
**STATEMENT FOR THE RECORD BEFORE THE COLORADO HOUSE FINANCE
COMMITTEE ON HB25-1297: HEALTH INSURANCE AFFORDABILITY
ENTERPRISE UPDATE**

April 24, 2025
Hunter Nelson, Colorado Director
Small Business Majority

Thank you, Chair Lindstedt and members of the Committee:

My name is Hunter Nelson and I'm the Colorado Director for Small Business Majority, a small business organization with a mission to empower America's diverse entrepreneurs to build a thriving and equitable economy. I'm pleased to provide testimony in support of HB25-1297, legislation that would increase the funding available to the Health Insurance Affordability Enterprise (HIAE) to sustain the positive relief from the Reinsurance Program, to continue covering Coloradans through the OmniSalud program and to provide subsidies to low-income Coloradans.

Health coverage is increasingly unaffordable for [many](#) small business owners and the HIAE helps lower costs for the individual market. Its subsidies lower the cost of monthly premiums, putting affordable health coverage in reach for many Coloradans. As the individual market in Colorado reaches [record enrollment](#), this benefits the small business owners—including self-employed small business owners—and their employees that utilize the individual market to purchase health insurance. Nationally, [more than](#) half of all Affordable Care Act (ACA) marketplace enrollees nationwide are small business owners, self-employed individuals or small business employees.

This legislation would increase funding for HAIE by authorizing an increase to the health insurance affordability fee assessed and collected from insurance carriers by up to one percentage point to implement and administer the HIAE. It also authorizes the enterprise to seek, accept, and expend gifts, grants, or donations for the purposes of the HIAE.

With the potential expiration of the enhanced Premium Tax Credits (PTCs) at the federal level this year, it's more important than ever that we fund programs that make coverage more affordable for Coloradans. This is especially important for those in the small business community who can't access group coverage because of the cost. If this legislation does not pass, the HAIE would lose the ability to fund a meaningful premium wrap to mitigate enrollment losses resulting from federal subsidies ending. Premiums would drastically increase for Colorado families and 9,000 undocumented Coloradans—including undocumented entrepreneurs—could lose coverage through OmniSalud. This program is critical to their wellbeing: it both protects them from the burden of unexpected medical costs and allows them to care for their health so they can instead focus on starting and growing their small businesses.

Furthermore, if this bill does not pass, the HIAE would lose the ability to ensure compliance with the Hyde Amendment, which can be accomplished using HIAE funds to provide abortion coverage support. Women entrepreneurs [overwhelmingly believe](#) (92%) that the freedom to decide if and when to have children is extremely important, and three-quarters agree that all women should have access to reproductive health, including abortion care and birth control.

By passing the legislation, you would increase the funding available to the HIAE to sustain the positive relief from the Reinsurance Program. We urge you to continue covering Coloradans through the

OmniSalud program, maintain abortion access and ensure that low-income small business owners and employees can receive subsidies so they can afford to access care.

Sincerely,

Hunter Nelson
Colorado Director
Small Business Majority

Transparent *Insurance Solutions, LLC*

your health, cared for

Kristin Hoff
PO Box 895
Durango, CO 81302

April 23, 2025

Colorado Legislature

To Whom It May Concern:

More employers are moving towards ICHRA models to offer benefits to their staff. The result is a shift of employees from traditional group health plans to individual health policies. With that in mind, the focal point of legislators ought to be centered around the stabilization of the individual market.

According to the Colorado Chamber of Commerce and the Colorado Small Business Development Center Network, 99.5% of all businesses in Colorado are small businesses. This represents over one million employees in Colorado, or one-third of the workforce in our state. As we continue to see the cost of traditional group health insurance premiums rise, we are seeing more employers entertain alternative options when it comes to employee benefits.

One option for employers is the ICHRA model (Individual Coverage Health Reimbursement Arrangement). Over the past few years, as more employers become educated as to what ICHRAs can save them in premium payments, and the choices they can give to staff, we are likely to see more employers embrace this option. According to the US Department of Labor, the projected growth of ICHRA enrollment is 255% in 2025. There are some folks that believe this increase will double those expectations

<https://www.hrmorning.com/articles/ichras/>.

We have seen many changes in the individual health insurance market in Colorado over time, and it is important to find solutions that provide **choice, affordability, mobility, and value.**

1. Choice: Preferred Provider Organization (PPO) plan models left the individual market in Colorado in 2017. In these models, consumers have benefits in and out of a network of providers. Currently, our state offers individuals Health Maintenance Organizations (HMOs) plans and Exclusive Provider Organizations (EPOs) plans. In these models, there is no out-of-network coverage for scheduled visits. In other words, there is only insurance coverage for utilizing in-network providers. The networks are shrinking with each passing year. This leaves limited choices of in-state options only for scheduled visits and has been a point of concern for some employers. Employers that are offering fringe benefits are trying to provide value to staff, and because the individual market has limited options, the financial savings an employer must see needs to be large enough to set aside the desire to offer national coverage. It would be wonderful if Colorado could give PPO options to employers through ICHRAs. Because we are going to see continued growth in the ICHRA space, consider the following:

- a.** Offer tax incentives for insurance carriers that offer PPO options in the individual market.
- b.** Implement a streamlined approval process with the DOI.
- c.** Alternatively, consider allowing insurance carriers to offer individual Referenced Based Pricing plans. These would allow consumers to go anywhere for their care throughout the country and would save insurance carriers on the claims side of things.

2. Affordability: We all want more affordable health insurance, and more affordable health care. The work Colorado has done in this space is encouraging, and we still have a long way to go. Please consider the following:

- a.** Expand tax credits. Contact national level representatives and make sure they understand that our state's citizens (and employers) will suffer financially if Congress allows the expanded tax credits to expire. It is crucial that Congress renew this expanded tax credit calculation nationally. With nine zones in our state for premium calculation purposes, the variance in price points is large. We need to keep the expanded tax credits in place to make sure consumers spend no more than 8.5% of their income on health insurance costs.

- b.** Improve transparency and health care costs. Our state has started this process by launching the website: <https://www.patientrightsadvocate.org/coloradotransparency>. We still have work to do with services received outside a hospital setting. Keeping things transparent will allow consumers to make decisions that are best for them and allow regulators to justify premium amounts for policies sold in our state.
- c.** Referenced Based Pricing (RBP): having a set reimbursement for payments of claims allows carriers to predict claims costs more easily and has massive opportunity for consumers to save enormous amounts of money. Colorado can legislate this in such a way that can be a win for providers as well. Setting a standard reimbursement price for all services (not a separate reimbursement for different services) supports price fairness, something our rural communities are in desperate need of. This type of model can prevent a provider or facility from charging north of 4 times the price for the same service elsewhere. This system would require legislative protections for consumers – for example, no balance billing allowed. Period. While some level funded RBP plans offered to employers set the reimbursement below 200% of Medicare, the state of Colorado can require carriers to reimburse services at 200% - an amount that is more than fair. This will result in lower premiums and will give employers the ability to have benefit dollars go further (i.e., in increased contributions, lower deductibles for employees, and potentially higher employee participation).

3. Mobility: There are some employees that stay at a job they do not like because of their health insurance. ICHRA plans offer choice and mobility for staff, and affordability for employers. When an employee leaves an ICHRA plan, that individual can continue to pay the full premium for the insurance policy – indefinitely – not just for 18 months as seen with COBRA. Mobility is key in keeping our state moving forward in this space.

4. Value: We all want to see value in the things we buy. One example of a value that has been successful is the mental health benefit on Colorado Option plans. Adding a requirement that carriers cover mental health at \$0 for consumers on Colorado Option plans is a benefit consumers really appreciate our legislative body requiring. Let us take things further by doing the following:

- a.** Allow hybrid plans.
- b.** Incentivize carriers to offer better networks or RBP options.

- c.** Support legislation that improves accessibility
- d.** Improve drug formularies – and require changes to the way rebates are regulated in Colorado.
 - i. Require rebates to apply at the time of purchase (do this across the board, not just with the individual market)
 - ii. Mandate insurance companies report how they have used rebates in the past, and what the amounts received are moving forward.
 - iii. Only allow PBMs that give rebates back to the consumer.
 - iv. Require transparency at every level. When consumers see they are benefitting from reforms at the state level this is a huge win for our system. When PBMs and insurance carriers are the only winners, it is hard for consumers (employers) to be supportive.

Lastly, when we are looking at the membership in individual policies in Colorado, the only figures readily available are the totals from Connect for Health CO. We see in that data, that 280,000 individuals have coverage through that portal. That doesn't account for the members enrolled through ICHRA policies with employers, or individuals that purchased policies directly from carriers that do not have access to employer sponsored insurance. If we assume there are really only 280,000 enrolled in the individual market at this time, and also assume ICHRA participation will increase by 255% conservatively, we can expect to see around one million individuals enrolled in the individual market by the end of this year. If we see larger growth in the ICHRA space, it is realistic to project that the vast majority of employees will be enrolled in individual policies, not traditional group medical policies. This point needs to be taken seriously so lawmakers can address this issue head on, and be prepared for the future. Failure to do so would, yet again, allow insurance carriers to convince you all that big business is where the attention should be. Vote yes on HB 1297. Do it for the future. If the US Congress extends the advanced premium tax credits as they should, this will not even go into effect. Please vote with an educated perspective and help the citizens of our state.

Thank you for reading my letter, and please keep the growth of ICHRA options in mind as talks continue around improving options for our businesses and citizens alike.

<https://cochamber.com/2023/05/01/colorado-small-businesses-a-look-at-the-economic-profile/#:~:text=According%20to%20the%20report%2C%20there,sector%20employment%20in%20the%20state.>

<https://sbdc.colorado.gov/#:~:text=We%20Support%20All%20Small%20Businesses,ready%20to%20exit%20your%20business>

Respectfully,



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To: Members of the House Finance Committee
From: Khoa Nguyen | Young Invincibles | MD/MBA Candidate at the University of Colorado
Re: **HB25-1297: Health Insurance Affordability Enterprise Update (HIAE)**

Mr. Chair and members of the committee,

Thank you for the opportunity to share my testimony with you. My name is Khoa Nguyen. I am representing Young Invincibles as one of their Young Advocates. I am completing my MD at the University of Colorado School of Medicine and my MBA at the University of Colorado Denver Business School. Short of applying to residency and obtaining my MD, I have fulfilled all curricular and licensure requirements expected thus far for the MD. I am here to encourage you all to **pass HB25-1297**.

I would like to share a personal story. When I was six years old, I came home to find my grandmother lying on the bathroom floor after a heart attack. While we did call for emergency services, there was initial hesitation as my family did not have insurance at the time. Ultimately, the ambulance ride, inpatient hospitalization, and subsequent post-hospitalization care led to extensive bills that took us nearly a decade to pay off.

This is not a singular story.

In my seven-year service at DAWN Health, a student-run free clinic serving Aurora, Colorado's most vulnerable populations, I have seen patients delay care, skip treatment, and suffer preventable complications - simply because the cost of insurance, even with subsidies, felt out of reach.

Per the Colorado Health Institute, 260,000 Coloradans still lacked health insurance in 2023, despite the Affordable Care Act's success in expanding access [1]. Furthermore, a 2022 survey revealed that nearly half of Colorado residents delayed recommended care due to cost, denied claims, or gaps in coverage [2]. These coverage barriers reflect a larger system flaw - one that bills such as HB25-1297 aim to address.

By allowing the HIAE to raise its feed modestly, redistribute funds more flexibly, and seek philanthropic or private sector support, HB25-1297 provides the following for all Coloradans:

1. Expand subsidies for low-income Coloradans,
2. Strengthen the state reinsurance program (which helped lower individual market premiums by up to 20% in the past years),
3. Sustain coverage for undocumented individuals through OmniSalud,
4. Invest in emerging affordability initiatives responsive to community needs [3],
5. And, ensure long-term sustainability without overburdening the state budget.

As a future physician, I have learned that the best outcomes often start with access to quality healthcare. I urge every committee member to **vote "yes" on HB25-1297**. Thank you for your consideration. I am happy to answer any questions.

To: Members of the House Finance Committee

From: Khoa Nguyen | Young Invincibles | MD/MBA Candidate at the University of Colorado

Re: **HB25-1297: Health Insurance Affordability Enterprise Update (HIAE)**

Sincerely,

Khoa Nguyen | MD/MBA Candidate

University of Colorado School of Medicine | University of Colorado Denver Business School

Youth Advocate | Young Invincibles

Junior Fellow | Global Council on Science and the Environment

References

1. <https://www.coloradohealthinstitute.org/research/2023-chas-insurance-coverage>
2. <https://cohealthinitiative.org/media-releases/new-survey-finds-that-coloradans-are-worried-about-affording-healthcare-they-see-inequity-in-the-healthcare-system-they-want-big-policy-changes/>
3. <https://www.mathematica.org/publications/evaluation-of-the-colorado-health-insurance-affordability-enterprise-fy-2022-23>

April 18, 2025

House Finance Committee
Colorado General Assembly
Denver, CO 80203



Dear Representatives Brooks, Camacho, DeGraaf, Garcia, Gonzalez, Hartsook, Joseph, Lindstedt, Marshall, Stewart, Titone, Weinberg, and Zokaie:

I am writing on behalf of the Local First independent business alliance to urge you to **vote YES on HB1297**. Local First represents 200 locally owned, independent small businesses in La Plata County building an economy that values people, the planet, and prosperity for everyone.

HB1297 will offer a backstop to ensure that Coloradans do not suffer the consequences if the US Congress does not extend federal enhanced premium tax credits (PTC) beyond 2025. In that case, health insurance premiums will increase substantially for individuals and families in 2026, placing a severe financial strain on households when they already face rising costs for other basic needs.

For example, a 40-year old worker earning \$37,650 per year or about \$18/hour (250% more than the federal poverty level) would see a 92% increase in premiums for the lowest cost silver plan, which would rise from \$126 to \$243 per month on average, according to a study by the Robert Wood Johnson Foundation. Based on historical experience in Colorado, up to 100,000 Coloradans – including many self-employed business owners – will no longer be able to afford health insurance under those circumstances and will become uninsured.

Many small businesses that cannot afford traditional group health insurance have turned to Individual Coverage Health Reimbursement Arrangements (ICHRAs) to help their employees purchase individual coverage. Colorado's reinsurance program has made this choice more affordable. However, the loss of enhanced PTCs will reduce federal revenue to fund the reinsurance program and thus reduce its ability to lower premiums. Many businesses will find it difficult, if not impossible, to increase their ICHRA contributions to match the resulting steep increases in their employees' premiums. Thus, they will no longer be able to offer meaningful support to employees who will join the ranks of the uninsured.

People who are uninsured often delay care and rely on hospital emergency rooms for urgent care, which increases uncompensated care costs for hospitals that get passed on to everyone through higher prices. The 1% premium tax increase proposed in HB1297 is thus a prudent investment to hold down costs for everyone by ensuring that our neighbors remain insured and can access the timely care they need to stay healthy and avoid costly health complications later.

I hope you will agree with the wisdom of enacting HB1297 for the benefit of all Coloradans. We are all stronger when we stand together.

Respectfully yours,

A handwritten signature in dark ink that reads "Douglas McCarthy". The signature is written in a cursive, flowing style.

Douglas McCarthy, CEO
Local First La Plata