

Summary of the Utah Experience

Rose M. Naff, CEO
Florida Health Choices
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Two Phases

- 2010 Soft launch:
 - Small, handful of agents
 - 11 Employers
 - 1,000+ Employees and dependents
 - Closed it after that
- June 2011:
 - Expanded number of agents
 - 114 Employers
 - 2,985+ Employees and dependents

Eligibility

- Small business with 2-50 employees
- 75% participation requirement for all employees working 30 hours or more
(Formula excludes employees with other coverage/Medicaid/Medicare)
- 75% of employees must be in Utah
- No Professional Employer Organizations
- Employer contribution optional
- Quarterly wage and tax documents required

Utah Enrollment Process

- Initial eligibility determined
- Agent assesses group's 75% participation requirement can be met
- Application completed for each employee
- Group goes to underwriting process conducted by 2-3 vendors*
- Underwriting results returned and averaged*
- Group's rates are calculated, agent shares with employer
- Employer decision to join, default plan selected
- Shop and Compare, employee plan selection
- Default plan assigned if no selection made by employee
- Utah verifies 75% participation requirement against wage and tax detail
- Premium collected and distributed*
- Vendors issue policies, ID cards, etc.
- Coverage begins
- Reporting for retrospective rate adjustment after 18 months*

Vendors and Offerings

- Participating Vendors:
 - Humana
 - Regence BCBS
 - SelectHealth
 - UnitedHealthCare
- Offerings:
 - Total offerings: 146
 - 4 most popular plans inside and out
- Rates:
 - Base rates are same inside and outside
 - Conjoined underwriting
 - Initial risk assessment
 - Opportunity for retrospective risk adjustment

Managing Risk:

- Utah Defined Contribution Risk Adjuster
 - Board
 - Plan of Operation
- Goals:
 - Fair
 - Normalize the risk
 - Make it simple
- Two main components:
 - Initial risk assessment
 - Retrospective risk adjustment

Managing Risk:

Initial Risk Assessment

- Standard application accepted by all vendors
- Applications for the group are forwarded to two participating vendors on a random basis
- Each conducts independent assessment of individual risk
- If results exceed established tolerability, third vendor assesses risk
- Risk factors averaged and applied to individuals
- A rolled-up risk factor is applied to the group
- Rates are calculated after group risk factor is applied
(Base rate x risk factor)
- Premium allocated to vendors based on individual risk

Managing Risk:

Retrospective Risk Adjustment

- Based on actual experience
 - Reporting claims \$75,000-\$250,000
- Performed on calendar year basis
 - Six months post calendar year-end
- Experience to date: one review cycle
 - First exercise did not result in any adjustment
 - Stay tuned: More lives covered in second year

Stated Keys to Success

- Engage brokers as a valuable partner
 - They bring the business
 - Report any problems
 - Identify issues
- Embrace private solutions
- Solution must be scalable
- Ensure level playing field
- Testing is especially critical
- Plan extra time and go slow

Enrollment Take-Up Experience

- For every 100 employers who consider:
 - 50 are not eligible or not prepared
 - 50 go to underwriting
 - 30 join
- Of those joining:
 - 20% of employers offering health benefits for the first time
 - 94% of employer groups have a broker
 - 100% of pilot groups re-enrolled for 2011
 - Contribution range 0-\$1,683 (Average: \$360 per employee)
 - Average group size 12
 - 25% of employees previously uninsured
 - 33% of employees choose HSAs
- Other:
 - 99% of employers met 75% participation requirement after enrollment.