



The State of Utah Health Reform

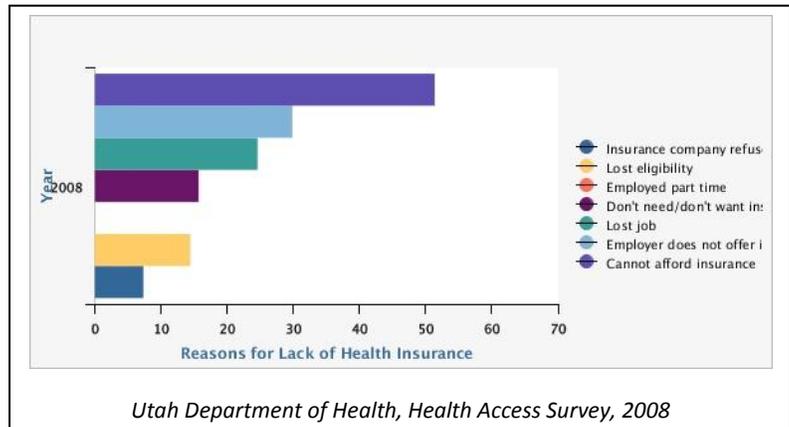
Key Decision Points for 2012

THE MOST IMPORTANT THING: AFFORDABILITY

People in Utah want health insurance but almost 400,000 Utahns don't have any. Those that don't say it's too expensive, especially for small businesses and for Utahns who buy individual policies.

And the price keeps going up!ⁱ Premiums are going up faster than the cost of living and faster than wages. In Utah, the average price of a premium in the individual market more than doubled over the last 10 years!ⁱⁱ

Utah's leaders decided the private market is the right place for reform, but to make it work, health insurance has to be **affordable**.



There are 2 ways to make health insurance premiums in the private market affordable:

- 1) **Everyone must have health insurance** so that lots of healthy people are in the “risk pool.” This works even better with “**community rating**” (the health risk is spread out over everyone, not just small pockets of the population). Together these bring prices down because more healthy people pay in to the pool. This means that insurance companies don't have to charge so much in order to cover the medical claims they pay out for sick people.
- 2) Help people pay for their premiums with a “**premium subsidy**” based on their income. Utah already does this for a handful of low income workers who get health insurance at work through the Utah Premium Partnership (UPP)—but more could use it. Federal reform includes tax subsidies in the individual market exchanges. *If there is any way to avoid a mandate, affordability is the answer.*

MAKING HEALTH INSURANCE AFFORDABLE: UTAH'S 2012 DECISION POINTS

Simplify UPP (Utah Premium Partnership): Increase the eligibility for Utah's premium subsidy program to 200% of the federal poverty level (FPL) for workers who are offered insurance through their jobs. This simplifies UPP by making the eligibility level the same for parents and their children. This program is already funded.

Make Utah's Health Exchange stronger:

- **Bring consumer input into Utah's Health Exchange (UHE):** It's time to bring a strong consumer voice into the mix. At the end of the day, it's the consumer—small business owners, people who buy insurance on the individual market, and those who go without

because it's too expensive—who will remind us that insurance has to be affordable or people won't buy it!

- **Create good governance for Utah's Health Exchange now and into the future:** it makes good business sense to have a governance board for the UHE that includes all stakeholders and has a majority of members who do not have a conflict of interest with the health care industry. Utah's High Risk Pool (HIP) board is a good model—it's been in place for 20 years and has worked well.

Address the special challenges of one of Utah's most vulnerable populations:

- **Create seamless coverage for Utah's vulnerable populations:** Utahns whose incomes fall between 139-200% of the FPL find it very hard to pay for health insurance because they move in and out of jobs over the course of a year—and may move in and out of being eligible for Medicaid (public health insurance for low income Utahns). That's called "churning." One solution is to create the "**Basic Health Plan**"—this could be set up as insurance that low income workers can buy that has the same medical providers as Medicaid (so that people's medical care isn't interrupted).
- **Create community based "Navigators" to help Utahns figure out what insurance product is best for them:** some Utahns need extra and ongoing help piecing together insurance benefits for their families. Navigators are community based organizations who reach out to the community to help vulnerable families enroll in health insurance—public and private—and then use it wisely.

2012 AND BEYOND: KEY DECISION POINTS ON THE HORIZON

Build an insurance exchange with premium subsidies for the individual market: Utah has the expertise to build a health insurance exchange for the individual market. This will be the way that Utahns that don't have insurance through work will be able to get help paying their premiums.

Essential Health Benefits –supporting long term cost reduction: This essential package of benefits should include the things that promote health and good management of chronic conditions because over the long run, healthier people cost less. Utah's leaders must carefully consider what belongs in the package of essential health benefits.

THE BOTTOM LINE

People with health insurance, whether public or private, get more care at the right place and at the right time and tend to be healthier than those that don't have health insurance. Healthier people cost less. **Making insurance affordable ought to be Utah's next step in health reform.**

ⁱ Small Business Majority, *Utah Small Business Survey*, (July 7, 2009), available online at http://www.healthpolicyproject.org/Publications_files/Business/2009/Utah_research_report_062209.pdf;

Utah Department of Health—IBIS—PH data query. Available online at www.ibis.health.utah.gov

ⁱⁱ Jeff Hawley, *2009 Utah Health Insurance Market Report, Table 15*, (Utah Department of Insurance, August 17, 2010) available online at <http://www.insurance.utah.gov/health/healthreports.html>.