With the support of chief sponsor Representative David Clark, Senate Sponsor Sheldon Killpack, and 47 co-sponsors, Health System Reform (HB133) passed both the House and the Senate and was signed by Governor Huntsman on March 19, 2008. The goal of HB 133 is to enhance and preserve the health of all Utah residents and it is lauded as being the first step to real system reform at the state level. It requires the Department of Health, the Insurance Department, and the Governor’s Office of Economic Development (GOED) to work with the Legislature to develop the state’s strategic plan for health system reform.\[1\]

Real system reform will not happen quickly or easily; therefore, HB 133 uses what has been referred to as a 1-3-6-10 approach to health system reform. During the first year, the bill calls on the Legislature to enact specific changes to establish a foundation for reform by developing a task force and working to lower costs of insurance premiums. Over the next three years, the Legislature is to develop and implement a plan to address six areas of need, recognizing that it may take as long as ten years for full implementation of reform.

**Task Force**

Steps taken during the first year include establishing a task force consisting of 11 legislative members (four members from Senate and seven members from the House). The purpose of this task force is to review and make recommendations for the state’s development and implementation of a strategic plan for health system reform. A report, including proposed legislation, is scheduled to be presented to the Business and Labor Interim Committee before November 30, 2008.\[2\]

To ensure the task force deals with the real issues of systemic reform, five stakeholder input groups were created that operate under the leadership of the task force and other legislative members. The five input groups are business, hospitals, providers, insurers, and the community. Each of these working groups has an appointed “special master.” The job of these legislative “masters” is to facilitate communication between each group and to make certain its ideas are fully represented to the task force. The stakeholder input groups have been meeting separately with their special masters to coordinate ideas and develop proposals. During the regularly scheduled monthly task force meetings, representatives from the input groups present findings and recommendations from their respective groups. After considering the different policy proposals, the task force will develop and prepare its final report.

While all of the input groups are still in the process of developing and finalizing their respective proposals, a few of these groups have presented their initial findings at previous task force meetings. The community group, which is comprised of individual citizens, medical providers, business representatives, and policy analysts, recommends Utah’s health system reform promote competition based on efficiency, quality, equity, and value through the use of community ratings, reinsurance, and risk adjustment mechanisms. They believe reform should provide incentives for healthy lifestyles and the appropriate use of healthcare through the implementation of Health Care Homes and individual mandates (which are essential in a community rated system). This group also recommends optimizing public programs, conducting an independent affordability study, and increasing transparency and value through the creation of a health benefits commission and the use of a market facilitator like the internet portal.

The insurance group, consisting of representatives from major health insurance companies, small carriers, and the broker community, is currently developing legislation that would allow the creation of a health insurance product that provides more options for those leaving their existing insurance plan in an effort to encourage people to stay insured and avoid an individual mandate. It would be available to individuals who have recently left a group or employer plan and would lower the amount of time an employee must be on their previous group plan from six months to three months. They anticipate the product will cost one-third less than the average large group plan.\[3\]

In order to control inflationary healthcare costs and promote economic vitality, the business input group recommends implementing health system reform that promotes transparency and the full disclosure of costs
by providers and insurers. They want this information to be standardized, easily understandable, and readily accessible. This group also promotes the availability of Health Savings Accounts (HSA), and supports the use of an insurance internet portal.[4] The other stakeholder input groups are developing proposals as well, and are scheduled to present their findings and proposals in future task force meetings.

**Six Areas of Need**
The six areas of need identified in HB 133 by chief sponsor Representative Clark include: [5]

1. Ensuring that patients have access to information about the cost and quality of healthcare and that there is a real opportunity for the exchange of clinical health information by providing tools that help providers and insurers supply this information
2. Creating incentives for patients to assume ownership of their health, health insurance, and healthcare which will, in turn, help the consumer understand how the health system works and make better healthcare choices
3. Optimizing state programs by engaging in educational outreach aimed at identifying and enrolling individuals and children in existing public programs in order to decrease the number of uninsured. This also includes using federal waiver amendments and policy to direct patients toward private health insurance solutions through expanding the scope and accessibility of programs like Utah’s Premium Partnership for Health Insurance (UPP)
4. Making health system reform a collaborative effort by working with community partners to help the uninsured find ways to become enrolled in appropriate public or private insurance plans, as well as working with businesses, insurers, and providers to develop the best approach for establishing real reform at the state level
5. Effectively lowering the cost of health insurance premiums by establishing a non-refundable tax credit for those purchasing health insurance with taxable income
6. Developing a 16-point strategic plan to guide health system reform into the future. HB 133 outlines the 16 measures that must be considered (but not necessarily implemented). These measures include health insurance market reform, development of best practices, promoting personal responsibility (possibly through the use of individual mandates), modifying public programs to support private health insurance, maximizing tax benefits, and modernizing the Public Employees Health Program (PEHP) by allowing state employees to purchase individually-owned policies through a system of defined contributions.

**Governor’s Office of Economic Development**
Included in HB 133 is the enactment of the “Health System Reform Act” which requires GOED to serve as the coordinating entity when working with other executive branch agencies and to report and assist the Legislature with the state’s strategic plan for health system reform. An Office of Consumer Health Services (OCHS), under the control of GOED, was also established to coordinate with the Insurance Department, the Department of Health, and the Department of Workforce Services in developing a web portal which provides access to private and government health insurance websites and electronic application forms. The purpose of this web portal is to increase the transparency of the insurance market.[6]

OCHS is also responsible for facilitating a private sector method for the collection of health insurance premium payments made for a single policy by multiple payers (for example, coordinating partial payments from employers, UPP, and the employee and routing them to the insurer). OCHS will also assist employers by creating a free or low-cost method for purchasing health insurance by employees, individuals, and self-insured business owners using pre-tax dollars.

**Increasing Private Insurance Utilization**
A key aspect of Utah’s strategic plan for health system reform is promoting personal responsibility by encouraging people to obtain health insurance. In order to help people obtain health insurance, the Legislature wants to create a system of subsidies and Medicaid waiver provisions that bring more people into the private insurance market.[7] Some of the key waiver provisions the state is attempting to implement include expanding UPP to cover people using individual policies, the Utah Comprehensive Health Insurance Pool (HIPUtah), or COBRA, extending the enrollment waiting period for Utah Children’s Health Insurance Program (CHIP) and UPP from 90 days to six months for those voluntarily dropping individual coverage, and creating an option that would allow the state to shift some Disproportionate Share Hospital (DSH) funding to
UPP if enrollment increases up to current federal cost limits. [8]

The state is also considering whether or not to include a provision that would prohibit children from enrolling in CHIP if their parents qualify for UPP. The purpose of this provision is to keep families on the same healthcare plan and allow children who do not have the UPP option to enroll in CHIP. The problem with this provision is that it potentially violates several federal regulations and the Center for Medicare and Medicaid Services (CMS) has expressed concern about children potentially receiving fewer benefits under UPP than they would under CHIP. [9] These waiver modifications must be approved by the CMS, which is an agency within the U.S. Department of Health and Human Services (HHS). Since HHS Secretary (and former Utah governor) Michael Leavitt challenged Utah to take the lead in state health system reform, it is felt that Utah will receive support for most of these waiver amendments.

Conclusion
Utah is in the first year of its health system reform process, a process which, as noted above, is expected to take up to ten years before real reform can be fully implemented. While much of the groundwork has been laid in this first year, much more work must be done. Continued cooperation and involvement from a diverse group of health system stakeholders is necessary for real systemic reform to take place at the state level. Given healthcare’s impact and costs to our community, it is hoped that this effort can be sustained and success is realized.

This article is excerpted from a research report by Utah Foundation describing Utah's health system reform efforts. The full report will be available at www.utahfoundation.org.

Find out about the Utah Intergovernmental Roundtable Annual Summit: A discussion of Utah’s health system reform: Issues, Implementation, and Impact

[2] Ibid.
[7] Ibid.
[8] Disproportionate Share Hospital (DSH) programs allow the U.S. government to provide special funding to hospitals that treat significant populations of indigent patients.