

OFFICE OF THE
LEGISLATIVE
FISCAL
ANALYST

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MEMORANDUM FOR EXECUTIVE APPROPRIATIONS COMMITTEE

FROM: Andrea Wilko, Chief Economist; Clare Tobin Lence, Analyst
DATE: September 13, 2016
SUBJECT: Arches Health Plan Costs and Burdens

In October 2015, Arches Health Plan, a non-profit health insurance co-op created following the Affordable Care Act, received much less in federal “risk corridor payments” than anticipated and was placed in receivership by the Utah Insurance Department for insolvency. Arches owes \$33 million in outstanding claims and has \$17.8 million in remaining assets. Much of the \$15.2 million shortfall is owed to hospitals across the State.

In August 2016, Humana announced that it will leave the individual health insurance marketplace. Three carriers – Molina, SelectHealth, and University of Utah Health Plans – remain.

Todd Kiser, Commissioner, Utah Insurance Department, will present options the department is considering for addressing the Arches shortfall, including potential fiscal impacts for the State. David Gessel, Executive Vice President, Utah Hospital Association, will discuss the impact of the shortfall on hospitals. Both presenters will comment on the status of the individual insurance marketplace in Utah.

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