

# HB16-1336 Rep Hamner & Rep Rankin “Study Single Geographic Area Individual Health Plans”

## *Background*

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- Health insurance providers that sell individual policies are allowed to set premium rates based on four factors, one of which is where the individual lives (geographic rating area). The Division of Insurance (DOI) conducted a study in 2014 to evaluate the impacts of various geographic-rating-area configurations in Colorado. As a result of that study, DOI reduced the number of geographic rating areas from 11 to 9, retaining the seven urban areas and consolidating the state’s rural communities into two areas, beginning in the 2015 plan year.
- For many Coloradans, health insurance remains unaffordable. Statewide, individual insurance premium rates increased by an average of 9.84% in 2016, with increases as high as 40% in some communities. According to insurance carriers, premiums are driven by the cost and utilization of health care, which vary by region.

## *What HB16-1336 Will Do*

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- **HB 16-1336 would require the Division of Insurance (DOI) to study the viability and potential effects of creating a single statewide geographic rating area for individual health insurance.**
- DOI would complete the study and make recommendations to the Joint Budget Committee by August 1, 2016.
- This study would be conducted within existing DOI resources and does not contemplate appropriation of state funds.

## *Reasons to Support HB16-1336:*



We currently lack sufficient information and analysis to make educated determinations regarding viability and appropriateness of insurance rates throughout the state.



This study would be a useful update to the 2014 DOI analysis of rating areas. That study was based on 2010-12 data, and, in a post-ACA-implementation context, it’s important to consider the bases upon which rating areas are established.



Rising insurance rates are a statewide concern in Colorado, and therefore require statewide study. This study would allow DOI to consider how health care costs impact rates across the state.



**The ultimate goal is *affordable and accessible* health care for all Coloradans.**

## *Supporters*

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Colorado Counties, Inc.  
Colorado Municipal League  
Club 20

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Chronic Care Collaborative  
Colorado Center on Law & Poverty  
Colorado Coalition for the Medically Underserved  
Colorado Consumer Health Initiative