

# Issue Brief - Insurance: HIPUtah Funding

NUMBER C&R-INS-04

## HIPUTAH FUNDING

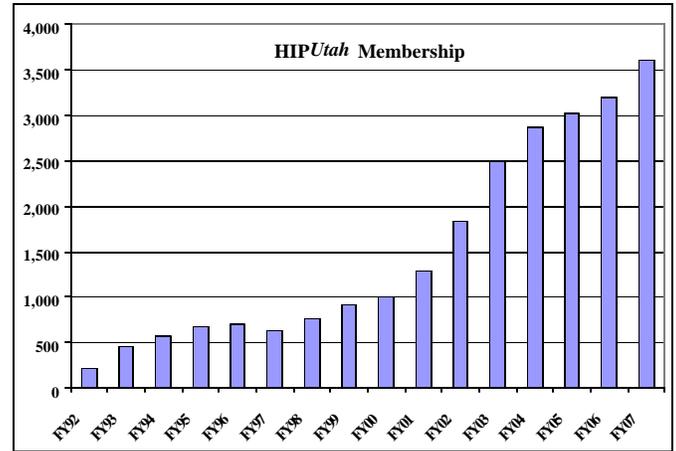
The Health Insurance Pool of Utah (HIPUtah) provides access to health insurance coverage for the uninsurable. Spreading the risk of high cost customers is necessary for a healthy market. The state has invested heavily to keep the industry healthy. Base ongoing funding for the program is \$6,203,900. The agency is requesting total General Fund of \$20,502,500 for FY 07.

## ANALYSIS

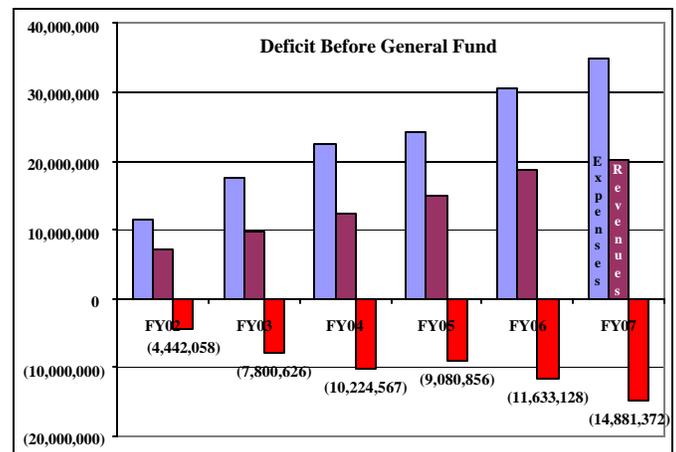
If this were an ordinary insurance company it would have completely inadequate reserves. The HIPUtah board would like to follow industry standards. However this is a creation of the state. Although the Analyst feels that modest reserves are sufficient, the program will need another increase to remain solvent. The reason for building reserves is that when the economy is not doing well, use of the pool increases. These are also the times when it is most difficult for the Legislature to come up with additional funding.

## RECOMMENDATION

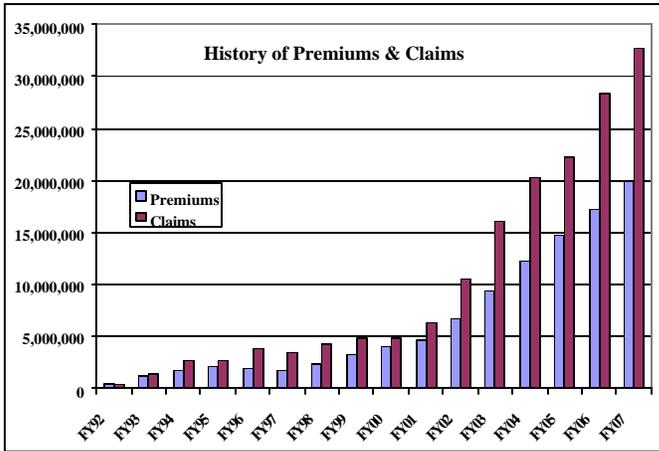
The Analyst recommends an additional \$3,796,100 in ongoing General Fund. (This would bring the base General Fund to \$10,000,000.) The Analyst also recommends an additional \$1,000,000 in one-time General Fund. The total of the base amount plus additional ongoing and one-time is \$11,000,000.



This shows that the skyrocketing growth of FY01-03 is apparently slowing but still high.



This graph shows the growing deficit (before General Fund). It also shows the amount needed in FY 07 to break even: \$14,881,400.



The **monthly premium** for members is:

FY03	FY04	FY05	FY06	FY07
\$322.26	\$354.87	\$404.00	\$445.00	\$498.70

**Average Daily Balance** as of 11/30/05:  
\$18,645,397.