

BEFORE THE COMMISSIONER OF INSURANCE  
STATE OF COLORADO

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**IN THE MATTER OF PREMIUM RATE REDUCTION FOR  
STANDARDIZED SMALL GROUP MARKET HEALTH PLAN YEAR 2026  
OF:**

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Rocky Mountain Hospital & Medical Services, Inc.  
Carrier;

And Concerning:

San Luis Valley Regional Medical Center,  
Hospital,

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

And the Division of Insurance.

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

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The Division of Insurance (“Division”), through its counsel, the Colorado Attorney General’s Office, hereby submits this Notice of Reimbursement Rate Reduction 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., San Luis Valley Regional Medical Center, and the Office of the Insurance Ombudsman for Colorado Option Plans. The positions of each party are set forth below:

Rocky Mountain Hospital & Medical Services, Inc. supports this motion.

San Luis Valley Regional Medical Center has no objection to this filing and agrees with the relief request herein.

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. (“Anthem”) provided notice to the Commissioner that it would be unable to meet the premium rate reduction required in plan year 2026 for Colorado Option health benefit plans it offers in the small group market in Rating Areas 1, 2, 3, 4, 5, 6, 7, 8, and 9.

The Division analyzed Anthem's March 3<sup>rd</sup> notification. Based on the documentation submitted by Anthem, San Luis Valley Regional Medical Center ("San Luis Valley") was included as a "Material Provider" as defined in Colorado Insurance Regulation 4-2-92, Section 4.T. Further, San Luis Valley had a reimbursement rate above the reimbursements set forth in section 10-16-1306(5), C.R.S., in Anthem's Small Group Pathway Standard Network (Network CON006).

Pursuant to Colorado Insurance Regulation 4-2-92, Section 12.C., the Division initiated settlement negotiations with Anthem and San Luis Valley 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, San Luis Valley has reduced its plan year 2026 reimbursement rate with Anthem in Anthem's Small Group Pathway Standard Network (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 <sup>1</sup>.

A public hearing relating to Anthem's Colorado Option small group health benefit plans is currently set before the Commissioner for July 9-10. The Division requests that the Commissioner issue the attached proposed final agency order approving the settlement and vacate the hearing dates.

### **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.

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<sup>1</sup> 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.

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.<sup>2</sup>

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.

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 Anthem’s Small Group Pathway Standard Network (Network CON006) included San Luis Valley.

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

12. Further, Anthem notified the Division that San Luis Valley had a reimbursement rate above the reimbursements set forth in section 10-16-1306(5), C.R.S., in Anthem's Small Group Pathway Standard Network (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 1<sup>st</sup> 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 San Luis Valley reduce the reimbursement rate

between Anthem and San Luis Valley to determine whether these proceedings could be resolved quickly and efficiently without filing a complaint.

21. On April 25, 2025, Anthem and San Luis Valley notified the Division that San Luis Valley has reduced its reimbursement rate with Anthem on Colorado Option Plans for Anthem's Small Group Pathway Standard Network (Network CON006) ("April 25, 2025 Anthem-San Luis Valley 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 Anthem<sup>3</sup>.

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 San Luis Valley to accept the reimbursement rate as represented to the Division in the April 25, 2025 Anthem-San Luis Valley 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 San Luis Valley for its Colorado Option Standardized Plans in Anthem's Small Group Pathway Standard Network (Network CON006) at a

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<sup>3</sup> 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.

rate other than the rate as represented to the Division in the April 25, 2025 Anthem-San Luis Valley Notification.

Dated this 22<sup>nd</sup> day of May of 2025.

PHILIP J. WEISER  
Attorney General

/s/ Kyle McDaniel

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## **CERTIFICATE OF SERVICE**

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

### **Commissioner of Insurance**

Michael Conway, Commissioner of Insurance  
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### **Office of the Insurance Ombudsman**

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Office of the Attorney General

/s/Kyle McDaniel

Office of the Colorado Attorney General