



Aug. 4, 2023

Commissioner Michael Conway
Colorado Division of Insurance
Consumer Services, Life and Health Section
1560 Broadway, Suite 850
Denver, CO 80202

Commissioner Conway:

On behalf of Colorado Hospital Association (CHA) and our more than 100 member hospitals and health systems statewide, we are writing to provide feedback on [DRAFT Proposed Amended Regulation 4-2-85 Concerning the Methodology for Calculating Premium Rate Reductions for Colorado Option Standardized Health Benefit Plans](#). The proposed rule makes updates to the definition of “Medical Inflation,” per [HB 23-1224](#), Standardized Health Benefit Plan. The bill updated the definition of medical inflation to be specific to the Denver-Aurora-Lakewood area and to be based on the previous three years, rather than 10 years. CHA is concerned that the proposed definition will require the inflation calculation to be based on point-in-time of one month compared to one month of the prior year rather than the most recent full year to full year inflation trend. **CHA requests that the Division of Insurance (the Division) update the definition of medical inflation to the latest CPI-U for Medical Care for the Denver-Aurora-Lakewood, CO Core Based Statistical based on the most recent annual CPI-U reported compared to the previous annual CPI-U reported.**

Using only one month of the most recent data, the CPI-U for Medical Care for the Denver-Aurora-Lakewood CO Core Based Statistical Area from May 2022 to May 2023 is -0.2% while the most recent annual to annual (2022 vs. 2021) is 9.7%. The former number only measures the change from only one month (May to May). The latter number is more reflective of the current inflationary environment for medical care and hospitals.

Per CHA’s most [recent report](#) on hospital financials, expenses trends for Colorado hospitals continue to rise at near double-digit rates and higher than other states. Total expenses so far in 2023 are 30% higher than pre-pandemic levels, nearly 8% per year, driven by increases in staffing, medical supplies, pharmaceutical costs, and growing administrative costs to support regulatory requirements.

In order to reflect a more appropriate basis of experience of medical care trends and eliminate potential for volatile swings by only using the most recent month, CHA requests that the Division update the definition of medical inflation to be based on the most recently reported annual CPI-U over the prior annual CPI-U.

Thank you for the opportunity to comment. We welcome further dialogue with the Division on these issues.



Regards,

A handwritten signature in black ink, appearing to read 'TRR', is positioned below the salutation.

/S/ Tom Rennell

Tom Rennell

CHA Senior Vice President, Financial Policy and Data Analytics