

## Health exchange 'open for business'

Insurance » Online system will connect workers, residents to private companies.

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There was a celebratory air in the Utah Capitol's extravagant Gold Room on Wednesday as Gov. Gary Herbert declared the Utah Health Exchange "open for business."

The state-run Web site will permit participating small businesses to offer employees a health care stipend, which workers can use to shop on the site and select the health insurance plans that best fits their lives.

Herbert called the site "a model" for private-sector health insurance solutions. But, he added, the state is "still far from finished with reform."

Critics, such as Utah Health Policy Project director Judi Hilman, say the new Web site contributes little toward the changes Utahns need. "I'm terrified that this could actually make things worse," by inspiring employers to stop providing workplace coverage, she said.

At best, she said, the exchange might dovetail with federal health reform efforts. Still, she's hopeful that additional measures -- including cost controls, purchasing pools, minimum benefits and portability -- will follow.

The state partnered with Internet insurance seller eHealthInsurance to provide side-by-side comparisons of plans available on the exchange site. Sam Gibbs, senior vice president for the California-based company, said his Web site has sold more than 25,000 policies in Utah over the past decade.

Gibbs said the company's site features five carriers, which are collectively offering 72 plans. Family premiums are as low as \$135 a month, and for individuals, as low as \$35 a month.

A review of the company's Web site shows that those sorts of prices are exclusively for younger, healthy workers, and include large deductibles and low maximum care limits.

But exchange project manager Dan Schuyler said those are the very workers -- the so-called "young immortals" -- who employers will be able to draw into plans under the new system, to spread out risk and keep prices low for everyone.

If those individuals can buy a cheap plan and bank the rest of the stipend in a 401k, Schuyler said, "that will be a huge incentive to those who aren't enrolled right now."

In the meantime, however, Hilman worries that Utah employers will use the new system as a way to get out from under the pressures of providing medical insurance in a market where costs have been rocketing upward. While employers will have the choice to increase the amount of their stipend to keep up with rising costs, they won't have to.

"What I worry about right now with this exchange is that employers will say, 'Here you go -- good luck,'" Hilman said.

Cheryl Smith, a planning manager with the Governor's Office of Economic Development's health services wing, believes the new "defined contribution market" will actually help stem rising costs.

She said empowering more individuals to make decisions about their own health care will unleash market forces that are lacking in the current employer-based system -- forcing companies to fight for each individual customers' business.

"The companies are going to have to do it in order to keep that business," she said.

Critics are dubious of that contention, too. They point out that, unlike a similar exchange in Massachusetts, insurers don't have to participate in Utah's program -- just three were named as participants by the governor at the Wednesday launch.

And since companies holding the keys to dozens or hundreds of potential policies couldn't keep costs down, the critics say, there little hope that individuals will have a strong enough hand to push costs down.

Korey Capozza, senior health policy analyst for Voices for Utah Children, said the new exchange completely misses one key group.

"A big part of health reform is lowering our rate of the uninsured and so many of the uninsured are the working poor," she said, "and the reason why the working poor are uninsured is because they're not offered insurance through their jobs."

Many employers don't offer coverage because they don't have to compete for workers, Capozza said.

Yet another possible impediment to getting more Utahns covered is the requirement that 75 percent of an employer's workers must enroll if the employer wants to participate in the exchange.

"If you're a firm with a lot of low wage [workers] it may be hard to reach that 75 percent threshold," she said.

Those who have contributed to the building of the exchange, however, want to give it some time to work. And they point to the number of Utahns already buying individual insurance policies as proof that it will.