



Executive Brief

COLORADO OPTION – RATE REVIEW PROCESS

ISSUE

The DOI released new information last week regarding the enforcement and timing of rate-setting plans for the Colorado Option, including submission requirements for carriers and details about the process of holding public hearings. Of note, carrier submissions are required to include detailed information about prospective rate negotiations with providers like hospitals.

BACKGROUND

The law established through [House Bill 21-1232](#) created the Standardized Health Benefit Plan Colorado Option (i.e., Colorado Option), which requires private health insurance carriers to offer a standardized health plan in the individual and small group markets beginning in 2023. DOI's rate-setting authority will not apply until the 2024 plan year. In each of the first three years (2023-25), carriers must achieve premium reductions based on 2021 plan premiums (5 percent in 2023, 10 percent in 2024, and 15 percent in 2025). Beginning in 2024, the DOI will have the authority to hold a rate review public hearing if a carrier is failing to meet reduction targets, which could result in mandated reimbursement rates set by the DOI that hospitals and providers will be required to accept.

WHAT YOU NEED TO KNOW

Last week, the DOI issued the [proposed public rate review schedule](#) and [templates](#) for the premium rate reduction (PRR) documents carriers are required to submit (e.g., plan pass/fail notification, cost-of-care template, current vs. needed rates template) before Wednesday, March 1.

- Should a carrier claim that a hospital or provider is responsible for the carrier's inability to meet the PRR target, the hospital or provider and the DOI have until Friday, March 31 to respond.
- PRR complaints and documentation will be made public.
- After March 31, impacted hospitals and providers will have an opportunity to state their case through a two-month informal negotiation process, at which the DOI will serve as a party.
- If the informal negotiations fail, the Commissioner of Insurance will be brought in to oversee public hearings in June and July, and DOI staff involved in the informal negotiations will have an opportunity to present evidence at the hearings.

WHAT YOU NEED TO DO

- Review the information issued by the DOI last week.
- Consider consulting counsel regarding proprietary information that may be disclosed to the DOI by contracted carriers.
- Participate in upcoming stakeholder meetings:
 - DOI Stakeholder Meeting | 2 – 3 p.m. on Wednesday, Feb. 1 | [Join here](#)
 - CHA Deep Dive with DOI Colorado Option Staff | 1 – 2 p.m. on Friday, Feb. 3 | [Join here](#)

WHO SHOULD BE INVOLVED

CFOs, payer relations, government relations, PIOs

WHAT CHA IS DOING

- Working with outside counsel to identify best practices and steps for members to take before and after the March deadlines.

continued



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WHAT CHA IS DOING – *continued*

- Developing guidance to assist hospitals in working with carriers to prevent the disclosure of sensitive information in the submissions due on March 1.
- Developing guidance to assist hospitals in navigating a hearing and stating their case, should a carrier name a hospital in a PRR complaint.
- Working with the DOI and other authorities to prevent excessive public disclosure of proprietary or market-sensitive information.

RESOURCES

- Crosswalk of finalized rules and CHA priorities – [Final Public Option Regs Crosswalk.docx](#)
- Finalized rule [4-2-91](#) on rate settings and finalized rule [4-2-92](#) on public hearings
- [Public Hearing FAQ](#)
- [Proposed Public Hearing Schedule](#)
- [Carrier Filing Instructions](#)
- Documentation:
 - [Cost of Care Template](#) (must be submitted by all carriers)
 - [Hospital Negotiated Rate Template](#) (must be submitted by any carrier with a Colorado Option plan that does not meet the 10 percent PRR target)
- Rate Floors
 - DOI: [Hospital Specific Rate Floor #1](#)
 - [How to calculate rate floors #2 and #3](#)

DOI TIMELINE WITH HOSPITAL IMPACT

