



UTAH SMALL BUSINESSES LEFT OUT OF LATEST EXCHANGE DECISION

For Immediate Release: May 9, 2013

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Salt Lake City - Today's announcement that the federal Department of Health and Human Services (HHS) is ready to approve Utah's request for a split exchange model is good news for the state's political leaders, and a major step forward to full implementation of the Affordable Care Act (ACA) in Utah. But small business owners, their employees, and anyone concerned about making insurance coverage more affordable and accessible in this state should take a close look at this decision.

Based on an initial reading of the agreement, it appears that HHS will allow Utah to operate an insurance exchange or "marketplace" for small businesses that does not screen applicants to determine if they are eligible for Medicaid. In addition, Utah says it won't communicate information to the federal data hub to help citizens claim tax credits or satisfy the individual mandate to have insurance.

"Utah asked for unprecedented flexibility from the federal government, and they got it—bypassing one of the core functions of insurance exchanges," says Judi Hilman, executive director of the Utah Health Policy Project (UHPP). "By discounting the fact that some Utah small business employees could be eligible for Medicaid—which could save employers and their workers hundreds of dollars a month—Utah has decided that protecting principle is more important than providing the state's small businesses with the same options available in other states."

Medicaid screening will still occur on the state's individual exchange or marketplace, where most Utahns will shop for insurance after October 1, 2013, because it still will be operated by the federal government. The individual marketplace will feature tax credits to make insurance coverage more affordable. An April 2013 study by Families USA predicted that 270,000 Utahns—including a family of 4 making up to \$92,200 a year—would be eligible for these credits. The individual exchange will also feature navigators: people trained to help individuals and families determine which health insurance option best fits their needs, and to help them enroll in their plan of choice.

But according to the preliminary reports on this agreement, small business employees who seek insurance on Avenue H, the state-run exchange, won't be screened to see if they qualify for Medicaid or be informed if they qualify for tax credits. As a result, Utah small businesses owners and employees could pay more for insurance than workers in other states. "Small employers continue to struggle with the cost of providing benefits to their employees. If the decisions with ACA help to reduce those costs, then that's a good thing for employers," says Todd Steinicke, a broker with Davis Pacific Benefits in Salt Lake City. "Right now the costs are unsustainable for everyone involved be it an employee, employer, state or federal."

“One of the goals of health reform was to eliminate the bureaucratic barriers that trapped people in inadequate or costly insurance policies—or forced them out of coverage altogether,” says Jason Stevenson, education and communications director at UHPP. “The state’s decision to prevent small business employees from being screened for Medicaid eligibility or sharing data about tax credits and the individual mandate erects a needless brick wall in front of thousands of Utahns.”

Although Utah won significant concessions from the federal government to run Avenue H on its own terms, the state’s small business exchange will still need to accommodate certain critical ACA regulations. For instance, insurance plans offered on Avenue H will be required to:

- Impose modified community rating, which means they will not be able to charge people with pre-existing conditions like diabetes and heart disease more for insurance, or charge women more than men
- Cover the 10 essential health benefits determined by the state, which include maternity care, imaging like MRIs and x-rays, hospitalization, preventative care, and mental health
- Eliminate lifetime caps on benefits

“Today’s agreement between Utah and the federal government will ensure that the insurance coverage offered to small business employees on Avenue H can’t discriminate or offer sub-standard benefits,” says Hilman. “But the state’s decision to ignore Medicaid screening and block tax credits and data sharing could limit how accessible or affordable this coverage will be.”

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