

STATE OF OKLAHOMA

2nd Session of the 46th Legislature (1998)

COMMITTEE SUBSTITUTE
FOR
SENATE BILL NO. 1037

By: Monson

COMMITTEE SUBSTITUTE

[Benefits - appropriations - cost of living adjustments -
annual payments - Oklahoma Law Enforcement Retirement
System - Teachers' Retirement System of Oklahoma -
Oklahoma Public Employees Retirement System - effective
date -

emergency]

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

SECTION 1. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 2-305.61 of Title 47, unless
there is created a duplication in numbering, reads as follows:

Those persons who began receiving retirement benefits from the
Oklahoma Law Enforcement Retirement System on or after July 1, 1980,
shall receive a five percent (5%) increase in said benefits
beginning July 1, 1998.

SECTION 2. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 17-121 of Title 70, unless there
is created a duplication in numbering, reads as follows:

A. For the following years an annual payment will be made to
retirees of the System who have retired according to the following
dates and for the following amounts:

1. In 1998, seven percent (7%) of the annualized retirement benefit for those who retired on or before June 30, 1987;

2. In 1998, five percent (5%) of the annualized retirement benefit for those who retired on or after July 1, 1987 and on or before June 30, 1992;

3. In 1998, three percent (3%) of the annualized retirement benefit for those who retired after June 30, 1992 and before June 30, 1997; and

4. Beginning January 1, 2000, and every even numbered year thereafter, all retirees of the System receiving benefits from the System shall receive three percent (3%) of their annualized retirement benefit.

B. The annual payment, pursuant to subsection A of this section, shall be paid by the System to the retirees in the month of December.

C. The annual payment, pursuant to subsection A of this section, shall only be made in years where the fiscal year, ending June 30 of the year the payment is intended to be made, evidences a return on investments to the Teachers' Retirement System of Oklahoma in excess of eight and one-half percent (8.5%), and further, only if this excess is able to fund the annual payment.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 930.5 of Title 74, unless there is created a duplication in numbering, reads as follows:

Every member receiving retirement benefits from the Oklahoma Public Employees Retirement System as of June 30, 1998, shall receive an increase in retirement benefits beginning July 1, 1998, of One Hundred Dollars (\$100.00) per month.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 930.6 of Title 74, unless there is created a duplication in numbering, reads as follows:

Effective July 1, 1998, the Oklahoma Public Employees Retirement System shall pay to its retirees, or their joint annuitant, from assets of the retirement system, an additional amount for each fiscal year in which the rate of return on investment of the System is greater than eleven percent (11%). The amount of benefit shall equal the excess return on investment above eleven percent (11%) divided by all those persons receiving retirement benefits from the System as of July 1. This amount shall be distributed in a lump sum payment in July of the fiscal year following the fiscal year in which the return on investment exceeded eleven percent (11%).

SECTION 5. AMENDATORY 74 O.S. 1991, Section 1316.2, as last amended by Section 22, Chapter 2, O.S.L. 1997 (74 O.S. Supp. 1997, 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 has a vested benefit pursuant to the provisions of the Oklahoma Public Employees Retirement System may continue in force the health and dental insurance benefits authorized by the provisions of the State and Education Employees Group Insurance Act, if such election to continue in force is made within thirty (30) days from the date of termination of service. Health insurance benefits offered pursuant to this section shall include the state indemnity plan, managed care plans offered in alternative to the state indemnity plan, Medicare supplements offered by the ~~Oklahoma~~ Oklahoma State and Education Employees Group Insurance Board which shall include prescription drug coverage, and Medicare risk-sharing contracts offered in alternative to the Board's Medicare

supplement. Provided, all Medicare risk-sharing contracts shall be subject to a risk adjustment factor, based on generally accepted actuarial principals for adverse selection which may occur. Health and dental insurance coverage may not be reinstated at a later time if the election to continue in force is declined. Vested employees other than education employees who have terminated service and are not receiving benefits and effective July 1, 1996, nonvested persons who have terminated service with more than eight (8) years of participating service with a participating employer, who within thirty (30) days from the date of termination elect to continue such coverage, shall pay the full cost of said insurance premium at the rate and pursuant to the terms and conditions established by the Board. Provided also, any employee other than an education employee who commences employment with a participating employer on or after September 1, 1991, who terminates service with such employer on or after July 1, 1996, but who otherwise has insufficient years of service to retire or terminate service with a vested benefit pursuant to the provisions of the Oklahoma Public Employees Retirement System or to elect to continue coverage as a nonvested employee as provided in this section, but who, immediately prior to employment with the participating employer was covered as a dependent on the health and dental insurance policy of a spouse who was an active employee other than an education employee, may count as part of his or her

credited service for the purpose of determining eligibility to elect to continue coverage under this section, the time during which said terminating employee was covered as such a dependent.

(2) A retired employee other than an education employee who is receiving benefits from the Oklahoma Public Employees Retirement System after September 30, 1988, is under sixty-five (65) years of age and is not otherwise eligible for Medicare 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 offered by the ~~Oklahoma~~ State and Education Employees Group Insurance Board or ~~Seventy-five Dollars (\$75.00)~~ One Hundred Twenty-five Dollars (\$125.00), whichever is less, which shall be paid by the Oklahoma Public Employees Retirement System to the Board in the manner specified in subsection (9) 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 or who is under sixty-five (65) years of age and is eligible for Medicare and pursuant to subsection (1) of this section elects to continue the health insurance plan and elects coverage under the Medicare supplement offered by the ~~Oklahoma~~ State and Education Employees Group Insurance Board shall have ~~Seventy-five Dollars (\$75.00)~~ One Hundred Twenty-five Dollars (\$125.00), or the premium rate of the Medicare supplement, whichever is less, paid by the Oklahoma Public Employees Retirement System to the Board in the

manner specified in subsection (9) 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. If such retiree elects coverage under any Medicare risk-sharing contract, the retiree shall have ~~Seventy-five Dollars (\$75.00)~~ One Hundred Twenty-five Dollars (\$125.00) or the premium rate of the Medicare risk-sharing contract selected by the retiree, whichever is less, paid by the Oklahoma Public Employees Retirement System to the Board in the manner specified in subsection (9) of this section. If the amount paid by the Oklahoma Public Employees Retirement System does not cover the full cost of the Medicare risk-sharing contract, 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 is not otherwise eligible for Medicare 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 offered by the ~~Oklahoma~~ State and Education Employees Group Insurance Board 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 or who is under sixty-five (65) years of age and is eligible for Medicare and pursuant to subsection (1) of this section elects

to continue the health insurance plan and elects coverage under the Medicare supplement offered by the ~~Oklahoma~~ State and Education Employees Group Insurance Board shall have Seventy-five Dollars (\$75.00), or the premium rate of the Medicare supplement, 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. If such retiree elects coverage under any Medicare risk-sharing contract, the retiree shall have Seventy-five Dollars (\$75.00) or the premium rate of the Medicare risk-sharing contract selected by the retiree, 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 risk-sharing contract, 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 is not otherwise eligible for Medicare 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 offered by the ~~Oklahoma~~ State and Education Employees Group Insurance Board 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 or who is under sixty-five (65) years of age and is eligible for Medicare and pursuant to subsection (1) of this section elects to continue the health insurance plan and elects coverage under the Medicare supplement offered by the ~~Oklahoma~~ State and Education Employees Group Insurance Board shall have Seventy-five Dollars (\$75.00), or the premium rate of the Medicare supplement, 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. If such retiree elects coverage under any Medicare risk-sharing contract, the retiree shall have Seventy-five Dollars (\$75.00) or the premium rate of the Medicare risk-sharing contract selected by the retiree, whichever is less, paid by the Uniform Retirement System for the 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 risk-sharing contract, 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 6. This act shall become effective July 1, 1998.

SECTION 7. 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.

46-2-2715

SJ

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