

SHORT TITLE: State government; the Oklahoma State Employees Benefits Act; clarifying references; defining term; Board composition; marketing; transferring funds; collection of fees; purchasing of indemnity insurance; transferring authority; requiring use of benefit allowance; requiring certain coverage; effective date; emergency.

STATE OF OKLAHOMA

1st Session of the 45th Legislature (1995)

SENATE BILL NO. 482

By: Monson

AS INTRODUCED

An Act relating to state government; amending Section 2, Chapter 400, O.S.L. 1992, as amended by Section 8, Chapter 359, O.S.L. 1993, Section 4, Chapter 400, O.S.L. 1992, as amended by Section 23, Chapter 332, O.S.L. 1993, Section 5, Chapter 400, O.S.L. 1992, as amended by Section 10, Chapter 359, O.S.L. 1993, Section 6, Chapter 400, O.S.L. 1992, Section 7, Chapter 400, O.S.L. 1992, Section 8, Chapter 400, O.S.L. 1992, and Section 11, Chapter 400, O.S.L. 1992, as amended by Section 11, Chapter 359, O.S.L. 1993 (74 O.S. Supp. 1994, Sections 1362, 1364, 1365, 1366, 1367, 1368 and 1371), which relate to the Oklahoma State Employees Benefits Act; deleting obsolete references; clarifying certain references; defining term; altering Board composition; requiring compliance with state laws; authorizing marketing; transferring funds; authorizing the collection of fees; providing for the purchase of indemnity insurance; transferring certain authority; requiring participant use of benefit allowances; providing for the development of plan criteria; requiring certain coverage; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY Section 2, Chapter 400, O.S.L. 1992, as amended by Section 8, Chapter 359, O.S.L. 1993 (74 O.S. Supp. 1994, Section 1362), is amended to read as follows:

Section 1362. It is hereby declared that the purpose of this act is:

1. To recognize that the employee benefit needs of individual state employees differ, depending on the age, salary and family status of the employee, and that it is needful to permit participating employees to select and tailor the benefits they receive in a manner calculated to best meet the particular needs of themselves and their families;

2. To furnish state employees with choices among various employee benefits or cash compensation;

3. To provide state employees and their dependents with basic group health insurance, basic group term life insurance, and basic long-term disability insurance;

4. To provide state employees and their dependents with optional employee benefits, to include, but not be limited to, enhanced health insurance coverage, health maintenance organization services, life insurance, dental insurance and enhanced long-term disability insurance;

5. To provide state employees with reimbursement for qualifying dependent care expenses for which a dependent care tax credit is not taken, reimbursement for qualifying health care expenses not reimbursed by any other insurance plan or taken as a tax deduction, additional benefits which are currently taxable, additional benefits which are not currently taxable, and cash compensation;

6. To provide state employees with tax sheltered income deferment plans;

7. To provide uniform benefit options for all state employees regardless of their place of residence within the State of Oklahoma;

8. To manage the provision of health care benefits in a manner that allows for the long term control of costs;

9. To provide for the coordination and design, in accordance with applicable law, of all employee benefits offered to state employees so as to increase the efficient delivery and effectiveness of those benefits;

10. To enable the state to attract and retain qualified employees by providing employee benefits which are competitive with those provided private industry;

11. To offer uniformity in those benefits that are offered to both state employees and those eligible for participation in the State and Education Employees Group Insurance Act, Section 1301 et seq. of this title;

~~12. To ensure compliance with the Health Maintenance Organization Act of 1973, 42 U.S.C., Section 300e et seq.;~~

~~13.~~ To recognize and protect the state's investment in each employee by promoting and preserving good health and longevity among state employees;

~~14.~~ 13. To recognize the service to the state by elected and appointed officials by extending to them the same benefits as are provided under the flexible benefits program to state employees; and

~~15.~~ 14. To recognize long and faithful service, and to encourage employees to remain in state service until eligible for retirement by providing employee benefits.

SECTION 2. AMENDATORY Section 4, Chapter 400, O.S.L. 1992, as amended by Section 23, Chapter 332, O.S.L. 1993 (74 O.S. Supp. 1994, Section 1364), is amended to read as follows:

Section 1364. A. There is hereby created within the ~~Office of Personnel Management, until July 1, 1994~~ Oklahoma Health Care Authority, the Oklahoma State Employees Benefits Council. ~~On and~~

~~after July 1, 1994, the Employees Benefits Council shall be transferred to the Oklahoma Health Care Authority. The powers, duties and responsibilities of the Council that relate to the purchase of health care benefits shall be made under the direction and with the approval of the Oklahoma Health Care Authority in accordance with the plan adopted pursuant to Section 4 of the Oklahoma Health Care Authority Act~~ Section 5006 of Title 63 of the Oklahoma Statutes.

B. The Oklahoma State Employees Benefits Council shall be composed of the five (5) following individuals:

1. The Administrator of the Office of Personnel Management;
2. Two members appointed by the Governor;
3. One member appointed by the President Pro Tempore of the Senate; and
4. One member appointed by the Speaker of the House of Representatives.

C. The initial term of office of the members appointed by the Governor shall expire on January 9, 1995. 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. The initial term of office of the member appointed by the Speaker of the House of Representatives shall expire on January 11, 1994. The initial term of office of the member appointed by the President Pro Tempore of the State Senate shall expire on January 9, 1996. The members thereafter appointed by the Speaker of the House of Representatives and the President Pro Tempore of the State Senate shall serve a term of office of four (4) years.

D. No member of the Council shall be a lobbyist registered in this state as provided by law, or be employed, directly or indirectly, by any firm or health care provider under contract to

the Council or Board, or any benefit program under its jurisdiction, for any goods or services whatsoever.

E. Any vacancy that occurs on the Council shall be filled for the unexpired term in the same manner as the office was previously filled.

F. The general administration and responsibility for the proper design, selection or operation of the benefits offered under the plan and for making effective the provisions of ~~this act~~ Section 1361 et seq. of this title are hereby vested in the Council, which shall be organized immediately after a majority of the Council members provided for in this section shall have been qualified and taken the oath of office.

G. The Council shall at its first meeting elect one of its members as chairman. The chairman shall preside over meetings of the Council and perform such other duties as may be required by the Council. The Council shall elect one of its members to serve as vice-chairman who shall perform the duties of the chairman in the absence of the latter or upon his inability or refusal to act. The Council shall elect one of its members to serve as secretary.

H. The Council and staff shall act and hold regular meetings ~~at least once each month in Oklahoma City, the date, time, and place thereof to be fixed by the Council. The Council shall, in July of each year, hold a regular meeting which shall be the annual meeting, at which meeting it shall elect officers~~ in accordance with the provisions of the Oklahoma Open Meeting Act, the Oklahoma Open Records Act, and the Administrative Procedures Act.

I. Special meetings may be called upon written notice by the chairman or by agreement of any three (3) members of the Council. Notice of a special meeting shall be delivered to all members in person or by registered or certified United States mail not less than seven (7) days prior to the date fixed for the meeting; provided, however, that notice of such meeting may be waived by any

member either before or after such meeting and attendance at such meeting shall constitute a waiver of notice of such meeting, unless a member participates therein solely to object to the transaction of any business because the meeting has not been legally called or convened.

J. The majority of the members of the Council shall constitute a quorum for the transaction of business. Each Council member shall be entitled to one vote on the Council. Any official action of the Council must have three (3) votes of the members of the Council present.

K. All resolutions, proceedings, acts and determinations of the Council shall be recorded and all such records, together with such documents and instruments as may be necessary for the administration of the plan, shall be preserved in the custody of the executive director.

L. Each member of the Council shall serve without compensation except that each of the Council members shall receive travel expenses in accordance with the State Travel Reimbursement Act.

M. The Council shall not be subject to the provisions of the Oklahoma Sunset Law, Section 3901 et seq. of this title.

SECTION 3. AMENDATORY Section 5, Chapter 400, O.S.L. 1992, as amended by Section 10, Chapter 359, O.S.L. 1993 (74 O.S. Supp. 1994, Section 1365), is amended to read as follows:

Section 1365. A. The Oklahoma State Employees Benefits Council shall have the following duties, responsibilities and authority with respect to the administration of the plan:

1. To construe and interpret the plan, and decide all questions of eligibility in accordance with ~~this act~~ Section 1361 et seq. of this title and the Code;

2. To select those benefits which shall be made available to participants under the plan, according to ~~this act~~ Section 1361 et seq. of this title, and other applicable laws and regulations;

3. To retain or employ qualified agencies, persons or entities to design, develop, communicate, implement or administer the plan;

4. To prescribe procedures to be followed by participants in making elections and filing claims under the plan;

5. To prepare and distribute information communicating and explaining the plan to participating employers and participants; provided that neither the Board, ~~health maintenance organizations~~ health plan providers, nor other third-party insurance vendors shall be directly or indirectly involved in the distribution of said communicated information to participating employers and participants; provided further, health plan providers and the Board may participate in the preparation, distribution, and communication of educational materials which explain the plan to participating employers and participants upon receiving specific authorization granting all vendors the same opportunity to use educational materials with the supervision of the staff of the Council;

6. To receive from participating employers and participants such information as shall be necessary for the proper administration of the plan, and any of the benefits offered thereunder;

7. To furnish the participating employers and participants such annual reports with respect to the administration of the plan as are reasonable and appropriate;

8. To keep reports of benefit elections, claims and disbursements for claims under the plan;

9. To appoint an executive director who shall serve at the pleasure of the Council. The executive director shall employ or retain such persons in accordance with this act and the requirements of other applicable law, including but not limited to actuaries and certified public accountants, as he or she deems appropriate to perform such duties as may from time to time be required under this act and to render advice upon request with regard to any matters arising under the plan subject to the approval of the Council. The

executive director shall have not less than seven (7) years of group insurance administration experience on a senior managerial level or not less than three (3) years of flexible benefits experience on a senior managerial level. Any actuary or certified public accountant employed or retained under contract by the Council shall have not less than three (3) years' experience in group insurance or employee benefits administration. The compensation of all persons employed or retained by the Council and all other expenses of the Council shall be paid at such rates and in such amounts as the Council shall approve, subject to the provisions of applicable law;

10. ~~For plan year beginning July 1, 1993, and all future plan years, to~~ 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~~ health plan providers for consideration by participants as an alternative to the health plans offered by the Board, and to transfer to the health ~~maintenance organizations~~ plan providers such funds as may be approved for a participant electing ~~health maintenance organization~~ an alternative ~~services plan~~ plan;

11. To require vendors offering coverage through the Council, including the Board, to provide such enrollment and claims data as is determined by the Council. At the Council's request, data provided shall include, but not be limited to the following:

- a. claims incurred each year from July 1 to June 30 which shall be separated by categories including:
  - (1) network and non-network providers, and
  - (2) employee, spouse or children, and
  - (3) type of medical service (categorized as hospital, physician, pharmacy, etc.) including relevant diagnostic or procedure code, and

(4) type of dental service (categorized as preventative, basic, major, orthodontia, etc.) including relevant diagnostic or procedure code, and

(5) medical and dental claims provided by month incurred, showing the number of claims, eligible charges, deductible and coinsurance, and net paid claims, and

b. demographic data separated by age, geographic area, and sex, and

c. any other information as may be requested by the Council;

12. To purchase any insurance deemed necessary for providing benefits under the plan, provided that ~~the only indemnity plan selected by the Council shall be the indemnity plan offered~~ must offer the health plan administered by the Board, and to transfer. The Council shall transfer to the Board such funds as may be approved for a participant electing a benefit plan offered by the Board;

13. To communicate deferred compensation programs as provided in Section 1701 of this title;

14. ~~For the plan year beginning July 1, 1993, and all future plan years, to~~ To assess and collect reasonable fees from the Board, and from such contracted health ~~maintenance organizations~~ plan providers and third party insurance vendors to offset the costs of administration as determined by the Council. The Council shall have the authority to transfer income received pursuant to this subsection to the Board for services provided by the Board;

15. To accept, modify or reject elections under the plan in accordance with ~~this act~~ Section 1361 et seq. of this title and the Code;

16. To promulgate election and claim forms to be used by participants; and

17. To take all steps deemed necessary to properly administer the plan in accordance with this act and the requirements of other applicable law.

B. The Council members shall discharge their duties as fiduciaries with respect to the participants and their dependents of the plan, and all fiduciaries shall be subject to the following definitions and provisions:

1. A person or organization is a fiduciary with respect to the Council to the extent that the person or organization:

- a. exercises any discretionary authority or discretionary control respecting administration or management of the Council,
- b. exercises any authority or control respecting disposition of the assets of the Council,
- c. renders advice for a fee or other compensation, direct or indirect, with respect to any participant or dependent benefits, monies or other property of the Council, or has any authority or responsibility to do so, or
- d. has any discretionary authority or discretionary responsibility in the administration of the Council;

2. The Council may ~~purchase insurance for its fiduciaries or for itself to cover potential liability or losses occurring by reason of the act or omission of a fiduciary, but any such insurance purchased by the Council must permit recourse by the insurer against a fiduciary in the case of a breach of fiduciary obligation by such fiduciary. Nothing in this subsection shall be construed as requiring the purchase of any insurance~~ procure insurance indemnifying the members of the Council from personal loss or

accountability from liability resulting from a member's action or inaction as a member of the Council;

3. Except for a breach of fiduciary obligation, a Council member shall not be individually or personally responsible for any action of the Council;

4. Any person who is a fiduciary with respect to the Council shall be entitled to rely on representations made by participants, participating employers, third party administrators and beneficiaries with respect to age and other personal facts concerning a participant or beneficiaries, unless said fiduciary knows said representations to be false;

5. Each fiduciary shall discharge his or her duties and responsibilities with respect to the Council and the plan solely in the interest of the participants and beneficiaries of the plan according to the terms hereof, for the exclusive purpose of providing benefits to participants and their beneficiaries, with the care, skill, prudence and diligence under the circumstances prevailing from time to time that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims; and

6. The duties and responsibilities allocated to each fiduciary by ~~this act~~ Section 1361 et seq. of this title or by the Council shall be the several and not joint responsibility of each, and no fiduciary shall be liable for the act or omission of any other fiduciary unless:

- a. by his or her failure to properly administer his or her specific responsibility he or she enabled such other person or organization to commit a breach of fiduciary responsibility, or
- b. he or she knowingly participates in, or knowingly undertakes to conceal, an act or omission of another

person or organization, knowing such act or omission to be a breach, or

- c. having knowledge of the breach of another person or organization, he or she fails to make reasonable efforts under the circumstances to remedy said breach.

SECTION 4. AMENDATORY Section 6, Chapter 400, O.S.L. 1992 (74 O.S. Supp. 1994, Section 1366), is amended to read as follows:

Section 1366. A. The Council shall establish a flexible benefits plan in accordance with the provisions of ~~this act~~ Section 1361 et seq. of this title. All participating employers shall offer the plan to their eligible employees.

B. The Council shall interpret the plan and decide any matters arising thereunder and may adopt such rules and procedures as it deems necessary, desirable or appropriate in the administration of the plan subject to the Administrative Procedures Act. All rules and decisions of the Council shall be uniformly and consistently applied to all participants in similar circumstances and shall be conclusive and binding on all persons having an interest in the plan. When making any decision or determination, the Council shall be entitled to rely upon such information as may be furnished to it by a participant, a participating employer, legal counsel, third party administrator or the management of any individual benefit plan which is incorporated in the plan.

C. 1. The executive director, under the direction of the Council, may contract with one or more firms or organizations to administer or provide consulting services in regard to all or any portion of the plan.

2. The Council shall solicit proposals on a competitive bid basis from such firms or organizations according to the standards set out in the Oklahoma Central Purchasing Act, Section 85.1 et seq. of Title 74 of the Oklahoma Statutes. When requested by the

Council, the Department of Central Services shall assist the Council in the process of selecting any contracts for the design, development, communication or implementation of the plan.

3. When awarding a contract for services pursuant to this subsection, the Council shall satisfy itself that the contractor has no interests which would impair its ability to perform the tasks and services required and that the contractor will exercise proper independent judgment when performing its responsibilities under ~~this act~~ Section 1361 et seq. of this title and under the contract.

~~D. The Council shall implement the plan created by this act for the fiscal year beginning July 1, 1993. The Council shall submit to the Director of the Legislative Service Bureau and the Director of the Office of State Finance a report detailing the procedures and operations performed or to be performed by the Council along with the associated costs for implementing and operating the plan prior to December 1, 1992. Said report, written in cooperation with the Board, shall make specific reference to the duties and responsibilities to be transferred from the Board to the Council by identifying and listing said duties and responsibilities, the actions of the Board that have facilitated or will facilitate the transfer of said duties and responsibilities, and what actions, if any, the Council desires the Board to take in order to further the efficient and effective transfer of said duties and responsibilities.~~

~~E.~~ Expenses included in an employee's salary adjustment agreement pursuant to the flexible benefits plan shall be limited to expenses for:

1. Premiums for any health ~~insurance, health maintenance organization plan,~~ life insurance, long term disability insurance or dental ~~insurance plan~~ offered to employees and their dependents;

2. Insurance premiums or retirement plan premiums or payments which are supplemental to insurance or retirement programs offered

by the State of Oklahoma or which are paid for under salary adjustment agreements pursuant to the provisions of paragraph 1 or 2 of subsection ~~D~~ B of Section 7.10 of Title 62 of the Oklahoma Statutes;

3. Dependent care;

4. Medical care, as defined by the Council; and

5. All other eligible benefit programs offered under Code Section 125.

~~F.~~ E. The amount by which an employee's salary is adjusted pursuant to a salary adjustment agreement shall be excluded from income in computation of income tax withholding, federal insurance contributions act taxes, unemployment payments and workers' compensation coverage. Such amount shall be included as income in computation of state retirement contributions and benefits. Provided, if the inclusions and exclusions provided in this subsection conflict with the provisions of federal law or regulations pertaining to flexible benefits plans, the Council is authorized to modify or abolish such inclusions and exclusions.

~~G.~~ F. 1. ~~The Office of Personnel Management~~ Oklahoma Health Care Authority shall provide the Council with the necessary services and facilities required to administer the programs of the Council. Legal representation shall be provided by the Office of the Attorney General through the ~~Office of Personnel Management~~ Oklahoma Health Care Authority as provided for in Section 18 1 of Title 74 of the Oklahoma Statutes. The ~~Office of Personnel Management~~ Oklahoma Health Care Authority shall be reimbursed by the Council for the cost of such services and facilities.

2. For budgetary purposes only, employees of the Council shall be considered employees of the ~~Office of Personnel Management~~ Oklahoma Health Care Authority; however, such employees shall not for any other reason be considered employees of the ~~Office of Personnel Management~~ Oklahoma Health Care Authority. The executive

director shall be the appointing authority and agency head. All other positions and employees shall be classified and subject to the provisions of the Merit System of Personnel Administration except actuaries and other personnel and positions in the unclassified service as provided in ~~Sections 840.8 and 840.10~~ Section 840-5.5 of this title.

SECTION 5. AMENDATORY Section 7, Chapter 400, O.S.L. 1992 (74 O.S. Supp. 1994, Section 1367), is amended to read as follows:

Section 1367. There is hereby created in the State Treasury a revolving fund for the ~~Office of Personnel Management~~ Oklahoma Health Care Authority to be designated the "Employee Benefits Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all flexible benefit dollars. ~~Disbursements from this fund shall be limited solely to~~ All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the Oklahoma Health Care Authority solely for the payment of participant benefits as provided under this act and as determined by the Council. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

SECTION 6. AMENDATORY Section 8, Chapter 400, O.S.L. 1992 (74 O.S. Supp. 1994, Section 1368), is amended to read as follows:

Section 1368. There is hereby created in the State Treasury a revolving fund for the ~~Office of Personnel Management~~ Oklahoma Health Care Authority to be designated the "Benefits Council Administration Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies properly credited and paid to the Council other than flexible benefit dollars. ~~Disbursements from the fund shall be~~

~~limited solely to~~ All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the Oklahoma Health Care Authority solely for the direct administrative costs of and as authorized solely by the Council. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

SECTION 7. AMENDATORY Section 11, Chapter 400, O.S.L. 1992, as amended by Section 11, Chapter 359, O.S.L. 1993 (74 O.S. Supp. 1994, Section 1371), is amended to read as follows:

Section 1371. A. All participants must ~~use a portion or all of their flexible benefit allowance to~~ purchase at least the basic plan. On or before January 1 of each year, the Council shall design the basic plan for the next plan year to insure that the basic plan provides adequate coverage to all participants. All benefit plans, whether offered by the Board, ~~a health maintenance organization~~ or other vendors, shall at least meet the minimum requirements set by the Council for the basic plan.

B. 1. The Board shall offer health, ~~dental~~, disability, life and dental coverage to all participants and their dependents. For health, dental, disability and life coverage, the Board shall offer plans at the basic benefit level established by the Council, and in addition, may offer benefit plans that provide an enhanced level of benefits. The Board shall be responsible for determining the plan design and the benefit price for the plans that they offer. The benefits price for the basic plan during a plan year shall not exceed the flexible benefits allowance for the same plan year. The Council shall approve the plan designs to assure that they meet the minimum benefit levels.

2. Nothing in this subsection shall be construed as prohibiting the Board from offering additional medical plans, provided that any

medical plan offered to participants shall meet or exceed the benefits provided in the medical portion of the basic plan.

C. 1. In lieu of electing any of the preceding medical benefit plans, a participant may elect medical coverage ~~by~~ from any health ~~maintenance organization~~ plan made available to participants by the Council.

2. The benefit price of any health ~~maintenance organization~~ plan shall be determined ~~annually~~ by a sealed bid process conducted through the Central Purchasing Division of the Department of Central Services. ~~All plans offered by health maintenance organizations meeting the bid requirements as determined by the Council shall be accepted. Provided, however, the~~ The Council shall have the authority to reject the bid or restrict enrollment in any ~~health maintenance organization~~ plan for which the benefit price is determined to be excessive by the Council. In making such determination the Council shall examine the most recent financial data of the ~~health maintenance organization~~ plan and shall consider the prices charged for comparable plans offered to other groups. The Council may establish selection criteria for accepting health plans to ensure a viable level of participation for prospective vendors of such plans and optimal benefit choice and price for participants. All bidders shall submit along with their bid a notarized, sworn statement as provided by Section 85.22 of this title. The Council shall have the authority to reject any plan that does not meet the bid requirements or selection criteria.

D. Nothing in this section shall be construed as prohibiting the Council from offering additional qualified benefit plans or currently taxable benefit plans.

E. 1. Each employee of a participating employer who meets the eligibility requirements for participation in the flexible benefits plan shall make an annual election of benefits under the plan during an enrollment period to be held prior to the beginning of each plan

year. The enrollment period dates will be determined annually and will be announced by the Council, providing the enrollment period shall end no later than thirty (30) days before the beginning of the plan year.

2. Each such employee shall make an irrevocable advance election for the plan year or the remainder thereof pursuant to such procedures as the Council shall prescribe. Any such employee who fails to make a proper election under the plan shall, nevertheless, be a participant in the plan and shall be deemed to have purchased the default benefits described in this section.

F. The Council shall prescribe the forms that participants will be required to use in making their elections, and may prescribe deadlines and other procedures for filing the elections.

G. Any participant who, in the first year for which he or she is eligible to participate in the plan, fails to make a proper election under the plan in conformance with the procedures set forth in this section or as prescribed by the Council shall be deemed automatically to have purchased the default benefits. The default benefits shall be the same as the basic plan benefits. Any participant who, after having participated in the plan during the previous plan year, fails to make a proper election under the plan in conformance with the procedures set forth in this section or prescribed by the Council, shall be deemed automatically to have purchased the same benefits which the participant purchased in the immediately preceding plan year, except that the participant shall not be deemed to have elected coverage under the health care reimbursement account plan or the dependent care reimbursement account plan;

H. Benefit plan contracts with the Board, health ~~maintenance organizations~~ plan providers, and other third party insurance vendors shall provide for a risk adjustment factor for adverse

selection that may occur, as determined by the Council, based on generally accepted actuarial principles.

I. The Council shall ensure that all contracts or other agreements with health plan providers, including the Board, shall include a requirement that the provider designate a person or persons to provide liaison to employee assistance officers of state agencies and the State Employee Assistance Program of the Office of Personnel Management.

J. Effective for the plan year beginning July 1, 1996, pursuant to procedures adopted by the plans or the Board, the Council shall require that all contracts or other agreements with health plan providers, including the Board, require coverage for family and marital counseling.

SECTION 8. This act shall become effective July 1, 1995.

SECTION 9. 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.

45-1-0580

SLM