

BEFORE THE COMMISSIONER OF INSURANCE
STATE OF COLORADO

**IN THE MATTER OF PREMIUM RATE REDUCTIONS FOR
STANDARDIZED SMALL GROUP AND INDIVIDUAL MARKET HEALTH
PLANS YEAR 2026 OF:**

Rocky Mountain Hospital & Medical Services, Inc. and HMO Colorado, Inc.
Anthem Blue Cross and Blue Shield
Carriers;

And Concerning:

Community Hospital,
Hospital,

Kathryn Goldberg,
Office of the Insurance Ombudsman for Colorado Option Plans,

And the Division of Insurance.

**NOTICE OF REIMBURSEMENT RATE REDUCTIONS AND REQUEST
FOR ISSUANCE OF A FINAL AGENCY ORDER**

The Division of Insurance (“Division”), through its counsel, the Colorado Attorney General’s Office, hereby submits this Notice of Reimbursement Rate Reductions and Request for Issuance of a Final Agency Order. As grounds, therefore, the Division states as follows:

Certificate of Conferral

The Division has conferred with counsel for Rocky Mountain Hospital & Medical Services, Inc. and HMO Colorado, Inc., Community Hospital, and the Office of the Insurance Ombudsman for Colorado Option Plans. The positions of each party are set forth below:

HMO Colorado, Inc. and Rocky Mountain Hospital & Medical Services, Inc. support this motion and proposed order, except to the extent that HMO Colorado, Inc. is referred to as “Anthem Blue Cross and Blue Shield” at the start of the document as HMO Colorado, Inc. does not have the rights to use that fictitious name.

Community Hospital did not respond.

The Office of Insurance Ombudsman for Colorado Option Plans has no objection.

Introduction

Colorado carriers offering individual or small group health benefit plans in Colorado must also offer a standardized health benefit plan established by the Commissioner of Insurance (“Commissioner”). § 10-16-1304(1), -1305(1), C.R.S. The plan is known as the “Colorado Option” and covers all essential health benefits required by the Affordable Care Act, the Colorado Essential Health Benefit Benchmark Plan, and provides free primary care and mental health office visits. *See* Colorado Insurance Emergency Regulation 25-E-01. The Colorado Option is designed to improve racial health equity and decrease racial health disparities. § 10-16-1304(1)(d)(III), C.R.S. During plan year 2026, carriers shall limit any annual percentage increase in their premium rate for the Colorado Option in both the individual and small group markets to a rate that is no more than medical inflation, relative to the previous year, which is calculated pursuant to Colorado Insurance Emergency Regulation 25-E-02. § 10-16-1305(2)(d), C.R.S. In the rate filings required pursuant to section 10-16-107, C.R.S., carriers must file rates for the Colorado Option at the premium rates required in section 10-16-1305(2)(d), C.R.S. § 10-16-1305.5, C.R.S.

The Colorado Option and the required premium rate reduction targets were enacted by the General Assembly to ensure that health insurance is affordable for Colorado consumers. § 10-16-1302(1)(f), C.R.S. Further, the General Assembly found “underlying health-care costs continue to rise, thus driving up the costs of health insurance premiums, often at disproportionate rates in rural areas of the state.” § 10-16-1302(1)(e), C.R.S. Therefore, if a Colorado carrier is unable to offer the Colorado Option at the required premium rate reductions, the Commissioner may hold a public hearing prior to the approval of the carrier’s final rates. § 10-16-1306(3)(a), C.R.S. Further, based on evidence presented at the hearing, the Commissioner may establish carrier reimbursement rates with hospitals and health-care providers under the Colorado Option. § 10-16-1306(4), C.R.S.

On or about March 3, 2025, Rocky Mountain Hospital & Medical Services, Inc. (“RMHMS”) and HMO Colorado, Inc. (“HMO Colorado”) (RMHMS and HMO Colorado are collectively referred to as “Anthem”) provided notice to the Commissioner that they would be unable to meet the premium rate reductions required in plan year 2026 for Colorado Option health benefit plans offered in the following individual and small group markets:

- RMHMS, Small Group, Rating Areas: 1-9
- HMO Colorado, Small Group, Rating Areas: 5 and 9
- HMO Colorado, Individual Market, Rating Areas: 1-9

The Division analyzed Anthem’s March 3rd notification. Based on the documentation submitted by Anthem, Community Hospital was included as a “Material Provider” as defined in Colorado Insurance Regulation 4-2-92, Section 4.T. Further, Community Hospital had reimbursement rates above the reimbursements set forth in section 10-16-1306(5), C.R.S., in HMO Colorado’s small group and individual market Colorado Option plans in the Mountain Enhanced Standard Network (CON001, CON002) and RMHMS’s small group Colorado Option plans in the Pathway Standard Network (CON006).

Pursuant to Colorado Insurance Regulation 4-2-92, Section 12.C., the Division initiated settlement negotiations with Anthem and Community Hospital prior to the Division filing a complaint to resolve these proceedings quickly, efficiently, and avoid litigation costs to all entities. As a result of these settlement negotiations, Community Hospital has reduced its plan year 2026 reimbursement rates with Anthem in HMO Colorado’s small group and individual market Colorado Option plans in the Mountain Enhanced Standard Network (CON001, CON002) and also in RMHMS’s small group Colorado Option plans in the Pathway Standard Network (CON006). Anthem has produced to the Division the necessary documentation set forth in Section 12.D. of Colorado Insurance Regulation 4-2-92, and the Division has verified the premium impacts based on the documentation submitted to the Division by Anthem.¹

A public hearing relating to RMHMS’s Colorado Option small group health benefit plans is currently set before the Commissioner for July 9-10 and a hearing scheduled for HMO Colorado’s Colorado Option small group health benefit plans is scheduled for July 14-15. A hearing scheduled for HMO Colorado’s Colorado Option individual health benefit plans is currently set for June 4-5. The Division requests that the Commissioner issue the attached proposed final agency order approving the settlement and vacate the hearing dates.

¹ The carrier’s premium rate filing, including the reported premium impact, is further subject to the review and requirements under section 10-16-107, C.R.S.

Background and Legal Authority

1. The Commissioner of Insurance (“Commissioner”) is delegated with the responsibility to supervise the business of insurance in Colorado and to assure that it is conducted in accordance with the laws of this state and in such a manner as to protect policyholders and the general public. § 10-1-108(7)(a), C.R.S.

2. The Division is charged with the execution of the laws relating to insurance and has a supervising authority over the business of insurance in this state. § 10-1-103(1), C.R.S.

3. The Colorado Standardized Health Benefit Plan Act, sections 10-16-1301-1313, C.R.S., was enacted to ensure that health insurance is affordable for Coloradans, providing that the state establish a standardized plan for carriers to offer and set premium reduction targets for carriers to achieve (the “Colorado Option” plan). § 10-16-1302(1)(f), C.R.S.

4. In enacting the Colorado Standardized Health Benefit Plan Act, the General Assembly found that the rising costs of health care were driving the rising costs of health insurance premiums. § 10-16-1302(1)(e), C.R.S.

5. A carrier that offers individual and small group health benefit plans in Colorado must offer the Colorado Option plans at the premium rate requirements set forth in section 10-16-1305, C.R.S.

6. During plan year 2026, carriers shall limit any annual percentage increase in the premium rate for the Colorado Option in both the individual and small group markets to a rate that is not more than medical inflation. § 10-16-1305(2)(d), C.R.S.²

7. If a carrier is unable to offer the Colorado Option plan at the premium rate requirement set forth in section 10-16-1305(2)(d), C.R.S., by March 3, 2025, the carrier was required to notify the Commissioner of the reasons why the carrier would be unable to meet the requirements. § 10-16-1306(2), C.R.S.

8. On or about March 3, 2025, Anthem notified the Commissioner that it was unable to meet the premium rate reduction requirement set forth under section 10-16-1305(2)(d), C.R.S.

² Colorado Insurance Emergency Regulation 25-E-02 sets forth the methodology for calculating premium rate reductions for Colorado Option Standardized health benefit plans.

9. Pursuant to Colorado Insurance Regulation 4-2-92, Section 9.A.2, Anthem submitted a list of “Material Providers” with their relative impact on the plan’s premium in a Rating Area.

10. Under Colorado Insurance Regulation 4-2-92, Section 4.T., “Material Provider” shall mean an in-network hospital or health-care provider identified by the carrier, the Division, another provider, or another party that has a greater than or equal to 0.15% contribution to a carrier’s premium rate in a particular Rating Area. The contribution to a carrier’s premium shall be calculated as total medical claim paid amounts divided by total premiums for each Colorado Option plan by network and by Rating Area.

11. The “Material Providers” identified by Anthem in HMO Colorado’s small group and individual market Colorado Option plans in the Mountain Enhanced Standard Network (CON001, CON002) and RMHMS’s small group Colorado Option plans in the Pathway Standard Network (CON006) included Community Hospital.

12. Further, Anthem notified the Division that Community Hospital had reimbursement rates above the reimbursements set forth in section 10-16-1306(5), C.R.S., in HMO Colorado’s small group and individual market Colorado Option plans in the Mountain Enhanced Standard Network (CON001, CON002) and RMHMS’s small group Colorado Option plans in the Pathway Standard Network (CON006).

13. The Commissioner has jurisdiction over this matter, pursuant to section 10-16-1306(3)(a), C.R.S.

14. Under section 10-16-1306(3)(a), C.R.S., if a carrier is unable to offer the Colorado Option plan at the premium rate requirements set forth under section 10-16-1305(2), C.R.S., the Commissioner may hold a public hearing prior to the approval of the carrier’s final rates.

15. Pursuant to section 10-16-1306(4)(a), C.R.S., based on the evidence presented at a hearing held pursuant to subsection (3) of section 10-16-1306, C.R.S., the Commissioner may establish carrier reimbursement rates under the Colorado Option plan for hospital services, if necessary, to meet the premium rate requirements in section 10-16-1305, C.R.S.

16. “If necessary” means essential to the achievement of reduced premiums, but not in all instances sufficient for a carrier to meet the premium rate reduction requirements, pursuant to Colorado Insurance Regulation 4-2-92, Section 23.

17. Further, pursuant to section 10-16-1306(4)(c), C.R.S., the Commissioner may require hospitals to accept the reimbursement rates established pursuant to section 10-16-1306(4), C.R.S.

18. Pursuant to Colorado Insurance Regulation 4-2-92, Section 10.B, the Division may initiate a complaint against a “Material Provider” after reviewing a carrier’s March 1st notification and filings, requesting the Commissioner establish a reimbursement rate under a carrier’s Colorado Option plan with the Material Provider.

19. However, prior to filing a complaint against a “Material Provider” to request the Commissioner set a reimbursement rate pursuant to section 10-16-1306(4), C.R.S., the Division may conduct settlement negotiations with a carrier and hospitals to determine whether a settlement may be reached, pursuant to Colorado Insurance Regulation 4-2-92, Section 12.C.

20. Pursuant to Colorado Insurance Regulation 4-2-92, Section 12.C., the Division requested Anthem and Community Hospital reduce the reimbursement rates between Anthem and Community Hospital to determine whether these proceedings could be resolved quickly and efficiently without filing a complaint.

21. On April 25, 2025, Anthem and Community Hospital notified the Division that Community Hospital has reduced its reimbursement rates with Anthem for HMO Colorado’s small group and individual market Colorado Option plans in the Mountain Enhanced Standard Network (CON001, CON002) and RMHMS’s small group Colorado Option plans in the Pathway Standard Network (CON006) (“April 25, 2025 Anthem-Community Notification”).

22. Pursuant to Colorado Insurance Regulation 4-2-92, the carrier is required to provide the documentation set forth in Section 12.D to verify the reimbursement rates negotiated in settlement and premium impact of those reimbursement rates.

23. Anthem has produced to the Division the necessary documentation set forth in Section 12.D. of Colorado Insurance Regulation 4-2-92, and the Division has verified the premium impacts based on the documentation submitted to the Division by Anthem³.

³ The carrier’s premium rate filing, including the reported premium impact, is further subject to the review and requirements under section 10-16-107, C.R.S.

24. Pursuant to section 10-16-107(4), C.R.S., the Commissioner may require the submission of any relevant information the Commissioner deems necessary in determining whether to approve or disapprove a rate filing from a carrier.

25. Pursuant to Colorado Insurance Regulation 4-2-92, the Commissioner shall enter a final agency order approving or disapproving the settlement or recommend a modification as a condition for approval.

Conclusion

26. The Division requests that the Commissioner enter a final agency order approving the settlement achieved and order Community Hospital to accept the reimbursement rates as represented to the Division in the April 25, 2025 Anthem-Community Notification, pursuant to section 10-16-1306(4), C.R.S. Attached to this Motion is a Proposed Final Agency Order for the Commissioner's consideration.

27. Further, the Division requests that the Commissioner order that Anthem shall not reimburse Community Hospital for HMO Colorado's small group and individual market Colorado Option plans in the Mountain Enhanced Standard network (CON001, CON002) and RMHMS's small group Colorado Option plans in the Pathway Standard network (CON006) at rates other than the rates as represented to the Division in the April 25, 2025 Anthem-Community Notification.

Dated this 22nd day of May of 2025.

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CERTIFICATE OF SERVICE

This is to certify that I have duly served the **NOTICE OF REIMBURSEMENT RATE REDUCTIONS AND REQUEST FOR ISSUANCE OF A FINAL AGENCY ORDER** by electronic mail this 22nd day of May addressed as follows:

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