



## News Release

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## Comment on 'Re-Launch' of Utah Health Exchange & Launch of 'Exchange Learning Network' hosted by UHPP and its Broker, Davis Pacific Benefits

**Salt Lake City-** Today marks the re-opening of the Utah Health Exchange, a one-stop shop for health insurance options. The centerpiece of state health reform efforts, the Exchange will be open to small group employers from today through September 15. Like the majority of Utah businesses, UHPP is concerned about increasing health costs and the quality of employee benefits, and this is why UHPP is looking into signing up for the Utah Health Exchange. "But before we make our final decision, we have a long list of questions and concerns," says UHPP Executive Director Judi Hilman. Here are the questions we are asking—and urge other employers to ask—before making a decision to join the exchange:

- What will our premium costs look like on the Exchange for a comparable level of benefits? UHPP currently pays reasonable rates for decent benefits for its employees: \$231 is the average premium per employee. Of course, UHPP would welcome better rates or giving employees more choices and control than they have now.
- What is the quality of the plans available to employees on the exchange? Will our employees be able to afford the coverage level that they need for themselves and their families?
- If we join the Exchange, and later decide the cost is too high or the benefits inadequate, how easy will it be to get back into our current insurance plan? Will our rates be higher?
- Who will see our employee's health history questionnaire?
- How easy will it be for employees to navigate and understand their choices on the Exchange? Are they happy with their choices?
- How useful is the information comparing plans on quality and other measures?
- Is our trusted broker able to answer our questions about the Exchange?

Just this morning UHPP employees met with the agency's broker Davis Pacific Benefits, which is also considering joining the Exchange. Davis Pacific Benefits was able to answer UHPP staff members' questions and to provide assurance around this initial stage of the application process. In short, there's no harm or risk to employers and employees from filling out the initial application. *Employers can take this first step on the Exchange website:* <http://www.exchange.utah.gov/>. The health questionnaire will be reviewed by 1-2 underwriters from one of the insurance carriers participating in the Exchange.

Sometime in October UHPP will get a quote on its new rates. "The premium cost for the same level of benefits and cost sharing would need to be comparable to what we pay now," says Hilman, "or we will not go any further in the process." If UHPP can accept the new rates and terms, the nonprofit's employees will be able to make their selection of plans starting on November 1.

“As an employee, I want to make sure the exchange provides me with the level of coverage I need at a price I can afford, says Lincoln Nehring, Medicaid Policy Director.” Wendy Knowles, UHPP’s Education and Outreach Coordinator, likes knowing that she might be able to choose a plan to suit her family situation. “I also like knowing that I might be able to choose a plan that my children’s pediatrician will take.”

Last year’s pilot launch was disappointing in several respects. Only 10 groups remain in the Exchange from the original 153 employers who expressed interest in joining. The main reason that 84% of employers dropped out was cost. Other reasons cited by UHPP’s broker Todd Steinicke (Davis Pacific Benefits) include:

- Employers had to enter their banking information too early in the process, i.e. before they knew what, *or if*, they wanted to buy.
- Some groups couldn’t meet the 75% participation requirement;
- Many employees were not comfortable answering the online health questionnaire, uncertain who would see it;
- The plan selection process was not simple enough: most employees ended up confused about which plan to choose, thus defeating the purpose of the new consumer-driven marketplace.

The good news is that Exchange administrators intend to learn from these mistakes—or most of them. In the last legislative session House Speaker and reform champion Dave Clark included a statewide risk adjuster in his reform legislation. Efforts are also underway to make the process of plan selection more user-friendly to the employee, though final details are still in process. According to UHPP, it remains to be seen whether these and other changes will suffice to compensate for the difficulties encountered in the pilot launch. Says Hilman: “From our survey work and conversations with business owners we know that small business owners are looking for *serious* relief from rising premium costs. This includes the ability to share risk through the entire small business community—Utah’s Exchange will not be going this far, or not until federal reform parameters come into play in 2014.”

Today state officials will apply for the federal Exchange Planning grant—however, to qualify for this, Utah will need to meet the federal parameters for reform, including “modified community rating.” Some Utah policymakers beg to differ and would like to continue operating a separate Exchange for high-deductible health plans coupled with HSAs. According to Hilman, they might be able to do this for a few years, but not after 2014, when the federal standards around costs and benefits go into effect.

UHPP is joining with its broker to host a learning group for employers who are contemplating participation on the Exchange. The plan is to have a place where employers and employees can post questions to each other, to UHPP, or to brokers like Steinicke. “The group is also for employers who expect reforms to solve for ‘y’ (affordability for employees) and ‘z’ decent benefits for employees, and not just x (employer’s costs).

“Let’s face it: Exchanges are here to stay. We might as well start puzzling out—together—how this can work for us and our clients moving forward,” adds Steinicke. “By looking into the Exchange we will be able to ‘kick the tires’ of the new Exchange and make sure it’s set up properly for our employees and for our clients.”

“We find that most small business owners care about their employees, the quality of their benefits, and ability to afford coverage and care. Employers are looking for more than to be simply let off the hook for the cost of employee benefits,” says Hilman. According to UHPP, Utah’s jump to a defined contribution market has been too abrupt. “We *can* make employer’s costs more predictable: but right now we are only solving for x (the employer’s costs). Structural changes, including measures to make insurance more affordable through premium subsidies, may be difficult but they are no less imperative if we wish to accomplish the goals of reform without a

mandate. There's no way around it: decent coverage must be made affordable as part of reform. It's time to solve the rest of the equation, to solve for y and z."

Today UHPP invite other small business employers considering making the leap to the Exchange to join the discussion. Those interested in participating in the Exchange Learning Network can send email to [wendy@healthpolicyproject.org](mailto:wendy@healthpolicyproject.org).