

Utah Cares Health Cooperative Initiative

Anticipated Fiscal Impact:
\$7,222.80 per member per year

This initiative would create a government entity, the Utah Cares Commission, that would pay for the health care of any citizen who wished to enroll and was not covered by Medicaid or Medicare.

The Utah Cares Commission would have the authority to define covered services and negotiate provider rates at no less than 110% of Medicare. Hospitals would not bill for their services and patients would not pay anything out-of-pocket. Instead, hospitals would receive budget-based funding from the Utah Cares Commission.

For other medical and pharmacy services and products, benefits would be paid and member cost sharing would apply based on the state's current employee plan offering. Our annual per person estimate of the cost of this program would be about \$7,222.80 taking the following into account:

- The current per person cost for state employees reduced by 4.8% to reflect the comparatively younger demographic makeup of the state.
- Hospitals paid at current rates without any patient cost sharing with a 15% upward adjustment to reflect additional utilization generally seen when cost sharing does not apply.
- All other medical and pharmacy services and products at current rates, current utilization, and current member cost sharing as reflected in the state employee Traditional Plan.
- A reduction in the per person cost of administering this benefit to about \$60.00 a year for an estimated population of approximately 2 million members.

If the Commission reduced provider rates to the lowest allowed under this initiative, the estimated annual per person cost of the program would be about \$4,352.28.

In terms of how this initiative would impact state funding for state employees and how it would impact out-of-pocket costs for state employees, it would be as follows:

- PEHP currently pays about \$6,991 per person per year, including about \$210 in administrative costs, which is a difference of about \$231.80 more per year under this initiative.
- PEHP members currently pay \$518 per person per year in premium payments and \$627 annually in out-of-pocket costs for hospital expenses for a total of \$1,145 that members would save under this initiative.