

1 STATE OF OKLAHOMA

2 1st Session of the 47th Legislature (1999)

3 COMMITTEE SUBSTITUTE
4 FOR ENGROSSED
5 SENATE BILL NO. 373

By: Monson of the Senate

and

Askins of the House

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8
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10 COMMITTEE SUBSTITUTE

11 An Act relating to employee benefits; amending 74
12 O.S. 1991, Sections 1306, as last amended by Section
13 1, Chapter 362, O.S.L. 1997, 1309, 1316.2, as last
14 amended by Section 6, Chapter 256, O.S.L. 1998, and
15 1316.3, as last amended by Section 7, Chapter 256,
16 O.S.L. 1998, and Section 5, Chapter 400, O.S.L. 1992,
17 as last amended by Section 4, Chapter 362, O.S.L.
18 1997 (74 O.S. Supp. 1998, Sections 1306, 1316.2,
19 1316.3, and 1365), which relate to the State and
20 Education Employees Group Insurance Board and the
21 Oklahoma State Employees Benefits Council; modifying
22 requirement for risk adjustment factors; defining
23 elements included in the risk adjustment factor;
24 providing for professional services and
25 reimbursement; extending enrollment period for
26 members under certain circumstances; extending the
27 calendar year deductible for certain plans; setting
deductible years; authorizing promulgation of certain
rules; modifying condition for coverage for certain
dependents; adding reference language; allowing
additional election to obtain coverage after
retirement or vesting; providing requirements and
procedures for additional election of coverage;
providing for the Teachers' Retirement System of
Oklahoma to provide certain information to the Board;
modifying duties of the Oklahoma State Employees
Benefit Council with respect to administration of the
plan; providing for codification; providing an
effective date; and declaring an emergency.

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

29 SECTION 1. AMENDATORY 74 O.S. 1991, Section 1306, as
30 last amended by Section 1, Chapter 362, O.S.L. 1997 (74 O.S. Supp.
31 1998, Section 1306), is amended to read as follows:
32

1 Section 1306. The State and Education Employees Group Insurance
2 Board shall administer and manage the group insurance plans and the
3 flexible benefits plan and, subject to the provisions of the State
4 and Education Employees Group Insurance Act, Section 1301 et seq.
5 and the State Employees Flexible Benefits Act, Section 1341 et seq.
6 of this title, shall have the following powers and duties:

7 1. The preparation of specifications for such insurance plans
8 as the Board may be directed to offer;

9 2. The authority and duty to request bids through the
10 Purchasing Division of the Department of Central Services for a
11 contract to be the claims administrator for all or any part of such
12 insurance and benefit plans as the Board may be directed to offer;

13 3. The determination of the methods of claims administration
14 under such insurance and benefit plans as the Board may be directed
15 to offer;

16 4. The determination of the eligibility of employees and their
17 dependents to participate in each of the Group Insurance Plans and
18 in such other insurance and benefit plans as the Board may be
19 directed to offer and the eligibility of employees other than
20 education employees to participate in the Life Insurance Plan
21 provided that evidence of insurability shall not be a requirement in
22 determining an employee's initial eligibility;

23 5. The determination of the amount of employee payroll
24 deductions and the responsibility of establishing the procedure by
25 which such deduction shall be made;

26 6. The establishment of a grievance procedure by which a three-
27 member grievance panel shall act as an appeals body for complaints
28 by insured employees regarding the allowance and payment of claims,
29 eligibility, and other matters. Except for grievances settled to
30 the satisfaction of both parties prior to a hearing, any person who
31 requests in writing a hearing before the grievance panel shall
32 receive a hearing before the panel. The grievance procedure

1 provided by this paragraph shall be the exclusive remedy available
2 to insured employees having complaints against the insurer. Such
3 grievance procedure shall be subject to the Oklahoma Administrative
4 Procedures Act, Section 250 et seq. of Title 75 of the Oklahoma
5 Statutes including provisions thereof for review of agency decisions
6 by the district court. The grievance panel shall schedule a hearing
7 regarding the allowance and payment of claims, eligibility and other
8 matters within sixty (60) days from the date the grievance panel
9 receives a written request for a hearing unless the panel orders a
10 continuance for good cause shown. Upon written request by the
11 insured employee to the grievance panel and received not less than
12 ten (10) days before the hearing date, the grievance panel shall
13 cause a full stenographic record of the proceedings to be made by a
14 competent court reporter at the insured employee's expense;

15 7. The continuing study of the operation of such insurance and
16 benefit plans as the Board may be directed to offer including such
17 matters as gross and net costs, administrative costs, benefits,
18 utilization of benefits, and claims administration;

19 8. The administration of the Health, Dental and Life Insurance
20 Reserve Fund or Funds, the Flexible Benefits Revolving Fund and the
21 Education Employees Group Insurance Reserve Fund;

22 9. The auditing of the claims paid pursuant to the provisions
23 of the State and Education Employees Group Insurance Act, the State
24 Employees Flexible Benefits Act and the State Employees Disability
25 Program Act;

26 10. a. To select and contract with federally qualified Health
27 Maintenance Organizations under the provisions of 42
28 U.S.C., Section 300e et seq. or with Health
29 Maintenance Organizations licensed by the Department
30 of Health pursuant to Sections 2501 through 2510 of
31 Title 63 of the Oklahoma Statutes for consideration by
32 employees as an alternative to the state self-insured

1 health plan, and to transfer to the HMOs such funds as
2 may be approved for an employee electing HMO
3 alternative services.

4 b. ~~HMO contracts shall provide for a risk adjustment~~
5 ~~factor for adverse selection, that may occur as~~
6 ~~determined by the Board, based on generally accepted~~
7 ~~actuarial principles~~ Benefit plan contracts with the
8 State and Education Group Insurance Board, health
9 maintenance organizations, and other third-party
10 insurance vendors shall provide for a risk adjustment
11 factor for adverse selection that may occur, as
12 determined by the Board, based on generally accepted
13 actuarial principles. The risk adjustment factor
14 shall include all members participating in the
15 Oklahoma State and Education Employees Group Insurance
16 Board Plan. The Oklahoma State Employees Benefits
17 Council shall contract with an actuary to provide the
18 above actuarial services, and shall be reimbursed for
19 these contract expenses by the Board;

20 c. Effective for the plan year beginning July 1, 1997,
21 and for each year thereafter, in setting health
22 insurance premiums for active employees and for
23 retirees under sixty-five (65) years of age, HMOs,
24 self-insured organizations and prepaid plans shall set
25 the monthly premium for active employees at a maximum
26 of Ninety Dollars (\$90.00) less than the monthly
27 premium for retirees under sixty-five (65) years of
28 age.

29 11. For the fiscal year beginning July 1, 1992, to assess and
30 collect a four percent (4%) fee from such contracted HMOs to offset
31 the costs of administration, and to appropriate and pay to the
32

1 Benefits Council Administration Fund an amount equal to fifty
2 percent (50%) of said fee within ten (10) days of collection;

3 12. To contract for reinsurance, catastrophic insurance, or any
4 other type of insurance deemed necessary by the Board. Provided,
5 however, that the Board shall not offer a health plan which is owned
6 or operated by the state and which utilizes a capitated payment plan
7 for providers which uses a primary care physician as a gatekeeper to
8 any specialty care provided by physician-specialists, unless
9 specifically authorized by the Legislature;

10 13. The Board, pursuant to the provisions of Section 250 et
11 seq. of Title 75 of the Oklahoma Statutes, shall adopt such rules
12 ~~and regulations~~ consistent with the provisions of the State and
13 Education Employees Group Insurance Act as it deems necessary to
14 carry out its statutory duties and responsibilities;

15 14. The Board shall contract for claims administration services
16 with a private insurance carrier or a company experienced in claims
17 administration of any insurance that the Board may be directed to
18 offer. No contract for claims administration services shall be made
19 unless such contract has been offered for bids through the
20 Purchasing Division of the Department of Central Services. The
21 Board shall contract with a private insurance carrier or other
22 experienced claims administrator to process claims with software
23 that is normally used for its customers;

24 15. The Board shall contract for utilization review services
25 with a company experienced in utilization review, data base
26 evaluation, market research, and planning and performance of the
27 health insurance plan;

28 16. The Board shall approve the amount of employee premiums and
29 dependent premiums for such insurance plans as the Board shall be
30 directed to offer for each fiscal year no later than the bid
31 submission date for health maintenance organizations set by the
32 Oklahoma State Employees Benefits Council, which shall be set no

1 later than the third Friday of December of the previous fiscal year.
2 Except as otherwise provided for in Section 1321 of this title, the
3 Board shall not have the authority to adjust the premium rates after
4 approval. The Board shall submit notice of the amount of employee
5 premiums and dependent premiums along with an actuarial projection
6 of the upcoming fiscal year's enrollment, employee contributions,
7 employer contributions, investment earnings, paid claims, internal
8 expenses, external expenses and changes in liabilities to the
9 Director of the Office of State Finance and the Director of the
10 Legislative Service Bureau no later than March 1 of the previous
11 fiscal year.

12 Effective for the plan year beginning July 1, 1997, and for each
13 year thereafter in setting health insurance premiums for active
14 employees and retirees under sixty-five (65) years of age, the Board
15 shall set the monthly premium for active employees at a maximum of
16 Ninety Dollars (\$90.00) less than the monthly premium for retirees
17 under sixty-five (65) years of age.

18 17. Before December 1 of each year the Board shall submit to
19 the Director of the Office of State Finance a report outlining the
20 financial condition for the previous fiscal year of all insurance
21 plans offered by the Board. The report shall include a complete
22 explanation of all reserve funds and the actuarial projections on
23 the need for such reserves. The report shall include and disclose
24 an estimate of the future trend of medical costs, the impact from
25 HMO enrollment, antiselection, changes in law, and other
26 contingencies that could impact the financial status of the plan.
27 The Director of the Office of State Finance shall make written
28 comment on the report and shall provide such comment, along with the
29 report submitted by the Board, to the Governor, the President Pro
30 Tempore of the Senate, the Speaker of the House of Representatives
31 and the ~~Chairman~~ Chair of the Oklahoma State Employees Benefits
32 Council by January 15;

1 18. The Board shall establish a prescription drug card network
2 for the fiscal year beginning July 1, 1990;

3 19. The Board shall have the authority to intercept monies
4 owing to plan participants from other state agencies, when those
5 participants in turn, owe money to the Board. The Board shall be
6 required to adopt rules and regulations ensuring the participants
7 due process of law;

8 20. The Board is authorized to make available to eligible
9 employees supplemental health care benefit plans to include but not
10 be limited to long-term care, deductible reduction plans and
11 employee co-payment reinsurance. Premiums for said plans shall be
12 actuarially based and the cost for such supplemental plans shall be
13 paid by the employee; and

14 21. There is hereby created as a joint committee of the State
15 Legislature, the Joint Liaison Committee on State and Education
16 Employees Group Insurance Benefits, which Joint Committee shall
17 consist of three members of the Senate to be appointed by the
18 President Pro Tempore thereof and three members of the House of
19 Representatives to be appointed by the Speaker thereof. The
20 ~~Chairman~~ Chair and Vice ~~Chairman~~ Chair of the Joint Committee shall
21 be appointed from the membership thereof by the President Pro
22 Tempore of the Senate and the Speaker of the House of
23 Representatives, respectively, one of whom shall be a member of the
24 Senate and the other shall be a member of the House of
25 Representatives. At the beginning of the first regular session of
26 each Legislature, starting in 1991, the ~~Chairman~~ Chair shall be from
27 the Senate; thereafter the ~~chairmanship~~ chairship shall alternate
28 every two (2) years between the Senate and the House of
29 Representatives.

30 The Joint Liaison Committee on State and Education Employees
31 Group Insurance Benefits shall function as a committee of the State
32 Legislature when the Legislature is in session and when the

1 Legislature is not in session. Each appointed member of said
2 committee shall serve until his or her successor is appointed.

3 The Joint Liaison Committee on State and Education Employees
4 Group Insurance Benefits shall serve as a liaison with the State and
5 Education Employees Group Insurance Board regarding advice,
6 guidance, policy, management, operations, plans, programs and fiscal
7 needs of said Board. Said Board shall not be bound by any action of
8 the Joint Committee.

9 SECTION 2. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 1308.2 of Title 74, unless there
11 is created a duplication in numbering, reads as follows:

12 During any legislative session in which benefits offered by the
13 State and Education Employees Group Insurance Board or the Oklahoma
14 State Employees Benefits Council are modified by legislation, the
15 enrollment period for participating members shall be extended for
16 the purpose of allowing such members to enroll in the modified
17 benefits. However, any extension of the enrollment period may only
18 occur if it is in compliance with the requirements of Title 26,
19 Section 125 et seq. of the Internal Revenue Code of the United
20 States. The State and Education Employees Group Insurance Board and
21 the Oklahoma State Employees Benefits Council shall promulgate rules
22 necessary for the implementation of this section.

23 SECTION 3. NEW LAW A new section of law to be codified
24 in the Oklahoma Statutes as Section 1308.3 of Title 74, unless there
25 is created a duplication in numbering, reads as follows:

26 The calendar year deductible beginning January 1, 1999, for the
27 health and dental insurance plans offered by the State and Education
28 Employees Group Insurance Board shall be extended six months and
29 shall end June 30, 2000. The next deductible year shall begin on
30 July 1, 2000, and end on June 30, 2001. Thereafter each deductible
31 year shall be a twelve-month period commencing on July 1 of each
32 year and ending on the following June 30. The State and Education

1 Employees Group Insurance Board shall promulgate rules necessary for
2 the implementation of this section.

3 SECTION 4. AMENDATORY 74 O.S. 1991, Section 1309, is
4 amended to read as follows:

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

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

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

24 (4) Notwithstanding any other provision of law, an eligible
25 employee, including an eligible education employee, shall not be
26 required to cover his or her spouse in order to cover his or her
27 children.

28 SECTION 5. AMENDATORY 74 O.S. 1991, Section 1316.2, as
29 last amended by Section 6, Chapter 256, O.S.L. 1998 (74 O.S. Supp.
30 1998, Section 1316.2), is amended to read as follows:

31 Section 1316.2 (1) Any employee other than an education
32 employee who retires pursuant to the provisions of the Oklahoma

1 Public Employees Retirement System or who has a vested benefit
2 pursuant to the provisions of the Oklahoma Public Employees
3 Retirement System may continue in force the health and dental
4 insurance benefits authorized by the provisions of the State and
5 Education Employees Group Insurance Act, if such election to
6 continue in force is made within thirty (30) days from the date of
7 termination of service. Health insurance benefits offered
8 pursuant to this section shall include the state indemnity plan,
9 managed care plans offered in alternative to the state indemnity
10 plan, Medicare supplements offered by the Oklahoma State and
11 Education Employees Group Insurance Board which shall include
12 prescription drug coverage, and Medicare risk-sharing contracts
13 offered in alternative to the Board's Medicare supplement.
14 Provided, all Medicare risk-sharing contracts shall be subject to a
15 risk adjustment factor, based on generally accepted actuarial
16 principals for adverse selection which may occur. Except as
17 otherwise provided for in Section ~~4 of this act~~ 840-2.27I of this
18 title, or pursuant to subsection 10 of this section, health and
19 dental insurance coverage may not be reinstated at a later time if
20 the election to continue in force is declined. Vested employees
21 other than education employees who have terminated service and are
22 not receiving benefits and effective July 1, 1996, nonvested persons
23 who have terminated service with more than eight (8) years of
24 participating service with a participating employer, who within
25 thirty (30) days from the date of termination elect to continue such
26 coverage, shall pay the full cost of said insurance premium at the
27 rate and pursuant to the terms and conditions established by the
28 Board. Provided also, any employee other than an education employee
29 who commences employment with a participating employer on or after
30 September 1, 1991, who terminates service with such employer on or
31 after July 1, 1996, but who otherwise has insufficient years of
32 service to retire or terminate service with a vested benefit

1 pursuant to the provisions of the Oklahoma Public Employees
2 Retirement System or to elect to continue coverage as a nonvested
3 employee as provided in this section, but who, immediately prior to
4 employment with the participating employer was covered as a
5 dependent on the health and dental insurance policy of a spouse who
6 was an active employee other than an education employee, may count
7 as part of his or her credited service for the purpose of
8 determining eligibility to elect to continue coverage under this
9 section, the time during which said terminating employee was covered
10 as such a dependent.

11 (2) A retired employee other than an education employee who is
12 receiving benefits from the Oklahoma Public Employees Retirement
13 System after September 30, 1988, is under sixty-five (65) years of
14 age and is not otherwise eligible for Medicare and pursuant to
15 subsection (1) of this section elects to continue the health
16 insurance plan shall pay the premium rate for the health insurance
17 minus an amount equal to the premium rate of the Medicare supplement
18 offered by the Oklahoma State and Education Employees Group
19 Insurance Board or Seventy-five Dollars (\$75.00), whichever is less,
20 which shall be paid by the Oklahoma Public Employees Retirement
21 System to the Board in the manner specified in subsection (9) of
22 this section.

23 (3) A retired employee other than an education employee who is
24 receiving benefits from the Oklahoma Public Employees Retirement
25 System after September 30, 1988, is sixty-five (65) years of age or
26 older or who is under sixty-five (65) years of age and is eligible
27 for Medicare and pursuant to subsection (1) of this section elects
28 to continue the health insurance plan and elects coverage under the
29 Medicare supplement offered by the Oklahoma State and Education
30 Employees Group Insurance Board shall have Seventy-five Dollars
31 (\$75.00), or the premium rate of the Medicare supplement, whichever
32 is less, paid by the Oklahoma Public Employees Retirement System to

1 the Board in the manner specified in subsection (9) of this section.
2 If the amount paid by the Oklahoma Public Employees Retirement
3 System does not cover the full cost of the Medicare supplement, the
4 retired employee shall pay to the Board the remaining amount if the
5 retired employee wants to continue coverage. If such retiree elects
6 coverage under any Medicare risk-sharing contract, the retiree shall
7 have Seventy-five Dollars (\$75.00) or the premium rate of the
8 Medicare risk-sharing contract selected by the retiree, whichever is
9 less, paid by the Oklahoma Public Employees Retirement System to the
10 Board in the manner specified in subsection (9) of this section. If
11 the amount paid by the Oklahoma Public Employees Retirement System
12 does not cover the full cost of the Medicare risk-sharing contract,
13 the retired employee shall pay to the Board the remaining amount if
14 the retired employee wants to continue coverage.

15 (4) A retired employee other than an education employee who is
16 receiving benefits from the Oklahoma Law Enforcement Retirement
17 System after September 30, 1988, is under sixty-five (65) years of
18 age and is not otherwise eligible for Medicare and pursuant to
19 subsection (1) of this section elects to continue the health
20 insurance plan shall pay the premium rate for the health insurance
21 minus an amount equal to the premium rate of the Medicare supplement
22 offered by the Oklahoma State and Education Employees Group
23 Insurance Board or Seventy-five Dollars (\$75.00), whichever is less,
24 which shall be paid by the Oklahoma Law Enforcement Retirement
25 System to the Board in the manner specified in subsection (9) of
26 this section.

27 (5) A retired employee other than an education employee who is
28 receiving benefits from the Oklahoma Law Enforcement Retirement
29 System after September 30, 1988, is sixty-five (65) years of age or
30 older or who is under sixty-five (65) years of age and is eligible
31 for Medicare and pursuant to subsection (1) of this section elects
32 to continue the health insurance plan and elects coverage under the

1 Medicare supplement offered by the Oklahoma State and Education
2 Employees Group Insurance Board shall have Seventy-five Dollars
3 (\$75.00), or the premium rate of the Medicare supplement, whichever
4 is less, paid by the Oklahoma Law Enforcement Retirement System to
5 the Board in the manner specified in subsection (9) of this section.
6 If the amount paid by the Oklahoma Law Enforcement Retirement System
7 does not cover the full cost of the Medicare supplement, the retired
8 employee shall pay to the Board the remaining amount if the retired
9 employee wants to continue coverage. If such retiree elects
10 coverage under any Medicare risk-sharing contract, the retiree shall
11 have Seventy-five Dollars (\$75.00) or the premium rate of the
12 Medicare risk-sharing contract selected by the retiree, whichever is
13 less, paid by the Oklahoma Law Enforcement Retirement System to the
14 Board in the manner specified in subsection (9) of this section. If
15 the amount paid by the Oklahoma Law Enforcement Retirement System
16 does not cover the full cost of the Medicare risk-sharing contract,
17 the retired employee shall pay to the Board the remaining amount if
18 the retired employee wants to continue coverage.

19 (6) A retired employee other than an education employee who is
20 receiving benefits from the Uniform Retirement System for Justices
21 and Judges after September 30, 1988, is under sixty-five (65) years
22 of age and is not otherwise eligible for Medicare and pursuant to
23 subsection (1) of this section elects to continue the health
24 insurance plan shall pay the premium rate for the health insurance
25 minus an amount equal to the premium rate of the Medicare supplement
26 offered by the Oklahoma State and Education Employees Group
27 Insurance Board or Seventy-five Dollars (\$75.00), whichever is less,
28 which shall be paid by the Uniform Retirement System for Justices
29 and Judges to the Board in the manner specified in subsection (9) of
30 this section.

31 (7) A retired employee other than an education employee who is
32 receiving benefits from the Uniform Retirement System for Justices

1 and Judges after September 30, 1988, is sixty-five (65) years of age
2 or older or who is under sixty-five (65) years of age and is
3 eligible for Medicare and pursuant to subsection (1) of this section
4 elects to continue the health insurance plan and elects coverage
5 under the Medicare supplement offered by the Oklahoma State and
6 Education Employees Group Insurance Board shall have Seventy-five
7 Dollars (\$75.00), or the premium rate of the Medicare supplement,
8 whichever is less, paid by the Uniform Retirement System for
9 Justices and Judges to the Board in the manner specified in
10 subsection (9) of this section. If the amount paid by the Uniform
11 Retirement System for Justices and Judges does not cover the full
12 cost of the Medicare supplement, the retired employee shall pay to
13 the Board the remaining amount if the retired employee wants to
14 continue coverage. If such retiree elects coverage under any
15 Medicare risk-sharing contract, the retiree shall have Seventy-five
16 Dollars (\$75.00) or the premium rate of the Medicare risk-sharing
17 contract selected by the retiree, whichever is less, paid by the
18 Uniform Retirement System for the Justices and Judges to the Board
19 in the manner specified in subsection (9) of this section. If the
20 amount paid by the Uniform Retirement System for Justices and Judges
21 does not cover the full cost of the Medicare risk-sharing contract,
22 the retired employee shall pay to the Board the remaining amount if
23 the retired employee wants to continue coverage.

24 (8) Dependents of a deceased employee other than an education
25 employee who was on active work status or on a disability leave at
26 the time of death or of a participating retirant or of any person
27 who has elected to receive a vested benefit under the Oklahoma
28 Public Employees Retirement System, the Uniform Retirement System
29 for Justices and Judges or the Oklahoma Law Enforcement Retirement
30 System may continue the health and dental insurance benefits in
31 force provided said dependents pay the full cost of such insurance
32 and they were covered as eligible dependents at the time of such

1 death and such election is made within thirty (30) days of date of
2 death. The eligibility for said benefits shall terminate for the
3 surviving spouse when said spouse remarries or becomes eligible for
4 another group health insurance plan. The eligibility for said
5 benefits shall terminate for the surviving children when said
6 children cease to qualify as dependents.

7 (9) The amounts required to be paid by the Oklahoma Public
8 Employees Retirement System, the Uniform Retirement System for
9 Justices and Judges and the Oklahoma Law Enforcement Retirement
10 System pursuant to this section shall be forwarded no later than the
11 tenth day of each month following the month for which payment is due
12 by the Oklahoma Public Employees Retirement System Board of Trustees
13 or the Oklahoma Law Enforcement Retirement Board to the State and
14 Education Employees Group Insurance Board for deposit in the Health,
15 Dental and Life Insurance Reserve Fund.

16 (10) Any employee other than an education employee who retires
17 pursuant to the provisions of the Oklahoma Public Employees
18 Retirement System or who has elected a vested benefit pursuant to
19 the provisions of the Oklahoma Public Employees Retirement System
20 and who does not elect to continue coverage or later ends coverage
21 due to the employee being covered on the insurance of the spouse of
22 the employee, may, only one time, elect to again be covered under
23 the health and dental insurance benefits and all other benefits
24 authorized by the provisions of the State and Education Employees
25 Group Insurance Act, if the spouse of the employee loses coverage
26 for any reason, the application for coverage is made within ninety
27 (90) days of the spouse's loss of coverage and the employee provides
28 satisfactory evidence of insurability after a break in coverage
29 related to the employee's state service of one hundred eighty (180)
30 days or more. An employee who reinstates health insurance coverage
31 pursuant to this paragraph shall pay the full cost of the insurance
32 premium at the then available rate and pursuant to the rules and

1 enrollment procedures established by the State and Education
2 Employees Group Insurance Board. The employee will be subject to
3 the same rate changes as those made available to all other state
4 vested or retired employees. The employee may elect coverage for
5 the employee's current dependents if the election is made within
6 thirty (30) days of reinstatement of health insurance.

7 SECTION 6. AMENDATORY 74 O.S. 1991, Section 1316.3, as
8 last amended by Section 7, Chapter 256, O.S.L. 1998 (74 O.S. Supp.
9 1998, Section 1316.3), is amended to read as follows:

10 Section 1316.3 (1) Any person who retires pursuant to the
11 provisions of the Teachers' Retirement System of Oklahoma or who has
12 a vested benefit, pursuant to the provisions of the Teachers'
13 Retirement System of Oklahoma may continue in force the health and
14 dental insurance benefits authorized by the provisions of the State
15 and Education Employees Group Insurance Act or may begin the health
16 and dental insurance coverage if the education entity of the person
17 is not a participant in the State and Education Employees Group
18 Insurance Act or if the person did not participate when the
19 education entity of the person participated in the State and
20 Education Employees Group Insurance Act if such election to continue
21 in force or begin is made within thirty (30) days from the date of
22 termination of service. Health insurance benefits offered pursuant
23 to this section shall include the state indemnity plan, managed care
24 plans offered in alternative to the state indemnity plan, Medicare
25 supplements offered by the Oklahoma State and Education Employees
26 Group Insurance Board which shall include prescription drug
27 coverage, and Medicare risk-sharing contracts offered in alternative
28 to the Board's Medicare supplement. Provided, all Medicare risk-
29 sharing contracts shall be subject to a risk adjustment factor,
30 based on generally accepted actuarial principals for adverse
31 selection which may occur. Except as provided in subsection E of
32 Sections 5-117.5 and 14-108.1 of Title 70 of the Oklahoma Statutes

1 and Section 4 840-2.27I of this title and subsection 10 of this
2 section ~~of this act~~, health and dental insurance coverage may not be
3 reinstated at a later time if the election to continue in force or
4 begin coverage is declined. Vested persons who have terminated
5 service and are not receiving benefits and effective July 1, 1996,
6 nonvested persons who have terminated service with more than ten
7 (10) years of participating service with a qualifying employer, who
8 within thirty (30) days from the date of termination, elect to
9 continue such coverage, shall pay the full cost of said insurance
10 premium at the rate and pursuant to the terms and conditions
11 established by the Board.

12 (2) (a) A retired person who is receiving benefits from the
13 Teachers' Retirement System of Oklahoma after September 30, 1988, is
14 under sixty-five (65) years of age and is not otherwise eligible for
15 Medicare and pursuant to subsection (1) of this section elects to
16 begin or to continue the health insurance plan shall pay the premium
17 rate for the health insurance minus an amount equal to the premium
18 rate of the Medicare supplement offered by the Oklahoma State and
19 Education Employees Group Insurance Board or the amount determined
20 pursuant to subsection (4) of this section, whichever is less, which
21 shall be paid by the Teachers' Retirement System of Oklahoma to the
22 Board in the manner specified in subsection (8) of this section.

23 (b) A retired person who is receiving benefits from the
24 Teachers' Retirement System of Oklahoma after June 30, 1993, is
25 under sixty-five (65) years of age and is not otherwise eligible for
26 Medicare and participates in a health insurance plan provided by a
27 participating education employer of the Teachers' Retirement System
28 of Oklahoma other than a health insurance plan offered pursuant to
29 the State and Education Employees Group Insurance Act or an
30 alternative health plan offered pursuant to the Oklahoma State
31 Employees Benefits Act shall pay the premium rate for the health
32 insurance minus an amount equal to the premium rate of the Medicare

1 supplement offered by the Oklahoma State and Education Employees
2 Group Insurance Board or the amount determined pursuant to
3 subsection (4) of this section, whichever is less, which shall be
4 paid by the Teachers' Retirement System of Oklahoma to said
5 education employer that provides the health insurance plan to said
6 retired person.

7 (3) (a) A retired person who is receiving benefits from the
8 Teachers' Retirement System of Oklahoma after September 30, 1988,
9 made contributions to the system and is sixty-five (65) years of age
10 or older, or who is under sixty-five (65) years of age and is
11 eligible for Medicare and is a participant in the State and
12 Education Employees Group Insurance Act and elects coverage under
13 the Medicare supplement offered by the Oklahoma State and Education
14 Employees Group Insurance Board, shall have the amount determined
15 pursuant to subsection (4) of this section, or the premium rate of
16 the Medicare supplement, whichever is less, paid by the Teachers'
17 Retirement System of Oklahoma to the Board in the manner specified
18 in subsection (8) of this section. If the amount paid by the
19 Teachers' Retirement System of Oklahoma does not cover the full cost
20 of the Medicare supplement, the retired person shall pay to the
21 Board the remaining amount if the retired person wants to continue
22 the coverage. If such retiree elects coverage under any Medicare
23 risk-sharing contract, the retiree shall have the amount determined
24 pursuant to subsection (4) of this section or the premium rate of
25 the Medicare risk-sharing contract selected by the retiree,
26 whichever is less, paid by the Teachers' Retirement System of
27 Oklahoma to the Board in the manner specified in subsection (8) of
28 this section. If the amount paid by the Teachers' Retirement System
29 of Oklahoma does not cover the full cost of the Medicare risk-
30 sharing contract, the retired employee shall pay to the Board the
31 remaining amount if the retired employee wants to continue coverage.

32

1 (b) A retired person who is receiving benefits from the
2 Teachers' Retirement System of Oklahoma after June 30, 1993, made
3 contributions to the system and is sixty-five (65) years of age or
4 older, or who is under sixty-five (65) years of age and is eligible
5 for Medicare and participates in a health insurance plan provided by
6 a participating education employer of the Teachers' Retirement
7 System of Oklahoma other than a health insurance plan offered
8 pursuant to the State and Education Employees Group Insurance Act or
9 an alternative health plan offered pursuant to the Oklahoma State
10 Employees Benefits Act and elects coverage under the Medicare
11 supplement offered by the Oklahoma State and Education Employees
12 Group Insurance Board, shall have the amount determined pursuant to
13 subsection (4) of this section, or the premium rate of the Medicare
14 supplement, whichever is less, paid by the Teachers' Retirement
15 System of Oklahoma to the education employer that provides the
16 health insurance plan to said retired person. If the amount paid by
17 the Teachers' Retirement System of Oklahoma does not cover the full
18 cost of the Medicare supplement, the retired person shall pay to
19 said employer the remaining amount if the retired person wants to
20 continue the coverage. If such retiree elects coverage under any
21 Medicare risk-sharing contract, the retiree shall have the amount
22 determined pursuant to subsection (4) of this section or the premium
23 rate of the Medicare risk-sharing contract selected by the retiree,
24 whichever is less, paid by the Teachers' Retirement System of
25 Oklahoma to the Board in the manner specified in subsection (8) of
26 this section. If the amount paid by the Teachers' Retirement System
27 of Oklahoma does not cover the full cost of the Medicare risk-
28 sharing contract, the retired employee shall pay to the Board the
29 remaining amount if the retired employee wants to continue coverage.

30 (4) Beginning July 1, 1993, the maximum benefit payable by the
31 Teachers' Retirement System of Oklahoma on behalf of a retired
32

1 person toward said person's monthly premium for health insurance
2 shall be determined in accordance with the following schedule:

	LESS THAN	GREATER THAN	GREATER THAN
	25 YEARS BUT	24.99	THAN
	LESS THAN	GREATER THAN	24.99
6 AVERAGE SALARY	15 YEARS OF	14.99 YEARS	YEARS OF
7 USED FOR DETERMINING	CREDITABLE	OF CREDITABLE	CREDITABLE
8 RETIREMENT ALLOWANCE	SERVICE	SERVICE	SERVICE
9 Less than \$20,000.00	\$73.00	\$74.00	\$75.00
10 Less than \$30,000.00 but			
11 greater than \$19,999.99	\$72.00	\$73.00	\$74.00
12 Less than \$40,000.00 but			
13 greater than \$29,999.99	\$71.00	\$72.00	\$73.00
14 \$40,000.00 or greater	\$70.00	\$71.00	\$72.00

15 (5) If a person retires and begins to receive benefits from the
16 Teachers' Retirement System of Oklahoma or terminates service and
17 has a vested benefit with the Teachers' Retirement System of
18 Oklahoma, the person may elect, in the manner provided in subsection
19 (1) of this section, to participate in the dental insurance plan
20 offered through the State and Education Employees Group Insurance
21 Act. The person shall pay the full cost of the dental insurance.

22 (6) Those persons who are receiving benefits from the Teachers'
23 Retirement System of Oklahoma and have health insurance coverage
24 which on the operative date of this section is being paid by the
25 education entity from which the person retired shall make the
26 election required in subsection (1) of this section within thirty
27 (30) days of the termination of said health insurance coverage. The
28 person making the election shall give the Board certified
29 documentation satisfactory to the Board of the termination date of
30 the other health insurance coverage.

31 (7) Dependents of a deceased education employee who was on
32 active work status or on a disability leave at the time of death or

1 of a participating retirant or of any person who has elected to
2 receive a vested benefit under the Teachers' Retirement System of
3 Oklahoma may continue the health and dental insurance benefits in
4 force provided said dependents pay the full cost of such insurance
5 and they were covered as eligible dependents at the time of such
6 death and such election is made within thirty (30) days of date of
7 death. The eligibility for said benefits shall terminate for the
8 surviving spouse when said spouse remarries or becomes eligible for
9 another group health insurance plan. The eligibility for said
10 benefits shall terminate for the surviving children when said
11 children cease to qualify as dependents.

12 (8) The amounts required to be paid by the Teachers' Retirement
13 System of Oklahoma pursuant to this section shall be forwarded no
14 later than the tenth day of each month following the month for which
15 payment is due by the Board of Trustees of the Teachers' Retirement
16 System of Oklahoma to the State and Education Employees Group
17 Insurance Board for deposit in the Education Employees Group
18 Insurance Reserve Fund.

19 (9) Notwithstanding any provision in this section to the
20 contrary, any person who retires pursuant to the provisions of the
21 Teachers' Retirement System of Oklahoma after June 30, 1995, or
22 terminates service with a vested benefit, pursuant to the provisions
23 of the Teachers' Retirement System of Oklahoma after June 30, 1995,
24 may participate in the health and dental plans authorized by the
25 provisions of the State and Education Employees Group Insurance Act
26 only if said person continues to participate in said insurance plans
27 offered by the State and Education Employees Group Insurance Board
28 for a period of at least three (3) consecutive years immediately
29 prior to retirement or termination of service, or the education
30 employer from which the person either retires or terminates service
31 with a vested benefit obtains health and dental insurance coverage
32

1 as provided for in the State and Education Employees Group Insurance
2 Act.

3 (10) Any employee who retires pursuant to the provisions of the
4 Teachers' Retirement System of Oklahoma or who has elected a vested
5 benefit pursuant to the provisions of the Teachers' Retirement
6 System of Oklahoma and who does not elect to continue coverage or
7 later ends coverage due to the employee being covered on the
8 insurance of the spouse of the employee, may, only one time, elect
9 to again be covered under the health and dental insurance benefits
10 and all other benefits authorized by the provisions of the State and
11 Education Employees Group Insurance Act, if the spouse of the
12 employee loses coverage for any reason, the application for coverage
13 is made within ninety (90) days of the spouse's loss of coverage and
14 the employee provides satisfactory evidence of insurability after a
15 break in coverage related to the employee's state service of one
16 hundred eighty (180) days or more. An employee who reinstates
17 health insurance coverage pursuant to this paragraph shall pay the
18 full cost of the insurance premium at the then available rate and
19 pursuant to the rules and enrollment procedures established by the
20 State and Education Employees Group Insurance Board. The employee
21 will be subject to the same rate changes as those made available to
22 all other state vested or retired employees. The employee may elect
23 coverage for the employee's current dependents if the election is
24 made within thirty (30) days of reinstatement of health insurance.

25 (11) The Teachers' Retirement System of Oklahoma shall provide
26 the State and Education Employees Group Insurance Board information
27 concerning the employers of retired and vested members necessary to
28 allow the State and Education Employees Group Insurance Board to
29 track eligibility for continued coverage.

30 SECTION 7. AMENDATORY Section 5, Chapter 400, O.S.L.
31 1992, as last amended by Section 4, Chapter 362, O.S.L. 1997 (74
32 O.S. Supp. 1998, Section 1365), is amended to read as follows:

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

4 1. To construe and interpret the plan, and decide all questions
5 of eligibility in accordance with this act and the Code;

6 2. To select those benefits which shall be made available to
7 participants under the plan, according to this act, and other
8 applicable laws and rules;

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

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

13 5. To prepare and distribute information communicating and
14 explaining the plan to participating employers and participants.

15 The State and Education Employees Group Insurance Board, health
16 maintenance organizations, or other third-party insurance vendors
17 may be directly or indirectly involved in the distribution of
18 communicated information to participating state agency employers and
19 state employee participants subject to the following conditions:

20 a. the Council shall verify all marketing and
21 communications information for factual accuracy prior
22 to distribution,

23 b. the Board or vendors shall provide timely notice of
24 any marketing, communications, or distribution plans
25 to the Council and shall coordinate the scheduling of
26 any group presentations with the Council, and

27 c. the Board or vendors shall file a brief summary with
28 the Council outlining the results following any
29 marketing and communications activities;

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

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

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

6 9. To appoint an executive director who shall serve at the
7 pleasure of the Council. The executive director shall employ or
8 retain such persons in accordance with this act and the requirements
9 of other applicable law, including but not limited to actuaries and
10 certified public accountants, as he or she deems appropriate to
11 perform such duties as may from time to time be required under this
12 act and to render advice upon request with regard to any matters
13 arising under the plan subject to the approval of the Council. The
14 executive director shall have not less than seven (7) years of group
15 insurance administration experience on a senior managerial level or
16 not less than three (3) years of flexible benefits experience on a
17 senior managerial level. Any actuary or certified public accountant
18 employed or retained under contract by the Council shall have not
19 less than three (3) years' experience in group insurance or employee
20 benefits administration. The compensation of all persons employed
21 or retained by the Council and all other expenses of the Council
22 shall be paid at such rates and in such amounts as the Council shall
23 approve, subject to the provisions of applicable law;

24 10. To ~~select~~ negotiate for best and final offer through
25 competitive negotiation and contract with federally qualified health
26 maintenance organizations under the provisions of 42 U.S.C., Section
27 300e et seq. or with health maintenance organizations licensed by
28 the Department of Health pursuant to Sections 2501 through 2510 of
29 Title 63 of the Oklahoma Statutes for consideration by participants
30 as an alternative to the health plans offered by the Board, and to
31 transfer to the health maintenance organizations such funds as may
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1 be approved for a participant electing health maintenance
2 organization alternative services;

3 11. To retain as confidential information the initial Request
4 For Proposal offers as well as any subsequent bid offers made by the
5 health plans prior to final contract awards as a part of the best
6 and final offer negotiations process for the benefit plan;

7 12. To promulgate administrative rules for the competitive
8 negotiation process;

9 13. To require vendors offering coverage through the Council,
10 including the Board, to provide such enrollment and claims data as
11 is determined by the Council. The Oklahoma State Employees Benefits
12 Council with the cooperation of the Department of Central Services
13 acting pursuant to Section 85.1 et seq. of this title, shall be
14 authorized to retain as confidential, any proprietary information
15 submitted in response to the Council's ~~Invitation to Bid~~ Request For
16 Proposal. Provided, however, that any such information requested by
17 the Council from the vendors shall only be subject to the
18 confidentiality provision of this paragraph if it is clearly
19 designated in the ~~Invitation to Bid~~ Request For Proposal as being
20 protected under this provision. All requested information lacking
21 such a designation in the ~~Invitation to Bid~~ Request For Proposal
22 shall be subject to Section 24A.1 et seq. of Title 51 of the
23 Oklahoma Statutes. From the state plan and health maintenance
24 organizations, data provided shall include the current Health Plan
25 Employer Data and Information Set (HEDIS);

26 ~~12.~~ 14. To purchase any insurance deemed necessary for
27 providing benefits under the plan, provided that the only indemnity
28 plan selected by the Council shall be the indemnity plan offered by
29 the Board, and to transfer to the Board such funds as may be
30 approved for a participant electing a benefit plan offered by the
31 Board;

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1 ~~13.~~ 15. To communicate deferred compensation programs as
2 provided in Section 1701 of this title;

3 ~~14.~~ 16. To assess and collect reasonable fees from the Board,
4 and from such contracted health maintenance organizations and third
5 party insurance vendors to offset the costs of administration as
6 determined by the Council. The Council shall have the authority to
7 transfer income received pursuant to this subsection to the Board
8 for services provided by the Board;

9 ~~15.~~ 17. To accept, modify or reject elections under the plan in
10 accordance with this act and the Code;

11 ~~16.~~ 18. To promulgate election and claim forms to be used by
12 participants; and

13 ~~17.~~ 19. To take all steps deemed necessary to properly
14 administer the plan in accordance with this act and the requirements
15 of other applicable law.

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

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

22 a. exercises any discretionary authority or discretionary
23 control respecting administration or management of the
24 Council,

25 b. exercises any authority or control respecting
26 disposition of the assets of the Council,

27 c. renders advice for a fee or other compensation, direct
28 or indirect, with respect to any participant or
29 dependent benefits, monies or other property of the
30 Council, or has any authority or responsibility to do
31 so, or

32

1 d. has any discretionary authority or discretionary
2 responsibility in the administration of the Council;

3 2. The Council may procure insurance indemnifying the members
4 of the Council from personal loss or accountability from liability
5 resulting from a member's action or inaction as a member of the
6 Council;

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

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

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

25 6. The duties and responsibilities allocated to each fiduciary
26 by this act or by the Council shall be the several and not joint
27 responsibility of each, and no fiduciary shall be liable for the act
28 or omission of any other fiduciary unless:

29 a. by his or her failure to properly administer his or
30 her specific responsibility he or she enabled such
31 other person or organization to commit a breach of
32 fiduciary responsibility, or

1 b. he or she knowingly participates in, or knowingly
2 undertakes to conceal, an act or omission of another
3 person or organization, knowing such act or omission
4 to be a breach, or

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

8 SECTION 8. This act shall become effective July 1, 1999.

9 SECTION 9. It being immediately necessary for the preservation
10 of the public peace, health and safety, an emergency is hereby
11 declared to exist, by reason whereof this act shall take effect and
12 be in full force from and after its passage and approval.

13
14 47-1-6765 GH 6/11/15