

# Colorado mountain towns pay highest health premiums in U.S.

By Electa Draper

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Residents of Aspen, Vail and other resort towns are accustomed to paying steep prices, but news that their health insurance premiums are the highest in the country has outraged consumers and surprised even state insurance officials.

Colorado mountain communities are isolated, but their residents pay more than those living in Alaska, rural Nevada and Wyoming. There are pricey ski resorts here, but residents pay more than those in Vermont. There is wealth in these mountain resorts, but residents pay more than in Connecticut's affluent bedroom communities for New York City commuters.

Under the Affordable Care Act, the Colorado Division of Insurance divided the state into 11 geographic rating areas, based on medical care costs, that in turn determined a range of premiums on the state health exchange.

The region that includes Garfield, Eagle, Pitkin and Summit counties has the highest health care premiums in the country, according to a [recent study](#) by researchers with the Kaiser Family Foundation of health exchanges across the United States.

"It's caused an uproar," insurance division spokesman Vincent Plymell said.

The insurance division said last week it will launch a study of cost drivers for premiums in resort areas — an issue that's been getting attention for several months — but it would not change the controversial geographic rating areas for 2015.

"The division doesn't control health care costs. We don't regulate them," Plymell said. "But rather than sit back and do nothing, we can bring people together to look at what is driving costs."

Any changes made to the rating areas for 2015 would have to be based on new data so the state could justify them to the U.S. Department of Health and Human Services, Insurance Commissioner Marguerite Salazar said in a statement last week.

Garfield County Attorney Frank Hutfless is so frustrated by Garfield's inclusion in the resorts region, he is meeting with county commissioners Monday to discuss options that include suing the insurance division.

"They haven't answered our questions," Hutfless said of insurance regulators. "Filing a federal lawsuit is one of the things we're looking at."

Hutfless said the state simply gave insurance industry officials the rating areas they wanted. Garfield County, he said, has provided data showing its health care costs are much lower than the other resort counties — even lower than the state average or in Denver. Garfield County, he said, might have been grouped with the ski areas to make their overall average costs appear lower.

"The information we've seen hasn't shown that," Plymell said.

Health consumers in Garfield County have called to complain that their insurance premiums have shot up, even doubling or tripling, since buying private insurance through the state health exchange, Connect for Health Colorado, established Oct. 1.

One 58-year-old Garfield man saw his monthly premium go from \$352 a month, with a \$1,500 deductible, to \$1,041 a month, with a \$5,000 deductible, Hutfless said.

"That's why people are outraged," said Adam Fox, spokesman for the Colorado Consumer Health Initiative. "They're probably paying more than they should. But there is a certain reality that it is more expensive in those areas to provide health care. We don't yet know the exact drivers of these higher costs."

The Kaiser study compared lowest-priced, midlevel or "silver" coverage plans for a 40-year-old person. For those in Colorado's Rating Area 11, which includes Aspen and Vail ski resorts, monthly health insurance premiums range from \$462 a month to \$483.

In Denver, that premium would be about \$280.

Lower-income residents will receive subsidies to help pay premiums, but consumer advocates fear some people will be shut out of the market.

These higher costs are nothing new, Fox said. Some health insurers had kept their prices artificially lower in these areas by not providing the 10 "essential benefits" required under the Affordable Care Act.

"We have more transparency under the act than we had, and people are now aware (of price disparities)," Fox said.

Competition could be a factor. Colorado's health insurance exchange provides four insurance carriers with 41 plans in the mountain resort region, compared with eight carriers offering 78 plans in Denver.

### **Most expensive health insurance markets**

Colorado Mountain Resort Region (Eagle, Garfield, Pitkin and Summit counties)

Southwest Georgia

Rural Nevada

Far Western Wisconsin

Southern Georgia

Wyoming, except Laramie and Natrona counties

Southeast Mississippi

Vermont

Connecticut's Fairfield County

Alaska

*Sources: Kaiser Family Foundation Program for the Study of Health Reform and Private Insurance; health exchanges*

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## **DENVER AND THE WEST**

# **Kaiser to expand medical coverage to high-cost mountain areas**

***By Kate Gibbons and Electa Draper***

*The Denver Post*

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Kaiser Permanente, the state's largest nonprofit health plan, announced Friday that it plans to expand coverage to mountain communities along the Interstate 70 corridor, an area where health care premiums are high.

"We believe we can provide great value to these communities by offering more affordable health care options in an area where there is significant need," Kaiser Permanente Colorado president Donna Lynne said.

The development came as the state moved closer to delivering help with health-insurance premiums to mountain towns and other rural areas. The Healthcare Cost Study Group gathered by the state Division of

Insurance met Friday to consider new options for rating the state's geographic areas.

Under the Affordable Care Act, the division had divided the state into 11 [geographic rating areas](#), based on medical care costs, that in turn determined a range of premiums on the state health exchange.

Consultants have recommended either keeping the current system or combining higher-priced rural counties with some of their neighbors to spread the risk and potentially lower costs.

The state has three options: keep the rating areas as they are; combine four rating areas covering 47 rural counties into one rating area; or combine two Western Slope mountain rating areas consisting of 21 counties into one new rating area and combine two Eastern Plains regions consisting of 26 counties.

"If we make a change, we are confident we can do it in 2015," insurance commissioner Marguerite Salazar said at a Friday study group.

She asked for the group's recommendations by Wednesday so the division could announce its decision Friday. Then, she said, cost issues will pass to a newly created commission.

Kaiser Permanente said it is in the "early stages" of planning its expansion, but will work with mountain-area physicians, hospitals and medical centers over the next 18 months to create partnerships, Lynne said. Kaiser hopes to implement coverage by 2016, she said. The insurer also is looking at "bringing our Kaiser Permanente model and staff to the mountain community," Lynne said.

"This is a positive for the state," insurance division spokesman Vincent Plymell said. "It will bring more competition and choices to an area that needs it."

The Kaiser Family Foundation, which is not related to Kaiser Permanente, released a study in February that found Garfield, Eagle, Pitkin and Summit counties have the highest health care [premiums in the country](#). In those counties, a 40-year-old person would pay \$483 a month. In Denver, a similar premium would be about \$280. The gap is narrowed or eliminated for those who qualify for subsidies under the ACA.

Kaiser Permanente offers health care services and health plan coverage to more than 585,000 Coloradans in 28 centers along the Front Range stretching from Pueblo to Fort Collins. Since Jan. 1, 58,000 people joined Kaiser Permanente through its partnership with the Connect for Health Colorado exchange.

In February, Kaiser Permanente announced it would open more medical offices in Colorado Springs, expanding coverage to southern Colorado.

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