

STATE OF OKLAHOMA

1st Session of the 44th Legislature (1993)

CONFERENCE COMMITTEE SUBSTITUTE

FOR ENGROSSED

HOUSE BILL NO. 1745

By: Hager, Monson, Isaac,
Dunegan and Widener of
the House

and

Long (Ed) of the Senate

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to State and Education Employees Group Insurance; amending 70 O.S. 1991, Sections 5-117.5 and 14-108.1, which relate to education and area vocational technical school district employees health insurance plans; requiring certain coverage by succeeding carriers; requiring certain benefits for education employees; amending 74 O.S. 1991, Sections 1304, as last amended by Section 15, Chapter 400, O.S.L. 1992 and 1316.3 (74 O.S. Supp. 1992, Section 1304), which relate to State and Education Employees Group Insurance Act; providing certain exception for participation in insurance plan by Board members; adding certain statutory references; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 70 O.S. 1991, Section 5-117.5,
is amended to read as follows:

Section 5-117.5 A. Beginning October 1, 1991, the board of education of each school district in this state shall provide a health insurance plan for the employees of the school district. School districts may obtain health and dental insurance coverage as provided for in the State and Education Employees Group Insurance Act or may obtain other health insurance coverage. Any school district that does not participate in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act by October 1, 1991, shall obtain health insurance coverage for the employees which provides open enrollment and, if the school district provides other health insurance coverage pursuant to the provisions of paragraph 1 of

subsection B of Section 168 of Title 51 of the Oklahoma Statutes, shall provide for the continuation of health insurance coverage, including supplemental Medicare insurance coverage, for those district employees who retire from said district after September 30, 1991 with a vested benefit in the Teachers' Retirement System of Oklahoma. A retired person who begins receiving benefits from the Teachers' Retirement System of Oklahoma after September 30, 1991, who retires from a school district that provides other health insurance coverage pursuant to the provisions of paragraph 1 of subsection B of Section 168 of Title 51 of the Oklahoma Statutes, and who elects to continue said health insurance coverage shall pay the premium rate for the health insurance minus an amount equal to the premium rate of the Medicare supplement or Seventy-five Dollars (\$75.00), whichever is less, which shall be paid by the Teachers' Retirement System of Oklahoma to the health insurance coverage provider.

B. A school district that participates in health insurance coverage other than the health insurance plan offered by the State and Education Employees Group Insurance Act shall not be required to pay any portion of the premiums for the employees or the dependents of the employees of said school district. Unless a school district negotiates an agreement with its employees regarding health insurance pursuant to Sections 509.1 through 509.9 of this title, and to the extent that the agreement provides for the members of the recognized bargaining unit, a school district that participates in health insurance coverage other than the health insurance plan offered by the State and Education Employees Group Insurance Act is prohibited from acquiring additional or supplemental health or dental insurance for any board member, school superintendent or any other employee which is not available to all employees of said district, and said school district shall not pay a greater portion of the employee or dependent premium for any health or dental insurance plan or plans provided by said school district on behalf of any board member, school superintendent or employee than that portion paid on behalf of all participating employees of said district.

C. If a school district obtains health insurance coverage from a source other than through the State and Education Employees Group Insurance Act, the employees of the school district who would be eligible to participate in the health and dental plans may, beginning October 1, 1991, require the board of education of the school district to call an election to allow said employees to vote as to whether the school district shall participate in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act. Upon the filing with the board of education of a petition calling for such an election which is signed by no less than thirty percent (30%) of the eligible employees of the school district, the board of education shall call an election for the purpose of determining whether the school district shall participate in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act. The election shall be held within thirty (30) days of the filing of the petition. If a majority of those eligible employees voting at the election vote to participate in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act, the board of education of the school district shall apply for such participation within thirty (30) days of the election.

D. If a school district does not have any health insurance coverage of the type required by this section as of September 30, 1991, that school district shall be enrolled in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act on October 1, 1991.

E. A carrier providing health insurance coverage for employees of a school district health insurance group which replaces a previous carrier for such school district employees shall provide coverage for each retired employee who was enrolled in the health insurance group by the previous carrier at the time the previous carrier providing health insurance coverage is replaced, provided the retired employee elects to participate in the new coverage.

F. The benefits for education employees that participate in the health, dental and life insurance plans offered through the State and Education Employees Group Insurance Act shall be the same as offered to state employees for such plans.

SECTION 2. AMENDATORY 70 O.S. 1991, Section 14-108.1, is amended to read as follows:

Section 14-108.1 A. Beginning October 1, 1991, the board of education of each area vocational-technical school district in this state shall provide a health insurance plan for the employees of the area vocational-technical school district. Area vocational-technical school districts may obtain health and dental insurance coverage as provided for in the State and Education Employees Group Insurance Act or may obtain other health insurance coverage. Any area vocational-technical district that does not participate in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act by October 1, 1991, shall obtain health insurance coverage for the employees which provides open enrollment and, if the area vocational-technical school district provides other health insurance coverage pursuant to the provisions of paragraph 1 of subsection B of Section 168 of Title 51 of the Oklahoma Statutes, shall provide for the continuation of health insurance coverage, including supplemental Medicare insurance coverage, for those district employees who retire from said district after September 30, 1991 with a vested benefit in the Teachers' Retirement System of Oklahoma. A retired person who begins receiving benefits from the Teachers' Retirement System of Oklahoma after September 30, 1991, who retires from an area vocational-technical school district that provides other health insurance coverage pursuant to the provisions of paragraph 1 of subsection B of Section 168 of Title 51 of the Oklahoma Statutes, and who elects to continue said health insurance coverage shall pay the premium rate for the health insurance minus an amount equal to the premium rate of the Medicare supplement or Seventy-five Dollars (\$75.00), whichever is less, which shall be paid by the Teachers' Retirement System of Oklahoma to the health insurance coverage provider.

B. An area vocational-technical school district that participates in health insurance coverage other than the health insurance plan offered by the State and Education Employees Group Insurance Act shall not be required to pay any portion of the premium for the employees or the dependents of the employees of said school district. Unless a school district negotiates an agreement with its employees regarding health insurance pursuant to Sections 509.1 through 509.9 of this title, and to the extent that the agreement provides for the members of the recognized bargaining unit, an area vocational-technical school district that participates in health insurance coverage other than the health insurance plan offered by the State and Education Employees Group Insurance Act is prohibited from acquiring additional or supplemental health or dental insurance for any board member, area school superintendent or any other employee which is not available to all employees of said district, and said school district shall not pay a greater portion of the employee or dependent premium for any health or dental insurance plan or plans provided by said school district on behalf of any board member, area school superintendent or employee than that portion paid on behalf of all participating employees of said district.

C. If an area vocational-technical school district obtains health insurance coverage from a source other than through the State and Education Employees Group Insurance Act, the employees of the area vocational-technical school district who would be eligible to participate in the health and dental plans may, beginning October 1, 1991, require the board of education of the area vocational-technical school district to call an election to allow said employees to vote as to whether the school district shall participate in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act. Upon the filing with the board of education of a petition calling for such an election which is signed by no less than thirty percent (30%) of the eligible employees of the area vocational-technical school district, the board of education shall call an election for the purpose of determining whether the area

Req. No. 7292Page 5

vocational-technical school district shall participate in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act. The election shall be held within thirty (30) days of the filing of the petition. If a majority of those eligible employees voting at the election vote to participate in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act, the board of education of the area vocational-technical school district shall apply for such participation within thirty (30) days of the election.

D. If an area vocational-technical school district does not have any health insurance coverage of the type required by this section as of September 30, 1991, that area vocational-technical school district shall be enrolled in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act on October 1, 1991.

E. A carrier providing health insurance coverage for employees of an area vocational-technical school district health insurance group which replaces a previous carrier for such area school district employees shall provide coverage for each retired employee who was enrolled in the health insurance group by the previous carrier at the time the previous carrier providing health insurance coverage is replaced, provided the retired employee elects to participate in the new coverage.

F. The benefits for area vocational-technical school district employees that participate in the health, dental and life insurance plans offered through the State and Education Employees Group Insurance Act shall be the same as offered to state employees for such plans.

SECTION 3. AMENDATORY 74 O.S. 1991, Section 1304, as last amended by Section 15, Chapter 400, O.S.L. 1992 (74 O.S. Supp. 1992, Section 1304), is amended to read as follows:

Section 1304. (1) There is hereby created the State and Education Employees Group Insurance Board which shall consist of seven (7) members as follows: The State Insurance Commissioner, or his or her designee who shall be an employee of the Insurance
Req. No. 7292Page 6

Department, two members appointed by the Governor, two members appointed by the Speaker of the House of Representatives, and two members appointed by the President Pro Tempore of the Senate. The appointed members shall each receive compensation of Five Hundred Dollars (\$500.00) per month. Appointed members who fail to attend a regularly scheduled monthly meeting of the Board shall not receive the related monthly compensation. In the event an appointed member does not attend at least seventy-five percent (75%) of the regularly scheduled monthly meetings of the Board during a calendar year, the appointing authority may remove said member. A member may also be removed for any other cause as provided by law. A vacancy in the office of the appointed member shall be filled for the unexpired term of office in the same manner as the original appointment.

(2) The initial term of office of the members appointed by the Governor shall expire on January 14, 1991. The members thereafter appointed by the Governor shall serve a term of office of four (4) years which is coterminous with the term of office of the office of the appointing authority.

(3) The initial term of office of one of the members appointed each by the Speaker of the House of Representatives and by the President Pro Tempore of the Senate shall be for the period ending June 30, 1992. The initial term of office of the other member appointed each by the Speaker of the House of Representatives and by the President Pro Tempore of the Senate shall be for the period ending June 30, 1994. Thereafter, the term of office of the members appointed by the Speaker of the House of Representatives and by the President Pro Tempore of the Senate shall be four (4) years.

(4) The appointed members shall:

(a) have demonstrated professional experience in investment or funds management, public funds management, public or private group health or pension fund management, or group health insurance management; or

(b) be licensed to practice law in this state and have demonstrated professional experience in commercial matters; or

(c) be licensed by the Oklahoma State Board of Public Accountancy to practice in this state as a public accountant or a certified public accountant.

In making appointments that conform to the requirements of this subsection, at least one (1) but not more than two (2) members shall be appointed each from paragraphs (b) and (c) of this subsection by the combined appointing authorities.

(5) No appointed member of the State and Education Employees Group Insurance Board shall be a lobbyist registered in this state as provided by law, a health care provider, a plan participant, be employed, directly or indirectly, by any insurance company or carrier, or health care provider, or be employed directly or indirectly, by any firm under contract to the Board for any goods or services whatsoever. Provided however, if an appointed member of the Board was a plan participant of any insurance plans offered by the Board at the time he or she was appointed to serve as a member of the Board, and the appointed member of the Board forfeited participation in the insurance plans in order to serve on the Board, the member of the Board may resume participation in said insurance plans upon leaving the Board.

(6) The State and Education Employees Group Insurance Board shall not be subject to the provisions of the Oklahoma Sunset Law, Section 3901 et seq. of this title.

(7) The Attorney General shall furnish the Board with legal representation.

(8) The Court Administrator shall designate grievance panel members as shall be necessary. The members of the grievance panel shall consist of two attorneys licensed to practice law in this state and one state licensed health care professional or health care administrator who has at least three (3) years practical experience, has had or has admitting privileges to a State of Oklahoma hospital, has a working knowledge of prescription medication, or has worked in an administrative capacity at some point in their career. The state health care professional shall be appointed by the Governor.

(9) The Board shall at its first meeting elect one of its members as chairman. He shall preside over meetings of the Board and perform such other duties as may be required by the Board.

(10) The Board shall elect another member to serve as vice-chairman who shall perform the duties of the chairman in the absence of the latter or upon his inability or refusal to act.

(11) The Board shall also elect a secretary who shall keep minutes of all meetings and who shall certify to actions of the Board.

(12) The Board shall adopt rules and regulations requiring payment for medical and dental services and treatment rendered by duly licensed hospitals, physicians and dentists.

(13) The State and Education Employees Group Insurance Board may enter into a contract with out-of-state providers in connection with any PPO or hospital or medical network plan which shall include, but not be limited to, special care facilities and hospitals outside the borders of the State of Oklahoma. The contract for out-of-state providers shall be identical to the in-state provider contracts.

(14) The Board shall contract with the Oklahoma Medical Center and the George Nigh Rehabilitation Institute for the provision of their services, on the same basis as other hospitals and providers in the state network, provided however the Board shall have discretion to reduce the co-payment and the deductibles up to fifty percent (50%) at the Oklahoma Medical Center and the George Nigh Rehabilitation Institute, and their medical staffs. For purposes of this subsection, the phrase "Oklahoma Medical Center" shall be limited to the Oklahoma Memorial Hospital, the Children's Hospital of Oklahoma, the O'Donaghue Rehabilitation Institute, and the Child Study Center.

(15) The Administrator shall appoint an advisory committee to the State and Education Employees Group Insurance Board. The advisory committee shall consist of seven (7) members. Of the members appointed to the advisory committee, at least one member must be an active state employee, at least one member must be a retired state employee, at least one member must be an active

education employee, at least one member must be a retired education employee, and at least one member must be either an active county employee or a retired county employee.

SECTION 4. AMENDATORY 74 O.S. 1991, Section 1316.3, is amended to read as follows:

Section 1316.3 (1) Any person who retires pursuant to the provisions of the Teachers' Retirement System of Oklahoma or who is employed with a qualifying employer prior to July 1, 1990, and terminates service with a vested benefit, pursuant to the provisions of the Teachers' Retirement System of Oklahoma may continue in force the health and dental insurance benefits authorized by the provisions of the State and Education Employees Group Insurance Act or may begin the health and dental insurance coverage if the education entity of the person is not a participant in the State and Education Employees Group Insurance Act or if the person did not participate when the education entity of the person participated in the State and Education Employees Group Insurance Act if such election to continue in force or begin is made within thirty (30) days from the date of termination of service. All persons who are members or are eligible to be members of the Teachers' Retirement System of Oklahoma and who commence employment with a qualifying employer on or after July 1, 1990, must have a total of at least fifteen (15) years of credited service with a qualifying employer before they may continue to participate in the health and dental insurance plan following termination of employment. For those persons who retired or terminated service with a vested benefit from the Teachers' Retirement System of Oklahoma prior to October 1, 1988, the election shall be made prior to October 1, 1989. ~~Health~~ Except as provided in subsection E of Section 1 of this act, health and dental insurance coverage may not be reinstated at a later time if the election to continue in force or begin coverage is declined. Such vested persons who have terminated service and are not receiving pension benefits shall pay up to the full cost of said insurance at the rate and pursuant to the terms and conditions established by the Board.

(2) A retired person who is receiving benefits from the Teachers' Retirement System of Oklahoma after September 30, 1988, is under sixty-five (65) years of age and pursuant to subsection (1) of this section elects to begin or to continue the health insurance plan shall pay the premium rate for the health insurance minus an amount equal to the premium rate of the medicare supplement or Seventy-five Dollars (\$75.00), whichever is less, which shall be paid by the Teachers' Retirement System of Oklahoma to the Board in the manner specified in subsection (5) of this section.

(3) A retired person who is receiving benefits from the Teachers' Retirement System of Oklahoma after September 30, 1988, made contributions to the system and is sixty-five (65) years of age or older, and is a participant in the State and Education Employees Group Insurance Act shall have the premium rate of the medicare supplement, which includes prescription drugs, or Seventy-five Dollars (\$75.00), whichever is less paid by the Teachers' Retirement System of Oklahoma to the Board in the manner specified in subsection (5) of this section. If the amount paid by the Teachers' Retirement System of Oklahoma does not cover the full cost of the medicare supplement, the retired person shall pay to the Board the remaining amount if the retired person wants to continue the coverage.

(4) If a person retires and begins to receive benefits from the Teachers' Retirement System of Oklahoma or terminates service and has a vested benefit with the Teachers' Retirement System of Oklahoma, the person may elect, in the manner provided in subsection (1) of this section, to participate in the dental insurance plan offered through the State and Education Employees Group Insurance Act. The person shall pay the full cost of the dental insurance.

(5) Those persons who are receiving benefits from the Teachers' Retirement System of Oklahoma and have health insurance coverage which on the operative date of this section is being paid by the education entity from which the person retired shall make the election required in subsection (1) of this section within

thirty (30) days of the termination of said health insurance coverage. The person making the election shall give the Board certified documentation satisfactory to the Board of the termination date of the other health insurance coverage.

(6) Dependents of a deceased education employee who was on active work status or on a disability leave at the time of death or of a participating retirant or of any person who has elected to receive a vested benefit under the Teachers' Retirement System of Oklahoma may continue the health and dental insurance benefits in force provided said dependents pay the full cost of such insurance and they were covered as eligible dependents at the time of such death and such election is made within thirty (30) days of date of death. The eligibility for said benefits shall terminate for the surviving spouse when said spouse remarries or becomes eligible for another group health insurance plan. The eligibility for said benefits shall terminate for the surviving children when said children cease to qualify as dependents.

(7) The amounts required to be paid by the Teachers' Retirement System of Oklahoma pursuant to this section shall be forwarded no later than the tenth day of each month following the month for which payment is due by the Board of Trustees of the Teachers' Retirement System of Oklahoma to the State and Education Employees Group Insurance Board for deposit in the Education Employees Group Insurance Reserve Fund.

(8) Notwithstanding any provision in this section to the contrary, any person who retires pursuant to the provisions of the Teachers' Retirement System of Oklahoma after June 30, 1995, or terminates service with a vested benefit, pursuant to the provisions of the Teachers' Retirement System of Oklahoma after June 30, 1995 may continue to participate in the health and dental plans authorized by the provisions of the State and Education Employees Group Insurance Act only if said person participated in said insurance plans for a period of at least three (3) consecutive years immediately prior to retirement or termination of service.

SECTION 5. This act shall become effective July 1, 1993.

SECTION 6. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

44-1-7292

KB