

**Representative Jim Bird** proposes the following substitute bill:

**HEALTH INSURANCE FOR SCHOOLS**

2012 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Jim Bird**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill amends the duties of local school boards in the State System of Public Education Code and the duties of institutions of higher education in the State System of Higher Education Code.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ requires local school boards and charter schools to seek competitive bids on the health insurance benefits it offers school district employees beginning in the 2012-13 school year and every three years thereafter;
- ▶ requires institutions of higher education to seek competitive bids on health insurance benefits it offers its employees beginning in the 2012-13 school year and every three years thereafter; and
- ▶ establishes criteria for the competitive bids for health care benefits.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None



26 **Utah Code Sections Affected:**

27 ENACTS:

28 **53A-3-430**, Utah Code Annotated 1953

29 **53B-1-101.7**, Utah Code Annotated 1953

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

32 Section 1. Section **53A-3-430** is enacted to read:

33 **53A-3-430. Health care benefits for school district employees -- Competitive bids.**

34 (1) For purposes of this section:

35 (a) "Health care benefit":

36 (i) is as defined in Section 31A-1-301; and

37 (ii) includes:

38 (A) dental and vision benefits; and

39 (B) a plan offered to a local school district under Title 49, Chapter 20, Public

40 Employees' Benefit and Insurance Program Act.

41 (b) "Insurer" includes:

42 (i) an insurer regulated under Title 31A, Insurance Code;

43 (ii) a plan offered under Title 49, Chapter 20, Public Employees' Benefit and Insurance

44 Program Act; and

45 (iii) a third party administrator as defined in Section 31A-1-301.

46 (c) "Local school board" includes a charter school governing board.

47 (2) (a) A local school board may provide health care benefits to its employees.

48 (b) A local school board may contract and cooperate with other local school boards to  
49 provide health care benefits to its employees.

50 (3) (a) Except as provided in Subsection (3)(c), a local school board that provides  
51 health care benefits to its employees, or a group of local school boards joining together to  
52 provide health care benefits to its employees shall, in accordance with Subsection (4), issue a  
53 request for proposal and seek competitive bids for the health care benefits offered to employees  
54 in the 2012-2013 school year.

55 (b) A local school board that awards a contract for health care benefits for its  
56 employees after issuing a request for proposal under Subsection (3)(a) shall, every three years

57 thereafter, seek competitive bids for the contract for health care benefits in accordance with  
58 Subsection (4).

59 (c) If a local school board issued a request for proposal for health care benefits for its  
60 employees for the 2011-12 school year, the local school board is not required to issue a request  
61 for proposal under Subsection (3)(a) until the 2013-14 school year. The local school district  
62 may, at its discretion, issue a request for proposal under Subsection (3)(a) sooner than the  
63 2013-14 school year.

64 (4) A request for proposals under Subsection (3) shall:

65 (a) solicit bids from at least two different insurers; and

66 (b) retain the services of at least two producers who:

67 (i) are each licensed under Title 31A, Chapter 23a, Insurance Marketing - Licensing  
68 Producers, Consultants, and Reinsurance Intermediaries;

69 (ii) are not affiliated with the same agency license issued under Title 31A, Chapter 23a,  
70 Insurance Marketing - Licensing Producers, Consultants, and Reinsurance Intermediaries; and

71 (iii) do not collect a fee from the school board for the preparation of the bid unless the  
72 school board selects the health insurance plan submitted by the producer.

73 Section 2. Section **53B-1-101.7** is enacted to read:

74 **53B-1-101.7. Health care benefits for employees of institutions of higher education**

75 **-- Competitive bids.**

76 (1) For purposes of this section:

77 (a) "Health care benefit":

78 (i) is as defined in Section 31A-1-301; and

79 (ii) includes:

80 (A) dental and vision benefits; and

81 (B) a plan offered to a local school district under Title 49, Chapter 20, Public  
82 Employees' Benefit and Insurance Program Act.

83 (b) "Insurer" includes:

84 (i) an insurer regulated under Title 31A, Insurance Code;

85 (ii) a plan offered under Title 49, Chapter 20, Public Employees' Benefit and Insurance  
86 Program Act; and

87 (iii) a third party administrator as defined in Section 31A-1-301.

88           (2) (a) An institution of higher education under Section 53B-1-101 may provide health  
89 care benefits to its employees.

90           (b) An institution of higher education may contract and cooperate with other  
91 institutions of higher education to provide health care benefits to its employees.

92           (3) (a) Except as provided in Subsection (3)(c) an institution of higher education that  
93 provides health care benefits to its employees, or a group of institutions of higher education  
94 joining together to provide health care benefits to its employees shall, in accordance with  
95 Subsection (4), issue a request for proposal and seek competitive bids for the health care  
96 benefits offered to employees in the 2012-2013 school year.

97           (b) An institution of higher education that awards a contract for health care benefits for  
98 its employees after issuing a request for proposal under Subsection (3)(a) shall, every three  
99 years thereafter, seek competitive bids for the contract for health care benefits in accordance  
100 with Subsection (4).

101           (c) If an institution of higher education issued a request for proposal for health care  
102 benefits for its employees for the 2011-12 school year, the institution of higher education is not  
103 required to issue a request for proposal under Subsection (3)(a) until the 2013-14 school year.  
104 The institution of higher education may, at its discretion, issue a request for proposal under  
105 Subsection (3)(a) sooner than the 2013-14 school year.

106           (4) A request for proposals under Subsection (3) shall:

107           (a) solicit bids from at least two different insurers; and

108           (b) retain the services of at least two producers who:

109           (i) are each licensed under Title 31A, Chapter 23a, Insurance Marketing - Licensing  
110 Producers, Consultants, and Reinsurance Intermediaries;

111           (ii) are not affiliated with the same agency license issued under Title 31A, Chapter 23a,  
112 Insurance Marketing - Licensing Producers, Consultants, and Reinsurance Intermediaries; and

113           (iii) do not collect a fee from the institution of higher education for the preparation of  
114 the bid unless the institution of higher education selects the health insurance plan submitted by  
115 the producer.