Behind Colorado’s Push for Universal Health Care, Governed by the People

Next year, residents will vote on replacing the Affordable Care Act with ColoradoCare, a single–payer plan that works like a cooperative. In a purple state like this, it just might work.

State Senator Irene Aguilar is a physician–turned–politician who ran for office to fix her state’s health care system. Photo by Nathan Schneider.

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First pot, now health. In November 2012, Colorado voters approved a ballot initiative that made recreational use of marijunana legal, despite a federal ban. In November of next year, the state will have the opportunity to lead the way again—from this time, by opting out of Obamacare and replacing it with ColoradoCare, a universal health care system governed by those who rely on it. Proponents presented far more than the requisite 99,000 signatures required to put the initiative on the 2016 ballot in Denver today, though they must be verified in the coming weeks.

ColoradoCare proposes a single–payer model that covers every Colorado resident. A tax on income and employers would replace insurance premiums, but the revenue wouldn’t be subject to the
whims of legislators; instead, it would go directly to a fund overseen by trustees whom the recipients choose. In this respect, it would be a cooperative-like system accountable to everyone in the state, independent from the rest of the government and enshrined in the constitution.

Proponents argue that ColoradoCare will mean better, more accountable care at a lower cost. Opponents, including the Koch brothers-funded Advancing Colorado, say it will be the Obamacare rollout on steroids. But by combining conservative irritation with the Affordable Care Act with liberal ambition toward universal coverage, it may actually have a chance in a purple state like Colorado.

Colorado, also, has a history of building practical, cooperative infrastructure. When energy companies failed to bring power to the state’s rural areas quickly enough, communities set up electricity co-ops to power themselves. Credit unions are plentiful. Cooperative business models accommodate both community-mindedness and the state’s libertarian streak.

Irene Aguilar, a physician and state senator, is the chief architect of ColoradoCare’s unique cooperative approach and one of its leading spokespeople. I sat down with her at an ice cream shop in Louisville, Colorado, to learn more.

Nathan Schneider: What brought you from medical practice to the state legislature?

Irene Aguilar: I was appalled to see how much we were spending on health care. I often think of one woman in particular who was about 42 and working as a secretary when she first saw me. Every year I’d drag her in to write her prescriptions, and she’d say, “I can’t really afford these.” Because of this, her numbers showed that she was not doing very well at managing her disease. By about 50 she had renal failure, and she qualified for Medicare. I couldn’t help her take her medicines, and soon we were paying $70,000 a year to give her dialysis. Because she was on dialysis three days a week, guess what—she couldn’t keep her job, and she ended up on Medicaid. This was a woman who had been working. She went on, in her 50s, to have heart disease, and she had a leg amputated, and at 60 she was dead. That is the real human cost of the backward way in which we deal with our health care
“Providers there did not have a disincentive against seeing certain people because of the insurance they had”

It was so much more expensive to pay for her to get dialysis, to get all those heart procedures, to lose her leg, and to be on welfare than it would have been if we kept her on her diabetes medicines at the age of 42 and let her control her disease. It’s possible to have an alternative that is both fiscally conservative and socially just; it would be win-win in my mind.

Schneider: How did you start to entertain the possibility of an alternative like ColoradoCare?

Aguilar: I worked for 28-years-plus at Denver Health, a county hospital, doing primary-care internal medicine. In 2007, Colorado had something called the 208 Blue Ribbon Commission for Healthcare Reform. The four plans it considered included a single-payer health care plan, and the commissioners created subgroups to consider how the plans would impact certain populations. Since my daughter was disabled, I applied to be on the vulnerable populations task force. We learned that if we adopted the single-payer plan we could have everyone covered and decrease spending by $1.6 billion a year.

Not knowing anything about politics, I assumed that of course the commissioners would pick that one—and then quickly found out how much money there is in health care and how many self-interested individuals were in that pot. I began learning more about the political aspects of this that I needed to be more aware of. In 2009 we tried to run a single-payer bill through the legislature, but the governor managed to kill it. I ran for office in 2010 in order to concentrate on this. Our setbacks gave me motivation to listen to the feedback and see we could to modify this and make it more consistent with Colorado values.

Schneider: How did the initial proposal begin to evolve into ColoradoCare?

Aguilar: In 2009, Atul Gawande published an article in The New Yorker called “The Cost Conundrum.” He profiled the impressive health outcomes in Grand Junction, Colorado, alongside those of McAllen, Texas. I went and visited with people in Grand Junction to learn more about what they were doing differently. There, [insurance company]
Rocky Mountain Health Plans collected all the payments and paid providers the same, no matter who the individual patient’s payer was. They paid them about 80 percent on fee-for-service and kept about 20 percent to be given on a reward basis based on quality of care and patient satisfaction. Unlike my experience as a provider, providers there did not have a disincentive against seeing certain people because of the insurance they had. ColoradoCare is sort of a blend of Rocky Mountain Health Plans and single-payer.

Schneider: A lot of people seem afraid of entrusting health care to the government—“death panels” and so forth. Does the Rocky Mountain model get around that?

Aguilar: Rocky Mountain Health Plans, at the end of the day, is still an insurer. In ColoradoCare, we're all putting our money in, so in some ways it’s a cooperative. But it’s different from a cooperative because you don’t have to put money in if you don’t have a lot of money. The pure cooperative people tell us to stop calling it a cooperative, both because it’s mandatory and everybody doesn’t pay the same. But we like to call it a cooperative because the board is accountable to and elected by the people in the state.

Schneider: Tell me about where that money comes from.

Aguilar: You collect the funds through a premium tax—a 6.6 percent employer tax across the board and a 3.3 percent individual tax. If you’re self-employed, it’s the whole 10 percent, but because it’s tax deductible it ends up being less than that. The funds are collected through our taxes, but they’re transferred into a separate authority that is run by its own elected board of directors.

Schneider: What does that revenue buy?

Aguilar: We had a fiscal analysis done by Gerald Friedman, an economist at UMass, Amherst. He anticipated that with the Affordable Care Act, health care would be about 19.4 percent of the gross state product, and if we were to switch to this model, it would be closer to 15 percent. By Obamacare standards, the level of care would be the very top—Platinum Plus—covering 90 percent of your total health costs. We added in no copay for primary care and low copayments that the primary-care provider can waive if necessary to prevent longer-term costs. We also had it priced for everyone in state, regardless of documentation status, under the knowledge that we would not be turning people away for emergency care, so it made more sense to have up-front preventative care available for all the people who lived in the state. Vermont’s single-payer policy
imploded because it was way too expensive for them. It’s a small state. But we have the numbers.

Schneider: Do you think Colorado’s more conservative voters will go for it?

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Aguilar: There are people in the legislature, primarily Republicans, who focus on what is and what is not government’s responsibility. They really don’t want health care to be government’s responsibility. But I was invited to present the initiative in Glenwood Springs on the Western Slope, which is historically pretty conservative. I ate at a cafe there where all the waitresses carry guns. I was impressed, though, with how well people in small communities like that understand how the current system works against them. Our rural areas have significantly higher rates for their plans and lower benefits. When somebody in those communities is sick and can’t get the care they need, it’s somebody people know. They asked me a lot of questions, and they seemed to like my answers. I didn’t sense any hostility.

Schneider: What will the strategy be for passing this initiative?

Aguilar: I think it will be really important to involve doctors and nurses, making information available in their offices and ensuring that they know enough about it to answer a few basic questions or refer patients elsewhere. Of course, there are people who make billions of dollars off of our dysfunctional system, and they will spend millions of dollars trying to convince medical professionals that this will be more harmful to them than what they have right now.

Schneider: Do you know who those opponents are yet?

Aguilar: I don’t. I would expect Big Pharma and for-profit hospital systems—maybe all hospital systems. It’s hard to tell the for-profit from the nonprofit these days. People often ask about what happens to insurance companies. I answer, “What happened to vinyl record companies?” It varies. An HMO like Kaiser could continue to exist because they would get a monthly payment—it just wouldn’t be from an employer, it would be from this premium tax. An insurer like Rocky Mountain could continue to be an
administrator for the system.

I actually had a lobbying breakfast with United Healthcare. They said to me that when Vermont passed its plan, they spoke to the governor about wanting to be the administrator for the Vermont health plan. So I don’t think that insurers would go away, but they’ll have a different kind of role, because there is still fiscal management to be done, just as with Medicare. Estimates suggest that this kind of plan will create more jobs in the health care industry in terms of delivering service, but it’s a shift in what kind of jobs provided. The overall savings also means a certain amount of extra income that’s available in the economy to do things other than health care.

Schneider: What do you think the chances are that this plan will actually pass?

Aguilar: Colorado is usually seen as a leader, as a state that is trying to do the right thing. I think there’s sort of a sense that it wouldn’t be unusual for a state like Colorado to try and do something new, since we’ve been so proactive in other ways. I give it at least 50-50, and the optimist in me gives it 52-48.

There’s this documentary that was done for PBS by T.R. Reid, who is part of our coalition, called Sick Around the World. In one scene, he’s talking with a former president of Switzerland, and she talks about how in 1994 they passed universal health care by a narrow margin. There were many people who were so angry that they said they were going to leave the country. Ten years later, there were very few people who were not thrilled with the program. Knowing what I do about health care, I can’t help but hope that it will be the same in Colorado. There will be people who put up a big fight, and when we beat them by the hair on our chinney chin chin they’ll be furious. But in 10 years we’ll all be grateful we took that step.

Click here for more on how ColoradoCare works.

Nathan Schneider wrote this article for YES! Magazine. Nathan is the author of, most recently, Thank You, Anarchy: Notes from the Occupy Apocalypse. Follow his work on Twitter@nathanairplane and on his website, TheRowBoat.com.