

**Inaugural Annual Report
of
Colorado Connect, a Public Benefit Corporation
under
Colorado’s Public Benefit Corporation Act**

Introduction

Connect for Health Colorado is Colorado’s health insurance exchange marketplace. Colorado’s General Assembly established *Connect for Health Colorado* to facilitate access to and enrollment in health plans and to increase access, affordability, and choice for individuals and small employers purchasing health insurance in Colorado. In December of 2020, *Connect for Health Colorado* established a wholly owned subsidiary organized as public benefit corporation under Colorado law doing business as *Colorado Connect*.

Colorado Connect’s organizational documents lay out its focus as a public benefit corporation with the adoption of an intended public benefit to Coloradans.

[Obtaining access to and consuming affordable health care services is complex. Helping Coloradan’s identify and use health care goods and services in a thoughtful and meaningful fashion provides both financial and wellness benefits to individuals and families. Promoting and offering goods and services to increase health care literacy in Colorado is a public benefit for all consumers of health care goods and services in Colorado. The Corporation adopts the promotion of health care literacy for Coloradans as a defined public benefit to provide one or more positive effects for consumers of health care goods and services.](#)

Shortly after *Colorado Connect’s* formation the General Assembly passed the “Health Insurance Affordability Act.” This legislation earmarked *Colorado Connect* to assist in the State’s efforts in reducing the number of Coloradans who lack health care coverage by administering a subsidy to reduce the costs of healthcare coverage offered a state-subsidized individual health coverage plan separate from federal subsidies available through *Connect for Health Colorado* under the “Affordable Care Act.” Under the “Health Insurance Affordability Act” the General Assembly directs *Colorado Connect* to provide the state-based subsidy to Colorado residents with a household income less than 300% of the established federal poverty line (42 USC §9902) who are otherwise ineligible for a federal tax credit on the Exchange, Medicaid, or the Children’s Basic Health Plan (CRS §25.5-8-103) regardless of immigration status. The subsidy administered by *Colorado Connect* will be available to qualified residents beginning in plan year 2023.

During its start-up phase *Colorado Connect* is building out the necessary infrastructure to allow it to provide access to ancillary products and services. These products will help to drive costs down, increase accessibility and expand choice of options for Coloradans. This infrastructure includes the creation of systems and tools through which *Colorado Connect* can meet its statutory obligations under the “Health Insurance Affordability Act” to administer the state-based subsidy to qualified residents. *Colorado Connect’s* infrastructure is being designed to supplement the mission of its parent – to increase access,

affordability, and choice for individuals and small employers purchasing quality health insurance in Colorado.

Supporting Small Businesses

Colorado Connect's focus has also evolved to include an emphasis in providing relief to small businesses. Under the Affordable Care Act, the SHOP program was created to help employers offer health benefits to their employees, but it was difficult to navigate and provided little incentive to participate. In response to this gap, *Colorado Connect* and *Connect for Health Colorado* developed a shared goal of helping small business employees purchase individual coverage. Providing a package of individual (on and off Exchange) health insurance and ancillary benefits for small employers will provide employees access to affordable health coverage on a level playing field with large employers. The synergies associated with the parent/subsidiary value of *Connect for Health Colorado* and *Colorado Connect* will allow for the kind of choice and flexibility among benefit options that employees of larger organizations already tend to experience. These small business-focused products will drive increased enrollment and awareness in subsidized health coverage including subsidies under the ACA (on Exchange), through Medicaid, and under the Children's Health Insurance Plan.

Selection of a Third-Party Standard

Public Benefit Corporations are required to assess their overall performance against a third-party standard on an annual basis. A third-party standard is a means to define, report, and assess overall corporate social and environmental performance and is provided by an organization that is not controlled by the public benefit corporation. Approaches to demonstrating progress in providing a public benefit include focusing on inputs, production processes, outcomes, and use of generated profits. By way of example, inputs might include hiring people with disabilities. Production could be refraining from using pesticides on crops. Outcomes might be assessed by increased financial support for the arts. Moreover, a series of third-party standards may be used to assess a public benefit corporation's impact in advancing its public benefit.

Colorado Connect adopted a public benefit focused on increasing health care literacy in Colorado. While the adopted benefit would appear to be narrow or solely educational, *Colorado Connect* takes a more expansive view by defining the health care literacy to include enhancing Coloradan's ability to maintain insurability, improve their health status and understand the financial investment they made in purchasing health insurance. A series of public benefit standards were provided by independent consultant Barbra Yondorf¹ to the Board of *Connect for Health Colorado* in 2016. The report provided the following observations of how to link access, affordability, and choice to the public benefit of health care insurance literacy, and also demonstrates the evolution in the potential services that *Colorado Connect* can provide for small employers and their employees.

¹ Barbra Yondorf holds BA from the University of Chicago and a Masters' degree in public policy from the Harvard Kennedy School of Government. Ms. Yondorf retired from the Colorado Division of Insurance after serving in public policy roles in the regulation and oversight of health insurance in Colorado, and later provided consulting or board service for numerous high-profile Colorado organizations, including the Colorado Department of Health Care Policy and Financing, the National Conference of State Legislatures, and the Center for Improving Value in Health Care.

Access. [Colorado Connect] has as one of its main goals to provide more convenient access to ancillary insurance products and services. The ability to access both health and ancillary insurance at the same time increases the likelihood consumers will purchase ancillary coverage. Large employers typically offer life, disability, and other types of insurance along with employer-sponsored health insurance. Where employers offer ancillary plans, employees are much more likely to purchase coverage than if they have to find it on their own. Colorado Connect can play a similar role for small employers. The same dynamic that occurs when ancillary insurance is offered at the workplace is expected to play out when small business employees are informed and provided with a link to ancillary products offered through Colorado Connect.

Affordability. In addition to access, Colorado Connect is committed to providing a public benefit derived from the affordability of health insurance. Colorado Connect expects to sell its services and products at competitive market rates.

Colorado Connect will focus on promoting the public benefit of affordability by educating potential consumers about the “value” of consuming ancillary services that ultimately provide protection against financial loss and that drive overall costs down, enhance their ability to improve health status, and consume meaningful ancillary services holistically. It is incumbent upon Colorado Connect to provide customers with educational materials, pre-vetted vendors, and assistance to maximize the value for the consumer with highest social and moral standards to balance Connect for Health Colorado’s “pecuniary interests against the best interest of those materially affected” by Colorado Connect’s conduct and the public benefits identified (see, CRS §7-101-503).

Choice. Choice of [ancillary products and services] allows individuals [including employees of small employers] to select the plan that best fits their coverage needs and pocketbook. This suggests providing access to a number of different issuers and plans for each type of coverage [Colorado Connect makes available]. [Colorado Connect] has not yet decided how many plans and products it will offer.

Third-Party Standards for Access, Affordability, and Choice

Public Benefit	Approach	Standard
Access	Outcome Based	Net new lives covered with the purchase of ancillary products & services. Net new lives covered for qualified residents without access to ACA subsidized plans.
Affordability	Outcome Based	Annual total subsidy amount provided to qualified residents and administered by the PBC. Total number of qualified residents participating year over year.

Choice	Process Based & Outcome Based	<p>Provision of informed choice resources to promote insurance literacy in the purchase of health insurance and related products & services.</p> <p>Document the PBC’s progress in providing information about where and how consumers can learn more about holistic and financially beneficial health insurance options.</p> <p>Provide choice to small employers and their employees on a par with employee benefit plans provided by large employers.</p>
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Progress

Colorado Connect’s Board was appointed by *Connect for Health Colorado* (as the sole shareholder) effective November of 2020. Over the course of the past year the technical infrastructure to facilitate operation of *Colorado Connect* continues along with the development of a comprehensive multi-year business plan taking to account strategies for community and stakeholder outreach. State-based subsidies to qualified residents are statutorily required to be available (along with state generated funding) beginning plan year 2023. The availability of appropriate ancillary products and services is slated to begin in 2022.

Colorado Connect contracts with *Connect for Health Colorado* for provision of services under a Master Services Agreement and has no paid employees to date. The creation of a revenue stream so *Colorado Connect* can begin to pay its parent for the services provided (while leveraging the use of the existing infrastructure of *Connect for Colorado* as anticipated in statute)² is an integral part of balancing the pecuniary interests of a public benefit corporation with provision of one or more public benefits. The creation of a such revenue stream from *Colorado Connect* to its parent to support the continued sustainability of the Exchange remains a stated and measurable goal of *Colorado Connect* to create a synergistic whole of parent and subsidiary.

Conclusion

Colorado Connect and *Connect for Health Colorado* are poised to materially and positively impact: (1) Coloradan’s access to affordable health care insurance and comprehensive employee benefits; (2) cost-effective and affordable coverages for new populations previously unable to obtain coverages; and (3)

² “The board [of *Connect for Health Colorado*] may create a separate program that shares resources and infrastructure with the exchange to offer ancillary products.” CRS §10-22-106(3)

choice in crafting a package of benefits, goods, and services with greater literacy and understanding of how to consume health insurance products and services to provide a measurable and sustainable public benefit.