serving individuals, families and small employers with 2-50 employees
- A new way to shop for health insurance
- The sole access to new federal financial assistance, based on income
- A separate non-profit, committed to Colorado mission
What COHBE will not be

Not a replacement for the current market or brokers
Not engaged with negotiating rates between carriers and providers
Not part of Medicaid
Not a new government health care system
Not a State agency or regulatory body
Does not pull funding from Colorado General Fund

Comprehensive Coverage

Federal law requires health plans sold to individuals and small businesses inside and outside of COHBE to provide, at a minimum, the following categories of services (essential health benefits):

Ambulatory patient services
Emergency Services
Hospitalization
Maternity/newborn care
Mental health/substance abuse
Prescription drugs
Rehab/habilitative services and devices
Laboratory services
Preventive and wellness care/chronic disease management
Pediatric services, including oral and vision care

Please visit www.getcoveredco.org for more specific details about services provided
Standard Plan Labels: Cost Sharing Design

Small group and individual plans sold inside and outside of the Exchange will be “labeled” based on member cost sharing.

• Bronze
• Silver
• Gold
• Platinum
• Catastrophic – only available for people under 30

Small Employers

- Marketplace will provide small group plan options to Colorado employers with 2-50 employees
- Employers with up to 100 employees can be served in 2016
- Employers can set benefit budget
- Employers can provide greater choice to workers
- Employees can use benefit allowance to shop for health plans
- Small business tax credits will be available (up to 50% of premium) for employers with 2-25 employees, earning on average $50,000 or less
- Other value-added services will be provided, like payment aggregation, management tools and ability to use brokers
Individuals

Marketplace is for Coloradans who currently buy insurance on their own, who are uninsured, or don’t have access to affordable coverage through large employer.

Online shopping, with assistance by phone and in-person.

Insurers compete for your business.

Health plans will provide more comprehensive coverage.

Customers can access new federal financial assistance to lower premiums, co-pays and deductibles.

Several ways to shop: browse health plans, estimate savings, or apply online for federal financial assistance.

The Exchange and Subsidies

Starting in 2014, everyone must have health coverage.

- Medicaid
- Child Health Plan Plus (CHP+)
- Subsidies available for health insurance

<table>
<thead>
<tr>
<th>Family income % of FPL</th>
<th>Subsidies available for health insurance</th>
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<tbody>
<tr>
<td>0-100%</td>
<td>Medicaid</td>
</tr>
<tr>
<td>100-200%</td>
<td>Child Health Plan Plus (CHP+)</td>
</tr>
<tr>
<td>200-400%</td>
<td>Subsidies available for health insurance</td>
</tr>
</tbody>
</table>

- Tax credits for premiums
- Tax credits for premiums and subsidies for out-of-pocket costs

25

26
Cost Reductions for Individuals and Families

Financial help to reduce the cost of premiums
- Individual earning between $15,282 to $45,960/year
- Couple earning between $20,628 to $62,040/year
- Family of 4 earning $31,322 to $94,200/year

Tax credit applied up-front by IRS
Tax credit is higher for Coloradans ages 55-64

Financial help to reduce out of pocket costs (co-pays and deductibles)
- Individuals earning $15,282 to $28,725/year
- Family of 4 earning $31,322 to $58,875/year

Example

- Bill is a 40 year old male making $30,000 per year
- Bill enters the marketplace through the website and applies for assistance paying for his coverage.
- Bill qualifies for $166 per month in premium reduction (tax credit).
- Bill shops for and compares health plans with the same base benefits.
- Bill finds a plan that costs $375 per month. The tax credit brings his total cost to $209 per month.
Two Roads to Fiscal Balance

CUTS

RE-ALIGN
INCENTIVES

THE DARTMOUTH INSTITUTE
FOR HEALTH POLICY & CLINICAL PRACTICE
Where Knowledge Informs Change

Figure 5.3: The Relationship Between Hospital Days per Decedent During the Last Six Months of Life (Deaths Occurring 2000-03) and Average Medicare Part A and Part B Reimbursements per Enrollee (2009-03)
Grand Junction, Colorado  
A Health Community That Works

To see that it is possible to deliver higher quality care at lower costs, we have to look no further than Grand Junction, CO. In 2006, average Medicare spending per capita in Grand Junction was $5,873, about 30 percent lower than the national average of $8,304, and more than 60 percent lower than high-cost areas like McAllen, Texas. Despite its lack of a formal integrated delivery system, Grand Junction patients benefit from excellent outcomes, state-of-the-art health information technology, and the latest innovations in primary, preventive and palliative care at lower costs than much of the U.S.

<table>
<thead>
<tr>
<th>Area</th>
<th>$ Amount Per Enrollee</th>
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<tr>
<td>Grand Junction, CO</td>
<td>$5,873</td>
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<tr>
<td>McAllen, TX</td>
<td>$14,946</td>
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<tr>
<td>State of CO</td>
<td>$7,496</td>
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<tr>
<td>National Average</td>
<td>$8,304</td>
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Source: Dartmouth Atlas of Health Care, 2006

Quality and Medicare Spending

EXHIBIT 1
Relationship Between Quality And Medicare Spending, As Expressed By Overall Quality Ranking, 2000–2001

Annual Medicare spending per beneficiary (dollars)


NOTE: The quality ranking, smaller values equal higher quality.
The 12 Lodestars of Healthcare Reform

- Access (not just Coverage)
- Quality
- Stability / Portability
- Health Care Home
- Preventive Care
- Disease Management
- Evidence Based Medicine
- Home Health
- Palliative & Hospice Care
- Public Safety Net Medicaid - Medicare - CHP+
- IT
- Individual Responsibility

Reform Restructures Relationships

Source: Len Nichols PhD, Director of the Center for Health Policy Research and Ethics at George Mason University
Mesa County experienced lowest cost last two year of life for Medicare Beneficiaries.

Grand Junction, CO $16,380
National Average $25,376
90th Percentile $31,346
50th Percentile $21,856
10th Percentile $18,117