



Utahns

SPEAK UP

Worthy new business start up never gets off the ground because of health insurance...

Mindy and Eric Spencer, Lehi, UT

The Spencers have been forced to make career and financial decisions based on their access to health care. Eric looked into starting his own general contracting business but ended up dismissing the idea because his family would have lost their health insurance. His wife, Mindy, has Type 1 diabetes and has worked hard to never have a lapse in coverage.



Health insurance dictates jobs and career choices

Mindy and Eric Spencer and their two children live in Lehi, UT. Mindy has had Type 1 Diabetes since she was 7 years old. *“I’ve been really careful to never have a lapse in insurance coverage,”* says Mindy, *“but, it’s been really expensive, especially with COBRA (continuation coverage) plans.”* Each time Eric changes jobs, they worry about where they will get their health insurance. They have to consider if the new job is worth the high COBRA prices they pay in the transition and how the new benefits package measures against their current one.

Eric has always been interested in starting his own business as a general contractor. With a degree in business management and with his extensive background in contracting, he has the perfect skill set. But, the Spencers would have to buy insurance on the individual market—a market in which Mindy finds herself completely uninsurable.

“Sometimes I feel like I’m holding him back. Eric can’t do what he really wants to do because of health insurance!” Mindy confides.

Policy Solution: Change the definition of a small group and shift to community rating

When it comes to managing risk—and cost—being in the small group market has many advantages. First and foremost, because of *guarantee issue* laws (define briefly) an insurance company cannot deny coverage. Current law defines a small group market as 2 or more people. Eric’s business would start out with only one employee, forcing him to buy insurance on the individual market. However, Mindy’s diabetes makes her uninsurable on the individual market. Thus, Eric can’t start his business because they will lose their insurance.

Utah should change the definition of a small group market to 1 or more to help families like the Spencers realize their small business dreams and to encourage the entrepreneurial and competitive spirit that makes our state great and helps us recover from the recession.

In addition, Utah should change the way we manage risk from rate banding to community rating. With community rating, insurance companies would no longer underwrite our premiums based on health status, which makes insurance so prohibitive for Utahns like Mindy.