

1 **CHILDREN'S HEALTH INSURANCE PROGRAM**

2 **AMENDMENTS**

3 2008 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: James A. Dunnigan**

6 Senate Sponsor: Peter C. Knudson

8 **LONG TITLE**

9 **General Description:**

10 This bill amends the Utah Children's Health Insurance Act.

11 **Highlighted Provisions:**

12 This bill:

- 13 ▶ establishes criteria for bids for health insurance program benefits;
- 14 ▶ requires the Children's Health Insurance Program to rebid the program at least once

15 every five years; and

- 16 ▶ clarifies when the Children's Health Insurance Program may use the non-risk bearing
- 17 Public Employees Health Plan to provide services to the Children's Health Insurance
- 18 Program.

19 **Monies Appropriated in this Bill:**

20 None

21 **Other Special Clauses:**

22 None

23 **Utah Code Sections Affected:**

24 AMENDS:

25 **26-40-110**, as last amended by Laws of Utah 2001, Chapter 53

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

28 Section 1. Section **26-40-110** is amended to read:

29 **26-40-110. Managed care -- Contracting for services.**

30 (1) ~~[Services]~~ Program benefits provided to enrollees under the program, as described
31 in Section 26-40-106, shall be delivered in a managed care system if the department determines
32 that adequate services are available ~~[within 30 paved road miles of]~~ where the enrollee lives or
33 resides. ~~[Otherwise, the program may provide services to enrollees through fee for service~~
34 ~~plans.]~~

35 ~~[(2) Before awarding a contract to a managed care system or fee for service plan to~~
36 ~~provide services under Subsection (1) or determining that no bid or proposal received in~~
37 ~~response to such a request is acceptable, the]~~

38 (2) (a) The department shall use the following criteria to evaluate bids from health
39 plans:

- 40 (i) ability to manage medical expenses, including mental health costs;
- 41 (ii) proven ability to handle accident and health insurance;
- 42 (iii) efficiency of claim paying procedures;
- 43 (iv) proven ability for managed care and quality assurance;
- 44 (v) provider contracting and discounts;
- 45 (vi) pharmacy benefit management;
- 46 (vii) an estimate of total charges for administering the pool;
- 47 (viii) ability to administer the pool in a cost-efficient manner;
- 48 (ix) the ability to provide adequate providers and services in the state; and
- 49 (x) other criteria established by the department.

50 (b) The dental benefits required by Section 26-40-106 may be bid out separately from
51 other program benefits.

52 (c) Except for dental benefits, the department shall request bids for the program's
53 benefits in 2008. The department shall request bids for the program's dental benefits in 2009.
54 The department shall request bids for the program's benefits at least once every five years
55 thereafter.

56 (d) The department's contract with health plans for the program's benefits shall include
57 risk sharing provisions in which the health plan must accept at least 75% of the risk for any

58 difference between the department's premium payments per client and actual medical
59 expenditures.

60 (3) The executive director shall report [that information] to and seek recommendations
61 from the Health Advisory Council created in Section 26-1-7.5[-];

62 ~~[(3) If after seeking the recommendation of the Health Advisory Council under~~
63 ~~Subsection (2), the executive director determines that no bid or proposal received in response to~~
64 ~~such a request is acceptable or if no bid or proposal has been received in response to such a~~
65 ~~request, the]~~

66 (a) if the division receives less than two bids or proposals under Subsection (1) that are
67 acceptable to the division or responsive to the bid; and

68 (b) before awarding a contract to a managed care system.

69 (4) (a) The department shall award contracts to at least two responsive bidders if the
70 department determines that two or more bids are acceptable and meet the criteria of
71 Subsections (2)(a) and (d).

72 (b) The department may contract with the Group Insurance Division within the Utah
73 State Retirement Office to provide services under Subsection (1)[-] if:

74 (i) the department is not able to contract with at least two private carriers under
75 Subsection (4)(a);

76 (ii) the executive director seeks the recommendation of the Health Advisory Council
77 under Subsection (3); and

78 (iii) the executive director determines that either:

79 (A) at least two responsive bids were not received by the department; or

80 (B) less than two bids were acceptable to the department.

81 (c) In accordance with Section 49-20-201, a contract awarded under Subsection (4)(b)
82 is not subject to the risk sharing required by Subsection (2)(d).

83 ~~[(4)]~~ (5) Title 63, Chapter 56, Utah Procurement Code, shall apply to this section.