

Legislative Analysis



PUBLIC EMPLOYER HEALTH BENEFIT REPORTING

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House Bill 5671 (Substitute H-1)

Sponsor: Rep. Phil Pavlov

Committee: Public Employees Health Care Reform

Complete to 2-1-10

A SUMMARY OF HOUSE BILL 5671 AS REPORTED FROM COMMITTEE

The bill would create a new act to require public employers to file information on the health benefits it provides to employees with the Department of Management of Budget.

The information to be reported would have to include, generally speaking, the types of plans offered, coverages provided, number of people covered, the number of those who opt out of coverage, the cost per employee, the share paid by employees, deductibles and copays required, the employer's total annual costs, and administrative costs. (A more detailed description of required information is found later in the summary.)

The new act would be called the Public Employer Health Benefit Reporting Act. The term "public employer" would refer to the state; a city, village, township, county, or other political subdivision; any intergovernmental, metropolitan, or local department, agency, or authority, or other local political subdivision; a school district, public school academy (charter school), or intermediate school district; a community college or four-year public institution of higher education; and any board or administrator of a public employee or officer retirement system. The term "public employee" would include employees, officers, and elected officials, as well as retired employees.

The public employer would be required to report to the DMB by 45 days after the effective date of the new act. A public employer that maintained a website accessible to the public would also have to post the information in the report on that website. Within 45 days after receiving the reports, the DMB would have to report to the Secretary of the Senate and the Clerk of the House of Representatives. The department would have to compile and maintain the information it receives in a comprehensive, searchable database.

The DMB and public employers would have to limit public access to information as needed to protect the privacy of any personal health information that might be identified to an individual.

Detailed Description of Required Information

The required report would have to be filed in a uniform format determined by the Department of Management and Budget and include the information on the following topics.

- **Health benefits** provided public employees, separately for each plan type and each coverage level, including the following:
 - Basic plan information, including plan name; name of insurance provider or third-party administrator; plan type, such as traditional, health maintenance organization (HMO), preferred provider organization (PPO), health savings account, or other similar type; whether self-insured or fully insured; type of coverage, such as medical, dental, vision, prescription drug, life, disability, or other similar type.
 - General information on lifetime maximum coverage per beneficiary; in-network benefit year deductible; coinsurance maximum payment; employee or participant yearly maximum out-of-pocket costs; details on cost share information, such as whether deductibles, coinsurance, and copays apply to all benefits including prescription drugs and other carve-out programs; health savings account details, such as employer cash contributions or contributions to deductibles; and description of Medicare coordination features.
 - Additional information for hospital, medical, and surgical plans, including types of services covered and wellness and prevention benefit descriptions.
 - Additional information for prescription drug benefits, including whether such benefits are included in the medical plan or are separate; and the deductibles, copays, or coinsurance reported by drug type, such as generic, preferred or formulary brand, nonpreferred specialty, or other similar type.
 - Additional carve-out program information, including type of services, such as mental health, laboratory and imaging, foot care, or other similar type; and cost share information, such as deductibles, copays, or coinsurance not reported as part of another plan.
 - Additional wellness and prevention program information, including types of program offerings; and cost share information, such as deductibles, copays, or coinsurance not reported as part of another plan.
 - Information on other programs not previously included, including types of program offerings and cost share information, such as deductibles, copays, or coinsurance not part of another plan.
- **Enrollment data** for each type of plan offered, including the number of employees enrolled, reported separately for individual, two-party, employee and children, or full family coverage; number of individuals covered, reported separately for individual, two-party, employee and children, or full family coverage; the number of eligible employees who opt out of coverage; and the number of employees who are not eligible for coverage.
- **Annual premium cost information** for each plan offered, broken down as to individual, two-party, employee and children, or full family coverage, for each of the

following: total dollar cost per employee, dollar cost paid by employer per employee, dollar cost paid by employee, and percent paid by employee.

- **Public employer yearly costs** for each plan or program offered for public employee health benefits; hospital, medical, and surgical benefits; carve-out programs; and administrative costs and fees. The administrative costs and fees would have to be broken down for hospital, medical, and surgical insurers or third-party administrators, excluding drug and carve-out fees paid separately; prescription drugs; as access fees; as stop-loss fees; as broker fees; to consultants; to insurance agents; as internal administrative costs; to any other outside administrators; and for any other administrative cost not listed, including a description of the service provided.
- **Monthly administrative costs and fees** that are paid on a per-contract per month basis, such as administrative services only (ASO), administrative services contracts (ASC), access fees, and stop loss, paid to an insurance company or third party administrator, for prescription drugs, for each carve-out program, and for any other program, including information identifying program and the administrative services.
- **Additional information** the DMB considers necessary or helpful in evaluating the extent of cost efficiencies that could be achieved by establishing uniform public employee health benefit plans.

FISCAL IMPACT:

House Bill 5671 would increase the administrative costs of the Department of Management and Budget by \$304,400. Approximately \$204,400 would be for information technology and another \$100,000 would be needed for staffing. The bill would require the collection of data on the benefits provided by each local unit of government. Moreover, the Department of Management and Budget would have to compile a report on the benefits provided under the public employer plans and provide a projection of the cost to cover all public employees using the average figure determined from the reports.

Section 3(7) of the bill requires the Department of Management and Budget to also request any information "...necessary or helpful to evaluate the cost efficiencies that might be achieved by establishing uniform public employee health benefits plans." To properly execute the goals of this bill requires an actuarial analysis. An actuarial analysis would cost from hundreds of thousands of dollars to millions of dollars. Even though the department would not be responsible for the actual analysis, an actuary would be required to provide the relevant data points in the database if the purpose is eventual analysis. A time and cost estimate as well as data points would need to be requested from an actuarial firm to finalize total cost and time frames.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.