



530 E. Main Street • Aspen, Colc
Phone: 970-920-5200 • Fax: 970-920-5198

Dear Senator Lundberg, Chair, and Health and Human Services Committee:

On behalf of the Pitkin County Board of Commissioners, I am writing this letter to support House Bill 16-1336, to study the creation of a single geographic rating area. Currently, the West Rating Area, which includes Pitkin County, is home to the highest insurance costs not only in the state, but across the country. *In 2016, individual plans increased 25.8% for the West Rating Area – the highest increase in Colorado.*

The Health Care Gap

Under the Affordable Care Act, individuals or families whose total household income is 400% or less of the federal poverty level may qualify for a federal tax credit to help close the gap for health care. Under the program, families or individuals are responsible for paying no more than 9.5% of their annual income on health care. For 2016, a single person that earns \$47,080 pays no more than \$372 out of pocket per month for a silver-level health care plan. However, the federal tax credit fails to account for regional and local cost differences.

The Colorado Center for Law and Policy created the Self-Sufficiency Standard to address the variances in cost of living and affordability in Colorado. The Standard defines the income that is needed to realistically support a family, without public or private assistance. Pitkin County has the highest wage in the state needed for families to remain economically viable, even though the average wage for the County is lower than the state average. In Pitkin County, many individuals and families do not qualify for the federal tax credit, but due to the high cost of living are still left to shoulder the burden of rising health care costs themselves.

Based on the Self-Sufficiency standard, health care premiums in Pitkin County are at least 50% more, if not double, the recommended percentage of a family's household income. Some families without subsidies are now choosing to forgo health insurance and risk a tax penalty to save money. For a family of three, the tax penalty would be \$1,500, just two months of a health insurance premium in the West Rating Area! This is not unique to Pitkin County or the West Rating area. Due to the exponential costs of individual health policies, families in Pitkin County are faced to choose between health coverage and basic needs, contrary to the goals of the Affordable Care Act.

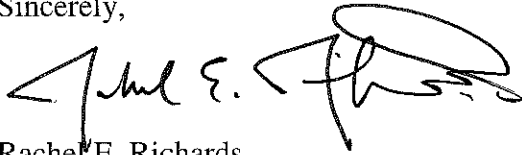
Research for a Single Geographic Area

Pitkin County supports re-evaluating Colorado's rating area structure. We believe there is not adequate data to justify Colorado's discrete rating areas, which results in inequitable impacts to individuals within rating areas. Furthermore, we believe the quantity of rating areas in Colorado, more than required by ACA, leads to rate instability for individuals as demonstrated by large increases within the West Rating Area. Small sample sizes that result from nine rating areas are more subject to quick and dramatic change.

Pitkin County supports researching a single geographic region for individual plans to better meet the objective of providing affordable and predictable health insurance for all of Colorado's citizens - especially those whose incomes are too high for subsidies but too low to reasonably afford the high premiums in some of Colorado's rating areas. We believe adequate data and research can foster local, regional and state efforts to incentivize health care providers to adopt evidence-based practices shown to improve health results, reduce costs, and improve access to quality affordable health care for all Colorado Citizens regardless of income.

Pitkin County supports HB 16-1336 and the Department on Insurance recommendation to study the impacts and viability of a single geographic rating area for individual plans to create an equitable and financially feasible rating system for families across Colorado.

Sincerely,

A handwritten signature in black ink, appearing to read "Rachel E. Richards". The signature is stylized and written over a faint, illegible printed name.

Rachel E. Richards,
Chair, Pitkin County Board of Commissioners