



# THE AFFORDABLE CARE ACT (ACA)

## What's in it for the People of Utah?

A Utah Health Policy Project Position Paper

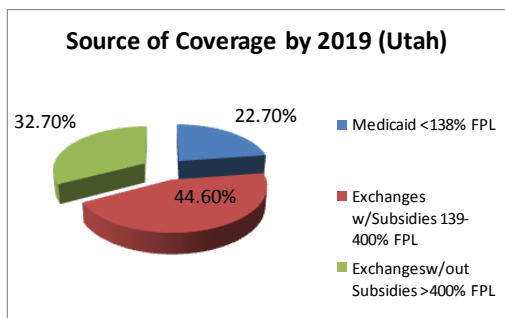
May 3, 2012

### SUMMARY

Thanks to the federal health reform law (the Affordable Care Act), most Utahns will be able to get quality, affordable health insurance coverage. Under the ACA, no one can be turned away, and those that need it will have help paying for it. Small businesses will have new reasons to provide decent insurance to their employees, at costs comparable to those of large businesses. Over time the health law will lower the cost of health insurance and health care for all payers—even the taxpayer.<sup>i</sup> The current “business model” in the private insurance market will change. Insurance companies will no longer make money by keeping out people who need health care! Starting in 2014, insurance companies will compete over the rights things, like keeping us healthy. So far only parts of the health law have taken place (see our chart) and the rest may depend on how the Supreme Court rules on the legal challenges.<sup>ii</sup>

Reform Changes	Before ACA (Utah)	After Full Implementation (Utah)
Insurance Coverage	17.3% uninsured (non elderly)	8.7% uninsured (non-elderly). 245,000 Utahns will gain affordable coverage
<u>Affordable</u> Premiums	Family premiums rose 4.3 x faster than earnings, 2000-09. 136,000 UT households spent >25% of pre-tax income on health care	Utah families up to 400% of poverty level (\$88,200 for family of 4) will get sliding scale premiums if not covered by Medicaid.
No discrimination based on pre-existing conditions	Insurance companies can charge you more based on your health status; and they can refuse to cover your pre-existing conditions	Your premium will not depend on how healthy or sick you are and insurance companies will have to cover your pre-existing conditions. Nor can they turn you away (or drop you) because you are sick.
No more <i>rescissions</i> (when insurance companies drop you when you get sick)	Little oversight of such practices & weak appeal rights	Insurance companies can no longer drop you because you get sick. Period.
No more gender discrimination in premiums	A 40 year old Utah woman is charged 37% more than 40 year old Utah man	This just goes away. A community rating takes its place—which evens out costs across the population.
Small businesses will have incentives (tax credits) to offer coverage and predictable costs	<u># employees: % offer insurance in Utah</u> <10 employees: 31.2% 10-24 employees: 56.5% >50 employees: 92.9%	31,900 of 67,000 Utah small businesses could be helped by the tax credits. Small businesses are given incentives to offer coverage.
Medicare Part D “Donut Hole” gradually closes. Medicare becomes solvent	Utahns hitting the donut hole paid \$3,610 out of pocket in 2010. Medicare Trust Fund was facing a crash in 2017.	262,064 Utahns on Medicare will have health care they can count on. No co-pays on preventive care (in effect already)! One free wellness visit a year (Utah is under-utilizing this)

Sources: <http://www.familiesusa.org/assets/pdfs/health-reform/state-gains-2010/utah.pdf>. Urban Institute analysis, 2011, cited in [www.rwjf.org/files/research/71952.pdf](http://www.rwjf.org/files/research/71952.pdf).



By the time the ACA is fully implemented, most Utahns (77%) will be covered in the private market. And that market will become more stable as time goes on. **The ACA Exchanges make it possible for the private market to be the foundation of a reformed health care system.**

## THE HARD FACTS: DISAPPOINTING RESULTS FROM STATE HEALTH REFORM

There's a reason why Forbes business magazine and National Review are asking politicians to stop touting Utah's Exchange (UHE) as a success:<sup>iii</sup> it has not increased access to insurance...

- There are 67,000 small businesses in Utah and most are clamoring for real solutions to the rising cost of health insurance;<sup>iv</sup> the UHE serves only 264.
- 70% of businesses currently enrolled in UHE already offered insurance to their employees.
- To date the UHE has brought, at most, approximately 1,866 previously uninsured lives (30% of the 6,223 total) into health insurance. That's 0.4% of the approximately 400,000 Utahns without insurance.
- *The UHE has barely made a dent in the number of uninsured in Utah.*

Nor has the UHE brought down the cost of insurance...

- Price is the “deal breaker” for the more than 60% of businesses that begin the enrollment process but don't finish it.
- “Pilot launch” (2009): 77.5% of businesses that decided not to buy on the exchange reported that their quoted premium was “somewhat” to “much higher” than their current premiums.
- “Re-launch” (2010): In a report to the advisory board, UHE staff stated that even though the original issues that drove up premiums were solved, the *deal breaker was still price.*<sup>v</sup>

## UTAH SHOULD BUILD ON STATE REFORM & PREPARE TO IMPLEMENT FEDERAL EXCHANGES

Utah's policymakers should take the hard lessons from state reforms to heart while preparing to meet federal standards for Exchanges. The truth is states have plenty of options for control under the ACA: Utah can choose to operate the new Exchanges or let the Feds come in and do it for us. There is also flexibility, within certain limits, to determine the Essential Health Benefit standards for the small business and individual insurance marketplace.

<sup>i</sup> Utah Health Policy Project (UHPP). *We'll Show you Cost Containment*,

[www.healthpolicyproject.org/Publications\\_files/National/Cost%20Containment%20in%20ACA%207-26-1.pdf](http://www.healthpolicyproject.org/Publications_files/National/Cost%20Containment%20in%20ACA%207-26-1.pdf).

<sup>ii</sup> UHPP, Supreme Scenarios: Potential Outcomes of the Legal Challenges to Federal Health Reform for Utah.

[http://www.healthpolicyproject.org/Publications\\_files/SupremeScenarios4-19-12.pdf](http://www.healthpolicyproject.org/Publications_files/SupremeScenarios4-19-12.pdf).

<sup>iii</sup> Forbes Magazine. Utah's Health Exchange is not a Success, July 25, 2011. <http://www.forbes.com/sites/aroy/2011/07/25/utahs-health-exchange-is-not-a-success-conservatives-please-reconsider-your-arguments/>. National Review, One Way Massachusetts Commonwealth Connector Beats Utah's Exchange, <http://www.nationalreview.com/critical-condition/261962/one-way-massachusetts-commonwealth-connector-beats-utahs-health-exchange-j>

<sup>iv</sup> Small Business Majority, *Utah Small Business Survey*, July 7, 2009.

[http://www.healthpolicyproject.org/Publications\\_files/Business/2009/Utah\\_research\\_report\\_062209.pdf](http://www.healthpolicyproject.org/Publications_files/Business/2009/Utah_research_report_062209.pdf).

<sup>v</sup> For sources, see UHPP, *The State of the Utah Health Exchange*, April 24, 2012.

[http://www.healthpolicyproject.org/Publications\\_files/State/TheStateOfUHEDashboard.pdf](http://www.healthpolicyproject.org/Publications_files/State/TheStateOfUHEDashboard.pdf).