Health System Reform in Utah: Pathways to Success
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On March 19th, Governor Huntsman signed into law five bills that put Utah on the health reform path. In his remarks, the Governor said, "We, as a state, are at the very forefront of health-system reform. It is multifaceted, it is complex, it is politically sensitive." [1] It is also critical to tackle the issue before the problems of increasing costs and the uninsured further impact the overall economy. For health system reforms of the magnitude that are needed, the right framework is essential for success. The most significant elements of true health system reform are interdependent, and should not be attempted piecemeal. These elements include the need to leverage and make better use of Medicaid and CHIP, an essential basic benefit package, a benefit commission, quality improvement and transparency, guaranteed issue/community rating, and individual and employer requirements.

The Problem

A record number of Utahns are without health coverage. The official Utah Health Status Survey estimated that 306,000 Utahns were without health insurance in 2006, including 89,500 children. This number declined slightly (approximately 6%) in 2007 [2] but there is still a significant amount of work to be done. National estimates rank Utah as having a higher than average rate of uninsured residents, 17.4% or 442,000 residents, despite having higher than average median annual household income, $55,179 (CPS data).[3]

About one-third of Utah’s uninsured are working but are not offered or are unable to afford insurance. Another one-third are eligible for Medicaid or CHIP, but haven’t signed up. The final one-third are mostly young, probably healthy individuals who apparently choose not to buy insurance because they think they don’t need it – the so-called “Young Immortals.” All three of these groups need to be brought into the health system for it to work more efficiently.

Utah’s Uninsured Rate Surpasses the U.S. Rate for Second Year in a Row

Between 2000 and 2004, workers’ share of health premiums increased by 66%, but wages only went up 13%. Premium increases in Utah are nearly double the US average.[4] If something is not done, health premium cost increases will surpass the annual household income within 20 years—clearly not a feasible situation. Utah is also leading the nation in small businesses dropping health insurance coverage for their employees. While nationally 43% of businesses with fewer than 50 employees offer health insurance to employees, only 34% of Utah small businesses offer coverage.[5] This is especially alarming due to the fact that Utah’s economy is...
Legislative Actions

Representative David Clark and Senator Sheldon Killpack’s HB133, Health System Reform, is the main vehicle for health system reform in Utah. Now all stakeholders, including advocates, consumers, the business community, providers, insurance companies, legislators and the Governor’s staff, will begin the difficult task of figuring out what will work in Utah to contain costs, increase quality, and ensure that all Utah’s have access to medically necessary health care. Only by working together and building on our collective strengths can we realize great results. HB133 sets the framework for the difficult task ahead. Eleven legislators will be on the task force but over 40 other representatives have asked to participate.

The other bills Governor Huntsman signed begin the reform process. HB47, Standards for Electronic Exchange of Clinical Health Information, sponsored by Representative Ronda Menlove, authorizes the Department of Health to adopt standards for the electronic exchange of clinical health information. Information technology and electronic medical data exchange work to eliminate duplicative care, reduce medical errors, and increase efficiency by automating key steps in complex processes that fail when left to human memory. By facilitating rapid exchange of comprehensive medical data (like medical records), providers are better able to manage treatment of chronic diseases. Good information technology also provides ready access to a wealth of data gleaned from up-to-the-minute clinical science, thus reducing variations in practice. This bill will ensure that electronic exchange standards are set and that providers and third party payers are following these standards.

HB326, Children’s Health Insurance Program—Open Enrollment, and HB364, Promotion of Health Care Coverage, sponsored by Speaker Greg Curtis and Representative Kory Holdaway respectively, help fulfill one of government’s key responsibilities within health reform: enrolling eligible Utahns in Medicaid, CHIP and the Utah Premium Partnership (UPP). Policymakers recognize that thousands of low income families cannot afford to purchase health coverage on their own. Unfortunately, many eligible families either do not know about these programs or, in the case of CHIP, the state has failed to provide sufficient funding to ensure the program is available—that is until now. HB326 and HB364 address both problems. HB326 ensures that Utah’s CHIP program receives sufficient funding to cover all eligible children. HB364 addresses the under-enrollment issue by requiring schools to work with the Departments of Health and Workforce Services to develop a plan to promote CHIP, Medicaid and UPP to families. The bill also provides funding to market the woefully under-utilized Utah Premium Partnership program (UPP). UPP is a key program to help low income Utah families afford private health coverage by providing a subsidy for people to purchase health insurance.

Finally, HB 301 sponsored by Representative James Dunnigan makes amendments to the Comprehensive Health Insurance Pool Act and provisions in the Individual, Small Employer, and Group Health Insurer Act that relate to the Utah Comprehensive Health Insurance Pool. The changes increase the points required to be considered uninsurable. The result is that the insurance industry will cover more people who were previously considered uninsurable. This is a step in the right direction, though in the long run it would be best to further minimize risk avoidance.

Summary

Health system reform will not be easy, but Utah’s families, businesses, and taxpayers cannot afford to stay on the current path. To ensure success, health reform must address cost, quality and access at the same time. Thanks to the health reform framework introduced by Rep. Clark, Utah is now on a multi-year path to bold reform. A series of difficult, inherently complicated policy changes will have to be made to ensure that Utah achieves true health system reform. These include: stronger, more accessible public programs; shared responsibility for individuals,
employers and government; community rating; a commitment to systemic and continuous quality improvement; greater transparency throughout the system; and a medical home plan for all Utahns.

Click here for UHPP’s Recommendations for Health System Reform

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[1] SaltLake Tribune

[2] State of Utah Health Department

[3] The higher average median annual income is related to the fact that we have more workforce participation per household.
