

Representative Bradley M. Daw proposes the following substitute bill:

PUBLIC EMPLOYEE HEALTH CARE BENEFITS

2012 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Bradley M. Daw

Senate Sponsor: Curtis S. Bramble

LONG TITLE

General Description:

This bill modifies the Utah State Retirement and Insurance Benefit Act by amending high deductible health plan insurance program provisions.

Highlighted Provisions:

This bill:

- ▶ clarifies that health insurance benefits provided to employees do not constitute a continuing obligation and may be changed by the Legislature at any time;
- ▶ requires the Public Employee Health Plan to provide training on changing coverages to the high deductible plan with a health savings account, including coordination of benefits with other insurances;
- ▶ requires PEHP to coordinate annual open enrollment with the Department of Human Resource Management;
- ▶ establishes minimum annual employer contribution amounts and payout provisions for the employer paid health savings account contributions;
- ▶ requires the state to offer continuing high deductible health plan coverage under certain circumstances after the employee has the exhausted Federal COBRA insurance; and
- ▶ makes technical changes.



26 **Money Appropriated in this Bill:**

27 None

28 **Other Special Clauses:**

29 None

30 **Utah Code Sections Affected:**

31 AMENDS:

32 **49-20-105**, as renumbered and amended by Laws of Utah 2002, Chapter 250

33 **49-20-410**, as last amended by Laws of Utah 2011, Chapter 148



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

36 Section 1. Section **49-20-105** is amended to read:

37 **49-20-105. Purpose -- Benefits are not a continuing obligation.**

38 (1) The purpose of this chapter is to provide a mechanism for covered employers to
39 provide covered individuals with group health, dental, medical, disability, life insurance,
40 medicare supplement, conversion coverage, cafeteria, flex plan, and other programs requested
41 by the state, its political subdivisions, or educational institutions in the most efficient and
42 economical manner.

43 (2) The benefits provided to a covered individual under this chapter:

44 (a) do not constitute a continuing obligation of the state, its political subdivisions, or
45 educational institutions; and

46 (b) may be changed by the Legislature at any time.

47 Section 2. Section **49-20-410** is amended to read:

48 **49-20-410. High deductible health plan -- Health savings account --**

49 **Contributions.**

50 (1) (a) In addition to other employee benefit plans offered under Subsection
51 49-20-201(1), the office shall offer at least one federally qualified high deductible health plan
52 with a health savings account as an optional health plan.

53 (b) The provisions and limitations of the plan shall be:

54 (i) determined by the office in accordance with federal requirements and limitations;

55 and

56 (ii) designed to promote appropriate health care utilization by consumers, including

57 preventive health care services.

58 (c) A state employee hired on or after July 1, 2011, who is offered a plan under
59 Subsection 49-20-202(1)(a), shall be enrolled in a federally qualified high deductible health
60 plan unless the employee chooses a different health benefit plan during the employee's open
61 enrollment period.

62 (2) The office shall:

63 (a) administer the high deductible health plan in coordination with a health savings
64 account for medical expenses for each covered individual in the high deductible health plan;
65 and

66 (b) offer to all employees training regarding health plans offered to employees,
67 including, if offered, high deductible health plans and health savings accounts; ~~and~~

68 (c) prepare online training as an option for the training required by Subsections (2)(b)
69 and (4)~~[-]; and~~

70 (d) ensure the training offered under Subsections (2)(b) and (c) shall include
71 information on changing coverages to the high deductible plan with a health savings account,
72 including coordination of benefits with other insurances, restrictions on other insurance
73 coverages, and general tax implications.

74 (e) coordinate annual open enrollment with the Department of Human Resource
75 Management to give state employees the opportunity to affirmatively select preferences from
76 among insurance coverage options.

77 (3) (a) Contributions to the health savings account may be made by the employer.

78 (b) The amount of the employer contributions under Subsection (3)(a) shall be
79 determined annually by the office, after consultation with the Department of Human Resource
80 Management and the Governor's Office of Planning and Budget~~[-]~~ but the annual employer
81 contribution amount may not be less than \$750 for single coverage and \$1500 for double or
82 family coverage.

83 (c) The office shall distribute the annual amount determined under Subsection (3)(b) to
84 employees in two equal amounts with the first pay date in January and the first pay date in July
85 of each plan year.

86 ~~[(c)]~~ (d) An employee may also make contributions to the health savings account.

87 (4) The program shall offer a state employee and the employee's eligible dependents

88 the option to continue coverage under the employee's high deductible health plan in place of a
89 conversion policy under Section 31A-22-723 if:

90 (a) the employee was covered by the state employee's high deductible health plan for at
91 least the four years before the date of termination of employment;

92 (b) the employee or the employee's eligible dependents have exhausted federal
93 COBRA coverage with the same or similar state employee's high deductible health plan; and

94 (c) the employee pays the premium group rate determined by the office for the
95 coverage.

96 [~~(4)~~] (5) (a) An employer participating in a plan offered under Subsection
97 49-20-202(1)(a) shall require each employee to complete training on the health plan options
98 available to the employee.

99 (b) The training required by Subsection [~~(4)~~] (5)(a):

100 (i) shall include materials prepared by the office under Subsection (2);

101 [~~(i)~~] (ii) may be completed online; and

102 [~~(i)~~] (iii) shall be completed:

103 (A) before the end of the [~~2011~~] 2012 open enrollment period for current enrollees in
104 the program; and

105 (B) for employees hired on or after July 1, 2011, [~~prior to~~] before the employee's
106 selection of a plan in the program.