

## Health care reform bills sail through first hurdle

Insurance » Cheaper plans with fewer benefits for employees of small firms.

By Heather May

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Hoping to encourage small employers to keep their health care coverage and to reduce the ranks of the uninsured, lawmakers advanced a bill Friday that would allow Utahns to pick cheaper plans that offer fewer benefits.

Starting next year, insurance companies could start offering plans that exclude diabetes management, adoption coverage and the use of specialists like pediatricians and ob-gyns as primary-care doctors.

But insurance companies say they don't plan to drop those items -- particularly for diabetes because it would cost them more in the long run to cover complications like amputations and kidney disease that could follow without proper management.

Instead, they will offer plans that don't cover future state mandates, such as one being debated this year to cover autism therapy.

Insurance companies would still have to offer other plans that include the mandates.

"We're willing to experiment right now," said House Speaker Dave Clark, sponsor of HB188, which unanimously passed out of a House committee, along with two other reform-related bills. "We're attempting to try to reduce the barriers ... for people's access to health care. It's a long process."

He acknowledged the bill doesn't address the issue of cost-shifting -- when someone who doesn't have coverage still gets care through emergency rooms and the cost is paid for by the insured. But he cautioned Utah is only in the second year of a 10-year effort to reform the system.

If these steps of making health insurance more like a market place don't work, the state would have to eventually mandate insurance coverage, he said.

**Mandate-lite »** The bill allows insurance companies to create plans called NetCare for the individual market, small employers and eventually large employers. It also would be an alternative to COBRA, the federal program that allows workers to continue their employer's health insurance for up to 18 months after leaving a job. The average \$1,000 monthly COBRA cost for a family makes it currently out of reach for many.

The new plans are expected to cost about 30 percent less. Kelly Atkinson, executive director of the Utah Health Insurance Association, said the savings comes from capping annual coverage at \$250,000 a year. There are also limits on preventive care, up to \$500 a year, and primary, specialist and urgent care to \$300 a year. It requires the insured to pay 30 percent of hospital, maternity and lab costs and 50 percent for name brand drugs. Deductibles are \$2,000 or \$4,000 for an individual plans and \$6,000 or \$12,000 for family plans.

The goal is to reduce excessive use of the health care system, the top driver in accelerating health care costs. "In this country we get a hangnail and we run down to our doctor and we get service," Atkinson said.

But Elizabeth Garbe, with the Utah Health Policy Project, said the risk with such "mandate-lite" plans is that healthy Utahns will pick the plans with less coverage and unhealthy ones will choose plans with more, making the latter too expensive. She said Utah already has the third-lowest number of mandates in the country.

Rep. David Litvak, House minority leader and a bill co-sponsor, said he, too, was concerned about the pared-down plans, so he added language in the bill to study the effects.

"Maybe we will be wrong, but we can't let that paralyze us from not taking action," he said.

**Defined contribution** » The bill also allows small employer groups to give employees the option of picking between the health plan the employer chooses or to take the employer's contribution and buy insurance on their own.

Unlike in the individual market, such employees wouldn't be monetarily penalized or excluded from coverage for pre-existing health conditions. However, they could pay more or less based on their age, which isn't allowed under traditional employer-sponsored plans.

Clark said insurance companies are "nervous as heck" because they will now be competing with each other for more buyers.

"For the first time in Utah, I may have an option beyond what somebody in [human resources] has decided will be the coverage for all of us," he said.

Employees would buy this health insurance through a new Internet site designed to compare and contrast insurance plans. Families could combine contributions from employers or government assistance programs to buy a plan of their choice.

Business groups, doctors, insurance companies and brokers all spoke in favor of the bill.

But Laura Polacheck, with AARP Utah, said lawmakers are trying to apply market-based principles to health care but "it's not a market when you're sick."

She said the state should help more individuals buy insurance -- 375,000 are uninsured -- by guaranteeing they get coverage despite prior health conditions.

Gov. Jon Huntsman Jr., took the unusual step to personally lobby for the bill. In his first committee appearance during the Legislature, he said health reform is his No. 1 issue. He called this year's efforts "brave and courageous" and said it would empower consumers to make their own health care choices.

"You've got to start with something," he said.