

1 **JOINT RESOLUTION ON STATE HEALTH INSURANCE**

2 2012 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Brad L. Dee**

5 Senate Sponsor: Scott K. Jenkins

6

7 **LONG TITLE**

8 **General Description:**

9 This resolution directs the Public Employees' Benefit and Insurance Program (PEHP)
10 regarding the medical and dental coverage premium share between employer and
11 employee and other cost issues related to medical and dental plans for state employees.

12 **Highlighted Provisions:**

13 This resolution:

14 ▶ directs PEHP to:

15 • maintain for FY 2012-13 the same combined employer/employee premiums for
16 health benefit plan medical coverage from FY 2011-12; and

17 • fund trend increases for FY 2012-13 using excess reserves in the state's medical
18 risk pool;

19 ▶ directs PEHP and the Department of Human Resource Management to:

20 • maintain the state's contribution for health maintenance organization medical
21 coverage based on a 90% employer and 10% employee premium share; and

22 • change the state's contribution for dental coverage to be based on a 90%
23 employer and 10% employee premium share;

24 ▶ directs PEHP to take additional action to adjust costs to stay within existing
25 revenues;

26 ▶ directs PEHP to establish 80% as the standard coinsurance level for medical
27 benefits under the health maintenance organization medical coverage (traditional



28 plan) and the high deductible medical coverage (STAR plan);

29 ▶ directs PEHP to establish a second federally qualified high deductible health plan
30 with a 70% coinsurance level for medical benefits; and

31 ▶ directs PEHP to develop a program for differentiating premiums, benefits, or both
32 on the basis of health and wellness outcomes.

33 **Special Clauses:**

34 None



36 *Be it resolved by the Legislature of the state of Utah:*

37 WHEREAS, in accordance with Utah Code Section 49-20-201, the state participates in
38 the Public Employees' Benefit and Insurance Program;

39 WHEREAS, Utah Code Subsection 49-20-401(1)(g) provides that the program must
40 "consult with the covered employers to evaluate employee benefit plans and develop
41 recommendations for benefit changes";

42 WHEREAS, Utah Code Subsection 49-20-401(1)(h) provides that the program
43 "annually submit a budget and audited financial statements to the governor and Legislature
44 which includes total projected benefit costs and administrative costs";

45 WHEREAS, Utah Code Subsection 49-20-401(1)(i) provides that the program
46 "maintain reserves sufficient to liquidate the unrevealed claims liability and other liabilities of
47 the employee benefit plans as certified by the program's consulting actuary";

48 WHEREAS, Utah Code Subsection 49-20-401(1)(j) provides that the program "submit,
49 in advance, its recommended benefit adjustments for state employees to . . . the Legislature;
50 and . . . the executive director of the state Department of Human Resource Management";

51 WHEREAS, Utah Code Subsection 49-20-401(1)(k) provides that the program
52 "determine benefits and rates, upon approval of the board, for multi-employer risk pools,
53 retiree coverage, and conversion coverage";

54 WHEREAS, Utah Code Subsection 49-20-401(1)(l) provides that the program
55 "determine benefits and rates based on the total estimated costs and the employee premium
56 share established by the Legislature, upon approval of the board, for state employees"; and

57 WHEREAS, PEHP's medical risk pool for the state of Utah contains more than \$23
58 million in excess reserves;

59 NOW, THEREFORE, BE IT RESOLVED that the Legislature directs PEHP to:

60 (1) maintain for FY 2012-13 the same overall combined employer/employee premiums
61 for health benefit plan medical coverage from FY 2011-12; and

62 (2) fund trend increases for FY 2012-13 using excess reserves in the state's medical
63 risk pool.

64 BE IT FURTHER RESOLVED that the Legislature directs PEHP and the Department
65 of Human Resource Management to:

66 (1) maintain the state's contribution for health maintenance organization medical
67 coverage based on a 90% employer and 10% employee premium share; and

68 (2) change the state's contribution for dental coverage to be based on a 90% employer
69 and 10% employee premium share to be in line with the employer/employee premium share for
70 health maintenance organization medical coverage.

71 BE IT FURTHER RESOLVED that the Legislature directs PEHP to take additional
72 action to adjust costs to come within existing revenues.

73 BE IT FURTHER RESOLVED that the Legislature directs PEHP to establish 80% as
74 the standard coinsurance level for medical benefits under the health maintenance organization
75 medical coverage (traditional plan) and the high deductible medical coverage (STAR plan).

76 BE IT FURTHER RESOLVED that the Legislature directs PEHP to establish a second
77 federally qualified high deductible health plan with a 70% coinsurance level for medical
78 benefits.

79 BE IT FURTHER RESOLVED that the Legislature directs PEHP to develop a program
80 for differentiating premiums, benefits, or both on the basis of health and wellness outcomes
81 that could be implemented no later than FY 2013-14.

Legislative Review Note
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Office of Legislative Research and General Counsel