COLORADOCARE: A PRO/CON ANALYSIS

The CMS Special Advisory Committee (SAC) on ColoradoCare diligently worked to create a thoughtful pro/con analysis of ColoradoCare. The committee was purposefully composed of 36 physicians from across the state from different specialties, practice types and philosophical views regarding health care reform.

A primary challenge of this analysis stems from the fact that while the proposed constitutional amendment establishes a tax to pay for a new health care system and governing board process to oversee that system, the amendment does not establish many of the specific rules under which the system will operate.

Consequently, many of the aspects reviewed within this analysis are decidedly conditional as they depend on the decisions that will be made in the future by a board that does not yet exist.

SOME BASIC FACTS ABOUT THE PROPOSED SYSTEM THAT ARE KNOWN INCLUDE:

- ColoradoCare would be a cooperative authorized by the state constitution that would replace most other health insurance. A small private insurance industry would likely remain.
- ColoradoCare would pay for health care for most Coloradans; every person who lives in the state would be eligible to receive benefits. Medicare and Veterans Administration coverage would remain in effect, with ColoradoCare potentially providing supplemental coverage.
- An initially appointed interim 15-person board and then elected 21-person board would determine details of the benefits package, set rates for licensed Colorado health care providers, hire managers and approve annual budgets. ColoradoCare would not be subject to oversight by any executive or legislative branch agency. All those covered by the program would vote to elect the board (but would not be able to recall them) and any

PROS AND CONS OF COLORADOCARE

Members of the CMS SAC on ColoradoCare compiled the following list of the pros and cons of the proposed ColoradoCare system. The Colorado Health Institute compiled the statements and grouped them into six categories. The statements in this document all come from the working sessions of the SAC and they reflect the input of the 36 physicians in that group. This analysis is not intended to be an exhaustive list, but rather provide a clinician’s view of some of the issues proposed in ColoradoCare.

An overarching theme from the committee's analysis of ColoradoCare centers on hope and faith. Proponents hope it would offer a better future, while detractors say its lack of specificity requires too great a leap of faith.

PRACTICE ADMINISTRATION

<table>
<thead>
<tr>
<th>PROS</th>
<th>CONS</th>
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<tr>
<td>One set of rules for most patients could be easier to deal with than today’s fragmented system.</td>
<td>Practices with highly paid employees would pay more in taxes than they save in premiums.</td>
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<tr>
<td>This simplification has the potential to lower costs for providers. The cost impact is uncertain and depends on a balance between new administrative burdens and simplification of administration.</td>
<td>Practices might have to change their EHR systems. Amendment 69 offers no plan for how the new EHRs would be paid for, or who would pay.</td>
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<td>EHRs can be both a pro and a con, depending on how they are overhauled, how they are paid for, the degree to which they are interoperable, and whether they become an unfunded mandate.</td>
<td>Practice systems are adapted to the current environment. Change could be challenging. Conversion costs to the new system could be steep, with uncertain payment for these costs.</td>
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COST OF RUNNING A PRACTICE

- Practices with highly paid employees would pay more in taxes than they save in premiums.
- Patients could purchase extra insurance, hence failing to reduce administrative complexity for physician practices and retaining a tiered system.
- Amendment 69 does not say who would pay for technological innovations or new equipment.

ELECTRONIC HEALTH RECORDS (EHRs)

- There is a lot of uncertainty around what the new EHR would be.
COLORADO CARE: A PRO/CON ANALYSIS (CONT.)

QUALITY HEALTH OUTCOMES

**PROS**
- ColoradoCare could offer a single source for most health care data. It could be a valuable source of population level, longitudinal data to power quality improvement. The new system could be more consistent.
- Simplifying quality measures could lower long-term costs for providers.

**CONS**
- The costs for reporting quality measures and adopting a standardized data system could increase. Costs for providers are not clear at this point.

**DATA**
- Those quality metric measures are not defined in Amendment 69.
- Reduced variance in quality measures could limit innovation.

**PROFESSIONAL LIABILITY**
- Amendment 69 does not address this issue.

**QUALITY METRICS**
- Physicians could be judged on a single set of performance measures for most patients. This could increase quality outcomes in innovative ways.

**CONTINUITY, ACCESS AND OUTCOMES FOR PATIENTS**
- The system could offer better continuity of care. Outcomes could be more equitable in a system that offered access to care for all.
- Physicians could be held to a higher, clearer standard.
- Patients could expect integrated care that better adheres to the evidence and is safer.
- Health information exchange could improve.

**PROS**
- Some providers might flourish under the new system.
- The new system could save money overall, allowing for better physician compensation.

**CONS**
- Some specialty physicians could be paid more or less (could be a negative).

**REIMBURSEMENT RATES**
- Providers would be reimbursed for the care they currently give to the uninsured and undocumented.
- Some practices might flourish under the new system.

**GENERAL**
- Some practices might close due to low reimbursement rates.
- If ColoradoCare ran low on funds, then rules would allow the board to adjust benefits and payments to providers.

**WHAT’S REIMBURSED?**
- Medically supported guidelines could be used.
- Some practices might flourish under the new system.

**CONS**
- Amendment 69 does not establish rates. The board would determine rates.
- The treatment portion of the workers’ comp system would disappear and be subsumed into ColoradoCare.
- One buyer of services (a monopsony) would reduce market power for physicians.

- Some specialty physicians could be paid more or less (could be a negative).
## SYSTEMS ISSUES

### PROS
- Eliminating deductibles and waiving certain copays will lower barriers to care, helping both those least able to afford care and increasingly those purchasing high-deductible plans.
- Access to providers would be simplified for patients, because they would have to worry less about provider networks, including workers comp.
- The number of bankruptcies due to unexpected health care expenses could be reduced.
- Physicians might gain improved ability to negotiate with ColoradoCare by forming a statewide union.

### CONS
- Lowering the cost of care is likely to increase demand for care, a proportion of which is of low-value.
- Jobs would be lost in administration and insurance. ColoradoCare would need a large bureaucracy to run it. The system could attract a lot of lobbying.
- Physician unions might be complicated or undesirable for providers and the system as a whole.

### PATIENTS/CONSUMERS

#### ACCESS TO CARE

- Increased coverage could bring increased access to specialists. Better access would bring more equal treatment for all patients.
- ColoradoCare likely could create a better ratio of primary care and non-procedural specialists to procedural specialists, as we see in other developed countries.
- Patients and physicians could have predictable and transparent rules and appeal policies, and one formulary for most patients.

#### CONS
- ColoradoCare might decrease the number of physicians – both specialists and primary care providers.
- Market forces can be an efficient way to distribute resources. There’s no guarantee that ColoradoCare would distribute resources equally or equitably.
- Amendment 69 lacks provisions for social services aimed at reducing health care utilization.
- Utilization might be increased – and access decreased – from migration of patients needing care to Colorado.
- Formulary choices could be restricted.

#### GENERAL
- The federal Employee Retirement Income Security Act (ERISA) broadly limits a state’s ability to regulate health plans offered by self-insured employers. It is unclear if self-insured employers could opt out of the program, but if they did such an ERISA preemption would significantly impact ColoradoCare. Amendment 69 is silent on ERISA.

### ERISA
- The board would be insulated from partisan politics within the executive and legislative branches.
- The elected board could include medical representation.
- As a political subdivision of the state, the program’s board would have no gubernatorial or legislative oversight. Recall has specifically been excluded.
- Board composition is uncertain and there is no requirement for board members to have medical expertise.
- The 21-member board could place too much power in too few hands.

### GOVERNANCE/BORAD OF DIRECTORS

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- The board would be insulated from partisan politics within the executive and legislative branches.
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### FINANCIAL
- Lowering the cost of care is likely to increase demand for care, a proportion of which is of low-value.
- In general, there is not enough information on how Amendment 69 will be operationalized if it passed to say that it will improve health care. It requires too much faith in future decisions by the board and others.
- Jobs would be lost in administration and insurance. ColoradoCare would need a large bureaucracy to run it. The system could attract a lot of lobbying.
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### PROS
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### A publication of the Colorado Medical Society
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ACCESS TO CARE (CONT.)

**ABORTION**

- The Colorado state constitution bans the use of taxpayer funds for most abortions. While it appears that abortion services would not be covered, it is unclear whether courts would decide this ban applies to ColoradoCare. Amendment 69 does not specifically mention abortion services.

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3. Ibid., Section 6, (3)