



**Drafting Number:** LLS 06-0891 — L.006

**Date:** April 10, 2006

**Prime Sponsors:** Rep. McGihon, D-Denver  
Rep. Larson, R-Cortez

**Bill Status:** House Health & Human Services  
**Policy Analyst:** Robin Baker, (303) 297-0456

**Title: Concerning the creation of the health care reform committee  
for the purpose of studying health care reform issues**

**As amended by the House Health and Human Services Committee, this bill represents a net opportunity gain for Colorado.**

**By bringing together consumers, health insurance purchasers, providers, business leaders and state representatives, this bill takes an important step in establishing a collaborative work group to address a complex and broken health care system.**

**By establishing a forum for multiple stakeholders to work together, this bill may help bypass inefficient and piecemeal reforms, while facilitating more effective statewide reform.**

Overall, this bill is positive, but Bell points to two noteworthy concerns:

1. As amended, SB 06-208 does not provide enough representation for consumers on the committee.
2. As amended, SB 06-208 does not guarantee critical health areas will be represented. Research shows that comprehensive health care requires a network of physicians, mental health practitioners, substance abuse treatment, vision and dental care. Not all are expressly included in the bill.

**Summary of Legislation**

This bill establishes a Blue Ribbon Commission for Health Care Reform to study and establish health care reform models that will expand health care coverage and decrease health care costs for Colorado residents. Members of the commission will include consumer representatives, health insurance purchasers, business leaders, health care experts and state legislators.

The commission will meet regularly and hold informational meetings statewide to receive public comments over a one-year period. The commission will present a final report with specific recommendations for comprehensive state health care reform to the General Assembly by Nov. 30, 2007.

**Background**

Calls to curb soaring health care costs and scale down the growing numbers of uninsured people have been prevalent at the national level since at least 1993.<sup>1</sup> According to the international Organization for Economic Cooperation and Development, the United States spends more on health care than any other nation.<sup>2</sup> In 2005, the estimated \$1.9 trillion in U.S. health care spending consumed 15 percent of the economy, up from 13 percent in 2000.<sup>3</sup> National health expenditures are projected to reach \$2.6 trillion in 2010.<sup>4</sup>

The dramatic growth in health care spending is reflected in health insurance premium costs. Nationally, between 2000 and 2005, employer-

The Bell Policy Center believes a top priority of the General Assembly should be to expand opportunities for Coloradans to achieve the American Dream. In that spirit, we offer Opportunity Notes on selected bills. Similar to Fiscal Notes, Opportunity Notes reflect our best analysis of whether a bill, if implemented, will expand opportunities for Coloradans.

A POSITIVE analysis means our research suggests a bill will expand opportunity in a cost effective manner.

A NEGATIVE analysis means our research suggests the measure will restrict opportunities or will not cost-effectively achieve its goals.

sponsored premiums for family coverage increased 73 percent, compared with overall inflation growth of 14 percent and wage growth of 15 percent.<sup>5</sup> In 2005, on average, workers contributed \$610 of the \$4,024 annual cost of single coverage and \$2,713 of the \$10,880 annual cost of family coverage.<sup>6</sup>

As health insurance premiums increase, the number of uninsured people increase. Between 2000 and 2004, the number of Colorado workers with employer-sponsored insurance fell nearly 5 percentage points. During this time, the number of Coloradans covered by Medicaid grew less than 1 percentage point and the number of uninsured individuals grew nearly 3 percentage points.<sup>7</sup>

The National Coalition of Health Care Reform,<sup>8</sup> the National Academies of Science (NAS) Institute of Medicine,<sup>9</sup> and the RAND Corporation<sup>10</sup> each note that segments of the U.S. health care system are interconnected. Effective health care reform must be system-wide.

Reform must begin by bringing payers, patients, providers, experts, insurers and other health care professionals together to identify needs and establish shared solutions for system-wide reform. Research and experience show that traditional, piecemeal reform that addresses only some categories of people and institutions creates

unanticipated and often adverse consequences that make any lasting reform difficult.

### Research and Evidence of Effectiveness

Research shows that to contain and manage health care costs, a multi-faceted, holistic approach must be taken. Effective and efficient reform must place an emphasis on prevention and early detection of disease and quality outcomes. This can happen only with an integrated network of coverage and incentives, as well as subsidy plans for those who cannot afford health insurance.

The NAS Institute of Medicine finds that successful health care reform is best facilitated and maintained through collaboration and information sharing among stakeholders. Evidence shows that shared discussions help build broad-based support while encouraging creative solutions to solving health care issues and fostering better understanding.

By bringing together major stakeholders — patients, providers, purchasers, community leaders — discussions about the costs and benefits to each group can be addressed. In so doing, the political, cultural, organizational, community and regulatory barriers may also be addressed, while simultaneously building on existing strengths.<sup>11</sup>

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### End Notes

<sup>1</sup> National Coalition on Health Care (2004). Building a Better Health Care System: Specifications for Reform. Washington, D.C.

<http://www.nchc.org/materials/studies/reform.pdf>

<sup>2</sup> Health Spending in Most OECD Countries Rises, with the U.S. Far Outstripping All Others (2004). <http://www.oecd.org>

<sup>3</sup> Sager, A. & Socolar, D. (2005). *Health Costs Absorb One-Quarter of Economic Growth, 2000 – 2005: Recent Federal Report Unintentionally Obscures Massive Rise Physicians' Decisions Key to Controlling Cost*. Boston University School of Public Health, Health Reform Program. Boston, Mass.

<sup>4</sup> Centers for Medicare & Medicaid Services (2004). National Health Care Expenditures Projections: 2005-2015. The Office of the Actuary. <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/proj2005.pdf>

<sup>5</sup> Kaiser Family Foundation & Health Research and Education Trust (2005). <http://kff.org/insurance/7315/upload/7315.pdf>

<sup>6</sup> Ibid.

<sup>7</sup> Kaiser Family Foundation State Health Facts (2006). Percentage Point Change Among Nonelderly by Coverage Type, 2000-2004. [www.statehealthfacts.kff.org](http://www.statehealthfacts.kff.org)

<sup>8</sup> National Coalition on Health Care (2004). Building a Better Health Care System: Specifications for Reform. Washington, D.C. <http://www.nchc.org/materials/studies/reform.pdf>

<sup>9</sup> Institute of Medicine (2002). *Fostering Rapid Advances in Health Care: Learning from System Demonstrations*. <http://fermat.nap.edu/books/0309087074/html>

<sup>10</sup> Marquis, M. S. & Long, S. H. (2003). *Laboratories of Reform: State Health Insurance Experiments Yield Lessons for the Nation*. The RAND Review, 27(3). <http://www.rand.org/publications/randreview/issues/fall2003/index.html>

<sup>11</sup> Institute of Medicine (2002).