

DEPARTMENT OF REGULATORY AGENCIES

Division of Insurance

3 CCR 702-4

LIFE ACCIDENT AND HEALTH

Amended Regulation 4-2-83

CONCERNING HEALTH INSURANCE AFFORDABILITY ENTERPRISE SUBSIDIES FOR QUALIFIED INDIVIDUALS THROUGH PREMIUM WRAP AND COST SHARING REDUCTION ENHANCEMENTS ON THE COLORADO OPTION SILVER PLAN

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Section 1 Authority

This regulation is promulgated and adopted by the Commissioner of Insurance under the authority of §§ 10-1-108(7), 10-1-109(1), 10-16-1207(5), and 10-16-109, C.R.S.

Section 2 Scope and Purpose

The purpose of this regulation is to provide standards for including payments to carriers pursuant to C.R.S. § 10-16-1205(1)(b)(III) in rate filings for health benefit plans regulated by the Colorado Division of Insurance and guidelines for the Colorado Option Silver Enhanced Benefit Plan.

Section 3 Applicability

This regulation applies to all carriers issuing non-grandfathered individual health benefit plans starting in benefit year 2026 and annually thereafter.

Section 4 Definitions

- A. "Actuarial value" and "AV" means, for the purpose of this regulation, the percentage of total average costs for covered benefits that a health benefit plan will cover, with calculations based on the provision of essential health benefits to a standard population.
- B. "Benefit year" shall have the same meaning as found at § 10-16-1103(2), C.R.S.

- C. "Carrier" shall have the same meaning as found at § 10-16-102(8), C.R.S.
- D. "Colorado Option Silver Enhanced Plan" or "Silver Enhanced Plan" means, for the purpose of this regulation, the Colorado Option Silver Plan offered by Connect for Health on the Colorado Public Benefit Corporation with an increase in the plan's actuarial value to 73% and a \$0 premium containing the same plan design and cost-sharing as the Colorado Option On-Exchange Silver (73% AV) Standardized Plan.
- E. "Colorado Option Silver Plan" or "Silver Plan" means, for the purpose of this regulation, the Colorado Option Silver Off Exchange Standardized Plan, the standardized health benefit plan offered by Connect for Health Colorado off exchange on the Public Benefit Corporation.
- F. "Colorado Plans and Benefits Template" or "Colorado PBT" means, for the purpose of this regulation, the Colorado PBT created and supplied by the Division to use when submitting any Standardized Plan on the PBC.
- G. "Cost Sharing Reduction Enhancement" or "CSR Enhancement" means, for the purpose of this regulation, an increase in the Colorado Option Silver Plan's actuarial value to 73% for eligible enrollees.
- H. "Eligible enrollee" means, for the purpose of this regulation, a Qualified Individual enrolled in a Colorado Option Silver Plan on the PBC whose household income is from 0-150% of the Federal Poverty Level.
- I. "Exchange" shall have the same meaning as found at § 10-16-102(26), C.R.S.
- J. "Federal Actuarial Value Calculator" or "Federal AV Calculator" means, for the purpose of this regulation, the AV Calculator required pursuant to 45 C.F.R. § 156.135(a).
- K. "Federal Poverty Level" or "Federal Poverty Line" shall have the same meaning as found at § 10-16-1203(4), C.R.S.
- L. "Health benefit plan" shall have the same meaning as found at § 10-16-102(32), C.R.S.
- M. "Health Insurance Affordability Board" shall have the same meaning as found at § 10-16-1207, C.R.S.
- N. "Health Insurance Affordability Enterprise" or "Enterprise" shall have the same meaning as found at § 10-16-1203(3), C.R.S.
- O. "Induced Demand Factor" shall mean the anticipated induced demand associated with the plan's cost sharing (metal) level.
- P. "Metal AV Adjustment Factor" means, for the purpose of this regulation, the differences in Metal AV values as produced by the Federal AV Calculator and the actuarial values used by carriers in pricing.
- Q. "Premium wrap" means, for the purpose of this regulation, financial subsidies to reduce eligible enrollees' monthly premium.
- R. "Public Benefit Corporation" or "PBC" shall have the same meaning as found at § 10-16-1203(11), C.R.S.
- S. "Qualified Individuals" shall have the same meaning as found in § 10-16-1203(12), C.R.S.

- T. "Rate" means, for the purpose of this regulation, the value in the carrier's Rates Table Template available in SERFF corresponding to the enrollee's age, geographic rating area, and tobacco status.
- U. "Rate filing" means, for the purpose of this regulation, a carrier's electronic submission to the Division in accordance with Colorado Insurance Regulation 4-2-39.
- V. "Rates Table Template" means, for the purpose of this regulation, the Rates Table Template created by the Centers for Medicare and Medicaid Services.
- W. "Standardized plans" shall have the same meaning as found at § 10-16-1303(14), C.R.S.
- X. "URRT" means, for the purpose of this regulation, the Unified Rate Review Template created by the Centers for Medicare & Medicaid Services.

Section 5 HIAE Subsidy for Eligible Enrollees

For the 2026 benefit year, and annually thereafter, carriers shall offer the Colorado Option Silver Enhanced Plan to all eligible enrollees on the Public Benefit Corporation as recommended by the Health Insurance Affordability Board.

Section 6 Naming Conventions and Filing Requirements

- A. Carriers shall use the following naming convention for Silver Enhanced Plans: "[Name of Carrier] Colorado Option Silver Enhanced 73%." The name of the carrier may be shortened to an easily identifiable acronym that is commonly used by the carrier in consumer facing publications.
- B. Carriers shall use the same HIOS ID as the off-exchange Colorado Option Silver Plan using a newly established state plan identifier with an "07" suffix.
- C. Carriers must file the Colorado Option Silver Enhanced Plan on the Colorado PBT. The Colorado PBT will be in the SERFF binder filing under the supporting documentation tab.
- D. The URRT submitted with the carrier's rate filing shall reflect expected changes in enrollment and induced demand factor based on the increased uptake of the Silver Enhanced Plan.

Section 7 Requirements for CSR Enhancements and Premium Wrap

For the 2026 benefit year, and annually thereafter, carriers shall offer a CSR enhancement and a premium wrap to all eligible enrollees in a Silver Enhanced Plan.

- A. The CSR enhancement shall increase the Silver Plan's actuarial value to 73% for eligible enrollees.
- B. The premium wrap shall provide eligible enrollees a \$0 premium for the Silver Plan.

Section 8 Payments to Carriers

- A. Pursuant to C.R.S. § 10-16-1205(1)(b)(III), the Colorado Health Insurance Affordability Enterprise created in C.R.S. § 10-16-1204(1)(a), through the Division, will make payments to carriers by June 30, 2027 for the 2026 benefit year, and by June 30 of subsequent calendar years, to compensate for the cost of the premium wrap, plus the difference between the Colorado Option Silver Enhanced Plan Projected Claims Cost and the Colorado Option Silver Plan Projected Claims Cost.

B. The Division will calculate carrier payment amounts by adding the costs of the premium wrap and the cost sharing reduction enhancement into one payment to applicable carriers.

1. The cost of the annual premium wrap is the full monthly premium of the Silver Enhanced Plan for eligible enrollees times the number of months the enrollee is enrolled in the plan.

a. The monthly premium wrap is the eligible enrollee's rate.

b. The annual premium wrap is calculated as follows:

Monthly Premium Wrap X Enrollee's Month of Enrollment

The Enrollee's Months of Enrollment will be determined by data provided by the Exchange.

2. The cost of the CSR enhancement is calculated by determining the difference between what the carrier expects to pay in Silver Enhanced Plan claims costs and the Silver Plan claims costs using the following methodology.

a. A Silver Plan Claims Cost will be calculated as follows:

Rate X Incurred Claims
as a Percent of Premium

The Incurred Claims as a Percent of Premium will be calculated as the URRT Worksheet 2, Total, line 4.15 divided by URRT Worksheet 2, Total, Line 4.17.

b. A Silver Enhanced Plan Claims Cost will be calculated as follows:

Silver Plan X (Silver Enhanced Plan Adjusted AV/Silver Plan Adjusted AV)
Claims Cost

(1) The Silver Plan Claims Cost will be determined by the calculation in subsection 8(B)(2)(a).

(2) The Silver Enhanced Plan Adjusted AV will be calculated by the formula:

Metal AV X Silver 73% CSR Metal AV Adjustment Factor

(a) The Metal AV will be determined using the Actuarial Value of the Silver (73% AV) Standardized Plan, in accordance with Colorado Insurance Regulation 4-2-81.

(b) Section 9 provides the Silver 73% CSR Metal AV Adjustment Factor used in this calculation.

(3) The Silver Plan Adjusted AV will be calculated by the formula:

Metal AV X Silver Base (70%) Metal AV Adjustment Factor

(a) The Metal AV will be determined using the Actuarial Value of the Silver Off-Exchange Standardized Plan, in accordance with Colorado Insurance Regulation 4-2-81.

- (b) Section 9 provides the Silver Base (70%) Metal AV Adjustment Factor used in this calculation.
- c. The Payment to Carriers will be calculated as follows, for each eligible member during each month the member is enrolled (i.e., Per Member Per Month, or PMPM):
- $$\text{Payments to Carriers} = \text{Silver Enhanced Plan premium wrap} + (\text{Silver Enhanced Plan Claims cost} - \text{Silver Plan Claims Cost})$$
- (1) The Silver Enhanced Plan premium wrap will be determined by the calculation in subsection 8(B)(1)(b).
 - (2) The Silver Enhanced Plan Claims Cost will be determined by the calculation in subsection 8(B)(2)(b).
 - (3) The Silver Plan Claims Cost will be determined by the calculation in subsection 8(B)(2)(a).
 - (4) In cases where an enrollee is not enrolled for the full month, payments will be calculated on a pro rata basis.
- d. The Division will apply this method consistently across carriers using values supplied in rate filings, particularly URRTs, PBTs, Colorado PBTs, and Rate Table Templates.
- (1) This method provides an actuarially sound estimate of the claims cost by carrier, plan, and age for a given person insured in the Colorado individual market.
 - (2) This method will also allow for a determination of total cost after the completion of the previous benefit year given the actual population distribution and total member months during the benefit year.

Section 9 Metal AV Adjustment Factor

The Metal AV Adjustment Factor reflects the differences in Metal AV values produced by the Federal AV Calculator and the actuarial values used in pricing. Due to the confidentiality of carrier pricing models, an average adjustment will be applied and determined using the information provided to the Division in a data call. Based on the data submitted by carriers and an analysis completed by the Division, the Metal AV Adjustment Factor will vary by CSR variant and be revised annually. The Metal AV Adjustment Factors for the benefit year 2026 are listed in the table below:

Metal Level	Adjustment Applied to Metal AV
Silver Base (70%)	1.098
Silver 73% CSR	1.085

Section 10 Severability

If any provision of this regulation or the application of it to any person or circumstances is for any reason held to be invalid, the remainder of this regulation shall not be affected.

Section 11 Incorporation by Reference

45 C.F.R. § 156.135(a) published by the Government Printing Office shall mean 45 C.F.R. § 156.135(a) as published on the effective date of this regulation and does not include later amendments to or editions of 45 C.F.R. 156.135(a). A copy of 45 C.F.R. § 156.135(a) may be examined during regular business hours at the Colorado Division of Insurance, 1560 Broadway, Suite 850, Denver, Colorado, 80202. A certified copy of 45 C.F.R. 156.135(a) may be requested from the Colorado Division of Insurance, 1560 Broadway, Suite 850, Denver, CO 80202. A charge for certification or copies may apply. A copy may also be obtained online at www.ecfr.gov.

Section 12 Enforcement

Noncompliance with this regulation may result in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the business of insurance, or other laws, which include the imposition of civil penalties, issuance of cease and desist orders, and/or suspensions or revocation of license, subject to the requirements of due process.

Section 13 Effective Date

This amended regulation shall be effective January 1, 2026.

Section 14 History

New regulation effective June 14, 2022
Amended regulation effective November 14, 2022.
Amended regulation effective September 14, 2023.
Amended regulation effective October 30, 2024.
Amended regulation effective January 1, 2026.