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Guv: 'We held our ground' in health exchange negotiations with feds; first to use dual-model system

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Utah is getting everything it wanted from the federal government in a new agreement allowing the state to continue to run its health insurance exchange for small businesses, Gov. Gary Herbert said Friday. (Laura Seitz, Deseret News)

SALT LAKE CITY — Utah is getting everything it wanted from the federal government in a new agreement allowing the state to continue to run its health insurance exchange for small businesses, Gov. Gary Herbert said Friday.

"We held our ground," the governor said shortly after the release of a letter from the U.S. Department of Health and Human Services acknowledging a "common understanding."

Under the arrangement, the state will continue to run its existing health insurance exchange for small

businesses, Avenue H, and the federal government will operate a similar program for individual consumers.

The department letter states that under a proposed amendment to federal regulations, Utah will only be required to report aggregated data from Avenue H that does not include information identifying individuals or employers.

Both Herbert and House Speaker Becky Lockhart, R-Provo, had raised concerns about sharing information collected by Avenue H with the federal government's data hub as part of compliance with the Affordable Care Act, known as Obamacare.

"They have granted us everything we've asked for. For that I am grateful," the governor said, calling the sharing of identifying information with the federal government "something we're not going to compromise on."

The letter from Gary Cohen, director of the federal department's Center for Consumer Information and Insurance Oversight, also specifies that Utah will have an annual opportunity to decide not to run the state small business exchange.

Utah officials, according to the letter, "would have sufficient notice of the exchange data reporting requirements to make decisions about participation" and, under the amended rules, other states would have the same opportunities.

The governor, who did not take questions from reporters in a conference call with the media, said Utah is unique among the states in running the small business insurance exchange while leaving the program for individual consumers in the hands of the federal government.

Facing opposition from Lockhart and others, Herbert stopped negotiations in February with the federal government about the state turning Avenue H into a provider for both of the mandated health insurance exchanges.

Friday, he said the conditions set by the federal government to operate both exchanges were not acceptable. Now, he said, the state and the federal government will run the exchanges separately.

"I can tell you this has not been easy. This has been hard work," the governor said of the months of

negotiations leading to the agreement. "We look forward to moving ahead and I'm very optimistic about the success we'll have."

Utah will begin operating Avenue H as a state-based health insurance exchange for small businesses in 2014.

The Utah Health Policy Project, a patient advocacy group, said the governor's announcement was "good news for the state's political leaders" and a step toward the full implementation of President Barack Obama's health care reform law.

But the group pointed out Avenue H will apparently not screen applicants to determine if they are eligible for Medicaid, and not sharing information with the federal government could make it more difficult for Utahns to claim tax credits and satisfy the new mandate that they have health insurance.

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