
Utah Health Exchange: Plan for statewide adjuster draws stern opposition

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Utah lawmakers this year have spared no energy trumpeting their dislike for federal health reform, passing bills asserting states' right to govern themselves.

But Utah's own health care fix, an online insurance market called the Utah Health Exchange, has gotten off to a wobbly start. And legislation to repair it, sponsored by Republican House Speaker Dave Clark, came under siege last week by ultraconservatives who voted against it.

The debate left some reform advocates privately wondering if the topic has become too toxic to handle. But signs of fracturing within the GOP don't worry Clark.

"I'm confident we'll get this through," he says of HB294, a compromise measure generally supported by insurers, the business community and reform advocates.

HB294 is Clark's answer to problems in the first stage of the Utah Health Exchange, a Web-based marketplace for small employers that has been beset by low participation and higher-than-expected premiums. The bill passed the House 62-13, albeit with amendments, and was endorsed Monday by a committee en route to the full Senate.

Its chief fix is a proposed "Statewide Risk Adjuster" -- which also is causing the most heartburn for conservatives.

With the risk adjuster, all insurance companies would pay into a pool, and those who ended up with a disproportionate share of sicker customers would be allocated some of those funds. "It's like insurance for insurers," Clark said.

Such a tool already exists within the Exchange. Funds are doled out by a board comprised mostly of insurance executives.

Clark wants to expand the tool to cover all small-group insurers doing business in Utah. He sees it as an alternative to government mandates.

"There's no requirement for insurance companies, businesses or consumers to participate in the Exchange," he said of his bill. "But we say, 'If you want to play, here are the rules.'"

But lawmakers like Rep. Bill Wright, R-Holden, say redistributing risk is nothing short of redistributing wealth.

It creates "a perverse incentive," argued Wright, who is among a group of Utah lawmakers who said they received an e-mail condemning the bill as a government takeover of a private industry.

Clark shrugs off such language as inflammatory.

"All insurance policies are some form of redistribution of wealth," Clark said. "When I drive home at night and pull into my driveway, I don't say, 'Darn, my house didn't burn down, I can't collect.'"

Janice Houston, senior analyst with the Utah Health Policy Project, said the risk adjuster was initially designed as a safeguard for insurers, to put them at ease with the Exchange.

Prior to the Exchange, insurers could cherry-pick young and healthy consumers, maybe marketing only to tech start-ups and people in desk jobs, as opposed to construction laborers. But the Exchange allows employees

to shop for coverage for themselves, introducing "a lot of uncertainty" for insurance companies, Houston said. Limited to the Exchange, however, the risk adjuster didn't work.

Insurers still judged consumers inside the Exchange to be riskier, charging them up to 130 percent more than what some had paid previous to the Exchange -- even when the same consumer bought the same plan from the same carrier.

Insurance companies have promised Clark that will no longer happen.

He has given them until 2013 to prove it. That's when the statewide risk adjuster would take effect.

"I'm adamant it needs to remain in the bill," said Clark. "But if they show it's unnecessary, I'll repeal it."

Clark acknowledges his bill does nothing to make all health insurance more affordable, but says, "I've said from the beginning, this is a 10-year process." And to insurance companies who say the bill imposes too many rules, Clark says, "Provide another solution. I'm listening. But we cannot afford to do nothing."

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Fixing the exchange

Other ways HB294 would alter the Utah Health Exchange:

-- It would open the exchange to some larger employers with the hope of driving down premiums. At least four large businesses have already asked to join, bringing with them 20,000 to 40,000 people, according to Republican House Speaker Dave Clark.

-- It would create a consumer advisory group.

-- It would require insurers to publish claim denial rates and customer satisfaction ratings.

-- It would prohibit insurers from discriminating against workers in high-risk industries. It was amended, however, to permit insurers to collect higher premiums from women, seniors and families with children.

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