COLORADO
Department of Regulatory Agencies
Division of Insurance

Impacts of Federal Actions on Colorado's Health Insurance Market

For the
Executive Committee of the Legislative Council

Commissioner Michael Conway
July 30, 2025

Agenda

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- Colorado's Affordability Programs
- Impacts of Federal Decisions on Coverage

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Overview: 2025 HIAE Program

Reinsurance

Saving nearly 300,000 Coloradans $493 million in 2025, and has saved Coloradans over $2 billion since it started in 2020

On-Exchange Subsidy

Saving 40,000 enrollees nearly $22 million, or about $540 per person per year, in out of pocket costs in 2025

OmniSalud

Covering 12,000 individuals in 2025

HIAE Funding

HIAE FEE

Annual fee collected from all DOI-regulated major medical health insurance carriers statewide

2.1%: for-profit carriers
1.15%: nonprofit carriers

Federal 1332 Waiver Funds

Federal pass-through funding awarded to Colorado annually based on premium reductions from Reinsurance and Colorado Option programs; all 1332 waiver funds currently go to Reinsurance

Surplus Funds

Resulted from reduced healthcare spending during the pandemic and delayed spending on affordability programs

Federal Actions and Inactions

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- Enhanced Premium Tax Credits (ePTCs) Scheduled to Expire
- H.R. 1 (Federal Reconciliation Bill) Enacted
- New CMS Marketplace Rules Finalized

Federal Funding Impacts

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Historical Pass-through Funding Awarded:

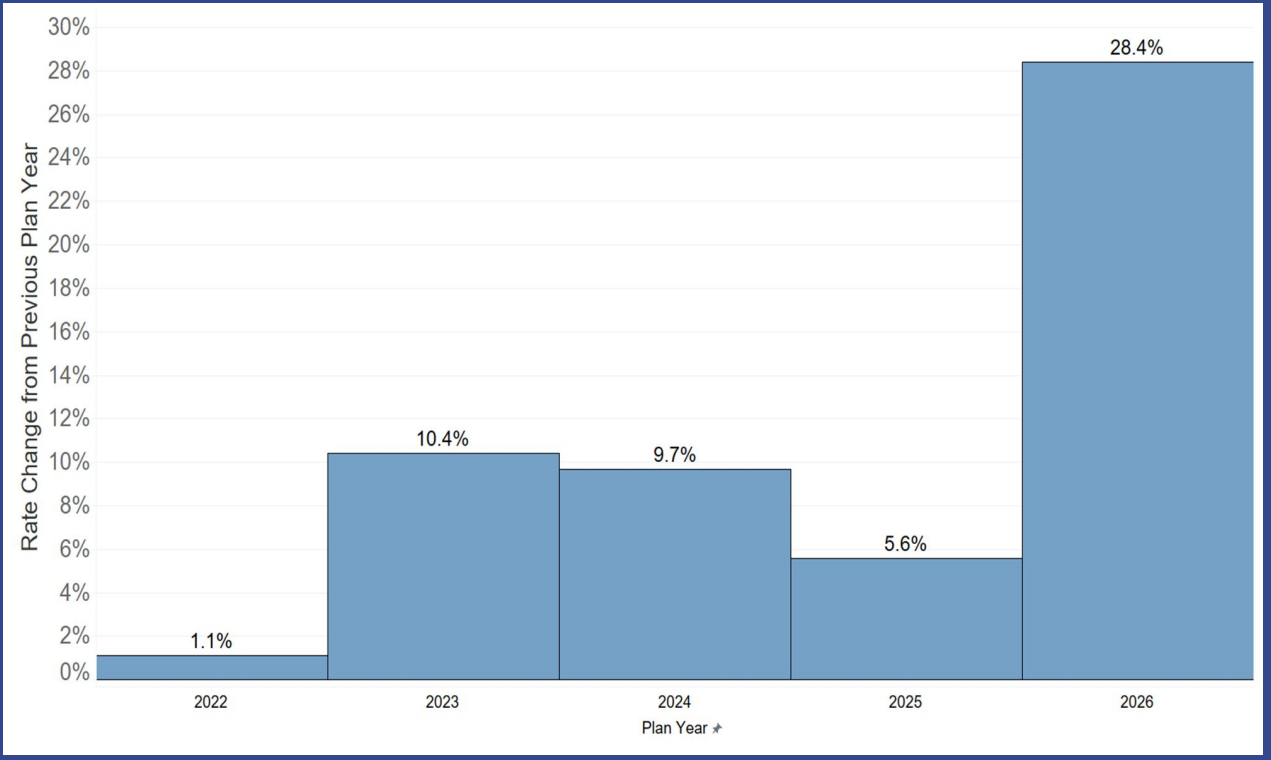
Plan Year	2020*	2021*	2022*	2023	2024	2025
Pass-Through Funding Awarded	$132,788,381	$182,680,879	$196,705,975	$245,012,430	$361,715,479	$339,125,752

*Reinsurance program included in 1332 waiver; Colorado Option program not yet included in 1332 waiver

2026 Estimated Funding	
With ePTCs Continuing	Without ePTCs Continuing
$250 million	$145 million

Federal policy changes are expected to reduce federal funding available to Coloradans by approximately **$105 million**

Average Statewide Premium Increases



Loss of ePTC is Skyrocketing Premiums

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Expiration of ePTC

100,000-110,000 Coloradans Lose Coverage

40% Cut to the Reinsurance Program

28% Avg requested premium increase

With the expiration of ePTCs, premiums will be more expensive, resulting in ***fewer people being able to afford their health insurance coverage.***.

When coverage becomes unaffordable, many healthier individuals choose to drop their coverage. Anticipating that a higher proportion of individuals with greater health care needs will remain enrolled, ***insurers raise premiums to account for the increased morbidity in the risk pool.***

The reinsurance program reduces premiums; and therefore, it reduces the amount the federal government pays in subsidies. The state keeps those savings in the form of "pass-through" funds via a 1332 Waiver. The main source of funding for the reinsurance program is the 1332 waiver. ***When fewer people have insurance and when subsidies are cut, that leads to less funding for the reinsurance program.***

As a result, insurers have requested to increase premiums by 28% for 2026, on average. These premium increases will impact individuals and families who purchase their coverage in the individual market, which is approximately 321,000 Coloradans.

2026 Proposed Premium Increases as a Result of ePTC Expiration

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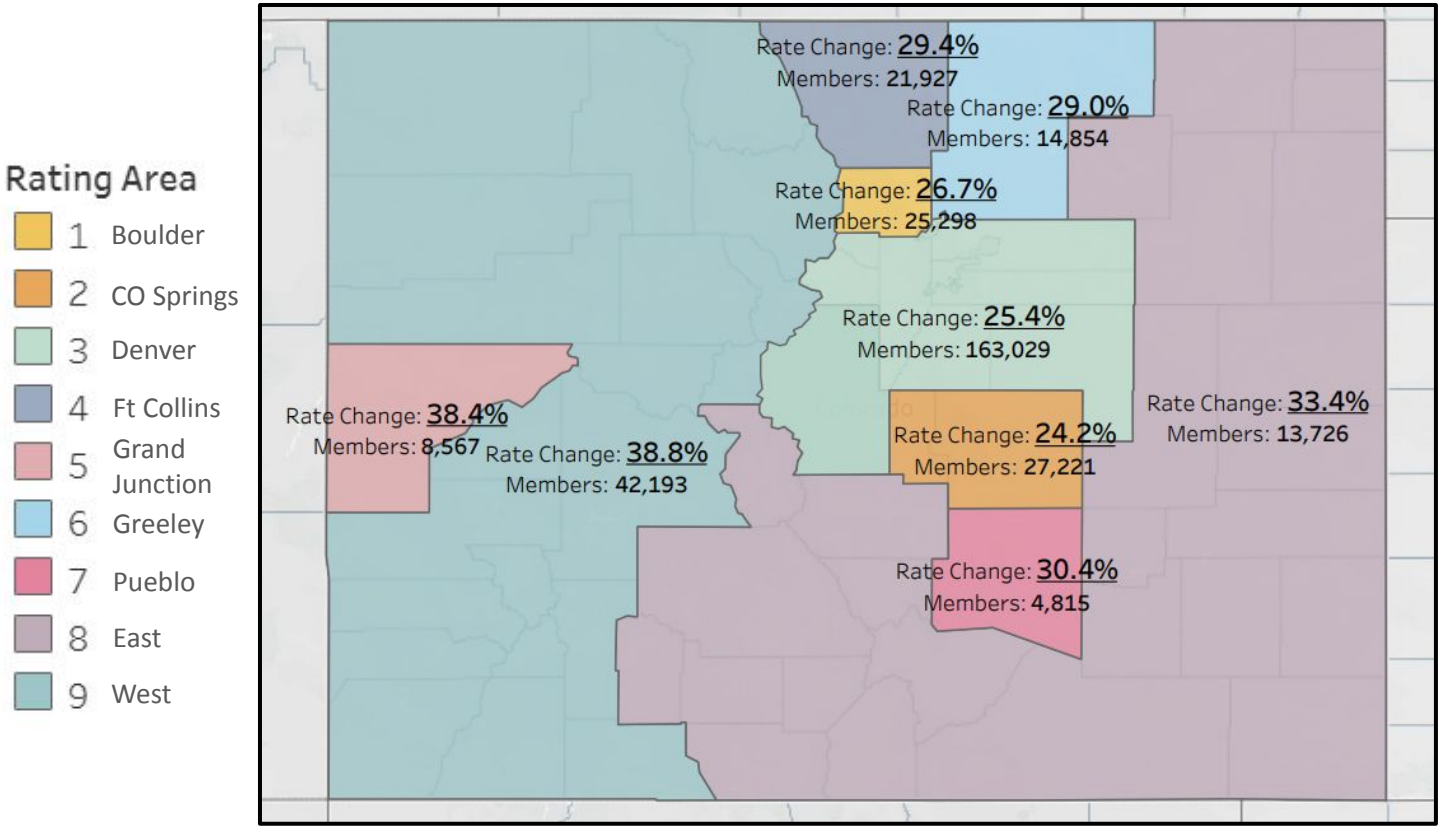

These premium increases will impact 321,000 Coloradans

2026 Annual Premium Increases for a Family of Four* as a Result of ePTC Expiration

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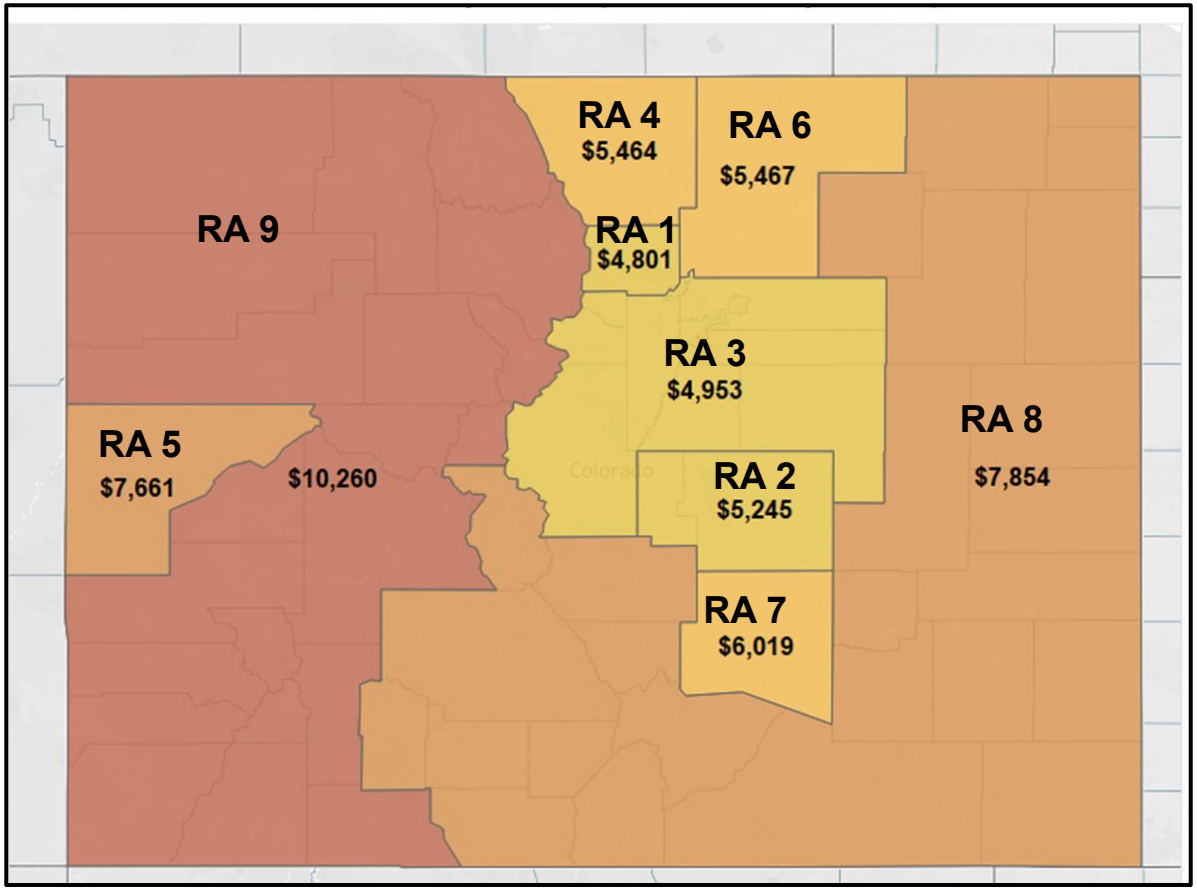

Family of Four Premium Increase		
Rating Area (RA)	**2026 Annual Premium**	**Premium Increase**
1 - Boulder	$24,453	$4,801
2 - CO Springs	$26,027	$5,244
3 - Denver	$25,129	$4,953
4 - Fort Collins	$25,676	$5,463
5 - Grand Junction	$29,091	$7,660
6 - Greeley	$25,686	$5,467
7 - Pueblo	$26,419	$6,018
8 - East	$32,309	$7,854
9 - West	$36,832	$10,260

Projected Rate Impacts due to ePTC Expiration

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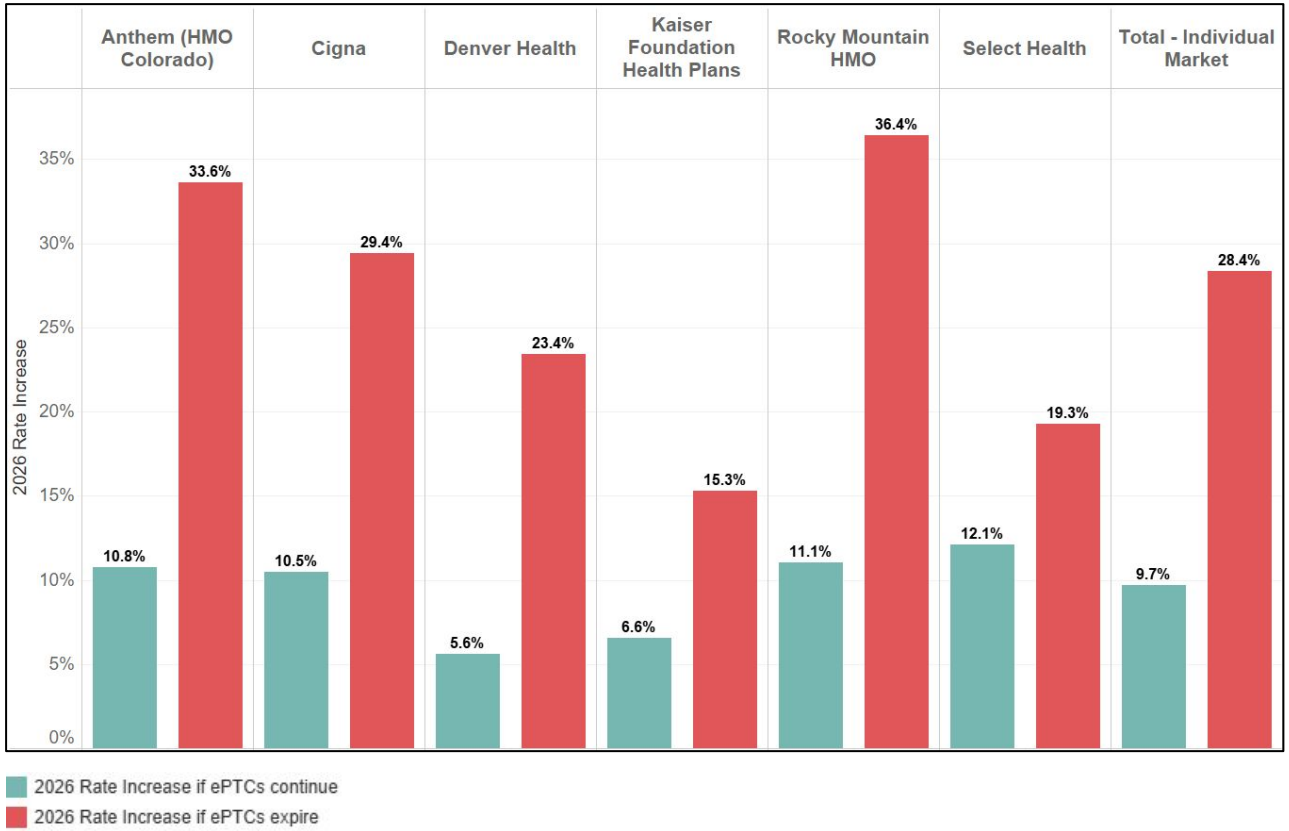

- The expiration of ePTCs will create a 17% rate increase in the individual market
  - Approximately half of this rate increase is due to reinsurance federal funding decrease
- If ePTCs were to continue and reinsurance continued to have same 20% premium reduction, **the average rate increase would be 9.7% across all carriers in the individual market**

Projected Change in Enrollment from 2025 to 2026

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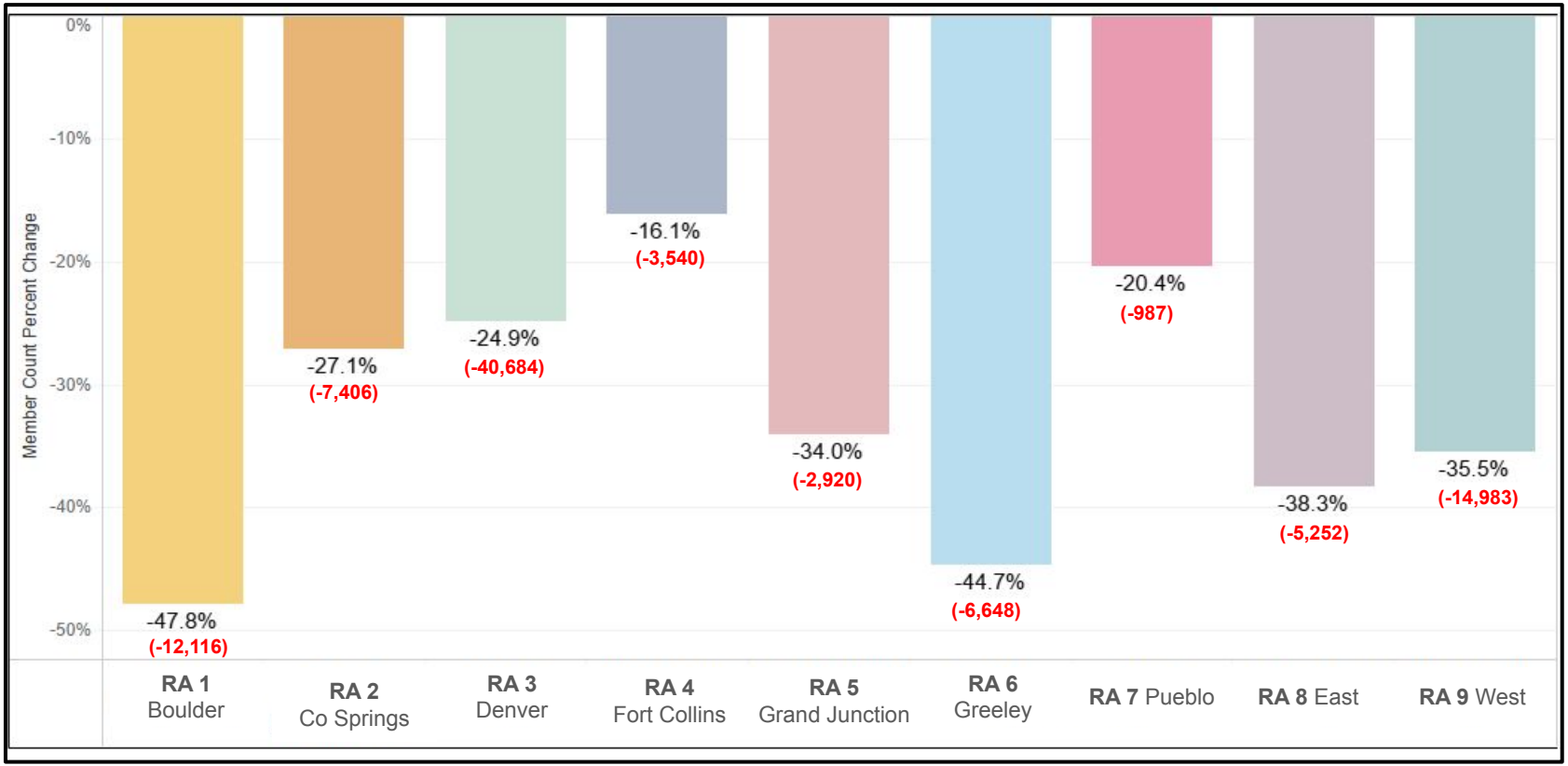

Average Net Premium Increase by Income

Annual Income		2025 Avg Member Monthly Premium	2026 Avg Member Monthly Premium*	Premium Increase
<150% FPL	$0-23k	$3	$28	833%
150-200% FPL	$23-30k	$17	$88	418%
200-250% FPL	$30-37k	$64	$169	164%
250-400% FPL	$37-60k	$136	$215	58%
>400% FPL	$60k+	$411	$541	Subsidy Cliff

*Estimate as of May 2025

Federal Reconciliation Bill: Marketplace Changes

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Eliminates special enrollment period for low income Coloradans

Eliminates subsidized coverage for many lawfully present immigrants - refugees, asylees, etc.

Locks out those denied Medicaid due to work requirements

New Federal Marketplace Rule

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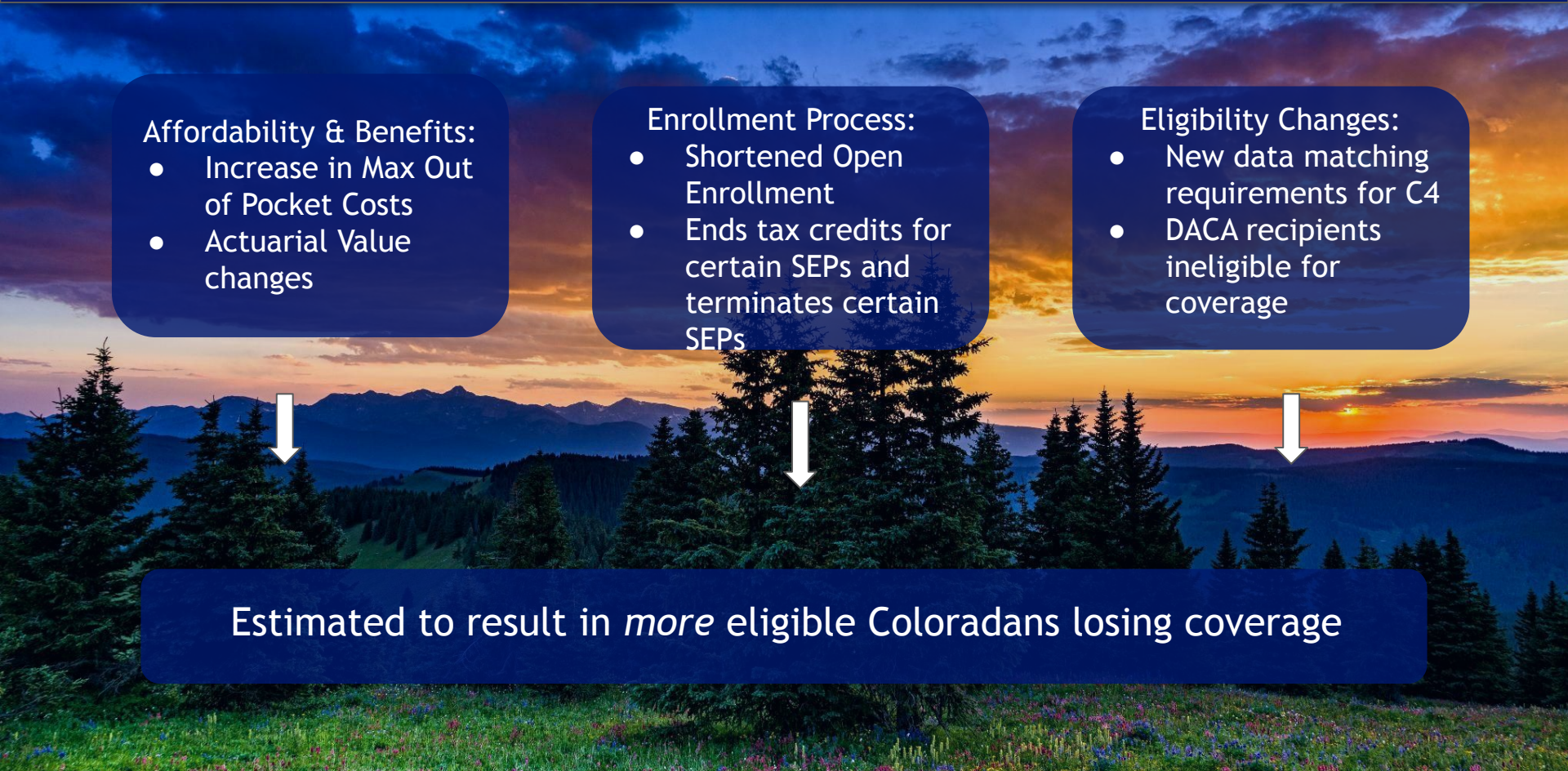

Affordability & Benefits:
- Increase in Max Out of Pocket Costs
- Actuarial Value changes

Enrollment Process:
- Shortened Open Enrollment
- Ends tax credits for certain SEPs and terminates certain SEPs

Eligibility Changes:
- New data matching requirements for C4
- DACA recipients ineligible for coverage

Estimated to result in *more* eligible Coloradans losing coverage

Changes to 2026 On-Exchange HIAE Subsidy

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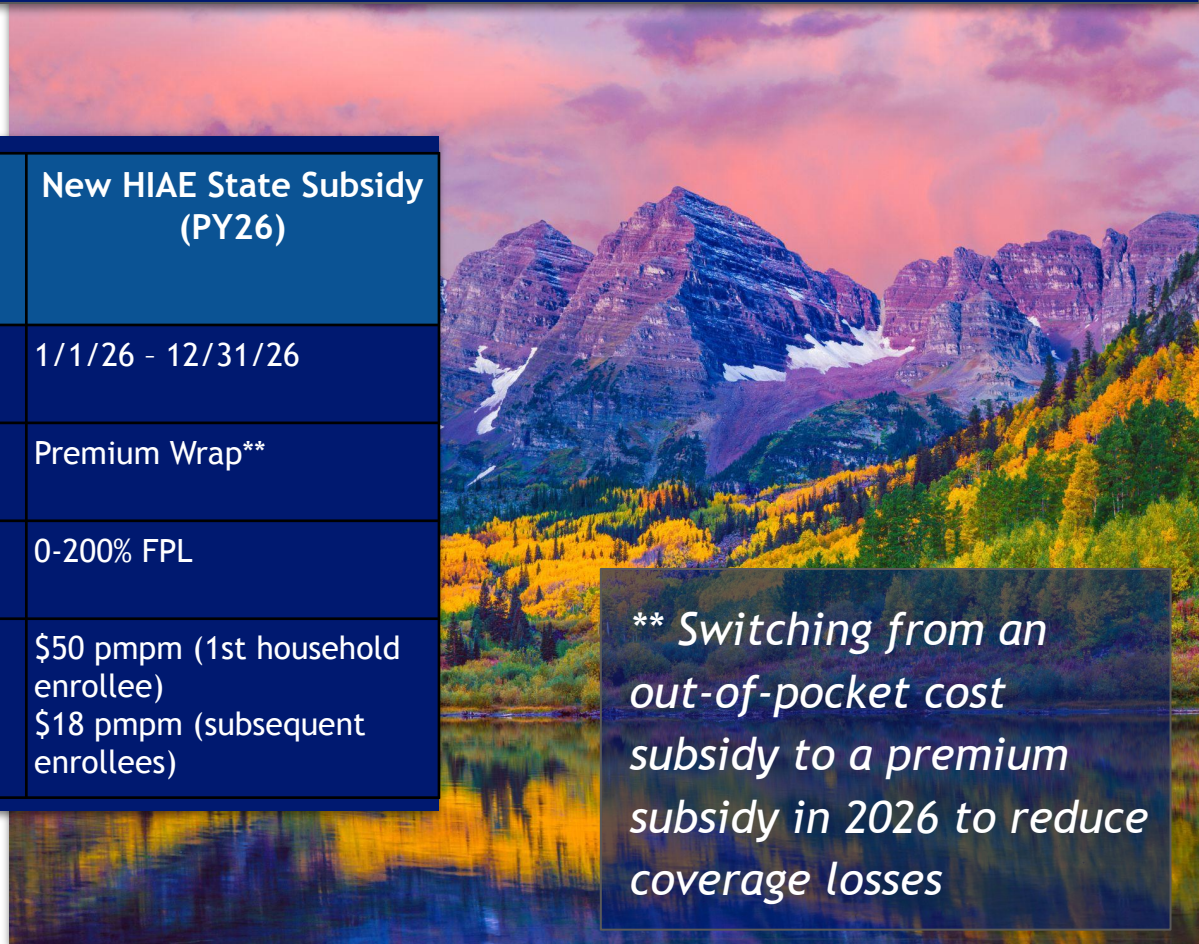
	Current HIAE State Subsidy (PY25)	New HIAE State Subsidy (PY26)
Effective Dates	1/1/25 - 12/31/25	1/1/26 - 12/31/26
Subsidy Type	Out-of-Pockets Costs	Premium Wrap**
Enrollee Eligibility	150-200% FPL	0-200% FPL
Subsidy Value	94AV (Increased from 87AV under ACA)	$50 pmpm (1st household enrollee) $18 pmpm (subsequent enrollees)



*** Switching from an out-of-pocket cost subsidy to a premium subsidy in 2026 to reduce coverage losses*

Impact of 2026 On-Exchange HIAE Subsidy

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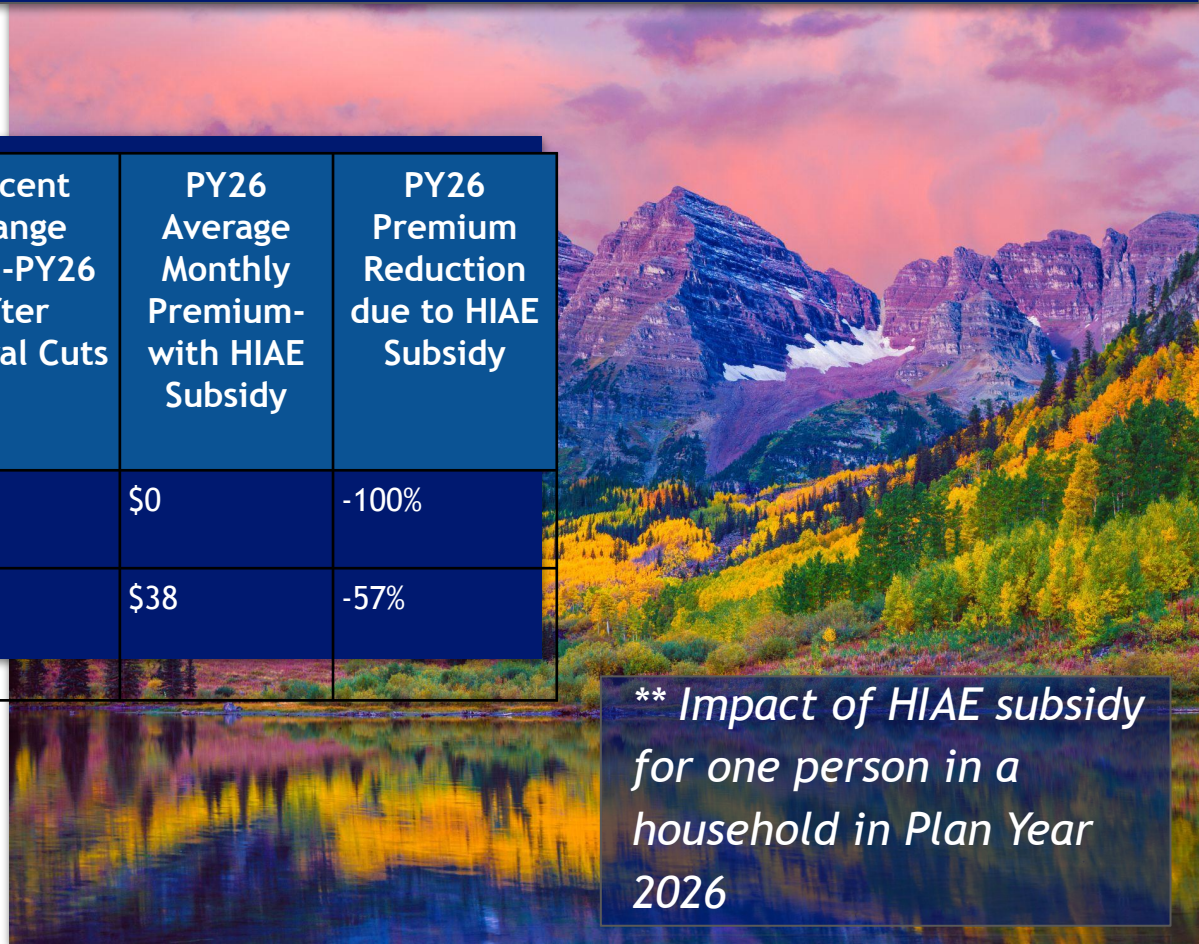
FPL Cohort	PY25 Average Monthly Premium	PY26 Average Monthly Premium- After Federal Cuts	Percent Change PY25-PY26 After Federal Cuts	PY26 Average Monthly Premium- with HIAE Subsidy	PY26 Premium Reduction due to HIAE Subsidy
< 150 %	$3	$28	+833%	$0	-100%
150-200%	$17	$88	+418%	$38	-57%



*** Impact of HIAE subsidy for one person in a household in Plan Year 2026*

Impacts to HIAE Programs in PY26+

Reinsurance

Significant reduction in federal 1332 waiver funding → lower program impact → higher premiums

On-Exchange Subsidy

→ higher premiums from federal actions leads to switch to a premium wrap to try to keep people covered

OmniSalud

Significantly less funding available → Approximately 80% of people enrolled in 2026 will lose coverage

The state program cuts, combined with the federal impacts, lead to a projected loss of 110,000 enrollees (-34%) in Colorado's individual market in 2026.

Average Net (Member Paid) Premium Increase 2025 → 2026

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Significant premium increases are due to federal policy changes in 2026

2025 to 2026 Avg Member Premium Increase	
Unsubsidized Enrollees (Income >400% FPL)	Subsidized Enrollees* (Income <400% FPL)
28%	**104%**

*Estimate as of May 2025; updated estimates forthcoming

Questions?

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Appendix: HIAE Budget Surplus & Deficit (2020-2025)

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Plan Year	*PY 2020*	*PY 2021*	*PY 2022*	*PY 2023*	*PY 2024*	*PY 2025 (est.)*
Revenues	**$287**	**$308**	**$341**	**$381**	**$494**	**$482**
HIAE Fee	$109	$105	$111	$111	$123	$136
Hospital Support	-	$10	$20	$10	-	-
Premium Tax Support	$9	$12	$13	-	-	-
General Fund Support	-	-	-	$10	-	-
Federal Waiver Funds	$169	$181	$197	$244	$364	$339
Interest Income	-	-	-	$6	$7	$7
Expenditures	**$229**	**$243**	**$296**	**$384**	**$533**	**$598**
Reinsurance	$227	$239	$273	$294	$407	$485
On-Exchange Subsidies	-	-	$17	$13	$40	$19
OmniSalud	-	-	-	$73	$81	$90
Administration	$2	$4	$6	$4	$4	$4
Annual Surplus/(Deficit)	**$58**	**$65**	**$45**	**($3)**	**($38)**	**($116)**
Total Surplus/(Deficit)	**$58**	**$123**	**$168**	**$165**	**$127**	**$11**

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HIAE Surplus Sources:

- Revenues accrued prior to program expenditures starting (due to statutory timelines)
- Health care spending was significantly lower than expected in 2020 and 2021 due to Covid and people putting off health care to avoid exposure