

## **Amendment 69 is Bad for the Workers' Compensation System and Injured Workers**

### **Overview of Amendment 69**

Amendment 69, otherwise known as ColoradoCare, would establish a single-payer health care system in Colorado by amending the state constitution. The system would be paid for in 2 ways:

- A waiver from the federal government that would redirect federal funds from Medicaid to ColoradoCare
- Tax increases as follows:
  - 3.33% payroll tax on employees
  - 6.67% payroll tax on employers
  - 10% "health care premium tax" on non-payroll income

Overall, this would amount to a \$25 billion tax increase for the state, approximately doubling the size of Colorado's budget. The system would be governed by a 21-person elected board, though start-up functions would be overseen by a 15-member board appointed by the governor and legislative leadership.

Private insurance and Medicaid would go away; Medicare would still apply, and Colorado residents could sign up for a ColoradoCare-sponsored Medicare Advantage or Part D plan. ColoradoCare would pay health care providers directly. Colorado residents would pay no copays for preventive and primary care, and no deductibles.

### **Arguments for**

- This streamlined approach will save significant money over time by eliminating administrative costs.
- Patients will have access to any primary care provider they wish.
- Benefits will be consistent and predictable.
- Employers will be spared the hassle of dealing with employee health benefits.
- Employers will save money on workers' compensation.

### **Arguments against**

- Costly – will essentially double the size of the current state budget.
- Hits business owners and sole proprietors disproportionately, because they will pay both sides (employer and employee) of the payroll tax.
- Unaccountable – will operate outside state government and TABOR limitations.
- Will make Colorado less attractive to health care providers and businesses.
- Will be embedded in the state constitution, making it extremely hard to amend or repeal.

## **Amendment 69 and Workers' Comp**

Amendment 69 would require the General Assembly to repeal or amend the Workers' Compensation Act and any other laws: (1) concerning the provision of medical care for workers who suffer work-related injuries or illnesses, (2) concerning the payment of premiums for medical benefits covered under the Workers' Compensation Act, and (3) that would otherwise conflict with Amendment 69.

### ***The adverse impact on the workers' compensation system and injured workers from Amendment 69 cannot be underestimated.***

- Because the health care portion of workers' comp would be paid through the ColoradoCare system, workers' compensation carriers will be responsible for the indemnity (lost wages) portion. Amendment 69's backers claim this would reduce employers' workers' comp costs by 59 percent. However, the savings they project would be eroded quickly by a loss of worker productivity and an increase in indemnity costs. ColoradoCare won't have mechanisms in place to do all the things that a carrier such as Pinnacol does: work with employers to keep workers safe and minimize the potential for injury, and work with physicians to ensure injured workers get back to work in a timely and safe way. As a result, workers may be away from their jobs longer, and wage replacement costs for employers will increase.
- Because workers' comp will now amount to only wage replacement, carriers will likely leave the state – an indemnity-only business where there is no control over the cost of care is not a recipe for success. Jobs will be lost throughout the sector; indeed, proponents of Amendment 69 themselves acknowledge that “the insurance industry would undergo a substantial loss of jobs and income in its health care and workers' compensation sector.”
- Under Amendment 69, “beneficiaries” would be allowed to choose their own primary care providers. This dismissal of the current requirement that injured workers receive treatment by appropriately accredited physicians, using medical treatment guidelines that have been specially developed for occupational medicine, constitutes a disservice to injured workers and their employers.
- Based on the definitions provided in Amendment 69, injured workers who reside outside of Colorado or receive medical care from providers not licensed in Colorado may still need to obtain medical benefits through workers' compensation. This could create an incentive for other workers' compensation insurers to transport out-of-state injured workers back to Colorado for medical treatment to avoid paying for out-of-state medical care.

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