



# Impacts of Federal Actions on Colorado's Health Insurance Market

For the  
Executive Committee of the Legislative Council

Commissioner Michael Conway  
July 30, 2025



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

# 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

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

# Federal Funding Impacts

## Historical Pass-through Funding Awarded:

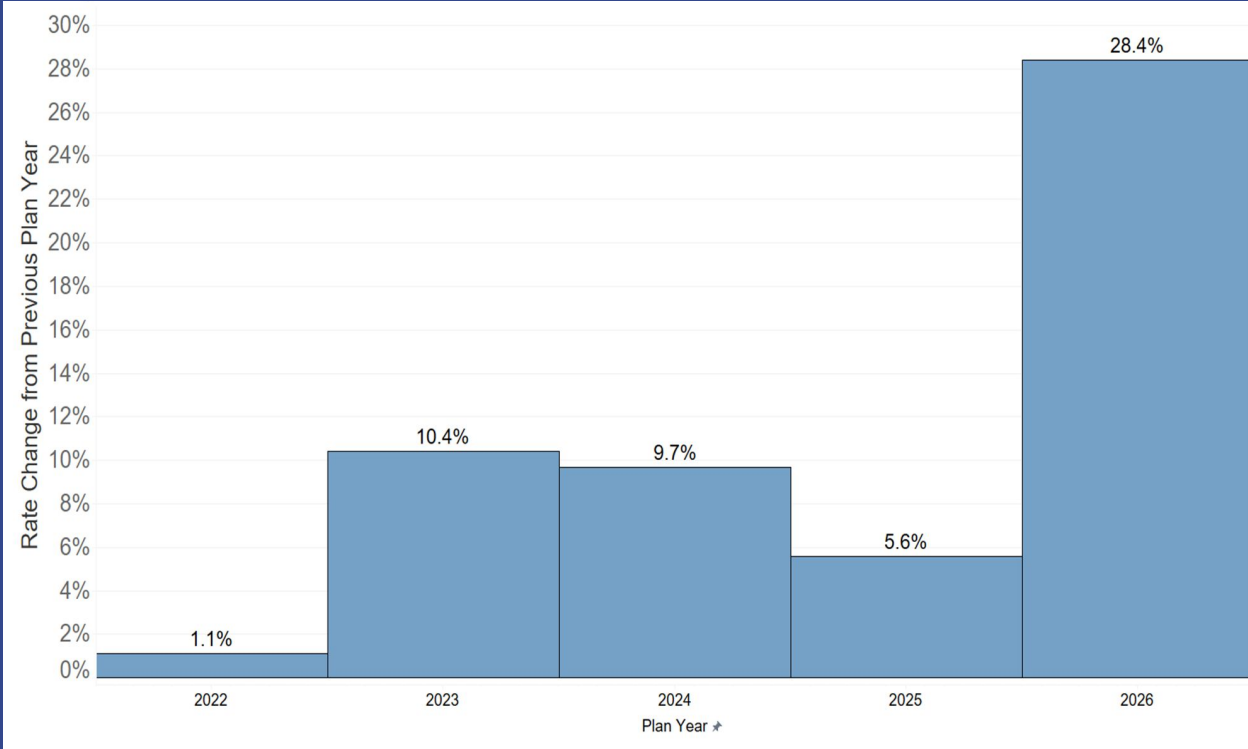
Plan Year	2020*	2021*	2022*	2023	2024	2025
Pass-Through Funding Awarded	\$132,788,381	\$182,680,879	\$196,705,975	\$245,012,430	\$361,715,479	\$339,125,752

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

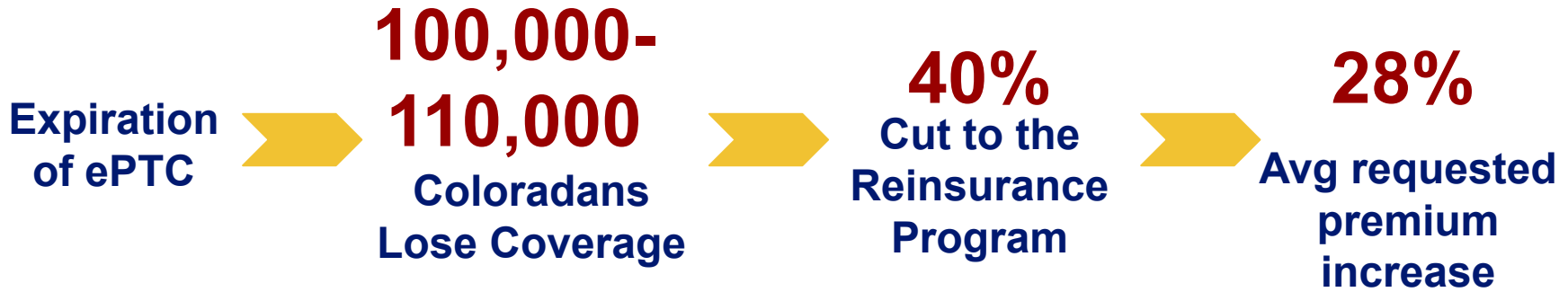
<b>2026 Estimated Funding</b>	
<u>With ePTCs Continuing</u>	<u>Without ePTCs Continuing</u>
\$250 million	\$145 million

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



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.***

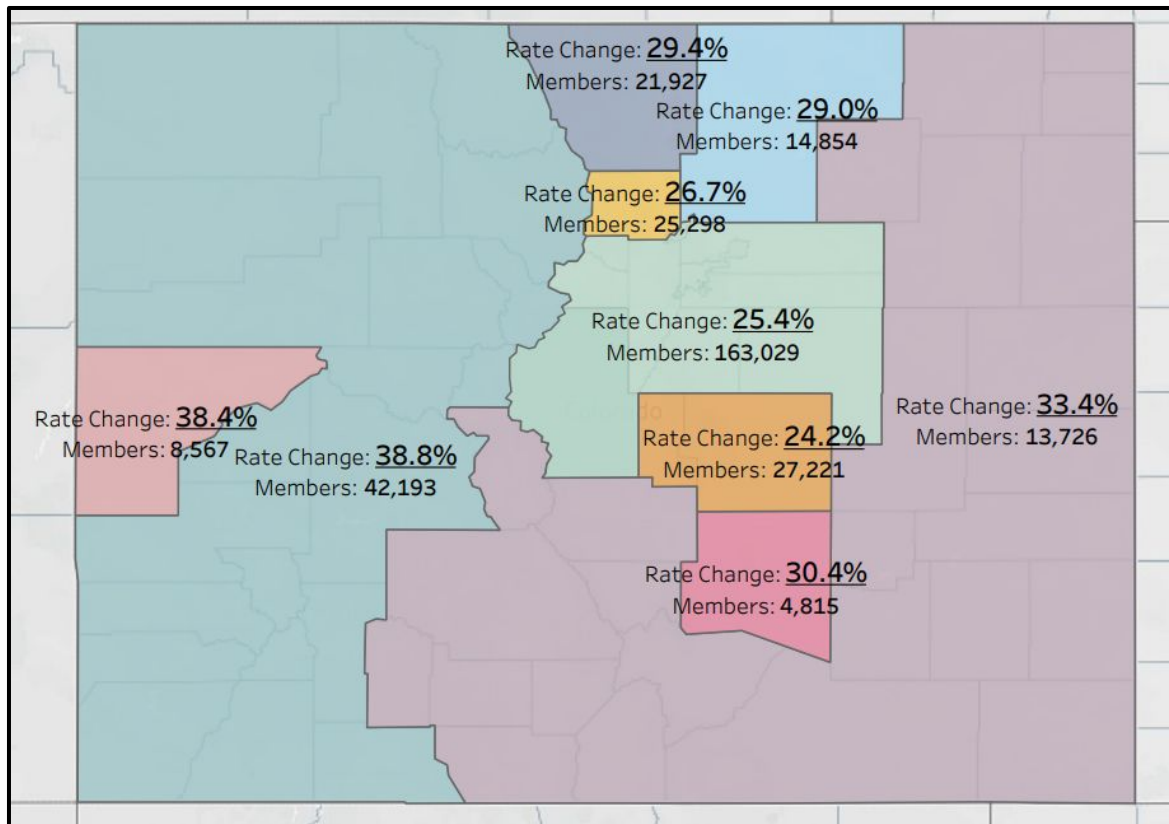
The reinsurance program reduces premiums; and therefore, it reduces the amount the federal government pays in subsidies. The state keeps those savings in the form of “pass-through” funds via a 1332 Waiver. The main source of funding for the reinsurance program is the 1332 waiver. ***When fewer people 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

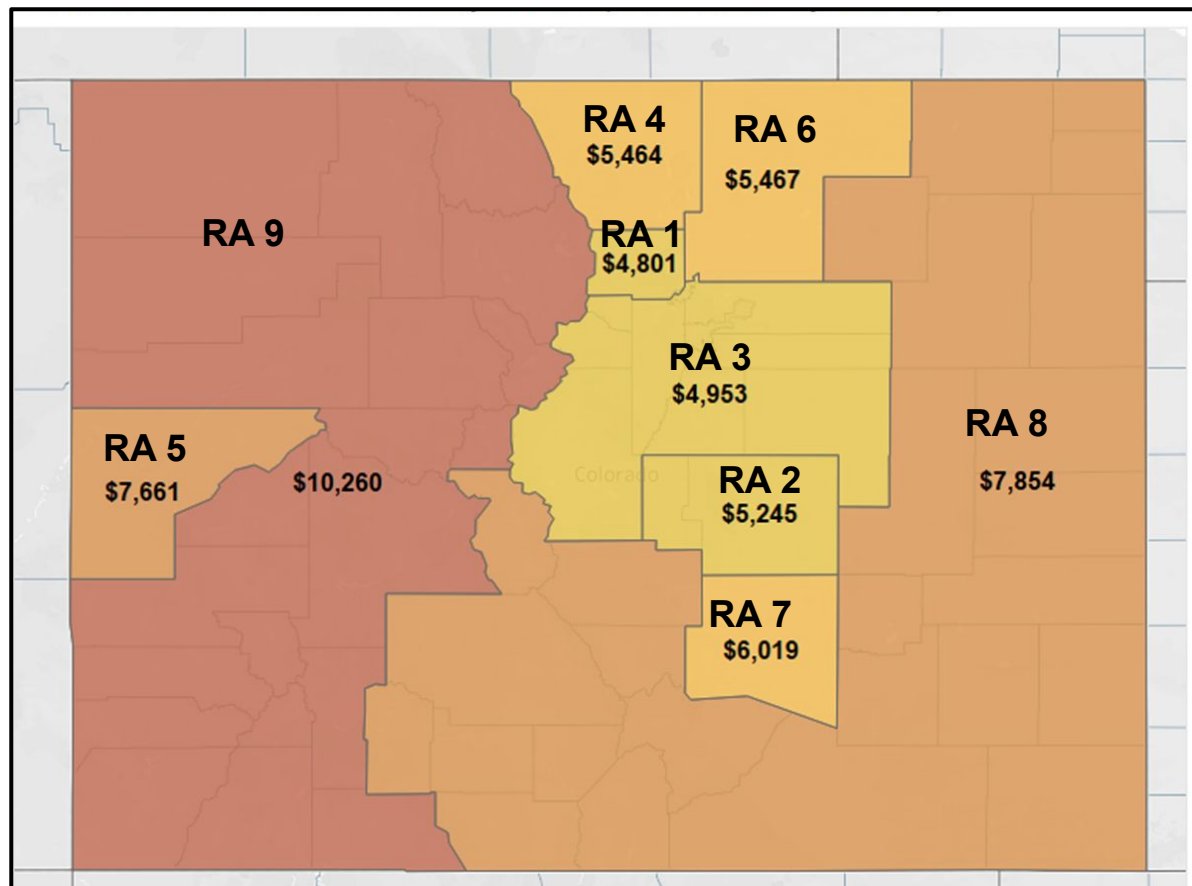
## Rating Area

-  1 Boulder
-  2 CO Springs
-  3 Denver
-  4 Ft Collins
-  5 Grand Junction
-  6 Greeley
-  7 Pueblo
-  8 East
-  9 West



These  
premium  
increases  
will impact  
321,000  
Coloradans

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



Family of Four Premium Increase		
Rating Area (RA)	2026 Annual Premium	Approx. Net Premium Increase - 400% FPL
1 - Boulder	\$24,453	\$13,353
2 - CO Springs	\$26,027	\$15,027
3 - Denver	\$25,129	\$14,129
4 - Fort Collins	\$25,676	\$14,676
5 - Grand Junction	\$29,091	\$18,091
6 - Greeley	\$25,686	\$14,686
7 - Pueblo	\$26,419	\$15,419
8 - East	\$32,309	\$21,309
9 - West	\$36,832	\$25,832

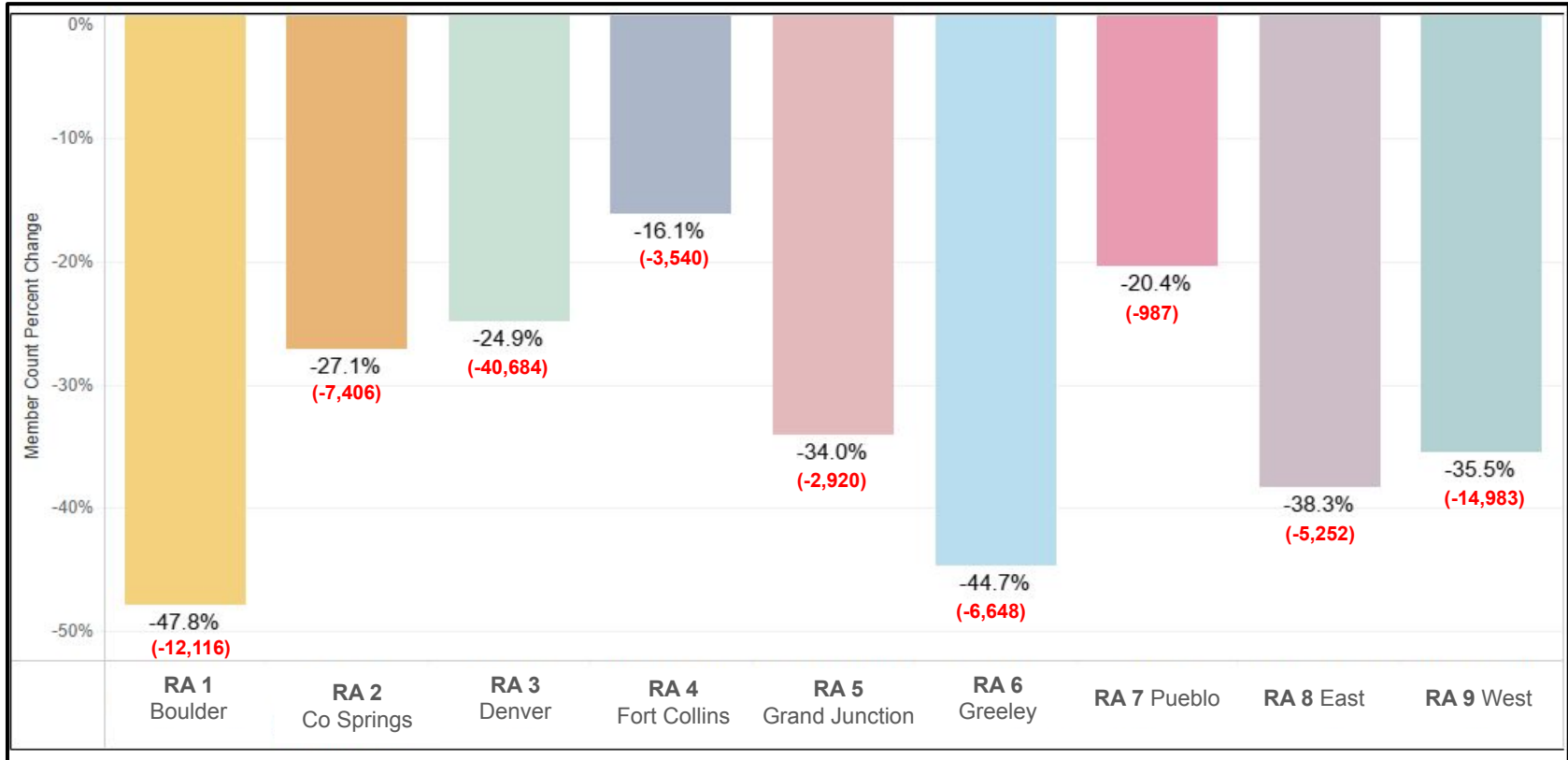
# Projected Rate Impacts due to ePTC Expiration



■ 2026 Rate Increase if ePTCs continue  
■ 2026 Rate Increase if ePTCs expire

- 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



# 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



**COLORADO**  
Department of  
Regulatory Agencies  
Division of Insurance



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



## 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



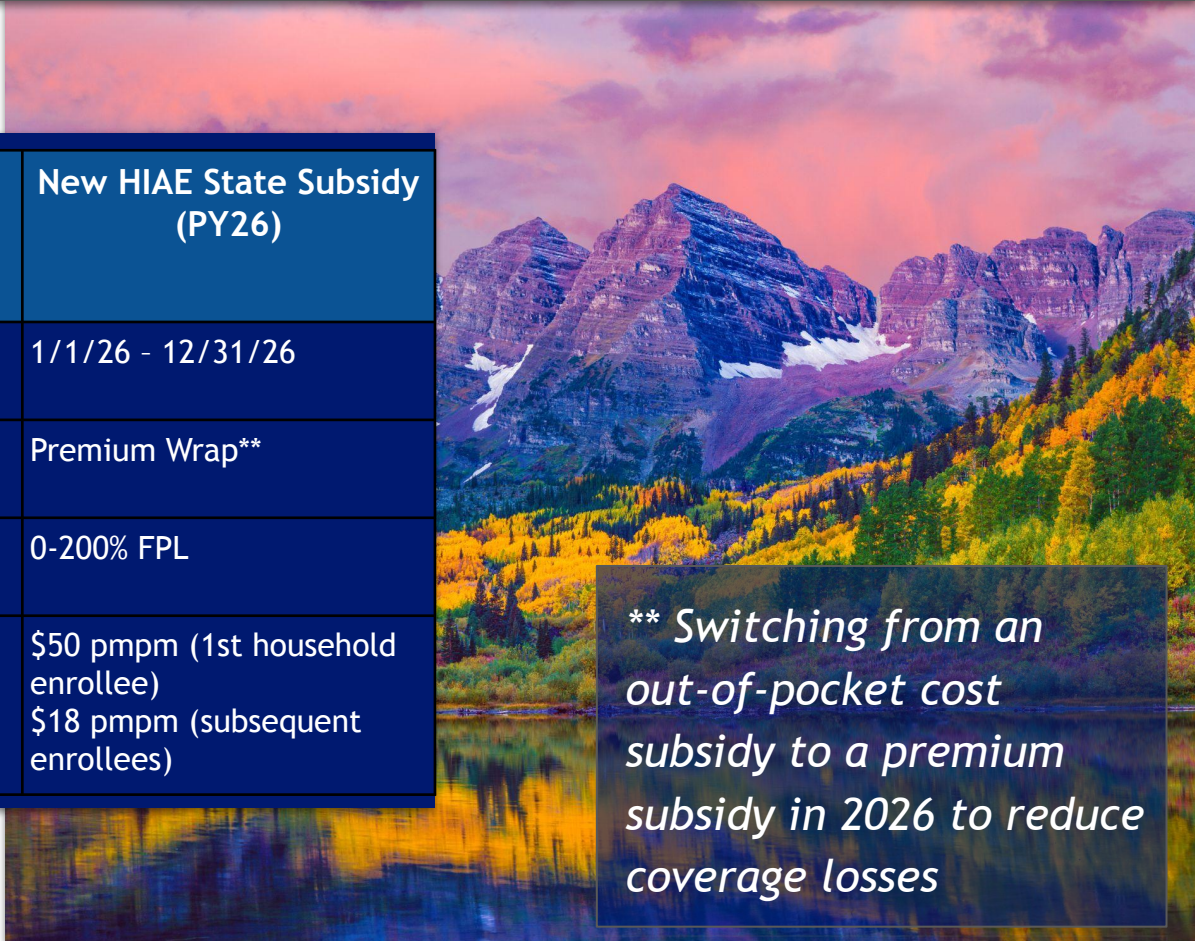
Estimated to result in *more* eligible Coloradans losing coverage

# Changes to 2026 On-Exchange HIAE Subsidy



	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



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

*Significant premium increases are due to federal policy changes in 2026*

2025 to 2026 Avg Member Premium Increase	
Average Statewide Increase	Subsidized Enrollees* (Income <400% FPL)
<b>28%</b>	<b>174%</b>



# Questions?

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

<i>Plan Year</i>	<i>PY 2020</i>	<i>PY 2021</i>	<i>PY 2022</i>	<i>PY 2023</i>	<i>PY 2024</i>	<i>PY 2025 (est.)</i>
<b>Revenues</b>	<b>\$287</b>	<b>\$308</b>	<b>\$341</b>	<b>\$381</b>	<b>\$494</b>	<b>\$482</b>
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
<b>Expenditures</b>	<b>\$229</b>	<b>\$243</b>	<b>\$296</b>	<b>\$384</b>	<b>\$533</b>	<b>\$598</b>
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
<b>Annual Surplus/(Deficit)</b>	<b>\$58</b>	<b>\$65</b>	<b>\$45</b>	<b>(\$3)</b>	<b>(\$38)</b>	<b>(\$116)</b>
<b>Total Surplus/(Deficit)</b>	<b>\$58</b>	<b>\$123</b>	<b>\$168</b>	<b>\$165</b>	<b>\$127</b>	<b>\$11</b>

## 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