Guiding Principles for Health Insurance Market Reform - Utah

- Individuals and families should be able to **own their health insurance**
- **Insurance should be portable** from employer to employer
- Individuals and families should be able to **choose a plan** that works best for them
- Employees should be able to **combine premium contributions** from multiple sources to be applied toward payment of one policy
- Insurance carriers should **compete on VALUE and on managing risk—not on avoiding risk**
- Government should act as a facilitator—not an operator
Creation of the Defined Contribution Market

What are Defined Contribution arrangements?

- Employer-sponsored health plans that allow individual employees full control over their plan choice
- Rather than promising or providing a certain level of health benefit, the employer offers a pre-determined level of funding that the employee then controls and uses to purchase their choice of health insurance

Method For Implementing Utah’s Principle of Consumerism

Establishing the Utah Health Exchange

- Internet-based information portal
- Three core functions:
  1) Provide consumers with helpful information about their health care and health care financing
  2) Provide a mechanism for consumers to compare and choose a health insurance policy that meets their needs
  3) Provide a standardized electronic application and enrollment
- Multiple source premium aggregator
  - Combines premium payments from multiple sources (i.e. second employer, spouse’s employer, etc.) to be applied toward a single policy
The Affordable Care Act

- The Patient Protection and Affordable Care Act (P.L. 11-148), enacted March 23, 2010
- Health Care and Education Reconciliation Act of 2010 (P.L. 111-152, enacted March 30, 2010)

The “Exchange” and the “SHOP”

- American Health Benefit Exchange (AHBE)
  - Individuals and families purchase qualified coverage and if they are below certain income levels may receive premium subsidies.
- Small Business Health Options Program (SHOP)
  - Small businesses with up to 100 employees may purchase qualified coverage.
  - Premium subsidies are not available through the SHOP exchange. (tax credits for certain employers)
Utah’s Health Insurance Exchange

Defined contribution market is compatible with the federal “SHOP” exchange for small employers

How does the Exchange work?

- **Step 1** - Employer applies
- **Step 2** - Employees register
- **Step 3** - Premiums are generated through underwriting
- **Step 4** - Employee comparison shops (open enrollment)
- **Step 5** - Finalize enrollment
- **Step 6** - Plans go into effect on designated date
Advantages of the Utah Health Exchange

**EMPLOYERS**

- Simplified Benefits Management
- Predictable costs
- Expanded Coverage Choices
- Preserve Tax Benefits

**EMPLOYEES**

- Individual Control and Choice
- Pay with Pre-tax dollars
- Plan Portability
- Premium Aggregation

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**Employer Participation Continues to Grow**

157 employer groups are currently enrolled in the Utah Health Exchange. 100% of the participating "2010 Pilot Groups" re-enrolled for 2011.

July 14, 2011
Employee Enrollment Counts

Total number of enrollees, including August 1st benefit effective date groups:
  - Covered lives: 4059
  - Covered employees: 1424
  - Covered dependents: 2635

Covering Previously Uninsured

- 16% of employer groups did not offer health insurance for their employees prior to joining the Exchange
- 96% of participating employer groups have a broker

Defined Contribution Monthly Amount Provided by Participating Employers

- Smallest employer defined contribution amount: $0
- Average employer defined contribution amount: $518
- Largest employer defined contribution amount: $1,683

Participating Business Entities

- LLC = 48
- S-Corp = 54
- C-Corp = 40
- P-Corp = 7
- Non Profit = 5
- General Partnership = 1
- Government Agency = 2
Employee Enrollment Counts

Smallest Group Size
2 employees

Average Group Size
14 employees

Largest Group Size
49 employees

Total employer count by group size
- Groups with 2 - 10 employees: 89
- Groups with 11 - 20 employees: 29
- Groups with 21+ employees: 39

Questions?

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