

Davis Technical College

Health Insurance Policy Bidding

Effective Date: 22 January 2015

1. Purpose

To establish policy directing when to issue a Request for Proposal (RFP) for health insurance.

2. References

2.1. Davis Technical College Group Insurance Benefit Policy

2.2. Utah Legislative Auditor General Report 2013-10, A Performance Audit of Health Insurance Contracting in Higher Education

2.3. Utah Code Section 63G-6a-1204(7), Utah Procurement Code, Multiyear contracts

2.4. Utah Code Section 63G-6a-2104(1), Utah Procurement Code, Compliance by one procurement unit pursuant to agreement considered compliance by others to agreement

3. Policy

3.1. The College is not required to issue a request for proposal (RFP) for health insurance or other employee benefit related insurance products as long as it contracts with PEHP.

3.2. Should the College, at a future date, decide to obtain health insurance from a carrier other than PEHP, a new Request for Proposal will be issued at least once every five years to re-evaluate the costs and services provided in the health insurance contract.

3.3. Nothing in this policy will be considered to prohibit the College from issuing an RFP more frequently than is required.

4. Procedures

4.1. **College Group Insurance Benefit Policy** - The College Group Insurance Benefit Policy, paragraph 3.1, states that "The College shall make available to employees, medical, dental, life, and long-term disability group insurance plans. The plans offered shall be the same as, or comparable to, the group insurance plans made available to employees of the State of Utah." The College has, therefore, obtained health insurance through PEHP.

4.2. **Audit by the Office of the Legislative Auditor General** - The Office of The Legislative Auditor General for the State of Utah issued report number 2013-10, A Performance Audit of Health Insurance Contracting In Higher Education. In that report, on pages 14 and 15, the Auditor General listed reasons why they "do not believe there is an expectation that [the College] should rebid every five years for health insurance." These reasons include:

4.2.1. "Because PEHP is under state contract to provide health insurance for state employees, it is reasonable to conclude that the [the College] can rely on PEHP's processes for ensuring their contracts have been timely bid and tested for marketability."

4.2.2. "Jumping from carrier to carrier, is also an undesirable practice."

4.2.3. “The RFP process is time intensive and changing providers can be very disruptive to employees.”

4.3. Utah Procurement Code

4.3.1. **Multiyear Contracts** - The Utah Procurement Code (Utah Code Section 63G-6a-1204(7)) allows for multiyear contracts which exceed five years if ... “the procurement officer determines, in writing, that ... a longer period is in the best interest of the procurement unit.”

4.3.1.1. The College has determined, based in part on the audit performed by the Office of the Legislative Auditor that it is in the best interest of the College to have a contract with PEHP for health insurance, and other employee benefit related insurance products, which exceeds five years. This policy shall be deemed by the College to meet the written requirements as referenced in Utah Code Section 63G-6a-1204(7).

4.3.2. **Cooperative Procurement** - The Utah Procurement Code (Utah Code Section 63G-6a-2104(1)) states that, “When a procurement unit that administers a cooperative procurement complies with the requirements of this chapter, any procurement unit participating in the purchase is considered to have complied with this chapter.”

4.3.2.1. The College provides health insurance to its employees through PEHP. PEHP is under contract with the State of Utah to provide health insurance for State employees. The College participates in the PEHP State Risk Pool, and pays the same rate for insurance premiums as other agencies of the State of Utah. Therefore, the College deems that it should be considered to have complied with the Procurement Code in relation to the purchase of health insurance through PEHP.

5. Approval and Notes

Board Approval: 22 January 2015

President’s Council Approval: 15 December 2014