

ENGROSSED HOUSE
BILL NO. 2037

By: Anthony of the House
and
Monson of the Senate

An Act relating to state government; amending 74 O.S. 1991, Sections 1302, 1303, as amended by Section 54, Chapter 239, O.S.L. 1993, 1304, as last amended by Section 3, Chapter 359, O.S.L. 1993, 1305.1, 1306, as last amended by Section 15, Chapter 10, O.S.L. 1993, 1308, 1308.1, as amended by Section 4, Chapter 359, O.S.L. 1993, 1309, 1312.1, 1312.2, 1314.3, 1314.4, 1315, as amended by Section 5, Chapter 359, O.S.L. 1993, 1316.1, 1316.2, 1316.3, as amended by Section 6, Chapter 359, O.S.L. 1993 and 1320, as amended by Section 17, Chapter 400, O.S.L. 1992 (74 O.S. Supp. 1994, Sections 1303, 1304, 1306, 1308.1, 1315, 1316.3 and 1320), which relate to the State and Education Employees Group Insurance Act; modifying certain purposes of the act; deleting obsolete language; updating certain statutory language; modifying certain duties of the State and Education Employees Group Insurance Board; deleting transfer requirement for certain revolving fund; deleting certain participation requirements for Oklahoma Employment Security Commission employees; repealing 74 O.S. 1991, Sections 1312.3, 1314.5 and Section 1, Chapter 284,

O.S.L. 1994 (74 O.S. Supp. 1994, Section 1311.2),
which relate to the State and Education Employees
Group Insurance Act; 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 1302, is
amended to read as follows:

Section 1302. It is hereby declared that the purpose of ~~this~~
~~act~~ the State and Education Employees Group Insurance Act is:

(a) To provide uniformity in Accident and Health Insurance
and/or Benefits Coverage and Life Insurance on all employees of the
State of Oklahoma and all education employees;

(b) To ~~enable the state to~~ attract and retain qualified
employees for the state by providing health, dental and life
insurance benefits similar to those commonly provided in private
industry;

(c) To recognize and protect the state's investment in each
permanent employee by promoting and preserving good health and
longevity among state employees;

(d) To recognize the service to the state by elected and
appointed officials by extending to them the same health, dental and
life insurance benefits as are provided herein for state employees;
and

(e) To recognize long and faithful service, and to encourage
employees to remain in state service until eligible for retirement
by providing health, dental and life insurance benefits for
employees; ~~and~~

~~(f) To ensure state compliance with the Health Maintenance
Organization Act of 1973 pursuant to 42 U.S.C., Section 300e et seq.~~

SECTION 2. AMENDATORY 74 O.S. 1991, Section 1303, as amended by Section 54, Chapter 239, O.S.L. 1993 (74 O.S. Supp. 1994, Section 1303), is amended to read as follows:

Section 1303. For the purposes of and as used in ~~this act~~ the State and Education Employees Group Insurance 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 or an institution comprising The Oklahoma State System of Higher Education;

(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 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.;

(i) "Health Insurance Plan" means a self-insured 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 plan by federally qualified HMOs which have contracted with the state;

(j) "Life Insurance Plan" means a self-insured 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 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~~ and 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 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 3. AMENDATORY 74 O.S. 1991, Section 1304, as last amended by Section 3, Chapter 359, O.S.L. 1993 (74 O.S. Supp. 1994, 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 eight (8) members as follows: The State Insurance Commissioner, or his or her designee who shall be an employee of the Insurance

Department, the Director of the Office of State Finance, 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~~ 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 three (3) 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~~ 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~~ the 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~~ chair. The chair 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~~ vice-chair who shall perform the duties of the ~~chairman~~ chair in the absence of ~~the latter~~ or upon ~~his~~ inability or refusal of the chair 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~~ University Hospitals 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~~ University Hospitals and the George Nigh Rehabilitation Institute, and their medical staffs. For purposes of this subsection, the phrase "~~Oklahoma Medical Center~~ University Hospitals" 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 1305.1, is amended to read as follows:

Section 1305.1 (1) The State and Education Employees Group Insurance Board shall discharge their duties with respect to the State and Education Employees Group Insurance Act, the State Employees Flexible Benefits Act and the State Employees Disability Program Act solely in the interest of ~~said~~ the acts and:

(a) for the exclusive purpose of:

- (i) providing benefits to the participants and their dependents, and
- (ii) defraying reasonable expenses of administering the State and Education Employees Group Insurance Act, the State Employees Flexible Benefits Act and the State Employees Disability Program Act;

(b) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like

capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

(c) by diversifying investments so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(d) ~~in accordance~~ by complying with the laws, documents and instruments governing the State and Education Employees Group Insurance Act, the State Employees Flexible Benefits Act and the State Employees Disability Program Act.

(2) The monies received by the State and Education Employees Group Insurance Board shall be invested only in assets eligible for the investment of funds of legal reserve life insurance companies in this state as provided for in Sections 1602 through 1611, 1613 through 1620, and 1622 through 1624 of Title 36 of the Oklahoma Statutes. The term admitted assets shall mean the amount of the monies received by the Board and the provisions relating to limitation of investments as a percentage of surplus and loans to policyholders shall be inapplicable with respect to investment of the monies received by the Board.

(3) The Board may procure insurance indemnifying the members of the Board from personal loss or accountability from liability resulting from a member's action or inaction as a member of the Board.

(4) The Board may establish an investment committee. The investment committee shall be composed of not more than five (5) members of the Board appointed by the ~~chairman~~ chair of the Board. The committee shall make recommendations to the full Board on all matters related to the choice of custodians and managers of the assets of the Board, on the establishment of investment and fund management guidelines, and in planning future investment policy. The committee shall have no authority to act on behalf of the Board in any circumstances whatsoever. No recommendation of the committee

shall have effect as an action of the Board nor take effect without the approval of the Board as provided by law.

(5) The Board shall retain qualified investment managers to provide for the investment of the monies received by the Board. The investment managers shall be chosen by a solicitation of proposals on a competitive bid basis pursuant to standards set by the Board. Subject to the overall investment guidelines set by the Board, the investment managers shall have full discretion in the management of those monies of the Board allocated to the investment managers. The Board shall manage those monies not specifically allocated to the investment managers. The monies of the Board allocated to the investment managers shall be actively managed by the investment managers, which may include selling investments and realizing losses if such action is considered advantageous to longer term return maximization. Because of the total return objective, no distinction shall be made for management and performance evaluation purposes between realized and unrealized capital gains and losses.

(6) Funds and revenues for investment by the investment managers or the Board shall be placed with a custodian selected by the Board. The custodian shall be a bank or trust company offering pension fund master trustee and master custodial services. The custodian shall be chosen by a solicitation of proposals on a competitive bid basis pursuant to standards set by the Board. In compliance with the investment policy guidelines of the Board, the custodian bank or trust company shall be contractually responsible for ensuring that all monies of the Board are invested in income-producing investment vehicles at all times. If a custodian bank or trust company has not received direction from the investment managers of the Board as to the investment of the monies of the Board in specific investment vehicles, the custodian bank or trust company shall be contractually responsible to the Board for

investing the monies in appropriately collateralized short-term interest-bearing investment vehicles.

(7) By ~~November 1, 1989, and prior to~~ August 1 of each year ~~thereafter~~, the Board shall develop a written investment plan for the monies received by the Board.

(8) The Administrator shall compile a quarterly financial report of all the funds of the Board on a fiscal year basis. The report shall be compiled pursuant to uniform reporting standards prescribed by the State Insurance Commissioner for all domestic insurance companies. The report shall include several relevant measures of investment value, including acquisition cost and current fair market value with appropriate summaries of total holdings and returns. The report shall contain combined and individual rate of returns of the investment managers by category of investment, over periods of time. The report shall be distributed to the Governor, the Legislative Service Bureau and the Joint Committee on Fiscal Operations.

SECTION 5. AMENDATORY 74 O.S. 1991, Section 1306, as last amended by Section 15, Chapter 10, O.S.L. 1993 (74 O.S. Supp. 1994, 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 to request bids through the Purchasing Division of the Department of Central Services for a

contract to be the 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) The determination of the amount of employee payroll deductions and the responsibility of establishing the procedure by which such deduction shall be made;

(f) 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) The continuing study of the operation of ~~such~~ the 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) 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) 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) To select and contract with federally qualified Health Maintenance Organizations under the provisions of 42 U.S.C., Section 300e et seq. or with Health Maintenance Organizations licensed by the Department of Health pursuant to Sections 2501 through 2510 of Title 63 of the Oklahoma Statutes 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) 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) For the fiscal year beginning July 1, 1992, to assess and collect a four percent (4%) fee from such contracted HMOs to offset the costs of administration, and to appropriate and pay to the Benefits Council Administration Fund an amount equal to fifty percent (50%) of said fee within ten (10) days of collection;

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

(m) The Board, pursuant to the provisions of ~~Sections 301 through 325 of Title 75 of the Oklahoma Statutes~~ the Administrative Procedures Act, 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 Department of Central Services. 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;

(o) 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) 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 March 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 Service Bureau no later than March 1 of the previous fiscal year;

(q) Before December 1 of each year the Board shall submit to the Director of the Office of State Finance a report outlining the financial condition for the previous fiscal year of all insurance plans offered by the Board. The report shall include a complete explanation of all reserve funds and the actuarial projections on the need for such reserves. The report 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. The Director of the Office of State Finance shall make written comment on the report and shall provide such comment, along with the report submitted by the Board, to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives and the Chairman of the Oklahoma State Employees Benefits Council by January 15;

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

(s) 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;

(t) 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

(u) 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~~ chair and ~~Vice-Chairman~~ vice-chair 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~~ the 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~~ a successor is appointed.

The Joint Liaison Committee on State and Education Employees Group Insurance Benefits 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~~ The Board shall not be bound by any action of the Joint Committee.

(v) For the fiscal year beginning July 1, 1993, certain duties and responsibilities of the Board shall be transferred to the Oklahoma State Employees Benefits Council pursuant to the provisions of the Oklahoma State Employees Benefits Act. During the fiscal year beginning July 1, 1992, the Board shall cease activities related to the implementation of said transferred duties and responsibilities for the next fiscal year and implement all reasonable actions to ensure the effective and efficient transfer of said duties and responsibilities to the Oklahoma State Employees Benefits Council.

SECTION 6. AMENDATORY 74 O.S. 1991, Section 1308, is amended to read as follows:

Section 1308. (1) Any employee other than an education employee eligible for membership in the Health Insurance Plan, Dental Insurance Plan or Life Insurance Plan upon its effective date shall be enrolled in the plan unless ~~he~~ the employee elects not to be enrolled within thirty (30) days of such effective dates. The employee shall be advised of Health Maintenance Organization prepaid plans available as an alternative to the state self-insured Health Insurance Plan. The Board shall establish the procedure by which eligible employees not electing to be enrolled initially in the Health Insurance Plan, Dental Insurance Plan or Life Insurance Plan may be subsequently enrolled.

(2) Any eligible employee other than an education employee who is employed after the effective dates of the Health Insurance Plan, Dental Insurance Plan and Life Insurance Plan or HMO plans approved by the Board may become enrolled on the first day of the second month of employment.

(3) Any person that becomes a participant in the State and Education Employees Group Insurance Act pursuant to subsection (2) or (3) of Section 17 of this act shall not be eligible to enroll in a HMO plan until the next option period after said enrollment, as set by the Board.

SECTION 7. AMENDATORY 74 O.S. 1991, Section 1308.1, as amended by Section 4, Chapter 359, O.S.L. 1993 (74 O.S. Supp. 1994, Section 1308.1), is amended to read as follows:

Section 1308.1 (1) An educational entity may extend the benefits of the health insurance plan, the dental insurance plan, and the life insurance plan to education employees employed by said entity. The benefits of said plans for an education employee 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. Notwithstanding the provisions of Section 1308.2 of this title, a period shall exist for enrolling education entities from April 1, 1989 through October 1, 1991, whereby education employees of a participating education entity may be enrolled, pursuant to this act, during the entities' initial enrollment period, regardless of preexisting conditions. The Board shall adopt rules and regulations for enrollment by which education entities may apply to participate in said insurance plans. Once an education entity becomes a participant in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act, the education entity may withdraw from said participation, in a manner prescribed by the Board. If a school district is participating in the health and dental insurance plans pursuant to the State and Education Employees Group Insurance Act, Section 1301 et seq. of this title, the employees of the school district who are eligible to participate in the health and dental plans, at such time as the school district may withdraw from such participation, may 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 continue participation 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 continue participation 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 continue participation in the health and dental insurance plans offered through the State and

Education Employees Group Insurance Act, the board of education shall be prohibited from withdrawing the school district from such participation. If a majority of those eligible employees voting at the election vote against continued participation 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 to discontinue such participation within thirty (30) days of the election and within the times the school district is authorized to withdraw from participation in accordance with rules established for withdrawal by the State and Education Employees Group Insurance Board.

(2) Except as otherwise provided in this subsection, when an education entity participates in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act, all employees shall be advised of Health Maintenance Organizations prepaid plans available as an alternative to the state self-insured health insurance plan. Eligible part-time education employees, at the option of the employee, may enroll in the plans either at the time the education entity begins participation in the plans or, if later, upon a showing of evidence of insurability to the satisfaction of the Board.

(3) Any employee of an education entity participating in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act who is employed after the education entity began said participation may be enrolled in the health and dental insurance plans or HMO plans approved by the Board on the first day of the second month of employment.

(4) Upon initial enrollment of an institution of higher education to participate in the health and dental insurance plans offered through the State and Education Employees Group Insurance Act, all individuals presently insured by said institution's present group health insurance plan shall become enrolled in ~~said state~~ the

Board plans for the remaining period of said institution's contractual liabilities.

(5) Education employees who shall be absent from the teaching service because of election or appointment as a local, state, or national education association officer shall be allowed to retain coverage pursuant to the State and Education Employees Group Insurance Act upon the payment of the full cost of the coverage at the rate and under such terms and conditions established by the Board.

SECTION 8. AMENDATORY 74 O.S. 1991, Section 1309, is amended to read as follows:

Section 1309. (1) Any eligible employee may elect to have ~~his~~ a dependent or dependents covered by the Health Insurance Plan and Dental Insurance Plan or by any available Health Maintenance Organization (HMO) approved by the Board. Such election shall be made at the time the employee becomes enrolled in the Plan, under such procedures as the Board may establish. If dependent coverage is not elected at the time an employee becomes enrolled in the Plan, dependent coverage cannot be elected until the next enrollment period as established by the Board. ~~Such subsequent election~~ Subsequent elections of dependent coverage shall be made under such conditions as the Board may impose.

(2) Any employee with dependent coverage, as provided in this section, who has a change in the number of his dependents may at the time of such change increase or decrease the number of dependents covered by the Health Insurance Plan and Dental Insurance Plan or approved HMO plans, under procedures established by the Board.

(3) Any employee who has no eligible dependents at the time he becomes enrolled may elect dependent coverage at the time his dependency status changes under procedures established by the Board.

SECTION 9. AMENDATORY 74 O.S. 1991, Section 1312.1, is amended to read as follows:

Section 1312.1 There is hereby created in the State Treasury a Revolving Fund for the State and Education Employees Group Insurance Plan. The revolving fund shall consist of funds transferred from the Health and Dental Insurance Reserve Fund and the Life Insurance Reserve Fund for operational expenses of the State Health and Life Insurance Plan and monies assessed from or collected for and due a Health Maintenance Organization (HMO) as approved by the Board. Expenditures from ~~said~~ the funds shall be made pursuant to the laws of the state and statutes relating to the Plan. This revolving fund shall be a continuing fund, not subject to fiscal year limitations, and shall be under the control and management of the State and Education Employees Group Insurance Board.

SECTION 10. 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 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 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 11. AMENDATORY 74 O.S. 1991, Section 1314.3, is amended to read as follows:

Section 1314.3 (1) All otherwise eligible employees hired by the Oklahoma Employment Security Commission after the effective date of this act shall participate in the State Plan and shall not be entitled to the supplemental health insurance for which provision is made in this act nor to any other Commission benefit plan not generally available to state employees, and no other provisions of this act shall apply to such future hirees.

~~(2) All otherwise eligible Commission employees not participating in the Agency Plan as of the effective date of this act shall be enrolled in the State Plan on July 1, 1990. Said nonparticipating Commission employees shall not be entitled to the supplemental health insurance for which provision is made in this act.~~

~~(3) All Commission employees, retirees and dependents participating in the Agency Plan as of the effective date of this act shall be permitted to transfer to the State Plan and receive the supplemental insurance benefits for which provision is made in Section 3 of this act at such time as the supplemental insurance is available. If not sooner transferred, all Agency Plan participants shall be transferred to the State Plan on January 1, 1991. Such mandatory transfer shall occur simultaneously with any cancellation by the insurance provider of the Agency Plan, occurring prior to January 1, 1991.~~

~~(4) All Commission employees, retirees and dependents enrolling in or transferring to the State Plan under the provisions of this section shall be given the opportunity to participate in all options under the State Plan at the time of their enrollment or transfer.~~

~~(5) For active employees of the Commission, the Commission shall pay the same monthly premium toward employee-only coverage as that set by the State and Education Employees Group Insurance Board~~

and paid by the other state agencies participating in the state health insurance program. For retirees of the Commission who retired pursuant to the provisions of the Oklahoma Public Employees Retirement System, the Oklahoma Public Employees Retirement System shall pay the same monthly contribution towards premiums for regular or Medicare supplement health insurance coverage for those retirees as the amount paid towards the premiums for the Oklahoma Public Employees Retirement System retirees from other agencies. For retirees of the Commission who retired under the provisions of another retirement plan, the Commission shall pay the same monthly contribution towards premiums for regular or Medicare supplement health insurance coverage for those retirees as the amount paid towards premiums by the Oklahoma Public Employees Retirement System for retirees of other state agencies.

~~(6) Employees and retirees of the Commission, and their dependents, shall not be subject to any preexisting condition limitations at the time of their initial participation in the State Plan.~~

~~(7) Employees and retirees of the Commission, and their dependents, shall be deemed to have satisfied their 1990 annual health insurance individual and/or family deductible under the State Plan if the individual and/or family deductible under Agency Plan was fully met for 1990. If the individual and/or family deductible was not fully met under the Agency Plan, then the unreimbursed medical expense amounts applied towards deductibles under the Agency Plan shall also be applied to deductibles under the State Plan.~~

~~(8)~~ (3) Except as provided in this subsection, employees and retirees of the Commission, and their dependents, shall be covered under the dental and life insurance plans provided by the State and Education Employees Group Insurance Board pursuant to the same provisions and premiums as apply to the employees and retirees of other state agencies. Employees and retirees may elect to keep

their present agency offered life insurance, in addition to the state life insurance. Any employee who elects to keep their agency offered life insurance shall pay the premium for the life insurance provided pursuant to the State and Education Employees Group Insurance Act. Any Commission retiree who elects to participate in the life insurance program provided pursuant to the State and Education Employees Group Insurance Act shall pay the premium for such coverage.

~~(9)~~ (4) In the event that the agency offered life insurance plan is canceled by the insurer offering it, the Commission shall contract with the State and Education Employees Group Insurance Board for replacement coverage equal to that lost by said cancellation. Said Board is expressly authorized and directed to enter into such a contract. The Commission and the participants shall pay the full actuarial costs and all reasonable administrative costs for such coverage. Said actuarial and administrative costs shall be divided between the Commission and the participants in the same ratio as premiums are now divided for the agency offered life insurance. The Board shall maintain separate reserves for said coverage.

SECTION 12. AMENDATORY 74 O.S. 1991, Section 1314.4, is amended to read as follows:

Section 1314.4 (1) The Oklahoma Employment Security Commission shall provide supplemental health insurance, in the manner provided in Section 4 1314.5 of this ~~act~~ title for Agency Plan participants. Such supplemental insurance shall cover material differences between the coverage under the State Plan and the Agency Plan. Material differences as of the effective date of this act are:

- (a) The difference between the Agency Plan and the State Plan with regard to the amount of the lifetime maximum benefit;

- ~~(b) The difference between the Agency Plan and the State Plan with regard to the amount of the annual hospital copayment;~~
- ~~(c) The difference between the Agency Plan and the State Plan with regard to the amount of the retiree prescription copayment;~~
- ~~(d) The difference between the Agency Plan and the State Plan with regard to the The allowable cost for a medical procedure; provided the procedure was not readily available from a provider under the State Plan.~~

(2) The Commission may vary the terms of the supplemental health insurance at such times as there is a material change in the coverage offered under the State Plan from coverage offered under the Federal Plan.

(3) The Commission may require participants to share in the cost of the supplemental health insurance or contribute to copayments and/or provide for deductibles, if required by the United States Department of Labor; provided that the cost to the participant for both the State Plan and the supplemental health insurance does not exceed the cost to the participant for the Agency Plan as estimated by the Commission. ~~The Agency Plan participants and their dependents shall not be subject to any pre-existing condition limitations under the supplemental health insurance at the time of its initial offering, other than pre-existing condition limitations which were applicable under the Agency Plan.~~

SECTION 13. AMENDATORY 74 O.S. 1991, Section 1315, as amended by Section 5, Chapter 359, O.S.L. 1993 (74 O.S. Supp. 1994, Section 1315), is amended to read as follows:

Section 1315. 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 participating in the Oklahoma Public Employees Retirement System, 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, provided that such county, city, town, county hospital, public trust, or conservation district 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 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 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.~~

SECTION 14. AMENDATORY 74 O.S. 1991, Section 1316.1, is amended to read as follows:

Section 1316.1 Any person who retires or who has elected to receive a vested benefit under the provisions of the State of Oklahoma Retirement Systems or persons who are currently drawing disability benefits under Section 1331 et seq. of this title or who meet each and every requirement of the State Employees Disability Program or the spouse of any such employee may continue in force the life insurance benefits authorized by this act in a face amount of not less than one-fourth (1/4) but not more than three-fourths (3/4) of the basic life insurance amount, if ~~such~~ an election to continue in force is made within thirty (30) days from the time of severance; provided such persons pay the full cost of such life insurance at the rate and under ~~such~~ terms and conditions as established by the Board.

SECTION 15. 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 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~~ the 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 employees other than education employees 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 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 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 16. AMENDATORY 74 O.S. 1991, Section 1316.3, as amended by Section 6, Chapter 359, O.S.L. 1993 (74 O.S. Supp. 1994, 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. 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 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) 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~~ 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 THAN
	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 greater than \$19,999.99	\$72.00	\$73.00	\$74.00
Less than \$40,000.00 but 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 17. AMENDATORY 74 O.S. 1991, Section 1320, as amended by Section 17, Chapter 400, O.S.L. 1992 (74 O.S. Supp. 1994, Section 1320), is amended to read as follows:

Section 1320. A. The Board is authorized to hire and appoint an administrator who shall be in the unclassified service.

The Board may hire a director of internal audit and one attorney licensed to practice law in this state, which positions shall be in the unclassified service. The attorney hired by the Board shall have not less than five (5) years of experience in matters related to the insurance industry. The Board shall directly supervise the duties of the director of internal audit, and shall not delegate said supervision to the Administrator or any other employee of the Board. In addition to duties assigned by the Board, the director of

internal audit is authorized to audit all records of health providers and pharmacists who enter into any contract with the Board in order to ensure compliance with ~~said~~ contract provisions.

B. The administrator shall employ ~~such persons~~ any person as ~~are~~ is necessary to administer the provisions of the State and Education Employees Group Insurance Act, the State Employees Flexible Benefits Act and the State Employees Disability Program Act. The administrator shall hire two (2) deputy administrators, a maximum of two (2) attorneys, and seven (7) assistant administrators, which positions shall be in the unclassified service. The administrator or one of the deputy administrators shall have not less than seven (7) years of group health insurance administration experience on a senior managerial level.

C. The Board shall not contract for private legal counsel except for extraordinary situations other than normal day to day situations, and when approved by the Attorney General. The Board may contract with a nonemployee consulting actuary, a nonemployee medical consultant and a nonemployee dental consultant subject to competitive bid at least every three (3) years. The Board may contract with health care providers for a level of reimbursement for the payment of claims incurred by the plan participants. The Board may at its request use the services of the office of the Attorney General and the actuarial services of any actuary employed by the State Board for Property and Casualty Rates and may also seek the advice and counsel of the Insurance Commissioner of the State of Oklahoma or any employee of the Insurance Commissioner's office.

SECTION 18. REPEALER 74 O.S. 1991, Sections 1312.3, 1314.5 and Section 1, Chapter 284, O.S.L. 1994 (74 O.S. Supp. 1994, Section 1311.2), are hereby repealed.

SECTION 19. This act shall become effective July 1, 1995.

SECTION 20. 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.

Passed the House of Representatives the 13th day of March, 1995.

Speaker of the House of
Representatives

Passed the Senate the ____ day of _____, 1995.

President of the Senate