



# The State of the Utah Health Exchange

## UTAH'S HEALTH EXCHANGE

Utah's Health Exchange ([UHE](#)<sup>i</sup>) was established in 2009 as a "web based marketplace" where small business owners can shop for health insurance. Only 31% of small firms in Utah offer health insurance coverage,<sup>ii</sup> and this is why small businesses have high expectations for Utah's exchange. However, as of October 1, 2012, the UHE only serves 309 of Utah's 67,000 small employers (2-50 employees). In total, 7,337 lives are covered through the UHE (2,539 employees and 4,798 dependents).<sup>iii</sup> Ninety-one percent of UHE groups have, so far, chosen to renew their policies through the UHE. While this represents slow but steady growth on Utah's Health Exchange, only 33.3% of groups who start the enrollment process actually join the UHE. Early in the state reform process, legislative leaders indicated they hoped to first find savings and efficiencies throughout the health care system, and then later use the savings to cover the uninsured, but so far Utah's Health Exchange has done neither.

## UTAH'S HEALTH EXCHANGE HAS NOT INCREASED ACCESS TO HEALTH INSURANCE

- There are 67,000 small businesses in Utah; the UHE serves 309.
- Sixty-eight percent of businesses currently enrolled in UHE *already offered insurance* to their employees.
- To date the UHE has brought approximately 2,348 previously uninsured lives into health insurance (32% of the total 7,337 covered lives). This is a generous estimate because it is likely that even though their employer did not previously offer health insurance some of those individuals did have coverage in the individual market or through a spouse's place of employment.
- Utah has a 13.4% uninsured rate; 377,700 Utahns are uninsured<sup>iv</sup>
- Bottom line:
  - UHE has decreased the number of uninsured in Utah by a mere 0.99%.
  - ***Utah's Health Exchange has made no difference in Utah's uninsured rate.***

## UTAH'S HEALTH EXCHANGE HAS NOT BROUGHT DOWN THE COST OF HEALTH INSURANCE

- Price is the "deal breaker" for the 66.6% of businesses that begin the enrollment process but do not buy insurance through Utah's exchange.
  - "Pilot launch" (2009): 77.5% of businesses that decided not to buy on the exchange reported that their quoted premium was "somewhat" to "much higher" than their current premiums.<sup>v</sup>
  - "Re-launch" (2010): In a report to the advisory board, UHE staff stated that even though original problems that drove up premiums in the exchange were solved, the *deal breaker was still price.*<sup>vi</sup>
- Employers can limit and better predict their costs because they make a defined contribution, they do not pay a percent of premium. The contribution ranges from \$0-2,000, with the average of \$438, which is lower than the external market.
- The defined contribution market represents a potential ***cost shift to employees*** if employers choose not to raise their contribution in line with rising premiums.
- Due to pressure from advocates all brokers that sell on the Utah Health Exchange must be trained on Utah's premium subsidy program, the [Utah Premium Partnership](#).<sup>vii</sup> This program is under-utilized (just under 200 adults as of January 2012 but there is money for 1,000), yet it is key to bringing young, healthy people into the private exchange market. The good news is that UHPP and U-SHARE (Utahns for Sustainable Health Reform) worked with Utah's legislative body in the 2012 session ([HB144](#)<sup>viii</sup>) to increase the eligibility for adults for UPP to 200% of the federal poverty threshold (it was 150%). This simplifies the application process and lays the foundation for more Utahns to take advantage of the subsidy and thus, employer sponsored insurance.

## UTAH'S HEALTH EXCHANGE HAS NOT INCREASED THE QUALITY OF HEALTH CARE

- A tool to compare plans and networks based on quality indicators is in the works.

## UTAH'S HEALTH EXCHANGE DOESN'T SEEM TO BE ABOUT "SHOPPING"

- UHE touts "better shopping and increased choice" for consumers, yet early indicators suggest employees pick familiar plans (similar to what they had before enrolling through the UHE).<sup>ix</sup>
- In addition, enrollees are not choosing high deductible plans, as was expected, indicating that ***Utahns want decent benefits, not increased cost burdens.***

## THERE IS A LACK OF REAL CONSUMER ENGAGEMENT IN UHE OPERATIONS AND GOVERNANCE

- The UHE Advisory Board had 2 consumer advocate seats, however, the board has just been dissolved. This is probably against statute and HB128.
- The new "advisory/governance structure" just rolled out by Patty Conner (director of UHE) and Norm Thurston (Governor's Director of Health Reform) divides stakeholders into 4 groups:
  - Executive Steering Committee (ESC) headed by the Lt Governor. This has now been reframed as the "advisory board" and technically meets the statutory requirements for membership. However, "consumer representation" on the ESC consists of CEO, CFO, and Senior VP level individuals—not the position the average person thinks of as a representative of their consumer interests.
  - Insurer roundtable, not open to the public
  - Broker roundtable, not open to the public
  - A consumer advocate group, which is just getting off the ground. It meets on the 2<sup>nd</sup> Monday of each month at 8:30 AM in variable locations. Contact UHPP for more information.
- UHE does not have a governance structure (although the Risk Adjuster Board serves this role *de facto*).
- There is strong resistance to having real consumers on any UHE board, fearing they will not be knowledgeable enough, even though Utah's [HIP](#) (Utah Comprehensive Health Insurance Pool) has greatly benefited from having consumers on its board for 20 years.
- In addition, the UHE relies on brokers (100% of groups use a broker, and the fee is built in at \$37/employee). ***Which populations would be better served by a different type of navigator?***

## POLICY ISSUES FOR UTAH

- Governance of Utah's health exchanges (current and future): the consumer voice is vital.
- The American Health Benefits Exchange: an individual exchange, where Utahns without an offer of affordable employer sponsored insurance can apply for both public and private insurance and premium subsidies. This must be seamless and prevent interruptions in care due to changing income level and employment status.
- Navigators: community-based consumer outreach and assistance is especially important for those coming into private health insurance for the first time.

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<sup>i</sup> [www.exchange.utah.gov](http://www.exchange.utah.gov)

<sup>ii</sup> Agency for Healthcare Research and Quality, 2010 Medical Expenditure Panel Survey - Insurance Component. Table II.A.2

<sup>iii</sup> <http://www.exchange.utah.gov/images/stories/UHEDashboard-20110831.pdf>

<sup>iv</sup> [http://health.utah.gov/opha/publications/2011brfss/Highlights\\_2011.pdf](http://health.utah.gov/opha/publications/2011brfss/Highlights_2011.pdf)

<sup>v</sup> <http://le.utah.gov/interim/2009/pdf/00001674.pdf>

<sup>vi</sup> [http://www.healthpolicyproject.org/Publications\\_files/Exchange/UHEAdvisoryBoardDec22,2010.pdf](http://www.healthpolicyproject.org/Publications_files/Exchange/UHEAdvisoryBoardDec22,2010.pdf)

<sup>vii</sup> <http://www.health.utah.gov/upp>

<sup>viii</sup> <http://le.utah.gov/~2012/bills/static/HB0144.html>

<sup>ix</sup> [http://www.healthpolicyproject.org/Publications\\_files/Exchange/UHEAdvisoryBoardMay25,2011.pdf](http://www.healthpolicyproject.org/Publications_files/Exchange/UHEAdvisoryBoardMay25,2011.pdf)