

1 **JOINT RESOLUTION ON STATE HEALTH INSURANCE**

2 2011 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Brad L. Dee**

5 Senate Sponsor: Scott K. Jenkins

7 **LONG TITLE**

8 **General Description:**

9 This resolution directs the Public Employees' Benefit and Insurance Program regarding
10 the medical coverage premium share between employer and employee and other cost
11 issues related to medical and dental plans.

12 **Highlighted Provisions:**

13 This resolution:

- 14 ▶ directs PEHP and the Department of Human Resource Management to change the
15 current employer premium share for HMO medical coverage to 90% employer and
16 10% employee and adjust other plans proportionately;
- 17 ▶ directs PEHP to not increase the dental plan combined premiums for employers and
18 employees from FY 2010-11 premiums;
- 19 ▶ directs PEHP to decrease the overall combined premiums for employers and
20 employees by 2% from FY 2010-11 premiums;
- 21 ▶ directs PEHP to, before July 2012, adjust its costs in a way that revenues are
22 sufficient to cover costs;
- 23 ▶ directs PEHP to draw down its reserves as necessary to fund the program; and
- 24 ▶ directs PEHP to maintain the medical benefit structure in plans as grandfathered
25 plans under federal law for the 2011-12 fiscal year.

26 **Special Clauses:**

27 None

28

29 *Be it resolved by the Legislature of the state of Utah:*

30 WHEREAS, in accordance with Utah Code Section 49-20-201, the state participates in
31 the Public Employees' Benefits and Insurance Program;

32 WHEREAS, Utah Code Subsection 49-20-401(1)(g) provides that the program must
33 "consult with the covered employers to evaluate employee benefit plans and develop
34 recommendations for benefit changes";

35 WHEREAS, Utah Code Subsection 49-20-401(1)(h) provides that the program
36 "annually submit a budget and audited financial statements to the governor and Legislature
37 which includes total projected benefit costs and administrative costs";

38 WHEREAS, Utah Code Subsection 49-20-401(1)(i) provides that the program
39 "maintain reserves sufficient to liquidate the unrevealed claims liability and other liabilities of
40 the employee benefit plans as certified by the program's consulting actuary";

41 WHEREAS, Utah Code Subsection 49-20-401(1)(j) provides that the program "submit,
42 in advance, its recommended benefit adjustments for state employees to ... the Legislature; and
43 ...the executive director of the state Department of Human Resource Management";

44 WHEREAS, Utah Code Subsection 49-20-401(1)(k) provides that the program
45 "determine benefits and rates, upon approval of the board, for multi-employer risk pools,
46 retiree coverage, and conversion coverage";

47 WHEREAS, Utah Code Subsection 49-20-401(1)(l) provides that the program
48 "determine benefits and rates based on the total estimated costs and the employee premium
49 share established by the Legislature, upon approval of the board, for state employees;

50 WHEREAS, the Legislative Auditor General found in Report Number 2011-01, "A
51 Performance Audit of PEHP's Business Practices" that PEHP has higher medical, hospital, and
52 pharmacy claim costs than other carriers and that contract rates with health providers are not as
53 competitive as rates of most carriers, and that the structure of benefit design is not richer than
54 other groups;

55 WHEREAS, PEHP's medical risk pool for the state of Utah contains more than \$19
56 million in excess reserves as reported by the Legislature Auditor General:

57 NOW, THEREFORE, BE IT RESOLVED that the Legislature directs the program and

58 the executive director of the Department of Human Resource Management to change the state's
59 contribution for health maintenance organization medical coverage to be based on a 90%
60 employer and 10% employee premium share and that the state's contribution for high
61 deductible medical coverage plans be adjusted proportionately.

62 BE IT FURTHER RESOLVED that the Legislature directs PEHP to not increase the
63 dental plans' combined employer/employee premiums from FY 2010-11 premiums.

64 BE IT FURTHER RESOLVED that the Legislature directs PEHP to decrease the
65 overall combined employer/employee premiums for health benefit plan medical coverage by
66 2% from FY 2010-11 premiums.

67 BE IT FURTHER RESOLVED that the Legislature directs the program to, before July
68 1, 2012, adjust it's costs, but not reduce the covered benefits, in a way that revenue from
69 combined employer/employee premiums are sufficient to cover costs.

70 BE IT FURTHER RESOLVED that the Legislature intends PEHP may draw down its
71 reserves as necessary to adequately fund the claims of both the health benefit plans and the
72 dental plans until such time as PEHP has adjusted its costs to meet anticipated revenue.

73 BE IT FURTHER RESOLVED that the Legislature directs PEHP to maintain its health
74 benefit plans in a manner that will maintain the plans' grandfathered status under federal law
75 for fiscal year 2011-12.