



The Utah Health Exchange: Ten Lessons Learned from Utah's Experience

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1. Support and Cooperation Within and Across State Government is Key

In 2005, Utah state officials recognized the unsustainable trajectory of the health system and the burden it represented to Utah businesses, families, and individuals. Leaders in the executive and legislative branches committed the state to pursuing meaningful reform. The work began in earnest in 2008 with the formation of an eleven-member Legislative Health System Reform Task Force. Task Force members were selected from both chambers and both parties. A number of Executive Branch officials served as staff to the Task Force, including the Governor's Special Adviser for Health System Reform, officials from the Department of Health, the Insurance Department, and the Governor's Office of Economic Development. This arrangement resulted in the elimination of a number of bureaucratic hurdles which then gave rise to more efficient decisions and elegant solutions.

2. Begin with the End in Mind

One of the cornerstones of Utah's approach was to move toward a consumer-based system that maximized consumer choice and access, contained costs, and encouraged personal responsibility while creating strong incentives for efficiency and quality in our health system. It was determined that a major step in that direction would be implementation of several insurance market reforms, including the development of a workable defined contribution system and the establishment of the Utah Health Exchange.

3. Develop a General Timeline

In 2008, Speaker David Clark proposed a 1-3-6-10 approach to health system reform. That numeric sequence indicated that during the 1st year we would take specific actions to establish a foundation for future success, understanding it may take as many as 3 years to fully develop a plan of action. During that time we would focus on 6 critical areas of need and we would further understand it may take as long as 10 years to fully implement reforms.

4. Identify Specific Problems to be Addressed

Research revealed a number of items that needed to be addressed; however, the most pressing problems were:

- too many uninsured
- employers dropping coverage
- escalating premium costs
- increasing consumer detachment from the market
- misaligned incentives

5. Demography Is Destiny

Once specific problems were identified, we set about gathering and analyzing relevant data. In order to craft responsive solutions, we needed to paint an accurate picture of our uninsured population as well as determine which employers (size, sector, geography, etc.) were dropping coverage. Understanding your target demographic will help guide the bulk of your key decisions, particularly those policy decisions regarding structure, governing authority, jurisdiction, etc. as well as technology decisions regarding user interface, inclusion of decision support tools, etc.

6. Engage Stakeholders Early, Often, and in a Cooperative Dynamic

The Utah experience began in 2007 with the formation of coalitions comprised of a few, very influential stakeholders. In 2008, the Task Force commissioned the formation of five "perspective-oriented" work

groups representing 1) hospitals, 2) non-hospital providers, 3) insurers, 4) businesses, and 5) the community at-large. After some initial stagnation, stakeholder groups were put on notice that “No, because....” would no longer be accepted as a response; instead, legislators expected to hear, “Yes, if we.....” In 2009, the Task Force commissioned the formation of three “solution-oriented” work groups. Each was comprised of members representing all five perspectives and each focused on a solution to a particular issue: 1) affordability and access, 2) transparency and quality, and 3) oversight and implementation. Cooperation and productivity increased exponentially as a result.

7. Deadlines Can Be Your Friends

In March of 2008, legislation was passed creating the Office of Consumer Health Services (OCHS) within the Governor’s Office of Economic Development stipulating that the office would be charged with building “an internet-based insurance portal.” In March of 2009, legislation was passed creating the defined contribution and directing the Utah Health Exchange to make defined contribution plans available to the small group market by January 1, 2010. Given that statutory deadline, development of the Utah Health Exchange began in early April of 2009 and by mid- August 2009 it was live and functioning. This was a testament to the commitment, dedication and hard work of all the stakeholders committed to health system reform and the development of the Utah Health Exchange.

8. Consider a Phased Approach

The Utah Health Exchange opened for a "limited launch" for small employer groups (2-50 employees) on August 19, 2009. It was opened on a “first come, first served” basis with the understanding that registration would close as soon as there were a sufficient number of employers to complete a test of the technological processes of the Exchange as well as the dynamics of the newly-created defined contribution market. In fewer than eight business days 136 businesses representing 2,333 employees registered.

As anticipated, the limited launch revealed a few issues and challenges. Most were resolved very quickly while others required follow-up legislation in order to be corrected; such corrective measures were passed in March of 2010. In addition, a limited (or phased) approach allowed OCHS to survey participants regarding user experience, product offerings, etc. As a result, we were able to develop tools designed to improve usability and carriers were able to get a better understanding of the types of insurance products consumers were demanding.

The wisdom of a limited launch cannot be overstated. A phased approach allows state officials, carriers, and technology developers to gather information, identify issues, and respond accordingly all while minimizing negative effects. As a result, we now anticipate a smooth launch to the entire small group market scheduled for August 2010.

9. Leverage Existing Resources

States can maximize efficiency and minimize costs by leveraging existing resources. The decision to build or buy technology is largely driven by available funding. It is most often the case that private-sector technology vendors can customize and configure their products to meet the needs of states while minimizing costs. Get creative in your marketing and outreach efforts; consider the reach of existing networks (chambers of commerce, trade associations, economic development centers) when attempting to contact your target market. In addition, states with a robust broker community (such as Utah) may rely on agents and brokers as an education distribution channel for vital information. Finally, look to other states for answers to complex policy issues as well as on less complicated practical matters.

10. Commit to Systemic Change

None of the problems we currently face were developed in a vacuum—don’t expect to solve them in a vacuum. There’s no such thing as a magic bullet; rather, this will take multiple magic BBs.