



## Taking a Pulse: A Look at the Affordable Care Act's Impact across Utah

By Emma Penrod  
Utah Business Magazine  
February 2015

Link:

[http://www.utahbusiness.com/articles/view/taking\\_a\\_pulse/?pg=1](http://www.utahbusiness.com/articles/view/taking_a_pulse/?pg=1)

After listening to endless complaints from residents and businesses alike, experts didn't really expect large numbers of Utahns to sign up for the Affordable Care Act. But when the marketplace opened for the first time last year, Utah residents signed up for insurance in droves, with some demographics signing up faster than their counterparts in many other states. And with tens of thousands of Utahns still without insurance, those same experts who once predicted a low adoption rate in Utah now anticipate a big year for insurance enrollment in 2015—even though they say the act still has a lot of challenges to overcome.

### By the Numbers

Nearly 85,000 Utahns signed up for insurance through the Affordable Care Act's online insurance marketplace in its first year—30,000 more than state experts initially anticipated, says Jason Stevenson, education and communication director for the Utah Health Policy Project, a nonprofit, nonpartisan group dedicated to sustainable healthcare.

"We weren't sure there would be a demand for this in Utah," Stevenson says, because so many Utahns get health insurance coverage through their employers—almost 60 percent of Utah residents have employer-provided health insurance, compared to a national average of just under 50 percent. "But demand was huge," says Stevenson. Indeed, 84,601 Utahns had signed up for health insurance through healthcare.gov by April 19, 2014. Nearly 45,000 of them signed up in the last month before the extended ACA deadline.

Who signed up for healthcare was perhaps just as surprising as how many signed up. It wasn't the elderly or individuals with pre-existing conditions who clamored for coverage—though there were those, too, says Randal Serr, director of Take Care Utah, an online educational organization run under the Utah Health Policy Project.

Serr says he was aware of at least one enrollee, in her 30s, who had been previously denied health coverage because of a pre-existing brain tumor. Her condition had rendered her unable to work, and her lack of insurance and income made it impossible for her to seek medical treatment. But after enrolling under the Affordable Care Act, the woman was able to have the tumor successfully removed, and she was able to return to work once again, Serr says.

But for the most part, younger Utahns made up the bulk of the new enrollees through the marketplace, and many of those young enrollees were self-employed or otherwise engaged in some form of nontraditional employment. In fact, Stevenson says, the data suggested the No. 1 fastest enrolling community in Utah was Daybreak, a South Jordan neighborhood typified by young, hardworking families.

Utahns under the age of 26 were also more likely than their counterparts in other states to take advantage of new Affordable Care Act provisions to stay insured under their parents' policies, possibly because so many young Utahns choose to serve missions for The Church of Jesus Christ of Latter-day Saints and attend college later in life. Between this and the rush on marketplace enrollment, the number of young uninsured Utahns plummeted. "We had more young enrollments than any other state," Stevenson says. "I think what they found out was that rates were pretty low, so they signed up."

Though preliminary data from PricewaterhouseCoopers indicates premiums are up by an average of 5.3 percent for 2015, insurance rates in Utah remain among the lowest in the nation. Kaiser Health News put Utah in the top 10 markets for affordable insurance rates, based on an average cost of \$173 a month for a 40-year-old interested in a low-cost, silver-grade health policy. For Utahns in their 20s and 30s, rates could run lower, with the cheapest silver-grade health policies coming in around \$115 per month.

The availability of subsidies through the Affordable Care Act further reduced the out-of-pocket cost of health insurance for young Utahns, Stevenson says—and 65 percent of Utahns who sought insurance through the marketplace last year received a monthly subsidy worth \$50 or more. American families with a household income within 400 percent of the federal poverty level qualify for subsidies. That means subsidies are available for an average family of four making anything less than \$95,400.

### **More Insurance—and Questions**

After 2014's high enrollment, experts expect the 2015 insurance exchange at healthcare.gov to bring in even more uninsured Utahns—and while that's probably a good thing for consumers, the jury is still out on how that will impact insurance companies, says Shaun Greene, founder and COO of Arches, a nonprofit insurance provider.

Greene founded Arches last year using federal loans made available by the Affordable Care Act after losing his job as an insurance broker to the very same law. In 2014 the company saw its first year in full operation, and Arches has already enrolled 30,000 members. He expects to bring in another 20,000 in 2015, given that an estimated 200,000 to 300,000 Utahns who are newly eligible for health coverage under the Affordable Care Act remain uninsured.

- See more at:

[http://www.utahbusiness.com/articles/view/taking\\_a\\_pulse/?pg=1#sthash.nr6YVKCY.dpuf](http://www.utahbusiness.com/articles/view/taking_a_pulse/?pg=1#sthash.nr6YVKCY.dpuf)

While most of the Utahns who signed up for coverage last year were self-employed, Greene says many were also employees of small businesses. Many small businesses, who had long struggled to provide insurance for their employees, simply disbanded their small group policies last year and encouraged employees to take out individual policies through the marketplace instead.

While the increased availability of insurance is a good thing for consumers—health insurance protects against surprise medical bills, once the No. 1 cause of bankruptcy in America, as well as protects employees' health, resulting in a more stable and productive workforce—how well insurance companies will ride out the shifting market and profitability caps imposed by the Affordable Care Act remains to be seen, Greene says.

Arches itself reported a loss in 2014, he says, though he expects to break even in 2015. Some large insurers are reporting profits, but most have little to say. Too many questions and uncertainties remain, Greene says. "The way we do business has radically changed," he says. "The center of our universe used to be in New York and Minneapolis, and now it's in Washington, D.C."

### **Room to Improve**

While the Affordable Care Act has done a great deal of good for Utah's economy by providing stability for employees and leveling the playing field for small businesses and entrepreneurs, there are still a number of shortcomings Greene says he would like to see addressed.

First on his list of problems is the much-discussed black hole of coverage—the estimated 65,000 Utahns for whom affordable health insurance remains out of reach. Gov. Gary Herbert's Healthy Utah plan, which proposed providing additional state subsidies to those in the gap in order to make up the difference, was a possible solution, Greene says. But it was shot down by the Legislature before the 2015 session even began, and Utah is once again casting about for a solution.

Additionally, Greene says, the Affordable Care Act did little to address the high cost of American healthcare. Medical providers will be forced to adapt in some ways to keep prices low. For example, the American medical system has now recognized a surplus of specialists and a deficit of primary care physicians, where once an overbooked family doctor might have quickly recommended a specialist upon hearing complaints of back pain. But without payment reform, Greene says, the price of medical care will continue to rise.

### **Sparking the Entrepreneurial Spirit**

An interesting side effect of the Affordable Care Act, says Jason Stevenson, education and communication director for the Utah Health Policy Project, is the way in which the law is able to effectively address "job lock."

In the past, Stevenson says, various barriers to entry, such as insurance companies' unwillingness to take on new customers with known medical conditions, kept smart, ambitious people from launching business ventures of their own. Instead, capable business minds clung to jobs within larger companies for fear they would lose critical benefits if they cast off to follow dreams of their own.

Now the Affordable Care Act has made it possible for many of those individuals to launch entrepreneurial ventures of their own by both eliminating those past barriers and by making it easier for independent business leaders—and their employees—to acquire individual insurance policies for their families.

“Job lock has been erased,” Stevenson says. As a result, it’s quite possible the Affordable Care Act could unintentionally inspire a new generation of entrepreneurs, independent artists and small businesses to enter the playing field.

###