

SHORT TITLE: Oklahoma State Employee Benefits Act; establishing a minimum percentage scale based on annual salary; allowing the Employee Benefits Council to adjust the minimum amount; providing for a minimum coverage payment by the State; effective date; emergency.

STATE OF OKLAHOMA

1st Session of the 46th Legislature (1997)

SENATE BILL NO. 535

By: Long

AS INTRODUCED

An Act relating to state government; amending Section 10, Chapter 400, O.S.L. 1992, as amended by Section 1, Chapter 221, O.S.L. 1993 (74 O.S. Supp. 1996, Section 1370), which relates to the flexible benefit allowance for insurance premiums; modifying flexible benefit allowance amount; establishing a minimum percentage scale based on annual salary; allowing the Employee Benefits Council to adjust the minimum amount; providing for a minimum coverage payment by the State; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY Section 10, Chapter 400, O.S.L. 1992, as amended by Section 1, Chapter 221, O.S.L. 1993 (74 O.S. Supp. 1996, Section 1370), is amended to read as follows:

Section 1370. A. Subject to the requirement that a participant must elect at least the default benefits, or the basic plan, flexible benefit dollars may be used to purchase any of the benefits offered by the Oklahoma State Employees Benefits Council under the flexible benefits plan. A participant's flexible benefit dollars for a plan year shall consist of the sum of (1) flexible benefit allowance credited to a participant by the participating employer, and (2) pay conversion dollars elected by a participant.

B. Each participant will be credited annually with a specified amount as a flexible benefit allowance which will be available for the purchase of benefits. The amount of the flexible benefit allowance credited to each participant shall be communicated to ~~him~~ ~~or her~~ the participant prior to the enrollment period for each plan year. The amount of a participant's benefit allowance, which shall be the total amount the employer contributes for the payment of insurance premiums or other benefits, shall be ~~One Hundred Eighty-seven Dollars and nineteen cents (\$187.19) per month or the~~ at a minimum:

1. Seventy-five percent (75%) of the cost of the insurance premium for an employee and covered dependents, if the annual salary of the employee is less than Fifteen Thousand Dollars (\$15,000.00);

2. Seventy percent (70%) of the cost of the insurance premium for an employee and covered dependents, if the annual salary of the employee is Fifteen Thousand Dollars (\$15,000.00) or more but less than Twenty Thousand Dollars (\$20,000.00);

3. Sixty-five percent (65%) of the cost of the insurance premium for an employee and covered dependents, if the annual salary of the employee is Twenty Thousand Dollars (\$20,000.00) or more but less than Twenty-Five Thousand Dollars (\$25,000.00); or

4. Sixty percent (60%) of the cost of the insurance premium for an employee and covered dependents, if the annual salary of the employee is Twenty-five Thousand Dollars (\$25,000.00) or more but less than Thirty Thousand Dollars (\$30,000.00); or

5. Fifty-Five percent (55%) of the cost of the insurance premium for an employee and covered dependents if the annual salary is Thirty Thousand Dollars (\$30,000.00) or more but less than Thirty-Five Thousand Dollars (\$35,000.00); or

6. Fifty percent (50%) of the cost of the insurance premium for an employee and covered dependents if the annual salary is Thirty-

Five Thousand Dollars (\$35,000.00) or more but less than Forty Thousand Dollars (\$40,000.00); or

7. Forty-Five percent (45%) of the cost of the insurance premium for an employee and covered dependents if the annual salary is Forty Thousand Dollars (\$40,000.00) or more.

The minimum percentages may be increased as determined by the Council. The Council may establish a set amount ~~determined by the Council~~ of the allowance based on a formula for determining a participant's benefit credits consistent with the requirements of 26 U.S.C., Section 125(g) (2) and regulations thereunder as long as that amount is not less than that paid under the minimum percentage scale set forth in this subsection. Provided, this section shall not prohibit payments for supplemental health insurance coverage made pursuant to Section 1314.4 of this title or payments for the cost of providing health insurance coverage for dependents of employees of the Grand River Dam Authority. The State of Oklahoma shall pay the full cost of the employee coverage but no less than One Hundred and Eighty-seven Dollars and nineteen cents (\$187.19).

C. If a participant desires to buy benefits whose sum total of benefit prices is in excess of ~~his or her~~ the flexible benefit allowance, the participant may elect to use pay conversion dollars to purchase such excess benefits. Pay conversion dollars may be elected through a salary reduction agreement made pursuant to the election procedures of Section 1371 of this title. The elected amount shall be deducted from the participant's compensation in equal amounts each pay period over the plan year. On termination of employment during a plan year, a participant shall have no obligation to pay the participating employer any pay conversion dollars allocated to the portion of the plan year after the participant's termination of employment.

D. If a participant elects benefits whose sum total of benefit prices is less than ~~his or her~~ the flexible benefit allowance, ~~he or~~

~~she~~ the participant shall receive any excess flexible benefit allowance as taxable compensation. Such taxable compensation will be paid in substantially equal amounts each pay period over the plan year. On termination during a plan year, a participant shall have no right to receive any such taxable cash compensation allocated to the portion of the plan year after the participant's termination. Nothing herein shall affect a participant's obligation to elect the minimum benefits or to accept the default benefits of the plan with corresponding reduction in the sum of ~~his or her~~ the flexible benefit allowance equal to the sum total benefit price of such minimum benefits or default benefits.

SECTION 2. This act shall become effective July 1, 1997.

SECTION 3. 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.

46-1-0974

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