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Utah Health Exchange aims to improve choice

Critics complain it does little for the uninsured
by Andrew Kirk, OF THE RECORD STAFF
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A trial period for Utah's answer to health-care reform has come and gone already, but the experiment is ongoing and could go statewide next March. The Utah Health Exchange is an online marketplace for buying health insurance that was initiated through legislative action over the past few years. A limited trial launch began Aug. 19 and closed Aug. 31. Only about 150 companies with no more than 50 employees each were allowed to participate this go round.

If it's successful, authorization will be granted to accept all interested participants of all sizes beginning in March at the earliest, said Norm Thurston, health policy reform initiative coordinator for the state.

The basic idea is that employers pay into the exchange the same amount they were paying a broker, and the employee uses that money plus their own to purchase a plan of their choice. The additional choice will hopefully improve competition and drive down price, he said.

"This is a fairly dramatic and massive project with a lot of moving parts," he explained. "To make sure it's working, we wanted to do a limited launch in the fall."

The Utah Health Exchange is conceived as a single shopping point.

The state hopes it will provide better information to brokers, agents and employers, and individuals "will be able to make side-by-side comparisons of their various insurance plan options," according to a press release.

"The Exchange allows employers the opportunity to simplify benefits management by

offering employees a 'defined contribution,' or specified amount of pretax dollars set aside for the purchase of an employee-selected health plan from a menu of various plans and prices. The Exchange also allows employees, rather than employers, to compare and select the health plan that works best for their individual needs and circumstances," the release said.

If an employee changes companies, and both the new and the old employers participate in the exchange, the employee won't have to change policies.

Thurston said three insurance carriers offering about 15 to 20 plans have signed on already. That's half of the companies offering plans in the "small group market." He also anticipates a fourth joining soon.

"Those three carriers will have plans covering every hospital carrier in state," he said.

An employee's favorite insurer might not be participating, but every kind of plan currently offered in the "small group market" will be offered through the exchange, he said.

About three-quarters of employees have to agree for an employer to participate, but that's better than the 80 to 100 percent brokers currently require, he explained.

There's a recognized trend of employers choosing company-wide plans that are pricier than what families usually choose for themselves. If the business is participating in the exchange, the worker can take the money pledged by their boss and choose something more affordable.

All workers will have the same range of options regardless of what type of work they do, but price will be determined by the health of the workforce, he said.

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"A person with cancer won't be charged more than the person sitting next to them, but in the world we live, there's still that group factor," he added.

Insurance brokers and agents will still receive commissions in this new marketplace, so they have an incentive to get companies into the exchange that haven't offered health insurance to employees previously.

Judi Hilman, executive director of the Utah Health Policy Project, is not an outright critic of the exchange, but would like to see several changes made.

"Right now, with the way the exchange is structured, it doesn't have the right parameters for success, although there is some interest in building those," she said.

She said employees may have more options, but the variety of plans makes it impossible for shoppers to compare apples to apples for price.

"You need standards for affordability that make it possible to enhance premium subsidies," she said.

She's also disappointed that there is little incentive for companies that don't offer benefits now to join the exchange. This has done little to help people with no insurance.

The state has done little through this or other programs to inform consumers on what Medicaid benefits they may qualify for. Currently, the program is under-enrolled and is a viable option for better coverage, she explained.

"It's a foot in the door; having the exchange infrastructure in place is the opening we needed to make the case for some of these more difficult changes we talk about," she said.

The exchange does nothing to respond to demands small businesses have made to be able to pool their risk. They want a community rating, and national reform that has been proposed would provide that, she added.

Participation in the exchange should also be mandatory, with exemptions for small or struggling businesses. That's what has made similar programs successful elsewhere, she said.

Hilman acknowledged that the exchange is largely the state's answer to national-reform proposals, but she believes Utah will benefit from many of those ideas.

"There's a myth that this is about growing government. Actually (national reformers) want to stabilize the private market," she said.

It isn't clear how many Summit County businesses are interested in the exchange. Krista Parry, communications director for Park City Mountain Resort, said her company didn't give it much consideration since it's too big to have participated in the initial launch.

Erin Grady, communications director for Deer Valley Resort said they didn't see a need for it.

"We're not shopping around and are already offer a variety of health options to our staff," she said.

Joining the exchange wouldn't offer any additional choices to staff, she said.

Employers who wish to receive notification when the Exchange

reopens may visit www.exchange.utah.gov

and provide contact info by clicking on the "Employers" link. Large employers with over 50 people may enter the market in fall 2011.

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