

PUBLIC EMPLOYEES' HEALTH PLAN

OPTION

2006 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Eric K. Hutchings

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies the Public Employees' Benefit and Insurance Program Act by amending provisions of the health plans offered by the program.

Highlighted Provisions:

This bill:

- requires the Public Employees' Benefit and Insurance Program (PEHP) to offer a high deductible health plan with a federally qualified health reimbursement arrangement;

- prohibits the program from allowing an employee to change from the high deductible health plan to another health plan more frequently than every three years; and

- requires the high deductible health plan to include a health reimbursement arrangement for each covered individual with certain contributions made by the employer.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:



ENACTS:

49-20-410, Utah Code Annotated 1953

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

Section 1. Section **49-20-410** is enacted to read:

49-20-410. High deductible health plan -- Health reimbursement arrangement -- Contributions.

(1) (a) In addition to other employee benefit plans offered under this part, the program shall offer a high deductible health plan with a federally qualified health reimbursement arrangement as an optional health plan.

(b) The provisions and limitations of the plan shall be determined by the program in accordance with federal requirements and limitations.

(2) (a) The program may not allow an employee to change from the high deductible health plan to another health plan offered for employees more frequently than every three years.

(b) The program shall offer the federally qualified health reimbursement arrangement for medical expenses for each covered individual in the high deductible health plan.

(3) (a) Contributions to the health reimbursement arrangement shall be made by the employer.

(b) The amount of the contributions under Subsection (3)(a) shall be determined annually by the program, after consultation with the Department of Human Resource Management and the Governor's Office of Planning and Budget, based on:

(i) federal requirements and limitations; and

(ii) the actuarial value of the risk-adjusted high deductible to the program.

Legislative Review Note

as of 1-25-06 3:12 PM

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

Office of Legislative Research and General Counsel

State Impact

It is assumed that the new health plan that this bill requires Public Employees Health Program (PEHP) to offer will be designed to be cost-neutral to the State.

Public Employees Health Program's costs during the first year following enactment of this bill are estimated to total \$40,000 for computer programming, on-line and printed consumer information, and general administration of the new health plan. Thereafter, annual costs for general administration and maintenance of the plan will be covered through the premiums collected. Future premium levels could be affected, depending on PEHP's ability to maintain discounts negotiated on quantity (i.e. shifts in enrollment from traditional plan offerings to the new plan may erode these discounts).

Individual and Business Impact

Any fiscal impact will be dependent on the options chosen by individual participants.
