

# Retirement and Independent Entities

## 2020 Interim Study Items (Adopted June 22, 2020)

### Study Items

#### COVID Related

- **Utah Retirement Systems (URS) funding updates**
  - Representatives from URS will provide updates on funding and contribution rate matters for its systems and plans. Funding and cost information may include:
    - The 2019 Utah Retirement Systems Comprehensive Annual Financial Report;
    - Preliminary contribution rates for fiscal year 2021–2022;
    - Funding status, investment performance, actuarial assumptions, and contribution rate processes; and,
    - Information about other public pension systems generally.
- **Utah Education Network (UEN):** receive update from UEN on how the agency is coping with increased demands for network bandwidth.
- **Follow up on federal and state executive action pertaining to COVID-19 & retirement law**
  - URS and the Legislature/RIE Committee must work together this Interim and beyond to see what retirement challenges we will likely face and develop appropriate options to address them. Retirement issues have very long-term impacts and policy decisions need to be based on careful evaluation of potential options, sound financial and actuarial information and impacts, and careful analysis of many legal constraints and risks both at the state and federal levels. Representatives from URS will provide updates and information to the committee.
  - On March 30, 2020, Governor Gary R. Herbert issued Executive Order 2020-9 ordering, to a limited degree, the temporary suspension of specific provisions of the Utah Postretirement Reemployment Restrictions Act to provide state and local entities with the ability to meet staffing needs sufficient to address the impacts of COVID-19. The State Retirement Board approved Board Resolution #2020-02 on March 30, 2020, to provide the rules needed to administer the temporary reemployment during the governor's declared state of emergency. Representatives from URS can provide updates on these measures.
- **Current and projected impact of COVID-19 on state health insurance risk pool:** COVID-19 is a unique event for insurance purposes that PEHP is monitoring closely.
- **Utah Beef Council and COVID-19:** receive an update from the executive director on the entity's food chain supply, product capacity, and market.
- **Utah Dairy Commission and COVID-19:** receive an update from the executive director on the entity's food chain supply, product capacity, and market.
- **Utah State Fair Park Corporation:** receive an update from the executive director on the entity's current plans, finances, etc.

## Non COVID Related

- **2020 HB 173, “Firefighter Retirement Amendments”:**
  - Uncodified study consisting of the following:
    - During the 2020 Legislative interim, the Retirement and Independent Entities Interim Committee shall study:
      - modifications to the Firefighters' Retirement System and the New Public Safety and Firefighter Tier II Contributory Retirement System.
      - whether existing members of the Public Employees' Noncontributory Retirement Act and the New Public Employees' Tier II Contributory Retirement Act should be covered under the Firefighters' Retirement System and the New Public Safety and Firefighter Tier II Contributory Retirement System if the members are employed as firefighter service employees who are:
        - (i) trained in firefighter techniques.
        - (ii) assigned to a position of a hazardous duty; and
        - (iii) employed by the state as a participating employer; and
      - other related issues.
    - The Retirement and Independent Entities Interim Committee may make recommendations for the 2021 Annual General Session based on the study described in Subsection (1).
- **2021 URS amendments bill:** annually, URS recommends changes in statute by addressing issues identified to make technical and administrative changes to keep the Utah State Retirement and Insurance Benefit Act updated. This draft legislation will be proposed for potential recommendation for the 2021 General Session.
- **LAG Audit Report #2019-13, A Performance Audit of PEHP’s Pharmacy Benefit Manager:**
  - For each recommendation to the Legislature, the Legislative Audit Subcommittee (Subcommittee) asks that the RIE Interim committee, in collaboration with the RIE Appropriations Subcommittee, reach one of the following conclusions, or some combination of the three, by a motion and a vote:
    - Draft legislation for the next legislative general session, if applicable.
    - Conclude that the issues are significant but that more time is needed to develop solutions and consensus; or
    - Conclude that there is insufficient committee support to study the issues further.
  - In addition, for other (non-legislative) recommendations, the Subcommittee asks that as part of the interim committee’s oversight role the committee determines whether appropriate action is being taken to address the audit findings.
  - The Subcommittee asks that the interim committee report back to the Legislative Audit Subcommittee the conclusion(s) reached by the committee with a summary of the reasons for reaching this (these) conclusion(s).
- **PEHP update on 2020 H.B. 272, “Pharmacy Benefit Amendments,” and other legislative changes:**
  - Issues from the Performance Audit of PEHP and our Pharmacy Benefit Manager were addressed in HB 272. Specifically, HB 272 gives PEHP, and other health plans, claims-level details on purchased drugs.
  - Two other 2020 General Session bills of potential interest to the committee:
    - S.C.R. 10 which made a number of significant changes to state employee benefits, including an incentive for opting out of coverage if other insurance is available
    - H.B. 207 which requires PEHP to make insulin generally available to Utahns at a post-rebate/wholesale price



- **Heber Valley Historic Railroad Authority:** study of costs and benefits of transitioning the HVHRA from an independent entity to a private company versus remaining an independent entity (quasi-governmental).
- **Public Safety and Firefighter Retirement Systems:** study the costs of moving all Public Safety and Firefighter retirement systems participants under the Tier 1 System.
- **PEHP's Migration to New Core IT System for July 2021:** PEHP is strengthening its operational integrity for years to come with adoption of new core IT system.
- Study the possible merger of the Retirement and Independent Entities Interim Committee, Retirement and Independent Entities Appropriations Subcommittee, and Retirement and Independent Entities Standing Committees with other ongoing committees.
- Consider legislative action on Judiciary Interim Committee's referral of the Utah Court of Appeals Decision, *Waterfall v. Retirement Board*, 2019 UT App 88, 443 P.3d 1274.