Utah Health Exchange: ‘sideshow’ or national plan foil?

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Utah’s Health Exchange has become the subject of squabbling among conservatives.

California-based health policy analyst John R. Graham, a self-described conservative, has been skeptical of the Web-based health insurance shopping portal and its potential as a market-based alternative to federal health reform, publishing his opinions in such forums as the National Review and Forbes magazine. Last month, he kicked things up a notch with a blog post asserting that Utah’s exchange had “gone from being a marginally interesting sideshow to a serious cognitive obstacle” to conservatives’ rejection of the Patient Protection and Affordable Care Act passed in 2009.

“If a venture capitalist had funded the Utah Health Exchange, it would certainly be shuttered on its first anniversary,” wrote Graham, director of Health Care Studies at the Pacific Research Institute in San Francisco, Calif. “So, conservatives, please stop citing [it] as a successful example of a non-Obamacare exchange.”

The missive elicited a response from Utah Gov. Gary Herbert’s health adviser Norman Thurston, who contends Graham’s opinion is based on misinformation and inaccuracies.

“It is clear that Mr. Graham has one goal in mind — to prevent the Affordable Care Act from being implemented. His main thesis seems to be that if states simply do nothing, the federal government will not be able to impose a federal program on them,” wrote Thurston this month in a blog posting on the Forbes website.

The best way for states to “prevent federal intrusion,” said Thurston, is “boldly and aggressively stake out their territory in identifying what needs to be done and moving forward in a way that works best for their state.”

Graham fired back that attempts to repeal national health care reform or see it overturned as unconstitutional hardly count as doing nothing.

His argument with Utah’s exchange isn’t that it undermines these efforts by taking a page from the Affordable Care Act — just that it’s a waste of time, he said.

Federal reform directs states to build exchanges and states are looking to Utah and Massachusetts, which boast the nation’s only operable models. Both pool the purchasing power of individuals and small
businesses, allowing them to enjoy the same economies of scale and lower-priced premiums as large companies.

Initially plagued by high premiums, Utah’s exchange is seeing enrollment pick up.

But, while the Massachusetts Connector has connected about 217,000 people to coverage — just 2 percent of its population was uninsured in 2010 — Utah’s exchange reached 3,583 enrollees as of July 1.

Massachusetts’ success is due, in large part, to the state requiring that virtually all citizens purchase coverage, and subsidies that the state pays families to help them afford it. Utah has rejected those ideas. The Bay State also is able to keep premiums in check through stiffer insurance regulations than Utah has been willing to adopt.

Federal health reform takes its cues from the Massachusetts model, and the U.S. Department of Health and Human Services recently issued draft regulations dictating how state exchanges will work.

Utah officials are mulling the new rules and deciding which, if any, to embrace, said Thurston. “We have our right eye on our exchange and looking to improve it and our left eye on the federal regulations, some of which will be more disruptive than others. ... If I’m reading it right and they’re expecting the states to enforce the [requirement to purchase insurance], that could be problematic for multiple reasons.”

Judi Hilman, Executive Director of the pro-reform Utah Health Policy Project, argues that in order for Utah’s exchange to be successful, the state will have to embrace subsidise and the “dreaded mandate.”

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