



SUPPLEMENTAL GENERAL CONDITIONS FOR HEALTH INSURANCE

July 1, 2009

Article 1 Intent and Purpose. House Bill 331 – 2009. The 2009 Utah Legislature passed House Bill 331 entitled “**Health Reform – Health Insurance Coverage in State Contracts**” which law became effective July 1, 2009 (hereinafter “HB331”). This bill requires certain state entities to require a contractor who contracts with the state entity to offer the contractor’s employees qualified health insurance coverage during the duration of the contract if the contract is over a certain amount, and if the contract is a construction and/or or design contract. The intent of Articles 1 through 7 of these Supplemental General Conditions is to provide the necessary provisions to the General Conditions as a result of such Bill. The purpose of this Article is to comply with UCA Section 63A-5-205 as well as Utah Code Administrative Rule R23-23 which are both hereby incorporated by reference herein.

Article 2. Applicability of this Article. This Article only applies to those contracts as required by UCA Section 63A-5-205 as well as Utah Code Administrative Rule R23-23. Rule R23-23-4 indicates the applicability as follows:

Rule R23-23-4. Applicability of Rule.

(1) Except as provided in Rule R23-23-4(2) below, this Rule R23-23 applies to all contracts entered into by the Division or the Board on or after July 1, 2009, if:

- (a) the contract is for design and/or construction; and*
- (b) the prime contract is in the amount of \$1,500,000 or greater; or*
- (i) a subcontract, at any tier, is in the amount of \$750,000 or greater.*

(2) This Rule R23-23 does not apply if:

- (a) the application of this Rule R23-23 jeopardizes the receipt of federal funds,*
- (b) the contract is a sole source contract,*
- (c) the contract is an emergency procurement.*

(3) This Rule R23-23 does not apply to a change order as defined in Section 63G-6-102, or a modification to a contract, when the contract does not meet the initial threshold required by Rule R23-23-4(1).

(4) A person who intentionally uses change orders or contract modifications to circumvent the requirements of subsection (1) is guilty of an infraction.

Article 3. Definitions. The following definitions apply to this Article:

- 3.1 “Contractor” means the person/entity under direct contract with the Division herein. If the direct contract includes a Design Professional, then the Design Professional is a "Contractor" for purposes of this Article.

SUPPLEMENTAL GENERAL CONDITIONS FOR HEALTH INSURANCE
JULY 1, 2009
PAGE NO. 2

- 3.2 “Design Professional” means the Architect or Engineer, its Subconsultants or Subcontractors at any tier, or any of their agents, employees, including those employed directly or indirectly, or other persons or entities for whose acts the Design Professional or its Subconsultants/Subcontractors at any tier may be liable.
- 3.3 “Employee(s)” is as defined in 63A-5-205(1)(c) and includes only those employees that live and/or work in the State of Utah along with their dependents. “Employee” for purposes of this Article, shall not be construed as to be broader than the use of the term employee for purposes of State of Utah Workers’ Compensation laws along with their dependents.
- 3.4 "State" means the State of Utah.

Article 4. Health Insurance Certification. Contractor hereby certifies that the Contractor and all applicable subcontractors and subconsultants at any tier that is subject to UCA 63A-5-205 and Utah Administrative Code Rule R23-23, has and will maintain for the duration of this contract, an offer of qualified health insurance coverage for their employees; all in accordance with UCA 63A-5-205 and Utah Administrative Code Rule R23-23. Rule R-23-23-7 (1) through (7) indicates the following requirements:

“Rule R23-23-7. Requirements and Procedures a Contractor Must Follow.

A contractor (including consultants and designers) must comply with the following requirements and procedures in order to demonstrate compliance with Section 63A-5-205.

(1) Demonstrating Compliance with Health Insurance Requirements. The following requirements must be met by a contractor (including consultants, designers and others under contract with the Division) that is subject to the requirements of this Rule no later than the time of execution of the contract:

(a) demonstrate compliance by a written certification to the Director that the contractor has and will maintain for the duration of the contract an offer of qualified health insurance coverage for the contractor’s employees; and

(b) The contractor shall also provide such written certification prior to the execution of the contract, in regard to all subcontractors (including subconsultants) at any tier that is subject to the requirements of this Rule.

(2) Recertification. The Director shall have the right to request a recertification by the contractor by submitting a written request to the contractor, and the contractor shall so comply with the written request within ten (10) working days of receipt of the written request; however, in no case may the contractor be required to demonstrate such compliance more than twice in any 12-month period.

(3) Demonstrating Compliance with Actuarially Equivalent Determination. The actuarially equivalent determination required by Subsections 63A-5-205(1)(e)(i) and (iii) is met by the contractor if the contractor provides the Director with a written statement of actuarial equivalency from either the Utah Insurance Department or an actuary selected by the contractor or the contractor's insurer.

For purposes of this Rule R23-23-7(3), actuarially equivalency is achieved by meeting any of the following:

(a) In accordance with Section 26-40-106(2)(a), the largest insured commercial enrollment offered by a health maintenance organization in the State, which the Children’s Health Insurance Program has determined is the SelectHealth plan currently offered by SelectHealth, 4646 West Lake Park Blvd, Salt Lake City, Utah 84130. The reference to SelectHealth herein is to provide an example of a qualifying plan and is not intended to endorse or indicate a preference for the use of SelectHealth as the insurance provider in any way; or

SUPPLEMENTAL GENERAL CONDITIONS FOR HEALTH INSURANCE
JULY 1, 2009
PAGE NO. 3

(b) provides coverage that is actuarially equivalent to 75 percent of the benefit plan determined under Rule R23-23-7(3)(a) above and employer's premium contribution as required by statute.

(4) The health insurance must be available upon the first of the month following the initial ninety (90) days from the beginning of employment.

(5) Architect and Engineer Compliance Process. Architects and engineers that are subject to this Rule must demonstrate compliance with this Rule in any annual submittal under Section 63G-6-702. During the procurement process and no later than the execution of the contract with the architect or engineer, the architect or engineer shall confirm that their applicable subcontractors or subconsultants meet the requirements of this Rule.

(6) General (Prime) Contractors Compliance Process. Contractors that are subject to this Rule must demonstrate compliance with this Rule for their own firm and any applicable subcontractors, in any pre-qualification process that may be used for the procurement. At the time of execution of the contract, the contractor shall confirm that their applicable subcontractors or subconsultants meet the requirements of this Rule.

(7) Notwithstanding any prequalification process, any contract subject to this Rule shall contain a provision requiring compliance with this Rule from the time of execution and throughout the duration of the contract. . . .”

Article 5. Recertification. The Director or designee shall have the right to request a recertification by the Contractor by submitting a written request to the Contractor, and the Contractor shall so comply with the written request within ten (10) working days of receipt of the written request; however, in no case may the Contractor be required to demonstrate such compliance more than twice in any 12-month period. Contractor and all applicable subcontractors and subconsultants will be subject to all applicable penalties under UCA 63A-5-205 and Utah Administrative Code Rule R23-23.

Article 6. Indemnity.

6.1. Contractor shall protect, indemnify and hold harmless, the Division as well as the State and its officers, employees, agents, representatives and anyone that said indemnitees may be liable for, against any claim, damages or liability arising out of or resulting from violations of this Article, whether violated by employees, agents, or contractors of the following:

6.1.1 The Contractor;

6.1.2 Subcontractor/Subconsultant at any tier; and/or

6.1.3 any entity or person for whom the Contractor or Subcontractor/Subconsultant may be liable.

6.2 Notwithstanding Article 6.1 above, Design Professionals under direct contract herein shall only be required to indemnify under Article 6.1 above for a liability claim that arises out of the Design Professional's services, unless the liability claim arises from the Design Professional's negligent act, wrongful act, error or omission, or other liability imposed by law.

Article 7. Require in Subcontracts. The Contractor will provide these same requirements in all subcontracts and require that it be continued in subcontracts at every tier