

House Bill 482, UTAH RETIREMENT SYSTEMS APPEALS AMENDMENTS (King, Brian)

**Anticipated Fiscal Impact: \$77,923 or \$.11 per
member per month (PMPM)**

This bill would allow a claimant to appeal a Utah Retirement Systems Board Administrative Hearing Decision to the District Court prior to being heard by the Court of Appeals. The Utah State Retirement Board maintains an administrative hearing process to resolve any disputes regarding, “a benefit, right, obligation, or employment right under [the Utah Retirement Act – Title 49] . . .” Utah Code Section 49-11-613(1)(b). Both Utah Retirement Systems (“URS”) and PEHP utilize this hearing process since both their creation and benefits arise under the Utah Retirement Act. The current process is a formal administrative hearing process under the Utah Administrative Procedures Act, and requires appeals be heard by the Utah Court of Appeals.

Claimants file, on average, 25 claims for a decision by the hearing officer per year. If claimants were allowed to appeal de novo to the Utah District Court, it would result in additional administrative costs to URS and PEHP. We estimate that this would require an additional attorney at a cost of salary and benefits at \$193,000. Based on historical claims, we would expect 55% of those cases to be related to PEHP, and expect about 50% of those cases to be appealed to the District Court – or 7 PEHP cases per year. We would also expect additional costs to equal the equivalent of approximately 30 hours in expert testimony per case or 210 hours per year. Currently, PEHP pays its experts at \$471/hour.

Total PEHP admin increase is $\$193,000 \times 55\%$ of cases + $\$98,910$ ($\$471/\text{hour} \times 200$ hours) = $\$205,060$ for PEHP’s full block of business. The State employee health plan is 38% of PEHP’s total block of business, so the State costs would be $\$77,923$ ($\$200,350 \times 38\%$).

ANTICIPATED FISCAL IMPACT ON EDUCATION AND HIGHER EDUCATION ENTITIES - \$0.11 per member per month (PMPM)

The same PMPM fiscal impact would be applicable to each of these entities covered by PEHP. PEHP does not cover every public school district, charter school or institution of higher education in the state. Some public entity employees are insured through private insurance carriers. The fiscal effect on the PEHP covered public entities would be:

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- State risk pool, excluding state, but including higher education (Weber St, USU Eastern, Snow, Utah Tech, and technical colleges) - $\$0.11 \text{ PMPM} \times 12,547 \text{ members} = \$15,960$ per year
 - Public School districts and charter schools - $\$0.11 \text{ PMPM} \times 35,604 \text{ members} = \$45,288$ per year
 - Local Governments – while local governments may not be subject to the same mandates, if all the PBM's are required to offer rebates at the point of sale, we would expect this would have the same effect on each of them - $\$0.11 \text{ PMPM} \times 52,069 \text{ members} = \$66,232$ per year