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Huntsman and Utah health reform

POLITICO

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As the governor of Utah, **Jon Huntsman** said he was "comfortable" with the idea of an individual mandate for health insurance and signed a bill requiring his state to study the costs and benefits of one.

As a soon-to-declare Republican presidential candidate, Huntsman rails against the individual mandate in the Democrats' health reform overhaul and says he never supported one in Utah.

Huntsman's critics accuse him of flip-flopping, but health care experts who worked with him as governor say it's something different: Huntsman was so removed from the details of health care reform in Utah that he didn't seem to have an opinion one way or another.

John T. Nielsen, who was Huntsman's most senior health policy adviser during the 2007 negotiations that led to Utah's health care reform bill, says the former governor might have supported an individual mandate if his staff had called for one.

"We talked about the mandate. It was clearly part of the discussions - I can't deny that," Nielsen said. "He never did say 'I want to see a mandate.' But if we had recommended [the mandate], and thought it was the best way, I suspect maybe he would have gone along with it."

Huntsman took a "30,000-foot" view of the effort, as Nielsen puts it: He wanted to bring down costs and increase access to care, but was seemingly agnostic about whether a mandate was the best way to get there.

Extensive interviews with the health policy team in Utah that worked with Huntsman suggest that his laissez-faire attitude toward mandating insurance coverage means he'll never completely brush off attacks that he supported the mandated purchase of insurance. Indeed, his adviser, Nielsen, recalls voting in favor of a 2007 health policy proposal, obtained by POLITICO, which included a "personal responsibility" provision.

But opponents will likely have trouble tracking down a "gotcha" moment for an attack ad, as his advisers describe Huntsman as a governor who was thoughtful and deliberate, rarely making his policy preferences known - or, even whether he had a policy preference to begin with.

The closest they'll come may be a press conference in 2007, where a local reporter asked Huntsman whether he'd support a mandate. He responded, "I'm comfortable with a requirement, call it what you want."

The mandated purchase of insurance is among the defining differences between Utah and Massachusetts, the only states that have built state-wide health exchanges, meant to make health insurance both more accessible and affordable.

Utah has spent about \$520,000 on its exchange; the budget for the Massachusetts Connector has hovered around \$40 million each year.

That's made a huge difference on the reach of both exchanges: While the Massachusetts Connector has facilitated coverage for about 217,000 current enrollees, the Utah exchange reaches about 2,600 subscribers. Utah's uninsurance rate has remained steady, while Massachusetts's has dropped by more than half.

Five years ago, it was the Massachusetts health reform push, helmed by then-Gov. **Mitt Romney**, that kick-started Utah into action.

Huntsman brought in the **Heritage Institute's Bob Moffit**, a health policy analyst who worked on Romney's plan, to speak at a 2005 conference. The event was largely seen as the kickoff to Utah health reform.

Moffit described an idea that Huntsman would later sign into law: A health exchange where each employer paid a defined-contribution to their employees' health coverage - rather than a defined percentage - giving employees a strong incentive to spend less on their plans.

Huntsman "was absolutely noncommittal about anything," Moffit recalls. "I remember him being rather quiet. He didn't say 'Gee, this is a great idea.' He listened very carefully and thanked me for my time."

When pressed on the issue, a half-dozen sources tell POLITICO they do not recall Huntsman or his administration taking a position on the mandate.

"Honestly, we never had an in-depth discussion on it," says **David Sundwall**, another key member of the Huntsman administration who continues to serve as the executive director of the **Utah Department of Health**. "Of course, it would have been of interest. But you've got to have a critical mass. It didn't waste our time pushing for something that would be."

In 2006, Sundwall made a call to Nielsen - then a recently retired health executive - asking if he was interested in seeing whether something similar could be done in Utah.

"He asked me to see what I could do exploring whether we could do something like what Massachusetts had done," Nielsen, who retired for the second time six weeks ago, says. "We took a look at it. I studied it. I even took a cut at a version [of the law] that would be similar to what Massachusetts did."

Nielsen, Sundwall and former Utah insurance commissioner **Kent Michie** began meeting weekly on the issue. Nielsen describes Huntsman as taking a big picture approach to their meetings: He wanted to get something done on health reform, but left it to his staff to decide the best policy approach.

Huntsman's advisers had a few ideas ready when, in 2007, they began working with the United Way of Salt Lake, which had convened five workgroups to look at fiscal stability in the state - one of which focused on health reform.

Members of the Legislature, governor's office and business community participated in a task force that, in September 2007, produced a set of four policy recommendations for the state government - one of which was a "personal responsibility" component.

The concept is described as a "proposal building block" in a summary of the policy recommendation provided to POLITICO. The document defines it as "implementation of policies to promote/assure individual responsibility for obtaining health coverage and shared responsibility for financing health coverage."

The final meeting of the group did indeed involve a debate over this provision - not whether it was ideologically appealing, but whether it could actually move through the conservative Utah Legislature.

"People raised the question about whether the mandate was politically feasible," **Bill Crim**, senior vice president of public policy at the United Way of Salt Lake who oversaw the workgroup, recalls. "So there was a debate about 'Is this doable in Utah?'"

The group eventually decided to put politics aside and vote for what it saw as the best policy - including the recommendation that all individuals have a financial obligation to purchase insurance. As the governor's representative at the meeting, Nielsen recalls voting in favor of the report but not whether it included a personal responsibility provision.

"The governor's staff were involved, but I don't recall them being advocates of a particular thing," he says. "They largely provided information."

Utah remained in close contact with Massachusetts throughout its reform process. As state Rep. **David Clark**, then speaker of the house and lead sponsor on the state's reform bill, remembers, they had "weekly calls and email exchanges."

But two key roadblocks would essentially take the mandate off the table: The political problem of getting a mandate through the Legislature, and the practical problem of financing and enforcing such a law.

The issues emerged in late 2007, as Huntsman's advisers began working with legislators on a bill. Both problems were brought up by the Legislature,

though, not the governor's office.

In Massachusetts, Romney had a Democratically-controlled Legislature that, according to news reports, urged him to expand entitlement programs. In Utah, Huntsman worked with a conservative body that eyed the mandated purchase of insurance with skepticism similar to that of Republicans pushing back against the Affordable Care Act today.

"The soup de jour was Massachusetts," Clark recalls. "We began as many states do, at that point, 'How do we emulate Massachusetts?' [Huntsman's office was] very interested in getting everything out on the table. And they were certainly pragmatic. They understood, from a legislator standpoint in Utah, an individual mandate wasn't politically feasible."

So talk of the mandate largely disappeared, many of those involved in the process say, as legislators became seriously engaged in the health reform process.

"He felt he couldn't swing it politically," says Judi Hillman, executive director of the Utah Health Policy Project, which supported a mandate in the Utah reforms.

Moreover, multiple sources cite financing as a key concern. While Massachusetts used a \$700 million uncompensated care fund, obtained under a Medicaid waiver, to finance the insurance subsidies necessary to make coverage affordable, Utah had no additional fund like that to use.

"We did not have that kind of money," says Cheryl Smith, who worked on the exchange under Nielsen after completing a fellowship at the Heritage Institute. Nielsen adds, "If you're going to do the mandate, you need subsidies. And we simply didn't have and don't have the money to do the necessary subsidies."

So by time Clark introduced his health reform legislation, House Bill 133, in January 2008, any idea of a mandate had been downsized to a task force to study the issue. The legislation did, however, hold on to the small-business exchange with a defined contribution from employers that the Heritage Institute had pitched three years earlier.

The legislation moved easily through the Utah Legislature, and was signed into law by Huntsman on March 18, 2008, followed by a second health reform bill a year later.

And while Romney and Huntsman sent their states on markedly different paths, Massachusetts and Utah have remained in touch. In 2009, as Utah was getting ready to launch its exchange, about a half-dozen state employees flew out to Boston for a two-day site visit.

The mandate, at that point, had even become a subject of entertainment, something health officials from the two states joked about on a van ride out to visit the Massachusetts Connector's customer service center in Wooster, Mass.

"During that ride out to Wooster, we talked about the mandate. They sort of laughed about it," says Eric Dahlberg, then an employee of the Massachusetts Connector, who organized the Utah delegation's visit. "They would say, that would never fly in Utah. We had to go through tolls just to get out to Wooster. It's just two different worlds."

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