

STATE OF OKLAHOMA

2nd Session of the 45th Legislature (1996)  
3RD CONFERENCE COMMITTEE SUBSTITUTE  
FOR ENGROSSED  
SENATE BILL NO. 1227

By: Robinson and Helton of  
the Senate

and

Stanley, Mitchell and  
Smith (Bill) of the House

3RD CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to state government; amending 74 O.S. 1991, Sections 1315, as amended by Section 5, Chapter 359, O.S.L. 1993, 1316.2 and 1316.3, as amended by Section 6, Chapter 359, O.S.L. 1993 (74 O.S. Supp. 1995, Sections 1315 and 1316.3), which relate to participation in the State and Education Employees Group Health and Life Insurance plans; allowing certain entities to participate in the State and Education Employees Group Health and Life Insurance plans under certain circumstances; allowing insurance coverage for certain nonvested employees; requiring payment; providing combined calculations for certain dependents; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 74 O.S. 1991, Section 1315, as amended by Section 5, Chapter 359, O.S.L. 1993 (74 O.S. Supp. 1995, Section 1315), is amended to read as follows:

Section 1315. A. Upon application in writing approved by a majority action of the board of county commissioners of any county or the governing body of any city, town, county hospital, the trustees of any public trust for which the state is the primary beneficiary, or the Oklahoma Conservation Commission on behalf of the conservation districts, all of the aforementioned groups which must be participating employers in the Oklahoma Public Employees Retirement System, or upon application in writing approved by a

majority action of the board of directors of any rural water, sewer, gas or solid waste management district or nonprofit water corporation and subject to any underwriting criteria that may be established by the Board, the Board may extend the benefits of the State and Education Employees Group Health and Life Insurance to employees who are employed in positions requiring actual performance of duty during not less than one thousand (1,000) hours per year, and to all full-time employees of such county, city, town, county hospital, public trust, ~~or~~ conservation district, rural water, sewer, gas or solid waste management district or nonprofit water corporation, provided that such county, city, town, county hospital, public trust, ~~or~~ conservation district, rural water, sewer, gas or solid waste management district or nonprofit water corporation participating therein shall pay all costs attributable to its participation therein. The benefits of said plans for a participant provided coverage pursuant to this section shall be the same and shall include the same plan options as would be made available to a state employee participating in the plan that resided at the same location. The premium for participating counties, cities, towns, county hospitals, public trusts, ~~and~~ conservation districts, rural water, sewer, gas or solid waste management district or nonprofit water corporation shall be the same as paid by the State and Education Employees Group Health and Life Insurance Plan. Such county, city, town, county hospital, public trust, ~~or~~ conservation district, rural water, sewer, gas or solid waste management district or nonprofit water corporation shall not be required to offer dental insurance as defined in paragraph (k) of Section 1303 of this title, or other insurance as defined in paragraph (l) of Section 1303 of this title. However, if dental insurance or any other insurance is offered, it must be provided to all eligible employees. If an employee retires and begins to receive benefits from the Oklahoma Public Employees Retirement System or terminates service and has a vested benefit with the Oklahoma Public Employees Retirement System, the employee may elect, in the manner provided in Section 1316.2 of this title, to participate in the

dental insurance plan offered through the State and Education Employees Group Insurance Act, Section 1301 et seq. of this title. The employee shall pay the full cost of the dental insurance. Any employee who retires or who has a vested benefit pursuant to the Oklahoma Public Employees Retirement System may begin the health insurance coverage if the employer of the employee is not a participant of the State and Education Employees Group Insurance Act if the election to begin coverage is made within thirty (30) days from the date of termination of service. ~~For those persons who retired or terminated service with a vested benefit from the Oklahoma Public Employees Retirement System prior to October 1, 1988, the election shall be made prior to October 1, 1989.~~

B. Any county, city, town, county hospital, public trust, conservation district, or rural water, sewer, gas or solid waste management district, or nonprofit water corporation, any of which of the aforementioned groups is not a participating employer in the Oklahoma Public Employees Retirement System, but which has employees who are participating in the health or dental insurance plans offered by or through the State and Education Employees Group Insurance Act on July 1, 1997, may continue to allow its current and future employees to participate in such health or dental insurance plans. Participation of such employees may also continue following retirement or termination of employment if the employee has completed at least eight (8) years of service and such an election to continue in force is made within thirty (30) days following retirement or termination. Provided, also, any retiree or terminated employee electing coverage pursuant to this section shall pay the full cost of the insurance.

Effective July 1, 1997, any county, city, town, county hospital, public trust, conservation district, or rural water, sewer, gas or solid waste management district, or nonprofit water corporation, any of which of the aforementioned groups is not a participating employer in the Oklahoma Public Employees Retirement System and which does not have any employees who are participating in the health or dental insurance plans offered by or through the State and Education Employees Group Insurance Board on July 1,

1997, shall be ineligible to allow its current or future employees to participate in such health and dental insurance plans.

SECTION 2. AMENDATORY 74 O.S. 1991, Section 1316.2, is amended to read as follows:

Section 1316.2 (1) Any employee other than an education employee who retires pursuant to the provisions of the Oklahoma Public Employees Retirement System or who ~~is employed with a qualifying employer prior to July 1, 1990, and terminates service with~~ has a vested benefit pursuant to the provisions of the Oklahoma Public Employees Retirement System may continue in force the health and dental insurance benefits authorized by the provisions of the State and Education Employees Group Insurance Act, ~~Section 1301 et seq. of this title,~~ if such election to continue in force is made within thirty (30) days from the date of termination of service. ~~All persons other than an education employee 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 employees other than education employees who retired or terminated service with a vested benefit pursuant to the provisions of the Oklahoma Public Employees Retirement System or the Oklahoma Law Enforcement Retirement System prior to October 1, 1988, the election shall be made prior to October 1, 1989. For those employees other than education employees who retired or terminated service with a vested benefit pursuant to the provisions of the Uniform Retirement System for Justices and Judges prior to July 1, 1991, the election shall be made prior to October 1, 1991. Health and dental insurance coverage may not be reinstated at a later time if the election to continue in force is declined. ~~Such vested~~ Vested employees other than education employees who have terminated service and are not receiving ~~pension~~ benefits and effective July 1, 1996, nonvested persons who have terminated service with more than eight (8) years of participating service with a participating employer, who within thirty (30) days from the date of termination~~

elect to continue such coverage, shall pay up to the full cost of said insurance premium at the rate and pursuant to the terms and conditions established by the Board. Provided also, any employee other than an education employee who commences employment with a participating employer on or after September 1, 1991, who terminates service with such employer on or after July 1, 1996 but who otherwise has insufficient years of service to retire or terminate service with a vested benefit pursuant to the provisions of the Oklahoma Public Employees Retirement System or to elect to continue coverage as a nonvested employee as provided in this section, but who, immediately prior to employment with the participating employer was covered as a dependent on the health and dental insurance policy of a spouse who was an active employee other than an education employee, may count as part of his or her credited service for the purpose of determining eligibility to elect to continue coverage under this section, the time during which said terminating employee was covered as such a dependent.

(2) A retired employee other than an education employee who is receiving benefits from the Oklahoma Public Employees Retirement System after September 30, 1988, is under sixty-five (65) years of age and pursuant to subsection (1) of this section elects 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 Oklahoma Public Employees Retirement System to the Board in the manner specified in subsection (5) of this section.

(3) A retired employee other than an education employee who is receiving benefits from the Oklahoma Public Employees Retirement System after September 30, 1988, is sixty-five (65) years of age or older and pursuant to subsection (1) of this section elects to continue the health insurance plan 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 Oklahoma Public Employees Retirement System to the Board in the manner specified in subsection (5) of this

section. If the amount paid by the Oklahoma Public Employees Retirement System does not cover the full cost of the medicare supplement, the retired employee shall pay to the Board the remaining amount if the retired employee wants to continue coverage.

(4) A retired employee other than an education employee who is receiving benefits from the Oklahoma Law Enforcement Retirement System after September 30, 1988, is under sixty-five (65) years of age and pursuant to subsection (1) of this section elects 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 Oklahoma Law Enforcement Retirement System to the Board in the manner specified in subsection (9) of this section.

(5) A retired employee other than an education employee who is receiving benefits from the Oklahoma Law Enforcement Retirement System after September 30, 1988, is sixty-five (65) years of age or older and pursuant to subsection (1) of this section elects to continue the health insurance plan 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 Oklahoma Law Enforcement Retirement System to the Board in the manner specified in subsection (9) of this section. If the amount paid by the Oklahoma Law Enforcement Retirement System does not cover the full cost of the medicare supplement, the retired employee shall pay to the Board the remaining amount if the retired employee wants to continue coverage.

(6) A retired employee other than an education employee who is receiving benefits from the Uniform Retirement System for Justices and Judges after September 30, 1988, is under sixty-five (65) years of age and pursuant to subsection (1) of this section elects 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 Uniform Retirement

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System for Justices and Judges to the Board in the manner specified in subsection (9) of this section.

(7) A retired employee other than an education employee who is receiving benefits from the Uniform Retirement System for Justices and Judges after September 30, 1988, is sixty-five (65) years of age or older and pursuant to subsection (1) of this section elects to continue the health insurance plan 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 Uniform Retirement System for Justices and Judges to the Board in the manner specified in subsection (9) of this section. If the amount paid by the Uniform Retirement System for Justices and Judges does not cover the full cost of the medicare supplement, the retired employee shall pay to the Board the remaining amount if the retired employee wants to continue coverage.

(8) Dependents of a deceased employee other than an 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 Oklahoma Public Employees Retirement System, the Uniform Retirement System for Justices and Judges or the Oklahoma Law Enforcement Retirement System 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.

(9) The amounts required to be paid by the Oklahoma Public Employees Retirement System, the Uniform Retirement System for Justices and Judges and the Oklahoma Law Enforcement Retirement System 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 Oklahoma Public Employees Retirement System Board of Trustees or the Oklahoma Law Enforcement Retirement Board to the State and Education Employees Group Insurance Board for deposit in the Health, Dental and Life Insurance Reserve Fund.

SECTION 3. AMENDATORY 74 O.S. 1991, Section 1316.3, as amended by Section 6, Chapter 359, O.S.L. 1993 (74 O.S. Supp. 1995, 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~~ has 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. Except as provided in subsection E of Sections 5-117.5 and 14-108.1 of Title 70 of the Oklahoma Statutes, 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~~ Vested persons who have terminated service and are not receiving ~~pension~~~~

benefits and effective July 1, 1996, nonvested persons who have terminated service with more than ten (10) years of participating service with a qualifying employer, who within thirty (30) days from the date of termination, elect to continue such coverage, shall pay ~~up to~~ the full cost of said insurance premium at the rate and pursuant to the terms and conditions established by the Board.

(2) (a) 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 the amount determined pursuant to subsection (4) of this section, whichever is less, which shall be paid by the Teachers' Retirement System of Oklahoma to the Board in the manner specified in subsection (6) of this section.

(b) A retired person who is receiving benefits from the Teachers' Retirement System of Oklahoma after June 30, 1993, is under sixty-five (65) years of age and participates in a health insurance plan provided by a participating education employer of the Teachers' Retirement System of Oklahoma other than a health insurance plan offered pursuant to the State and Education Employees Group Insurance Act or an alternative health plan offered pursuant to the Oklahoma State Employees Benefits Act shall pay the premium rate for the health insurance minus an amount equal to the premium rate of the medicare supplement or the amount determined pursuant to subsection (4) of this section, whichever is less, which shall be paid by the Teachers' Retirement System of Oklahoma to said education employer that provides the health insurance plan to said retired person.

(3) (a) 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 the amount determined pursuant to subsection (4) of this section, whichever is less paid by the Teachers' Retirement System of Oklahoma to the Board in the manner specified in subsection (6) 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.

(b) A retired person who is receiving benefits from the Teachers' Retirement System of Oklahoma after June 30, 1993, made contributions to the system and is sixty-five (65) years of age or older, and participates in a health insurance plan provided by a participating education employer of the Teachers' Retirement System of Oklahoma other than a health insurance plan offered pursuant to the State and Education Employees Group Insurance Act or an alternative health plan offered pursuant to the Oklahoma State Employees Benefits Act shall have the premium rate of the medicare supplement, which includes prescription drugs, or the amount determined pursuant to subsection (4) of this section, whichever is less, paid by the Teachers' Retirement System of Oklahoma to the education employer that provides the health insurance plan to said retired person. 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 said employer the remaining amount if the retired person wants to continue the coverage.

(4) Beginning July 1, 1993, the maximum benefit payable by the Teachers' Retirement System of Oklahoma on behalf of a retired person toward said person's monthly premium for health insurance shall be determined in accordance with the following schedule:

|                |             |              |          |
|----------------|-------------|--------------|----------|
|                |             | LESS THAN    |          |
|                |             | 25 YEARS BUT | GREATER  |
|                | LESS THAN   | GREATER THAN | THAN     |
|                |             |              | 24.99    |
| AVERAGE SALARY | 15 YEARS OF | 14.99 YEARS  | YEARS OF |

| USED FOR DETERMINING                                  | CREDITABLE | OF CREDITABLE | CREDITABLE |
|-------------------------------------------------------|------------|---------------|------------|
| RETIREMENT ALLOWANCE                                  | SERVICE    | SERVICE       | SERVICE    |
| Less than \$20,000.00                                 | \$73.00    | \$74.00       | \$75.00    |
| Less than \$30,000.00 but<br>greater than \$19,999.99 | \$72.00    | \$73.00       | \$74.00    |
| Less than \$40,000.00 but<br>greater than \$29,999.99 | \$71.00    | \$72.00       | \$73.00    |
| \$40,000.00 or greater                                | \$70.00    | \$71.00       | \$72.00    |

(5) 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.

(6) 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.

(7) 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.

(8) 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.

(9) 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 participate in the health and dental plans authorized by the provisions of the State and Education Employees Group Insurance Act only if said person continues to participate in said insurance plans offered by the State and Education Employees Group Insurance Board for a period of at least three (3) consecutive years immediately prior to retirement or termination of service, or the education employer from which the person either retires or terminates service with a vested benefit obtains health and dental insurance coverage as provided for in the State and Education Employees Group Insurance Act.

SECTION 4. This act shall become effective July 1, 1996.

SECTION 5. 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.