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One State's Solution May Not Be a Model for the Nation

By [REED ABELSON](#)

Utah is only the second state to develop its own insurance exchange, and it is distinctly different from its better-known counterpart in Massachusetts. It is also unlike anything currently envisioned in Congress.

Aimed initially at small businesses, the exchange offers a way for companies to pay a fixed amount toward their employees' medical coverage, instead of buying the coverage directly for them. The workers then can select from various plans on the exchange. If they cost more than the employer's contribution, the employee pays the difference.

In terms of workplace benefits, it is the health care equivalent of an employer's shifting from a pension plan to a [401\(k\)](#) retirement plan.

"This is a grand experiment," said David Clark, the Republican state legislator who helped head the creation of the new exchange.

Since it was started in mid-August, the exchange so far has attracted about 230 small businesses, representing about 2,300 employees. Those workers have their choice of more than five dozen policies from three insurers: [Humana](#), Regence BlueCross BlueShield of Utah, and SelectHealth, which is the health plan for the Intermountain Healthcare, the large hospital system in Salt Lake City.

What the exchange does not offer is a way for these small businesses to spread the cost of employing older or sicker workers over a larger group — a step many health economists say would be crucial to making insurance more affordable for more people. But Mr. Clark said lawmakers decided, at least initially, to stay within the state's current rules, which place limits on how much more an insurer can charge one small group over another, as a way to protect employers with potentially high medical expenses.

Critics say the exchange is missing a vital opportunity. "The true power of an exchange comes from its function as a purchasing pool, where risk is spread over a larger group," said Judi Hilman, the executive director of the Utah Health Policy Project, a research group that favors significant changes to the health care system. The project recently issued a report on the new exchange.

She also criticized the state's decision to move away from employer responsibility for worker coverage to a system in which companies put up only a fixed amount of money. The exchange does little to address the increasing unaffordability of care, she said. "So far, we're taking the easy way out."

Despite a warm reception from one of Utah's senators, [Orrin G. Hatch](#), a Republican, when the model was recently discussed in Washington, Ms. Hilman cautioned that the Utah exchange was not an example of how

to fix the health care system. "Those who are opposed to national reform will point to Utah," she said. "I think that's a big mistake."

But Mr. Clark, for one, says he hopes federal lawmakers will wait to pass judgment on the Utah model until it has had a chance to prove itself.

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