



UTAH PREMIUM PARTNERSHIP: STRENGTHENING UTAH'S EXCHANGE

INTRODUCTION

The Utah Premium Partnership Program (UPP) (<http://www.health.utah.gov/upp/>) makes private, employer sponsored health insurance more affordable for low-wage working families by helping them pay their insurance premiums. To be eligible an individual or family must be without health insurance for 3 months, have an offer of qualified employer sponsored insurance, and meet income eligibility requirements: 150% of the Federal Poverty Level (FPL) or less for adults, 200% FPL or less for children. If qualified, UPP reimburses individuals and families up to \$150 per adult and up to \$120 per child in the family every month.

People without insurance are sicker and more costly than those with insurance (public or private). People without insurance delay or forgo preventive care and needed medical care. Sometimes they can't pay for the medical care they get, and the cost of that uncompensated care is shifted to families who pay for health insurance. This is called a "hidden health tax." An independent actuarial firm estimates that 1/3 of the average family premium pays for uncompensated care.ⁱ

Making insurance more affordable through UPP is a **private market solution**. Premium payment support through UPP, along with an employer contribution, brings private health insurance into the reach of low-wage workers.

THE PROBLEM

The Utah Health Exchange (UHE) has brought few uninsured adult Utahns into private market health insurance (only 20% of small businesses in the UHE did not previously offer health insurance to their employees). Utahns who work for small businesses at low wages are at high risk for not being able to afford insurance. UPP is designed for them, but the eligibility for adults is set so low that almost no-one is benefiting from the program. According to UPP, only 236 adults are currently enrolled in UPP, but there is funding to serve 1,000 adults.ⁱⁱ



Sharon Opfermann owns and operates Camp Bow Wow, a doggy day care and overnight boarding facility based in South Salt Lake.

Sharon was interested in the Utah Health Exchange (UHE), but she unable to pay her employees high wages. So during enrollment, she helped her employees apply for the Utah Premium Partnership (UPP), which helps pay their portion of the premium.

Sharon has been very happy with her experience using the UHE and reports that the staff was responsive and very helpful. **She knows from experience that the premium subsidies are a critical piece to the success of the exchange for small businesses.**

THE SOLUTION = SIMPLIFICATION

Raise UPP eligibility to 200% FPL for adults. This will make applying for UPP easier, because children are already eligible up to 200% FPL. Many workers between 150- 200% FPL can't accept the insurance offered to them at work because it costs too much. By raising the UPP eligibility level to 200%, more workers will qualify and be able to afford insurance through their job. Although the UPP program is not limited to insurance offered through the Utah Health Exchange, raising the eligibility may incentivize small businesses with low-wage workers to enroll in the Utah Health Exchange, as the subsidy will help the employers meet the 75% employee participation rule because more of their employees will be able to opt in to employer sponsored insurance. It would also begin to capture the segment of Utah's population that would like to purchase private insurance through their employer but needs help to afford it. This is an optimal solution for Utah because it is consistent with the market-based approach of Utah's health system reform. It brings people into private health insurance, and avoids moving more people into a public health insurance program. In 2014, premium tax credits will be available only in the individual exchange (called the American Health Benefit Exchange). Increasing the eligibility and maintaining the UPP premium subsidy in Utah's small business exchange may be attractive for employers, allowing them to maintain employer sponsored health insurance for their employees.

Introduce legislation instructing the Department of Health to seek a waiver amendment to raise the adult eligibility level to 200% FPL.

WHY THIS IS A GOOD IDEA:

It will have no impact on the state budget. Raising the eligibility to 200% FPL for adults can be done without more funding because the program currently has excess capacity. Many more families could access the program simply by using the money that has already been appropriated.

It will simplify the application process because parents and their children will qualify at the same income level.

Beginning in 2014, Utahns in the individual market will be able to get premium payment support (in the form of an advance premium tax credit) through the American Health Benefit Exchange (AHBE) but not through the Small Business Health Option Program (SHOP). The Utah Premium Partnership may be the key to incentivizing Utah's small businesses to continue, or begin, to provide health insurance to their employees in the Utah Health Exchange.

ⁱ Families USA (2009) *The Hidden Health Tax*, <http://www.familiesusa.org/resources/publications/reports/hidden-health-tax.html>

ⁱⁱ UPP numbers stated at UHE Broker Training session, Aug 11, 2011