

Utah Health Exchange launches amid reform questions

Heidi Toth - Daily Herald | Posted: Thursday, August 20, 2009 12:05 am



Whitney Hunsaker works on her client, Angela Kroneberger's, hair at Remedez Hair Spa Wednesday, August 19, 2009 in University Mall in Orem. The owner of the salon, Cynthia Gamble, is looking into the health exchange as an alternative to the private insurance that she offers her 41 employees. ASHLEY FRANSCCELL/Daily Herald

Health care reform may have a different meaning for Cynthia Gamill.

The owner of Remedez Hair Spa in Orem has offered health insurance to her employees for years, a benefit she's continued and plans to continue even while premiums are consistently going up. She believes supporting her employees and their families by offering health insurance is important enough that she still does it, even though her premiums go up every year.

To her, real health care reform will allow her to keep offering benefits without having to struggle to make the payments and without having to wonder if she'll be able to continue offering it.

Gamill is one of the thousands of small-business owners in Utah who administrators of the Utah Health Exchange want to reach. They believe they're on the path to real reform.

Norm Thurston, the health policy and reform initiatives coordinator for the state, said that while reform has been taking small steps forward for a while and will continue to happen, launching the Utah Health Exchange is big.

"It's a gigantically huge key piece of moving reform forward in the state of Utah," Thurston said.

The exchange has two aspects: creating a defined contribution market for small businesses and their employees, and creating an online marketplace so employees can find the right plan. The first aspect, a defined contribution plan, changes how employers administer health insurance. Most employers who offer health insurance have a defined benefit plan, where the employer pays the premium or a portion of the premium and offers two or three plans with fixed benefits at different prices to their employees.

A defined contribution plan allows the employer to pay a set amount of money for employees' health insurance, and employees then go out and get the health insurance plan that has the benefits they want for the price they can afford. That's step one, and it's a big step, Thurston said, but it wouldn't be possible without a system like the exchange so employees can find, compare and even buy their health plans.

"So there's a lot more choice so you can get the plan that's best for you," he said.

Employees coming in as a group also can't be denied coverage, as can happen when buying one's own insurance; the underwriting takes into account age and the employer's group risk factor. Also, all of the premiums are paid before taxes; right now a person paying for his own insurance pays out of his post-tax salary. Those savings could be 25 percent to 40 percent, Thurston said.

Overall, the exchange will provide more choice for the employee and more flexibility but less administration from the employer. Right now the portal is geared only toward small businesses, Thurston said, because they don't want the system overloaded, but that will change. Administrators also hope to be able to include Medicare, Medicaid and the Children's Health Insurance Program as part of an overall health care view.

As for that 1,018-page health reform bill sitting in Congress, well, they'll worry about that later.

"Nobody knows what's going to happen at the federal level, but we think we're better off developing a Utah solution and not waiting for what's going to happen," Thurston said.

Members of the Utah Health Policy Project said federal direction will actually help Utah create effective reform.

"As it stands today, it's a new market choice for employers," said Elizabeth Garbe, the coverage initiatives director for the organization. "I think that with a number of policy changes, it could actually do more and benefit consumers in a greater way."

This won't help people who are underinsured or who still can't afford insurance, nor will it help people with pre-existing conditions who aren't employed. The actual rules of the insurance industry, including how the underwriting is done, hasn't changed; the exchange has simply given more choices to employers.

Because employers can choose how much to pay, they might end up paying less for health insurance than they did for premiums. That makes sense for the businesses, and it is a hard economic time for businesses, Garbe said. However, those premiums still have to be paid, so they'll just be passed to another group that's also hurting.

"That doesn't mean the employee is going to be able to sustain that increase," Garbe said.

Meanwhile, also in Salt Lake City, members of the Coalition to Protect Patients' Rights testified before a state committee that reform like the exchange is better than the reform being bandied about in Washington, D.C.

"These are the kinds of things that we need to be looking at in order to try and make health care and health insurance more accessible to more people," said Dr. Charles Stewart, a plastic surgeon in Provo.

For Gamill, though, the question comes down to costs and benefits. If employees can get similar benefits at a lower cost, it's a good move.

"We'll definitely need to be better informed at what's going on, and then make a decision accordingly," she said.

Related Links

- [Related: Utah Health Exchange](#)
- [Related: Families USA: The Voice for Health Care Consumers](#)
- [Related: Utah Health Policy Project](#)
- [Related: The Coalition to Protect Patients' Rights](#)
- [Related: Wall Street Journal: ObamaCare's Real Price Tag](#)