

PUBLIC EMPLOYEES' INSURANCE PLAN AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: James A. Dunnigan

Senate Sponsor: Todd D. Weiler

LONG TITLE

General Description:

This bill requires PEHP to discontinue the preferred network for the state risk pool.

Highlighted Provisions:

This bill:

- ▶ requires PEHP to discontinue the preferred network for the state risk pool;
- ▶ requires PEHP to enroll a state employee into a remaining network if the employee fails to elect a remaining network; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

49-20-401, as last amended by Laws of Utah 2021, Chapters 45 and 344

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **49-20-401** is amended to read:

49-20-401. Program -- Powers and duties.

(1) The program shall:

- (a) act as a self-insurer of employee benefit plans and administer those plans;
- (b) enter into contracts with private insurers or carriers to underwrite employee benefit

- 30 plans as considered appropriate by the program;
- 31 (c) indemnify employee benefit plans or purchase commercial reinsurance as
32 considered appropriate by the program;
- 33 (d) provide descriptions of all employee benefit plans under this chapter in cooperation
34 with covered employers;
- 35 (e) process claims for all employee benefit plans under this chapter or enter into
36 contracts, after competitive bids are taken, with other benefit administrators to provide for the
37 administration of the claims process;
- 38 (f) obtain an annual actuarial review of all health and dental benefit plans and a
39 periodic review of all other employee benefit plans;
- 40 (g) consult with the covered employers to evaluate employee benefit plans and develop
41 recommendations for benefit changes;
- 42 (h) annually submit a budget and audited financial statements to the governor and
43 Legislature [~~which~~] that includes total projected benefit costs and administrative costs;
- 44 (i) maintain reserves sufficient to liquidate the unrevealed claims liability and other
45 liabilities of the employee benefit plans as certified by the program's consulting actuary;
- 46 (j) submit, in advance, [~~its~~] the program's recommended benefit adjustments for state
47 employees to:
- 48 (i) the Legislature; and
49 (ii) the director of the state Division of Human Resource Management;
- 50 (k) determine benefits and rates, upon approval of the board, for multi-employer risk
51 pools, retiree coverage, and conversion coverage;
- 52 (l) determine benefits and rates based on the total estimated costs and the employee
53 premium share established by the Legislature, upon approval of the board, for state employees;
- 54 (m) administer benefits and rates, upon ratification of the board, for single-employer
55 risk pools;
- 56 (n) request proposals for one or more out-of-state provider networks and a dental
57 health plan administered by a third-party carrier at least once every three years for the purposes

58 of:

- 59 (i) stimulating competition for the benefit of covered individuals;
- 60 (ii) establishing better geographical coverage of medical care services; and
- 61 (iii) providing coverage for both active and retired covered individuals;
- 62 ~~[(o) offer proposals which meet the criteria specified in a request for proposals and~~
- 63 ~~accepted by the program to active and retired state covered individuals and which may be~~
- 64 ~~offered to active and retired covered individuals of other covered employers at the option of the~~
- 65 ~~covered employer;]~~

66 (o) for a proposal that meets the criteria specified in a request for proposals and is
67 accepted by the program:

- 68 (i) offer the proposal to active and retired state-covered individuals; and
- 69 (ii) at the option of the covered employer, offer the proposal to active and retired
- 70 covered individuals of other covered employers;

71 (p) perform the same functions established in Subsections (1)(a), (b), (e), and (h) for
72 the Department of Health if the program provides program benefits to children enrolled in the
73 Utah Children's Health Insurance Program created in Title 26, Chapter 40, Utah Children's
74 Health Insurance Act;

75 (q) establish rules and procedures governing the admission of political subdivisions or
76 educational institutions and their employees to the program;

77 (r) (i) contract directly with medical providers to provide services for covered
78 individuals at commercially competitive rates; and

79 (ii) (A) discontinue the preferred network, which offers in-network access to all
80 in-state hospitals, for the state risk pool created in Subsection [49-20-202\(1\)\(a\)](#) for plan years
81 starting on or after July 1, 2022; and

82 (B) for an employee in the state risk pool who fails to elect one of the remaining
83 networks before July 1, 2022, enroll the employee and the employee's dependents into the
84 network that best reflects the utilization pattern of that employee and the employee's
85 dependents;

86 ~~[(s) take additional actions necessary or appropriate to carry out the purposes of this~~
87 ~~chapter;]~~

88 [(t)] (s) (i) require state employees and ~~[their]~~ the state employees' dependents to
89 participate in the electronic exchange of clinical health records in accordance with Section
90 26-1-37 unless the enrollee opts out of participation; and

91 (ii) prior to enrolling the state employee, each time the state employee logs onto the
92 program's website, and each time the enrollee receives written enrollment information from the
93 program, provide notice to the enrollee of the enrollee's participation in the electronic exchange
94 of clinical health records and the option to opt out of participation at any time; ~~[and]~~

95 ~~[(t)]~~ (t) at the request of a procurement unit, as that term is defined in Section
96 63G-6a-103, that administers benefits to program recipients who are not covered by Title 26,
97 Utah Health Code, provide services for:

- 98 (i) drugs;
- 99 (ii) medical devices; or
- 100 (iii) other types of medical care~~[-];~~ and

101 (u) take additional actions necessary or appropriate to carry out the purposes of this
102 chapter.

103 (2) (a) Funds budgeted and expended shall accrue from rates paid by the covered
104 employers and covered individuals.

105 (b) ~~[Administrative costs shall be approved by the board and reported to the governor~~
106 ~~and the Legislature.]~~ The board shall approve administrative costs and report the administrative
107 costs to the governor and the Legislature.

108 (3) The Division of Human Resource Management shall include the benefit
109 adjustments described in Subsection (1)(j) in the total compensation plan recommended to the
110 governor required under Subsection 63A-17-307(5)(a).

111 (4) The program may establish a partnership with a public entity in a different state to
112 purchase or share services related to the administration of medical benefits if:

- 113 (a) the program receives approval for the partnership from the board; and

114 (b) the partnership:
115 (i) creates cost savings for Utah;
116 (ii) does not commingle state funds with funds of the public entity in the other state;
117 and
118 (iii) does not pose a greater actuarial risk to Utah than the program has already
119 assumed.