

Testimony of Cindy L. Richardson
Director, Division of Personnel
Special Session – Bill 36-0126
August 1, 2025

Good day Senate President, members of the 36th Legislature, staff, colleagues, and the viewing and listening audience. I am Cindy Richardson Director of the Division of Personnel. Thank you for the opportunity to testify in strong support of Bill 36-0126, an act to establish a special committee to issue a Request for Proposal (RFP) for the provision of a self-funded group health and dental insurance plan for Government of the Virgin Islands (GVI) employees and retirees.

It is important to highlight that this bill does not mandate a shift to self-funding, nor does it prejudge the outcome. What it does is recognize that we are at a critical juncture—where rising healthcare costs, budget pressures, and the need for greater transparency require us to explore all responsible options to protect both the long-term sustainability of our group health plan and the interests of our employees and retirees.

Over the years, the Government has faced continuous increases in health insurance premiums, prescription drug costs, and administrative fees. Despite these rising expenses, from 2019-2023 the GVI has consistently absorbed those rising costs without passing them on to employees or retirees. While this commitment has been critical to maintaining access to care, it is no longer sustainable, and we cannot continue to do so indefinitely.

Today, the GVI pays a fixed monthly premium regardless of actual claims activity. Even if the claims are low, that fixed monthly premium remains the same. Should the claims exceed what is expected, the GVI faces increased premiums during the next contract renewal.

In contrast, a self-funded model allows the Government to pay only for the claims actually incurred, providing more fiscal flexibility and aligning plan costs with real-world usage. Self-funding will provide savings in administrative costs and prescription drug rebates. It also enhances transparency, allowing for more targeted, data-driven plan design decisions tailored to the needs of our employees and retirees.

However, no transition should be made lightly. Our benefits consultant has identified key areas that must be addressed before any move to self-funding can be responsibly considered: ensuring predictable funding, building sufficient reserves, setting conservative claim projections, and establishing strong fiduciary controls. These are essential guardrails, not afterthoughts that make the RFP a responsible and necessary first step

It is important to acknowledge that the current known market for viable carriers is limited. Blue Cross Blue Shield's eligibility to do business in the territory in this manner is unclear. United Healthcare is also an option. Cigna, our current carrier, has - expressed a willingness to continue serving us under this new model.

Some may question whether an RFP is necessary given this limited pool. However, we strongly believe that issuing an RFP is the best course of action for the following reasons:

- It ensures public confidence, transparency, and competitive integrity in a defensible procurement process;
- It allows a side-by-side comparison of proposals, regardless of the number of vendors;
- It protects the Government from future criticism or legal exposure related to sole-sourcing;
- It strengthens the Government's negotiating position by validating the market;
- And it sends a clear signal that the GVI is making this decision deliberately and with full accountability.
- We currently have a consultant on board that can guide the GVI through the process.

This bill simply authorizes us to gather the facts, evaluate options, and make an informed decision. Whether or not we ultimately pursue self-funding, the RFP process will provide us with critical data on pricing, stop-loss coverage, administrative capabilities, and transition logistics; information we need to weigh any future decision wisely.

To support that evaluation, we are also proposing a legislative funding strategy to ensure premium payments are timely and consistent. Currently, agencies receive insurance allotments through their own budgets and reimburse the Division of Personnel. This reimbursement model introduces delay and uncertainty. We recommend that insurance funds be transferred directly to the Group Health Insurance account—bypassing agency discretion and protecting employees from any disruption in coverage. For semi-autonomous agencies, quarterly remittance requirements could be included via statutory authority.

In summary, we are not asking to commit to self-funding. We are asking for the tools to assess its viability. With proper safeguards, strong stop-loss coverage, and legislative support for financial stability, self-funding may offer a more flexible and sustainable future for government-sponsored health coverage. We must start with data, not assumptions—and that begins with this RFP.

We respectfully urge your support for this measured, transparent, and forward-thinking proposal.

Thank you.