

ENGROSSED HOUSE
BILL NO. 2127

BY: ROBERTS (Larry) and
REESE

(STATE GOVERNMENT - AMENDING 74 O.S. 1991,
SECTIONS 1303, 1306, 1312 AND 1312.2 - STATE AND
EDUCATION EMPLOYEES GROUP INSURANCE BOARD -
CODIFICATION -
EFFECTIVE DATE)

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 74 O.S. 1991, Section 1303, is amended to read as follows:

Section 1303. For the purposes of and as used in this act:

(a) "Board" means the State and Education Employees Group Insurance Board as created by this act;

(b) "Employee" means those state employees, education employees and other eligible employees participating in the State and Education Employees Group Insurance Act;

(c) "Education Employee" means those employees other than adjunct professors employed by a state institution of higher education, in the service of an education entity who are members or are or will be eligible to become members of the Teachers' Retirement System of Oklahoma and who receive compensation for such service after the education entity begins to participate in the State and Education Employees Group Insurance Act and visiting faculty who are not eligible for membership in the Teachers' Retirement System of Oklahoma;

(d) "Adjunct Professor" means a person employed by an institution of higher education who is attached in a subordinate or temporary capacity to the faculty or staff, and who is contracted to instruct in a given specific discipline;

(e) "Visiting Faculty" means a person employed by an institution of higher education who is not eligible for academic rank or tenure, other than an adjunct professor, and who is contracted to instruct in a given specific discipline generally not to exceed one (1) academic year;

(f) "Education Entity" means a school district, an area vocational-technical school district, an institution comprising The Oklahoma State System of Higher Education or the office of the county superintendent of schools;

(g) "State Employee" means and includes each officer or employee in the service of the State of Oklahoma who, after January 1, 1966, received his compensation for service rendered to the State of Oklahoma on a warrant issued pursuant to a payroll certified by a department or by an elected or duly appointed officer of the state or who receives payment for the performance of personal services on a warrant issued pursuant to a payroll certified by a department and drawn by the State Treasurer against appropriations made by the Legislature from any state fund or against trust funds held by the State Treasurer, who is employed in a position normally requiring actual performance of duty during not less than one thousand (1,000) hours per year, and whose employment is not seasonal or temporary, except that a person elected by popular vote will be considered an employee during his tenure in office. Provided however, that employees who are otherwise eligible who are on approved leave without pay shall be eligible to continue coverage during such leave not to exceed twenty-four (24) months, as provided in the Merit Rules for Employment published by the Office of Personnel Management, from the date the employee goes on such leave provided

the employee pays the full premiums due or persons who are drawing disability benefits under Section 1331 et seq. of this title or meet each and every requirement of the State Employees Disability Program shall be eligible to continue coverage provided the person pays the full premiums due;

(h) "Carrier" means the ~~State of Oklahoma~~ third party provider contracted with by the Board or a state designated Health Maintenance Organization (HMO). Such HMO shall be a federally qualified Health Maintenance Organization under 42 U.S.C., Section 300e et seq. or with Health Maintenance Organizations licenced by the Department of Health pursuant to Sections 2501 through 2510 of Title 63 of the Oklahoma Statutes;

(i) "Health Insurance Plan" means a ~~self-insured~~ third party provider plan ~~by the State of Oklahoma~~ for the purpose of paying the cost of hospital and medical care up to the maximum coverage provided by said plan or prepaid medical plan(s) offered to employees as an alternative to the ~~state-administered~~ third party provider plan by federally qualified HMOs which have contracted with the state;

(j) "Life Insurance Plan" means a ~~self-insured~~ third party provider plan for the purpose of paying death and dismemberment benefits up to the maximum coverage provided by said plan;

(k) "Dental Insurance Plan" means a ~~self-insured~~ third party provider plan ~~by the State of Oklahoma~~ for the purpose of paying the cost of dental care up to the maximum coverage provided by said plan;

(l) "Other insurance" means any type of coverage other than basic hospital and medical benefits, major medical benefits, comprehensive benefits, life insurance benefits or dental insurance benefits, which the Board may be directed to offer;

(m) "Dependent" means an employee's spouse and any unmarried child (1) under the age of nineteen (19) years, regardless of

residence, providing that the employee is primarily responsible for their support, including (a) an adopted child and (b) a stepchild or child who lives with the employee in a regular parent-child relationship, or (2) under the age of twenty-three (23) and who is dependent upon the employee for support who is enrolled as a full-time student at an accredited secondary school, college, university or institution of higher learning accredited by the State Department of Education, State Board of Vocational and Technical Education, State Regents for Higher Education or the Oklahoma Board of Private Schools, and (3) regardless of age who is incapable of self-support because of mental or physical incapacity that existed prior to his reaching the age of nineteen (19) years;

(n) "Comprehensive benefits" means benefits which reimburse the expense of hospital room and board, other hospital services, certain out-patient expenses, maternity benefits, surgical expense, including obstetrical care, in-hospital medical care expense, diagnostic radiological and laboratory benefits, physicians' services provided by house and office calls, treatments administered in physicians' office, prescription drugs, psychiatric services, Christian Science practitioners' services, Christian Science nurses' services, optometric medical services for injury or illness of the eye, home health care, home nursing service, hospice care and such other benefits as may be determined by the Board. Such benefits shall be provided on a copayment or coinsurance basis, the insured to pay a proportion of the cost of such benefits, and may be subject to a deductible that applies to all or part of the benefits as determined by the Board; and

(o) "Life insurance coverage" shall include a maximum amount of basic life insurance or benefit with or without a double indemnity provision and an amount of accidental death and dismemberment insurance or benefit per employee other than education employees to be ~~provided~~ paid for by the State of Oklahoma, and the employee

other than an education employee shall have the option to purchase additional life insurance or benefits on his life up to the amount provided by the plan. Such basic life insurance benefits, with or without double indemnity, and accidental death and dismemberment benefits shall not exclude coverage for death or dismemberment resulting from war, insurrection or riot. The Board may also extend dependent life insurance in an amount to be determined by the Board to each insured employee other than an education employee who elects to insure his eligible dependents. Premiums for the dependent life insurance shall be paid wholly by the employee other than an education employee.

SECTION 2. AMENDATORY 74 O.S. 1991, Section 1306, is amended to read as follows:

Section 1306. (1) The State and Education Employees Group Insurance Board shall administer and manage the group insurance plans and the flexible benefits plan and, subject to the provisions of the State and Education Employees Group Insurance Act, Section 1301 et seq. and the State Employees Flexible Benefits Act, Section 1341 et seq. of this title, shall have the following powers and duties:

(a) The preparation of specifications for such insurance plans as the Board may be directed to offer;

(b) The ~~authority and duty~~ requirement to request bids each fiscal year through the Purchasing Division of the Office of Public Affairs, for a contract to be the third party provider and claims administrator for all ~~or any part~~ of such insurance and benefit plans as the Board may be directed to offer;

(c) ~~The determination of the methods of claims administration under such insurance and benefit plans as the Board may be directed to offer;~~

~~(d)~~ The determination of the eligibility of employees and their dependents to participate in each of the Group Insurance Plans and

in such other insurance and benefit plans as the Board may be directed to offer and the eligibility of employees other than education employees to participate in the Life Insurance Plan provided that evidence of insurability shall not be a requirement in determining an employee's initial eligibility;

~~(e)~~ (d) The determination of the amount of employee payroll deductions and the responsibility of establishing the procedure by which such deduction shall be made;

~~(f)~~ (e) The establishment of a grievance procedure by which a three-member grievance panel shall act as an appeals body for complaints by insured employees regarding the allowance and payment of claims, eligibility, and other matters. Except for grievances settled to the satisfaction of both parties prior to a hearing, any person who requests in writing a hearing before the grievance panel shall receive a hearing before the panel. The grievance procedure provided by this paragraph shall be the exclusive remedy available to insured employees having complaints against the insurer. Such grievance procedure shall be subject to the Oklahoma Administrative Procedures Act, Sections 301 through 325 of Title 75 of the Oklahoma Statutes including provisions thereof for review of agency decisions by the district court. The grievance panel shall schedule a hearing regarding the allowance and payment of claims, eligibility and other matters within sixty (60) days from the date the grievance panel receives a written request for a hearing unless the panel orders a continuance for good cause shown. Upon written request by the insured employee to the grievance panel and received not less than ten (10) days before the hearing date, the grievance panel shall cause a full stenographic record of the proceedings to be made by a competent court reporter at the insured employee's expense;

~~(g)~~ (f) The continuing study of the operation of such insurance and benefit plans as the Board may be directed to offer including

such matters as gross and net costs, administrative costs, benefits, utilization of benefits, and claims administration;

~~(h)~~ (g) The administration of the Health, Dental and Life Insurance Reserve Fund or Funds, the Flexible Benefits Revolving Fund and the Education Employees Group Insurance Reserve Fund;

~~(i)~~ (h) The auditing of the claims paid pursuant to the provisions of the State and Education Employees Group Insurance Act, the State Employees Flexible Benefits Act and the State Employees Disability Program Act;

~~(j)~~ ~~(1)~~ (i) 1. To select and contract with federally qualified Health Maintenance Organizations under the provisions of 42 U.S.C., Section 300e et seq. for consideration by employees as an alternative to the state self-insured health plan, and to transfer to the HMOs such funds as may be approved for an employee electing HMO alternative services.

~~(2)~~ 2. HMO contracts shall provide for a risk adjustment factor for adverse selection, that may occur as determined by the Board, based on generally accepted actuarial principles;

~~(k)~~ (j) To assess and collect reasonable fees from such contracted and federally qualified HMOs to offset the costs of administration;

~~(1)~~ (k) To contract for re-insurance, catastrophic insurance, or any other type of insurance deemed necessary by the Board;

~~(m)~~ (l) The Board, pursuant to the provisions of Sections 301 through 325 of Title 75 of the Oklahoma Statutes, shall adopt such rules and regulations consistent with the provisions of the State and Education Employees Group Insurance Act as it deems necessary to carry out its statutory duties and responsibilities;

~~(n)~~ ~~The Board shall contract for claims administration services with a private insurance carrier or a company experienced in claims administration of any insurance that the Board may be directed to offer. No contract for claims administration services shall be made~~

~~unless such contract has been offered for bids through the Purchasing Division of the Office of Public Affairs. By July 1, 1991, the Board shall contract with a private insurance carrier or other experienced claims administrator to process claims with software that is normally used for its customers;~~

~~(e)~~ (m) The Board shall contract for utilization review services with a company experienced in utilization review, data base evaluation, market research, and planning and performance of the health insurance plan;

~~(p)~~ (n) The Board shall approve the amount of employee premiums and dependent premiums for such insurance plans as the Board shall be directed to offer for each fiscal year no later than December 1 of the previous fiscal year. The Board shall submit notice of the amount of employee premiums and dependent premiums along with an actuarial projection of the upcoming fiscal year's enrollment, employee contributions, employer contributions, investment earnings, paid claims, internal expenses, external expenses and changes in liabilities to the Director of the Office of State Finance and the Director of the Legislative Services Bureau no later than December 1 of the previous fiscal year. The actuarial projection shall include and disclose an estimate of the future trend of medical costs, the impact from HMO enrollment, antiselection, changes in law, and other contingencies that could impact the financial status of the plan;

~~(q)~~ (o) The Board shall establish a prescription drug card network for the fiscal year beginning July 1, 1990;

~~(r)~~ (p) The Board shall have the authority to intercept monies owing to plan participants from other state agencies, when those participants in turn, owe money to the Board. The Board shall be required to adopt rules and regulations ensuring the participants due process of law;

~~(s)~~ (q) The Board is authorized to make available to eligible employees supplemental health care benefit plans to include but not be limited to long-term care, deductible reduction plans and employee co-payment reinsurance. Premiums for said plans shall be actuarially based and the cost for such supplemental plans shall be paid by the employee; ~~and.~~

~~(t)~~ (2) There is hereby created as a joint committee of the State Legislature, the Joint Liaison Committee on State and Education Employees Group Insurance Benefits, which Joint Committee shall consist of three members of the Senate to be appointed by the President Pro Tempore thereof and three members of the House of Representatives to be appointed by the Speaker thereof. The Chairman and Vice Chairman of the Joint Committee shall be appointed from the membership thereof by the President Pro Tempore of the Senate and the Speaker of the House of Representatives, respectively, one of whom shall be a member of the Senate and the other shall be a member of the House of Representatives. At the beginning of the first regular session of each Legislature, starting in 1991, the Chairman shall be from the Senate; thereafter the chairmanship shall alternate every two (2) years between the Senate and the House of Representatives.

The Joint Liaison Committee on State and Education Employees Group Insurance Benefits shall function as a committee of the State Legislature when the Legislature is in session and when the Legislature is not in session. Each appointed member of said committee shall serve until his or her successor is appointed.

The Joint Liaison Committee on State and Education Employees Group Insurance Benefit shall serve as a liaison with the State and Education Employees Group Insurance Board regarding advice, guidance, policy, management, operations, plans, programs and fiscal needs of said Board. Said Board shall not be bound by any action of the Joint Committee.

SECTION 3. AMENDATORY 74 O.S. 1991, Section 1312, is amended to read as follows:

Section 1312. (1) Except as otherwise provided by law, all employee and employer contributions, appropriations and dividend payments related to the health and dental plans ~~administered~~ offered by the State and Education Employees Group Insurance Board shall be deposited in a fund in the State Treasury which is hereby created and which shall be known as the Health and Dental Insurance Reserve Fund. The money in such fund shall be invested by the Board in the manner specified in Section 1305.1 of this title. Investment income of the fund shall be added to the fund. Money payable to the ~~claims administrator~~ insurance carrier contracted with by the Board to provide the health and dental insurance coverage and all expenses in connection with the plans shall be paid from the fund. The Board shall have responsibility for management of the fund.

(2) All monies in the Health and Dental Insurance Reserve Fund that are reserves for the life insurance plan administered by the State and Education Employees Group Insurance Board shall be transferred to the Life Insurance Reserve Fund on July 1, 1989.

SECTION 4. AMENDATORY 74 O.S. 1991, Section 1312.2, is amended to read as follows:

Section 1312.2 (1) There is hereby created in the State Treasury, the Life Insurance Reserve Fund. Except as otherwise provided by law, all contributions, appropriations, transfers, dividend payments, and investment income of the fund received from or for the benefit of the life insurance plan ~~administered~~ offered

by the State and Education Employees Group Insurance Board shall be deposited in the reserve fund.

The monies in said reserve fund shall be invested by the Board in the manner specified in Section 1305.1 of this title. The Board shall have responsibility for management of the fund.

Money payable to the ~~claims administrator~~ insurance carrier contracted with by the Board to provide the life insurance coverage and all expenses in connection with the life insurance plan shall be paid from the reserve fund.

(2) All monies in the Life Insurance Reserve Fund that are reserves for the health and dental plans administered by the State and Education Employees Group Insurance Board shall be transferred to the Health and Dental Insurance Reserve Fund on July 1, 1989.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1324 of Title 74, unless there is created a duplication in numbering, reads as follows:

All state and education employees who are participating, on June 30, 1993, in the health, dental or life insurance plans pursuant to the State and Education Employees Group Insurance Act shall continue their insurance coverage with the insurance carrier contracted with by the State and Education Employees Group Insurance Board to provide such insurance coverages. The continuation of coverage shall not be subject to any preexisting conditions or penalties.

SECTION 6. This act shall become effective July 1, 1993.

Passed the House of Representatives the 12th day of March, 1992.

Speaker of the House of
Representatives

Passed the Senate the ____ day of _____, 1992.

President of the Senate