

# STATE OF COLORADO

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John W. Hickenlooper  
Governor

March 28, 2014

The Honorable Colorado State House of Representatives  
Sixty-Ninth General Assembly  
Second Regular Session  
Colorado State Capitol  
Denver, Colorado 80203

Dear Colleagues:

We are returning to the General Assembly House Bill 14-1108, "Concerning Limits on Copayments Made by a Covered Person for Physical Rehabilitation Services."

I vetoed this bill as of 9:16 AM today. This letter sets forth my reasons for vetoing this legislation.

We share the General Assembly's desire to improve Coloradans' access to physical rehabilitation services, but we find that House Bill 14-1108 achieves this goal by unduly jeopardizing affordability of healthcare coverage for many Coloradans.

We deeply value the services provided by physical therapists, occupational therapists, chiropractors, acupuncturists, and massage therapists, and our decision regarding this legislation is not a reflection on these professions or the services they provide.

Recent significant reforms to Colorado's health insurance market require that rehabilitation services are covered benefits in all new individual and small group policies. Colo. Rev. Stat. § 10-16-102(22)(b)(X). While this includes physical, occupational, and speech therapy, it does not expressly include or exclude acupuncture, chiropractic services, and massage therapy. Additionally, insurance companies must not set rates based on an individual's health status, but rather based on the projected health care costs of the community, and plans offered must meet fixed tiers for cost sharing that clearly lay out what proportion of total health costs will be covered by the insurance plan. Colo. Rev. Stat § 10-16-105; 10-16-107. Finally, both federal and state law prohibit insurers from discriminating against providers due to their license classification, as long as the providers are acting within the scope of their authority. 42 U.S.C § 300gg-5; Colo. Rev. Stat. § 10-16-107.7.

Consumers currently have the choice of selecting a plan with varying levels of premiums. These include some with higher out-of-pocket costs at the time of service, or others that offer a higher premium, but decreased cost-sharing when individuals seek care. Through the transparency afforded by Connect for

Health Colorado, our state-based insurance exchange, consumers can compare plans side-by-side and select which one best meets their needs. While consumers' out-of-pocket costs would likely be lower when they seek care from the providers encompassed by this legislation, all insured consumers will be required to pay higher premiums to cover the additional costs to the system.

Unfortunately, this legislation creates a market imbalance which may discourage use of providers outside the scope of this law and fuel anti-competitive practices. In addition, it puts unnecessary restrictions on cost sharing for services provided by physical therapists, occupational therapists, chiropractors, acupuncturists, and massage therapists, which limits insurers' ability to appropriately manage costs and services within their health insurance products.

There has been significant public attention in Colorado to the cost of health insurance in recent months, and additional concern that rising costs of health care are driving insurance premiums higher than many Coloradans can afford. In partnership with the private and nonprofit sectors, our administration has made a commitment for Colorado to become the healthiest state in the nation, embodied in a report entitled *The State of Health*, which we issued in May 2013. One key component of that commitment is ensuring Coloradans have access to affordable health insurance coverage.

To keep affordable coverage within the reach of Colorado families, we must make tough choices about new requirements that will raise insurance premiums, and we are concerned with the precedent-setting effects of this legislation. Although physical rehabilitation can often result in cost avoidance within the healthcare system and cost savings to patients when accessed as a preventive measure, the evidence cannot be generalized across all treatments and services offered by a specific profession or provider type. This legislation is not about the quality or value of services being provided to patients and consumers, but rather about contract restrictions between the insurance carrier and a subset of providers.

We appreciate and share the General Assembly's enthusiasm for improving access to healthcare services, and we are committed to working with Members and other stakeholders to ensure Coloradans have access to quality, affordable healthcare. We believe House Bill 14-1108 unnecessarily deprives consumers of choice and sacrifices affordability because of its mandatory requirements on cost-sharing.

Accordingly, I have vetoed this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Hickenlooper". The signature is fluid and cursive, with a long horizontal stroke at the end.

John W. Hickenlooper  
Governor